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

**Third Progress Report  
(March 2011)**

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Reference number	IPA 2008 -- Contract 2009/212-599
Project starting date	1 September 2009
Project duration	1 September 2009-28 February 2012 (30 months)
Implementation	Department of Information Society and Action against Crime (Directorate of Cooperation) – DGHL, Council of Europe
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Date of report	21 March 2011
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## Table of Contents

<b>1. DESCRIPTION</b>	<b>4</b>
1.1 CONTACT PERSON	4
1.2 NAME OF PARTNERS IN THE ACTION	4
1.2 TITLE OF THE ACTION	4
1.4 CONTRACT NUMBER	4
1.5 START DATE AND END DATE OF THE REPORTING PERIOD	4
1.6 TARGET COUNTRY:	4
1.7 FINAL BENEFICIARIES	4
<b>2. EXECUTIVE SUMMARY</b>	<b>5</b>
<b>3. CURRENT STATUS: COUNTRY SITUATION</b>	<b>6</b>
3.1 ANTI-CORRUPTION POLICY	6
<b>4. SEPTEMBER 2010-FEBRUARY 2011: OUTPUTS, ACTIVITIES AND BENCHMARK FULFILLMENT</b>	<b>7</b>
<b>5. COOPERATION WITH OTHER STAKEHOLDERS</b>	<b>41</b>
5.1 COUNTERPART AND BENEFICIARIES	41
5.2 OTHER THIRD PARTIES	42
<b>6. PROJECT ACHIEVEMENTS AND CONCLUSIONS</b>	<b>43</b>
<b>7. VISIBILITY</b>	<b>45</b>
<b>8. LIST OF ANNEXES</b>	<b>46</b>

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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
FSA	Financial Surveillance Authority
GDC	General Directorate of Customs
GRECO	Group of States Against Corruption
HCJ	High Council of Justice
HIDAA	High Inspectorate for the Declaration and Audit of Assets
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
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
PMU	Project Management Unit
SIMs	Special Investigative Means
TIPA	Training Institute for Public Administration

## **1. DESCRIPTION**

### **1.1 Contact person**

Ivan Koedjikov, Head of the Department of Information Society and Action against Crime, DGHL, 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 2010 – 28 February 2011

### **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).



## 2. EXECUTIVE SUMMARY

This report summarizes project activities implemented during the six months of the project from 1 September 2010 to 28 February 2011. During this period 23 activities were conducted that contributed directly to the completion of project activities as envisaged under the Workplan. Key activities in the period were: assistance to the new Anti-corruption Action Plan for 2011-2013; the completion of two corruption risk analyses; the completion and official adoption of guidelines on the investigation of economic crime; and the completion of fieldwork for the project's risk assessment of the education system.

Concerning project benchmarks, of 11 benchmarks with deadlines within the reporting period, eight have been fulfilled, with fulfilment of the others expected imminently or with their deadlines moved due to circumstances beyond the control of the project team. Two benchmarks due after the reporting period have been fulfilled already. Benchmarks fulfilled include the adoption of laws or draft laws in key areas in order to fulfil the recommendations of GRECO and MONEYVAL.

Regarding the impact of the technical assistance provided, PACA has concerns regarding the functioning of the mechanism for coordination and monitoring of the implementation of the Anti-corruption Strategy, and the opinion of the project team is that the sustainability of assistance to the drafting of and monitoring of implementation of the Anti-corruption Action Plan can only be guaranteed if the Technical Secretariat responsible for providing technical and logistical support to the Inter-ministerial Working Group for Monitoring the Implementation of the Anti-corruption Strategy is provided with sufficient human resources.

During the next reporting period, PACA will complete the remaining three corruption risk assessments, together with an analysis of corruption risks, human resources policy and licensing/regulation in the education sector. The project will proceed directly to provide assistance to develop anti-corruption polices from the recommendations of all the assessments conducted, which will be a key further input into the Anti-corruption Action Plan. PACA will also implement an extensive package of training assistance to the institutions of law enforcement and the judiciary, and provide fundamentally important advice on how Albania should reduce the immunities of elected and other senior officials. A more intense engagement of civil society will be pursued in order to encourage independent monitoring of anti-corruption policy and build support for reforms in the key sectors assessed by PACA. PACA hopes that as a result of its assistance, in this reporting period the authorities will commence implementation of an improved Action Plan, including the adoption of new policies to address problems of corruption in the sectors assessed by the project.

### 3. CURRENT STATUS: COUNTRY SITUATION

#### 3.1 Anti-corruption policy

##### Implementation of the National Anti-corruption Strategy and its Action Plan

At the PACA Steering Committee held on 8 September 2010 DIACA presented its report on implementation of the Anti-corruption Action Plan for 2010 from January to June 2010, i.e. implementation for the first 6 months of 2010 (see Annex 3). The report is of a largely statistical nature. According to it, as of June 2010 one third of the 154 objectives of the Action Plan has been fully implemented, one third of objectives were partly implemented and one third of objectives not fulfilled at all. Regarding Action Plan measures (specific actions), the report states that 50% of the 385 measures in the Action Plan were fully implemented, 30% of measures were partly fulfilled and 20% not fulfilled at all.

While this assessment presents a relatively favourable picture of anti-corruption policy implementation, PACA retained significant doubts about the real degree of anti-corruption strategy implementation. PACA believes that a significant number of objectives/measures cited as fulfilled may have been fulfilled before 2010 (for example licensing reforms). Second, the report is based solely on unverified information provided by line ministries themselves. Most important, PACA believes that the majority of the objectives themselves cited as 'implemented' do not fulfil the requirements as recommended by guidelines provided by PACA in January 2010 for the formulation of measures. Namely, certain measures need to be more specific, accurate and objectively measurable - for example 'Digitalising the judicial system', 'Preventing corruption through electronic tendering procedures', 'Ensuring transparency in the use of public funds', 'Objective distribution of subsidies...', 'Exchange of information between law enforcement agencies on corruption cases', 'Increase of the level of the fight against corruption'. PACA's assistance to the preparation of the 2011-2013 Action Plan was explicitly designed to address these problems, while the project's technical opinion on the coordination mechanism<sup>1</sup> focuses *inter alia* on the need for proper monitoring of implementation of Action Plan implementation.

##### Law enforcement

2010 was the first full year during which the network of seven Joint Investigative Units (JIUs) of Tirana (established in 2007), Durrës, Shkodra, Korça, Fier, Vlora and Gjirokastra (established in mid 2009), entrusted with the investigation of corruption and economic crime, were fully operational. PACA's last progress report noted possible signs of an increase in law enforcement activities vis-à-vis corruption, mostly based on media reports. Whereas the period of time covered by the second Progress Report was marked by a number of cases of investigation/prosecution for corruption-related offences allegedly involving middle level public officials and two judges, the current reporting period has been marked by the involvement of the prosecution in the investigation of allegations of corruption at higher levels, culminating in the request in February 2011 for the lifting of the immunity of two former Cabinet ministers who had served in the Government that took office in September 2009.

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<sup>1</sup> More specifically elaborated in Annex 13.



However, in general very little information is available to judge trends in the investigation and prosecution of corruption offences. A clearer picture of progress in law enforcement activities related to the investigation of corruption should emerge from the Annual Report of the Prosecutor General. Given the clear remit of the JIUs over corruption and economic crime and their consolidation during 2010, it may be anticipated that they will report clearly on certain vital indicators of prosecution of corruption such as the number of cases referred to them or initiated *ex officio* (with further sub-division into cases referred by the police and referred by citizens), the number of cases filed to the courts, the number of convictions and sanctions imposed. This would establish a baseline upon which to measure progress in the coming years.

In the proposed Law Enforcement Anti-corruption Action Plan for 2011-2013 submitted by the project to DIACA on 11 February 2011 as a part of the upcoming Integrated Action Plan for 2011-2013, the production and release of meaningful statistics on economic crime investigation has been inserted as an objective. The Prosecutor General's Annual Report for 2010 will be the first occasion to test the progress on this objective.

#### 4. SEPTEMBER 2010-FEBRUARY 2011: OUTPUTS, ACTIVITIES AND BENCHMARK FULFILLMENT

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**

<b>Activity</b> <b>0.6/1.1.6</b>	Introduce tools and items that will ensure project's and organisation's visibility (Activity 0.6), and Support further development of the Anti-corruption Strategy and its Action Plan (2007-2013) by providing technical support and advice to its monitoring structures (Activity 1.1.6).
<b>Actions</b>	<p>Following agreement at the Third PACA Steering Committee held on 8 September 2010, PACA has provided assistance to the development of a Visibility Strategy for the Anti-corruption Strategy in the following three areas.</p> <p style="text-align: center;"><b>1. Anti-corruption Conference</b></p> <p>On 22 November 2010 the Government of Albania hosted a half-day conference on 'Anti-corruption Reforms in Albania' under the PACA Project. The Conference was addressed by the Prime Minister of Albania Mr Sali Berisha, Deputy Secretary General of the Council of Europe Ms Maud de Boer-Buquicchio, Chargé d'Affaires of the</p>

European Union Delegation Mr Luigi Brusa, Minister for Innovation, Information Technology and Communication and Chair of the Interministerial Working Group for Monitoring Implementation of the Anti-corruption Strategy Mr Genc Pollo, the ministers of Justice and Interior, General Prosecutor, General Inspector of the High Inspectorate for the Declaration and Audit of Assets (HIDAA). In total, 126 other participants, including European Union Delegation representatives, Council of Europe headquarters representatives, 78 government officials, 9 NGO representatives, and representatives of other donor technical assistance projects and embassies attended the conference. The objectives of the conference were to raise the visibility of the Anti-corruption Strategy, provide an outline review of implementation of the Anti-corruption Strategy to date, and to raise awareness of line ministry officials and other relevant government institutions of the key meetings PACA would organise on 13-14 December 2010 to initiate and provide input to the drafting of the Anti-corruption Action Plan for 2011-2013.

All line ministries except one (Ministry of Economy and Trade) were represented by at least one of the contact persons to whom assistance on the 2010 Action Plan was provided during the year 2010, plus other officials who were not on PACA's contact list previously. However, 31 of the 51 contact points compiled by PACA on the basis of the assistance provided in January-February 2010 were not present, and representation of line ministries was uneven: for example the Ministry of Public Works and Transportation was represented by 14 persons, while the Ministry of Economy and Trade was not represented at all. The High Council of Justice was not represented. Of some concern was the fact that only three secretaries-general of line ministries were present, in light of the fact that secretaries-general were made responsible for the coordination of anti-corruption policy at line ministry level by a September Prime Ministerial Order. On the other hand, the participation of the General Prosecutor's Office and HIDAA were of significant importance due to the need to include these institutions as participants in the new Anti-corruption Action Plan.

Minister Pollo summarised the implementation of the 2010 Anti-corruption Plan on the basis of the report on six-month implementation of DIACA (Annex 3). The evaluation was largely statistical based on the number and proportion of Action Plan objectives and measures reported as fulfilled. PACA Team Leader Mr Quentin Reed underlined the improvements that have been achieved in the 2010 Action Plan compared to the previous Action Plan, but also highlighted the strong need for further improvement of the Plan, as well as its coordination mechanism. Regarding the purpose of the event as a preparation for the December meetings, Minister Pollo stated clearly the need for all line ministries to participate in this key phase of anti-corruption policy development. The PACA team believes that the Conference was successful in creating a good basis for strong participation in those forthcoming technical and policy discussion meetings.



	<p><b>2. Anti-corruption leaflets</b></p> <p>Following agreement with DIACA, three leaflets have been designed for dissemination to the wider public across Albania. The aim of the leaflets is to raise awareness among the population of the government's anti-corruption policies and what ordinary citizens may expect from their implementation, and to increase civic resistance to corruption by raising awareness of the legal framework and public servants responsibilities. Using the content information provided by PACA, the leaflets were entitled as follows: i) 'the Anti-corruption Strategy and Action Plan'; ii) 'Corruption as a Crime' and iii) 'Servants of the Public.' The leaflets were then drafted and edited in Albanian, and were finalised in January 2011 (see Annexes 4-6).</p> <p><b>3. Anti-corruption web portal</b></p> <p>The third component of the Visibility Strategy agreed with DIACA was assistance to the creation of an anti-corruption portal of the Government of Albania. Following input from DIACA and clarification of technical issues with the National Agency for an Information Society (AKShi) , it was agreed that the website should provide information on the Anti-corruption Strategy and Action Plan, implementation of the Strategy and Plan, information on/links to relevant legislation, statistics and evidence on corruption in Albania and the impact of anti-corruption policies, other relevant news/developments, links to other relevant institutions and anti-corruption hotlines, other awareness-raising components, and an interface for receiving and processing citizen complaints concerning suspected corruption or malpractice. As of mid-February 2011, PACA was arranging meetings with possible providers to finalise details prior to contracting a provider to design the website.</p>
<b>Indicators</b>	Not applicable. This activity is additional to those envisaged under the PACA Workplan.
<b>Progress</b>	<p>Anti-corruption conference held with extensive participation from all stakeholder groups, including from the highest level. A strong political message addressed to support further activities on line ministry action plan drafting.</p> <p>Design of anti-corruption leaflets completed.</p> <p>Content, technical requirements and provider for anti-corruption website identified.</p>
<b>Activity 1.1.1</b>	Identify sectors and institutions for anti-corruption risk analysis
<b>Actions</b>	At the PACA Steering Committee Meeting held on 8 September 2010

	<p>it was decided that the fifth and final area chosen for corruption risk analysis would be the Albanian Competition Authority. This completed the selection of areas for risk assessment, with the following as the areas chosen:</p> <ul style="list-style-type: none"> <li>• Registration of immovable property</li> <li>• Corruption in the healthcare sector</li> <li>• Complaints procedures against Judges</li> <li>• Allocation of social housing</li> <li>• Albanian Competition Authority</li> </ul>
<b>Indicators</b>	<p>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.</p>
<b>Progress</b>	Final area for risk analysis chosen
<b>Activity 1.1.2</b>	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
<b>Actions</b>	<p>Following the completion in July 2010 of preliminary assessments (Technical Papers) on the first four areas selected, in December 2010 a preliminary assessment on the Albanian Competition Authority (ACA) was completed. The study (see Annex 7) provides an overview of the functioning ACA, investigations it has conducted and sanctions imposed, in order to yield a preliminary analysis of the risks of corruption to which the Authority is subject. The main findings of the study are the following:</p> <ul style="list-style-type: none"> <li>• The legal framework is largely in line with the EU <i>acquis</i> and international best practices</li> <li>• However, certain aspects of the legal framework contain risks of corruption, in particular an appointment process that does not sufficiently guarantee the independence of the Competition Commission (CC), the ACA's decision-making body; and provisions of the Competition Law that are either too vague or are not clarified sufficiently in subordinate legal acts or guidelines – unnecessarily providing room for corrupt behaviour;</li> <li>• The most serious shortcomings in the functioning of the ACA and CC however lie in an apparently high degree of impotence. The Commission appears unwilling to issue decisions that would</li> </ul>



	negatively affect or challenge the interests of powerful companies in Albania. Moreover, the Government appears ready to ignore its recommendations, and almost none of the sanctions (fines) imposed by the CC to date have been enforced.
<b>Indicators</b>	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 completed Publication of Report Dissemination of the Report
<b>Progress</b>	Preliminary study on the last area chosen for risk assessment is completed. 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...', as well as Council of Europe Guiding Principle 18 'to encourage research on corruption'.
<b>Activity 1.1.3</b>	Conduct risk assessments and analyses of the institutions and sectors identified
<b>Actions</b>	<p>Two risk assessments were completed during the reporting period. In January one PACA risk assessment – on “Administrative Complaints against Judges in Albania” was completed (see Annex 8).</p> <p>The main findings of the assessment include: unclear boundaries between the competencies of the High Council of Justice (HCJ) and the Ministry of Justice (MoJ) inspectorates regarding investigation of complaints against judges; the absence of coordination procedures and mechanisms between the HCJ and the MoJ inspectorates to resolve such boundaries; an inadequate system for registering and handling complaints; wide discretion and lack of transparency in certain phases of the investigation of complaints; insufficient information for citizens on where and how to submit complaints, and on the rights to information and documents in the course of complaints procedures; and inadequate structural and human capacity of the HCJ inspectorate. The assessment tables specific recommendations for action:</p> <ul style="list-style-type: none"> <li>• The HCJ in cooperation with the MoJ should issue an operational manual for the procedure of investigating complaints, guaranteeing that investigations are performed following detailed rules and specific methods.</li> <li>• The period of 30 days established by Article 23 of the HCJ Regulation for performing investigations of complaints should be increased, considering the numerous duties of the HCJ inspectorate;</li> </ul>

	<p>a deadline for the preliminary assessment of the Chief Inspector should be established.</p> <ul style="list-style-type: none"> <li>• In order to guarantee transparency in the investigation of complaints, Art. 27/2 of the HCJ Regulation should be amended, establishing clear rules for archiving cases where a decision has been taken not to conduct an investigation.</li> <li>• The Regulation should provide for a system for the random assignment of cases by the Chief Inspector coupled with a more meticulous regulation of the duties to be carried out by inspectors in the investigation process;</li> <li>• All decisions related to the termination of investigations should be formally reasoned (justified).</li> <li>• In order to solve the current conflict between the HCJ and the MoJ over the verification of complaints, legislative amendments are needed on Art. 16 of HCJ law with a view to achieving a clear division of competencies and responsibilities.</li> <li>• As an interim solution, the MoJ and the HCJ should enter a “Memorandum for Cooperation” pledging to agree on a platform for standardizing the process of investigating complaints and approving a joint manual of procedures for the performing investigations.</li> <li>• The HCJ and the MoJ should set up identical registers and procedures for the registration of complaints. Moreover, in order to guarantee adequate communication between the MoJ and the HCJ, a database system with proper software for inserting and searching data and information related to complaints is indispensable for both registers.</li> <li>• The HCJ and the MoJ should adopt a common standard form for citizen complaints. Adequate informative brochures should be attached to these forms and also disseminated more widely. The form and explanatory information should also be provided on the HCJ and MoJ websites.</li> <li>• In order to guarantee an adequate level of efficiency in the investigation of complaints, the HCJ inspectorate should be strengthened by increasing the number of inspectors and its staff.</li> <li>• The HCJ and the MoJ should recognise the complainant’s right to obtain, if requested, copies of documents used by the Inspectorate for the purposes of investigation.</li> </ul> <p>In February, the second PACA Risk Assessment – on “Immovable</p>
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Property Registration System (IPRS)” was completed (see Annex 9). The paper pinpoints major flaws in the current system, including the absence of clear overall institutional responsibilities for immovable property or of a strategic land policy, poor procedures for communication and interaction between the Immoveable Property Registration Office (IPRO) and other agencies, and in general inefficient and non-transparent progress in the privatisation and registration of immovable property.

The assessment tables general recommendations for action as follows:

- A holistic and comprehensive range of interventions at the policy, legal, regulatory and institutional level, back by real political will;
- The Government of Albania needs to address and resolve the institutional and land policy/strategy issues by better defining and monitoring the relationship between IPRO, Agency for Legalization, Urbanization and Integration of Informal Zones and Buildings and Agency for Restitution and Compensation of Properties as a minimum, and ideally placing all the relevant agencies/institutions under a single oversight body - either a Ministry or the Prime Minister’s office.
- Improvements in the legal and regulatory framework for the registration of immovable properties with regard to the structure and status of IPRO, the facilitation of First Registration, improving title security and introducing new technology.
- Increasing transparency in IPRO functions and data.
- Reviewing, adopting and adhering to the IPRO Business Plan to provide more specific and targeted guidance for the development of and investment in IPRO.
- Increasing the professionalism and capacity of staff by: implementing a comprehensive and on-going training program; initiating open and competitive recruitment for all staff, including registrars; defining the status of IPRO employees and reviewing the salary structure; defining qualifications and introducing a certification process for key positions; introducing and enforcing a Code of Ethics.

The assessment also tables specific recommendations for action by the institutions involved, summarised as follows. These are recommendations are elaborated in details and also presented in table form with recommended timelines and cross-cutting responsibilities.

- **Government of Albania**

	<ol style="list-style-type: none"> <li>1. Develop a National Land Strategy or Policy</li> <li>2. Define oversight authority for property issues</li> <li>3. Make decision on national standards for the IT platform</li> </ol> <ul style="list-style-type: none"> <li>• <b>Ministry of Justice</b> <ol style="list-style-type: none"> <li>1. Approve Regulation for IPRO Operations without further delay;</li> <li>2. Put Law 7843 amendments on 2011 legislative agenda and work closely with IPRO to develop the amendments</li> <li>3. Set up working group to resolve complex issues and problematic cases</li> <li>4. Engage with the High Council of Justice on problematic court cases</li> </ol> </li> <li>• <b>Immovable Property Registration Office</b> <ol style="list-style-type: none"> <li>1. Improve customer service and professionalism of staff</li> <li>2. Make data improvement a priority</li> <li>3. Engage with Ministry of Justice on approving and implementing Business Plan</li> <li>4. Improve communications with government, clients, and other institutions</li> <li>5. Finalize First Registration in urban areas and the coastline</li> <li>6. Increase transparency of information by putting available digital data on the internet (for example scanned <i>hipoteka</i> books, base maps etc)</li> </ol> </li> </ul>
<b>Indicators</b>	Methodology Technical Paper provided to DIACA Technical Discussion Sessions Risk Assessment Studies
<b>Progress</b>	By the end of the reporting period three of the five planned Risk Assessments have been completed. According to the project implementation plan the recommendations will be developed into concrete anti-corruption policies/workplans, thereby making a major contribution 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...', as well as Council of Europe Guiding Principle 18 'to encourage research on corruption'.
<b>Activities 1.1.3 and 1.1.8</b>	To provide DIACA with a methodology for conducting institutional risk assessments, as envisaged by the PACA Workplan (Activity 1.1.3) and to support the development of indicators to assess/measure the implementation of the Anti-corruption Strategy, Action Plan and workplans/policies developed (Activity 1.1.8)



<b>Actions</b>	<p>Following comments and work with an external international expert, PACA completed a Corruption Risk Assessment Methodology in December 2010 Guide (see Annex 10). The Guide provides a comprehensible roadmap on:</p> <ul style="list-style-type: none"> <li>• What kinds of practices risk assessments should focus on, including not only bribery but a wider range of practices that undermine the performance by officials of their public service role.</li> <li>• How to identify the incidence and seriousness of such practices in institutions selected for assessment, through direct observation, proxies, surveys and interviews.</li> <li>• How to identify factors within institutions that may give rise to such practices. The Guide provides a Sample Risk Assessment Questionnaire that may be used as the basis for identifying corruption risks.</li> <li>• How to use the findings. A key recommendation is that the findings of risk assessments should be used in two different ways. To the extent that assessments identify problems, they should be used to develop policies to tackle those problems. However, to the extent that assessments identify well-functioning institutions or processes ('islands of integrity') they should be used as a source of inspiration/lessons to develop policies to improve the functioning of other institutions.</li> </ul> <p>As noted in the PACA November Monthly Report, the Methodology Guide may be used not only to identify problems within institutions and therefore areas for policy intervention, or conversely to identify good practices that can be introduced elsewhere. In addition, through the Risk Assessment Questionnaire the Guide also provides external indicators – i.e. not indicators derived from specific government policies - that may be used to assess progress in the improvement of anti-corruption policies. In this sense, this Activity has provided extra tools that may be used by DIACA, line ministries and other public institutions to assess implementation of the Anti-corruption Strategy.</p>
<b>Indicators</b>	<p><u>Activity 1.1.3:</u> Methodology Technical Paper provided to DIACA Technical Discussion Sessions</p> <p><u>Activity 1.1.8:</u> Technical Paper on the Indicators to Assess and Measure the Implementation of the ACS/AP; Inclusion of Indicators in the ACS/AP Monitoring Implementation Reports Training staff of DIACA on the use of Indicators and Assessments</p>

	4 training events
<b>Progress</b>	<p>Corruption Risk Assessment Methodology has been provided to DIACA, including Sample Risk Questionnaire. Technical Paper already provided on development and clarification of indicators in January 2010.</p> <p>Previous PACA trainings (1 in January 2010 plus 17 meetings held individually with line ministries in February 2010, 2 trainings in June 2010) and the meetings held in Durres on December 2010 were also focused on improving indicators of fulfilment of policies contained in the Anti-corruption Action Plan.</p>
<b>Benchmark progress</b>	<p><b>Benchmark 1.1.8 (January 2011, January 2012): Indicators for implementation revised and included in Action Plan for 2011 and Action Plan for 2012</b></p> <p>PACA's assistance in this area has focused primarily on ensuring that the Action Plan includes clearer indicators of policy implementation for each Action Plan item; to the extent that the 2011-2013 Action Plan includes such indicators, the benchmark for this Activity may be regarded as essentially fulfilled.</p> <p>In addition, although this is not explicitly required by the Workplan, PACA believes that the Risk Assessment Questionnaire may and should also be used by institutions to provide a broader assessment of progress in preventing and tackling corruption within particular institutions. However, PACA believes that over the medium term the attention of the authorities and the coordination mechanism should be focused primarily on fulfilment of the specific indicators contained the 2011-2013 Action Plan.</p> <p>The provision of the risk assessment methodology provides DIACA and other institutions with a tool that will enable them to fulfil Recommendation iii of the 2002 GRECO First Round Evaluation to 'systematically collect and process in a coherent way data concerning corruption...', as well as Council of Europe Guiding Principle 18 'to encourage research on corruption'.</p>
<b>Activity 1.1.6</b>	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).
<b>Actions</b>	A core component of PACA assistance during the reporting period was targeted at improvements to the Anti-corruption Action Plan. The background to this assistance was the recommendations of PACA technical papers from June and July 2010 – namely, to streamline and



clarify further the content of the Integrated Anti-corruption Action Plan, formulate a multi-year plan for 2011-2013, include key institutions not previously in the Action Plan (such as the General Prosecutor's Office, High Inspectorate for Declaration and Audit of Assets and Public Procurement Agency/Commission, and High State Audit), and address cross-cutting issues through specific action plan sections rather than in a fragmented manner.

In order to assist with the preparation of a multi-year Action Plan that takes into account these recommendations, PACA organised two days of intensive technical meetings with representatives of line ministries, other public institutions and non-government experts to discuss and provide input to the drafting of the 2011-2013 Anti-corruption Action Plan, held on 13-14 December 2010.

The meetings were divided into 11 working/discussion groups, each chaired by a member of the PACA Team or Council of Europe Secretariat (see Programme, Annex 11). The meetings were attended by 76 public officials, with all relevant institutions represented, although representation for certain institutions/areas was weaker than others (notably the General Prosecutor's Office, the Albanian State Police, and immovable property registration). Experts from a number of other international organisations and EU assistance projects also took part, and independent experts also participated in key discussion groups (see List of Participants, Annex 12). The presence of institutions that previously were not involved in action plan formulation – and especially the High Inspectorate for the Declaration and Audit of Assets – proved to be extremely useful in developing key anti-corruption policies for inclusion in the Action Plan. PACA regards the absence of the High State Audit as a serious gap, given the key role usually played by supreme audit institutions in preventing and combating corruption, and an indicator of a worrying lack of coordination within government institutions on issues of public sector audit and financial control.

The meetings yielded material on the basis of which PACA moderators elaborated initial draft Action Plans, submitted to the participants of the meetings on 10 January 2011. Following the receipt of comments and changes provided by the relevant institutions (all except the General Prosecutor's Office and the Ministry of Agriculture), on 11 February PACA submitted to DIACA draft Action Plans as the basis for the finalisation of the 2011-2013 Action Plan.

Regarding the individual Action Plans submitted to DIACA on 11 February 2011, the following key comments are in order:

- The integrated draft plans for Public Administration/Ethics and for Public Finances and Procurement are examples of huge improvements in content and represent comprehensive, targeted and cross-cutting plans that apply to all relevant institutions. A

	<p>major improvement is the inclusion of key objectives to improve regulation of conflicts of interest, together with specific commitments in the area of public administration reform. Likewise, the proposed Action Plan for Licensing, Business Regulation and Public Services is cross-cutting, with measures on the improvement of public service provision and administrative procedures that concern all line ministries.</p> <ul style="list-style-type: none"> <li>• PACA recommended that a joint action plan be agreed upon by the law enforcement agencies given the cross-cutting nature of the criminal investigation of corruption. The plans provided to PACA by the Albanian State Police and the Internal Control Service reflect such thinking (PACA has merged these into one action plan together with measures concerning the Prosecution), and the General Prosecutor’s Office confirmed to PACA in early February 2010 its agreement to be included in the Action Plan.</li> <li>• Regarding the Ministry of Justice, PACA believes that its action plan for the justice system marks an important improvement from a technical point of view. Regarding immovable property registration, however, the Ministry has failed to bring into one document the specific objectives of the many agencies such as IPRO, Agency for Legalisation, Urbanisation and Integration of Informal Zones and Buildings etc that are under its authority.</li> <li>• Other key sector plans – notably on the health and education sector – have also shown significant improvements and/or clarifications, although the extent of improvements is not as marked as in the case of the key public administration, public finance and justice/law enforcement action plans.</li> </ul>
<b>Indicators</b>	<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>
<b>Progress</b>	<p>2 Technical Papers provided  2 trainings provided, Action Plans drafting supported by PACA experts; draft Action Plans finalised;</p>
<b>Benchmark progress</b>	<p><b>Benchmark (January 2011): 2011 Action Plan elaborated, amended and updated taking into account CoE/PACA comments and recommendations</b></p> <p>The 2<sup>nd</sup> PACA Progress Report set out the following more specific criteria upon which to assess fulfilment of the January 2011</p>



	<p>benchmark:</p> <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> <p>The January 2010 benchmark is largely fulfilled regarding initial draft Action Plans, with the exception of the continuing absence of the High State Audit from the anti-corruption policy framework, and entirely fulfilled in this respect of the key. The benchmark will be fulfilled completely upon approval of the integrated Action Plan for 2011-2013. PACA's main concern in this respect is whether other institutions will be included in the Action Plan framework as recommended, especially the General Prosecutor's Office; this will require a proactive stance on the part of the Interministerial Working Group to facilitate the participation of independent institutions in its proceedings.</p>
<p><b>Activity</b> 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><b>Actions</b></p>	<p>Following previous PACA Technical Paper and templates provided to DIACA for reporting on implementation of the anti-corruption Action Plan, in January 2011 PACA provided a Technical Paper on 'The Mechanism for Coordination and Monitoring Implementation of the Albanian Anti-corruption Strategy: Assessment and Next Steps' (see Annex 13). The paper was drafted and submitted to DIACA for comments in November 2010, although no feedback was provided. The paper was written following the approval on 27 September 2010 of a Prime Ministerial Order on the 'Establishment of the Interministerial Working Group for Implementation of the Anti-corruption Strategy'. The Order introduced a small number of changes to the existing Order, notably establishing the duty of ministry secretaries-general to coordinate the formulation of action plans at ministry level.</p> <p>The paper identifies the following main problems with the coordination mechanism as it is currently established and provides recommendations, summarised below.</p>

- Key institutions are still not included within the AP framework – notably HIDAA, the General Prosecutor’s Office and the Public Procurement Agency and Commission. PACA recommends that the IWG initiates memoranda of understanding with these institutions to ensure that they are included by agreement, given their key importance to the fight against corruption.
- The coordination mechanism in place, and as modified by the new Prime Ministerial Order, does not appear to ensure adequate coordination of the Integrated Action Plan, as opposed to mere compilation of the Action Plan from line ministry submissions. PACA believes there is a need to clarify whether the Inter-ministerial Working Group may initiate changes in the action plans submitted – if only for the purposes of their coordination.
- The coordination mechanism does not provide for any real process to monitor the implementation of Action Plans, beyond the submission by line ministries of their own reports on implementation. In particular, it is recommended that a clear mechanism for verification of such reports is established.
- The institutional mechanisms established by the Prime Ministerial Order do not appear to correspond in practice to the titles that they hold. In particular, neither the Inter-ministerial Working Group nor Inter-ministerial Technical Working Group are working groups in the sense of groups that meet on a regular basis to thrash out substantive details of the Action Plan. For its part, the Technical Secretariat – which is envisaged to provide logistical and technical support to the whole process – does not exist as a real secretariat, and in practice constitutes one person performing the role on a non-full time basis. As a result of this, and in light of the difficulties of providing extra human resources, PACA recommends that an assessment is conducted of the human resources needed for adequate Action Plan coordination and monitoring in order to enable appropriate steps to be taken. In addition, it is recommended that the Technical Secretariat is established as a fully-functioning body – in other words with the more-or-less permanent participation of representatives of the Department of Strategy and Donor Coordination and Cabinet of the Minister for Innovation, and Information and Communication Technology – and that it meets regularly to conduct the day-to-day work of coordination and monitoring.

PACA believes that improvements in the coordination mechanism are essential in order to ensure sustainability of the assistance provided by the project to the implementation of the anti-corruption strategy. The steps needed do not necessarily require increases in staff, if coordination and the full involvement of representatives



	already envisaged under the PM Order is ensured – particularly in the case of the Technical Secretariat.
<b>Indicators</b>	Methodology and Standard Template Guide for Interagency Coordination provided 3 training events held Working group meetings held
<b>Progress</b>	One Technical Paper provided. Templates provided for Action Plan formulation and reporting
<b>Benchmark progress</b>	<p><b>Benchmark (January 2011): Templates developed, adopted and introduced by the reporting agencies within six months of completion of training events</b></p> <ul style="list-style-type: none"> <li>• Following the adoption of a binding template for reporting on Action Plan fulfilment by line ministries, PACA provided an updated template for Action Plan formulation in February 2011 along with the draft Action Plans submitted to DIACA. Provided this template is used for the 2011-2013 Action Plan, the benchmark is fulfilled.</li> <li>• The advice provided through the Technical Paper is a complementary activity that is not associated with any benchmark.</li> </ul>

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

<b>Activity 1.2.1</b>	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 in cases of corruption allegations in order to yield recommendations to ensure conformity with international standards and GRECO recommendations
<b>Actions</b>	<p>PACA's assistance on immunities has been planned to take the following course:</p> <ul style="list-style-type: none"> <li>• Provision of Technical Paper providing an overview of the options among Council of Europe member states for dealing with immunities of elected officials, executive branch officials and judges</li> <li>• Holding an event which would bring together all the different stakeholders – including representatives of both government and opposition political parties – to clarify the history of the debate of immunities in Albania, and to discuss the options and put on the</li> </ul>

	<p>table their preferred solutions for Albania.</p> <ul style="list-style-type: none"> <li>• Provision of a second Technical Paper containing concrete recommendations/options to reform the Albanian regime of immunities for the three categories of officials.</li> <li>• A second event to discuss the recommendations/options and seek consensus.</li> </ul> <p>In January a PACA expert submitted a Technical Paper on 'Immunities in Council of Europe Member States: Legislative, Executive and Judicial Office Holders' (see Annex 14). The paper was designed as the main background document for the first Roundtable that was scheduled for 31 January 2011.</p> <p>However, the Roundtable was cancelled following the disturbances of 21 January and the resulting situation, as it was felt that it would not be ideal for promoting consensus on such a sensitive issue. The event is expected to be rescheduled for April 2011.</p> <p>The paper provides a comparative overview of the types of immunities prevalent in Council of Europe member states, their coverage (which public officials are covered, which acts are covered, what are the applicable exemptions etc), as well as procedures and conditions for the lifting of immunity. Special attention is given to the German solution which has been suggested (for example by the main governing coalition party) as a model for lifting immunities of elected officials in Albania. However, the paper identifies the German solution as one of the weakest solutions on offer.</p>
<b>Indicators</b>	<p>Legal Opinions  Comparative Analysis Paper  Legal working group meetings  2 workshops/round tables</p>
<b>Progress</b>	<p>1 Technical Paper completed. This activity may be expected to contribute to the fulfilment of Recommendation xi of the First Round GRECO Evaluation – 'to further consider a reduction in the list of categories of officials covered by immunity and/or to reduce the scope of immunity to a minimum.'</p>
<b>Activity 1.2.2</b>	<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, <i>inter alia</i> in the light of Third Round GRECO Evaluation</p>



	recommendations
<b>Benchmark Progress</b>	<p><b>Benchmark (March 2011): 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</b></p> <ul style="list-style-type: none"> <li>• Following the legal opinion/review provided by PACA and the two workshops/roundtables held in the first six months of 2010, on 24 November 2010 the Council of Ministers approved draft amendments to the Law on Political Parties, with the primary objective of fulfilling GRECO recommendations on transparency of political party funding. The amendments met all of the main PACA and GRECO recommendations concerning the Albanian legislation with the exception of provisions to clearly require the Central Election Commission to issue instructions regarding the accounting of in-line donation, a duty which the authorities argue follows automatically from the content of the draft. The benchmark is regarded as having been fulfilled five months earlier than envisaged by the Workplan.</li> </ul>
<b>Activity 1.2.4</b>	Provide assistance to High Inspectorate for the Declaration and Audit of Assets (HIDAA) in the development of proposed amendments to legislation on conflicts of interest and asset declarations
<b>Actions</b>	<p>Following PACA's submission of opinions on the Conflict of Interest Law and proposed amendments to it, and on proposed amendments to the Asset Declarations Law, PACA held a meeting with HIDAA in October 2010 to discuss the assessments, at which HIDAA provided information on updated drafts of the law and a discussion was held on other PACA recommendations. The conclusions of the meeting are provided in Annex 15, and the main ones were the following.</p> <ul style="list-style-type: none"> <li>• Concerning the Asset Declarations Law, the comments of PACA were limited to the draft amendments and have been reflected in the updated draft with the exception of the recommendation to narrow the range of officials under the obligation to declare assets.</li> <li>• Regarding the Conflict of Interest Law, one PACA recommendation had been reflected in the updated draft (concerning gifts and the establishment of declaration duties for officials after leaving public office). In two areas the explanations provided by HIDAA appear to meet/resolve PACA concerns (definition of 'decision-making' and whistle blowing obligations). In certain key areas PACA and HIDAA representatives appear to hold legitimately differing</li> </ul>

	<p>opinions (for example on the issue of regulation of elected officials), although PACA recommends that these issues are revisited in the future. Two issues appear to require further research: the provisions on invalidity of acts/contracts made in conditions of conflict of interest, and the capacity of HIDAA to fulfil its extensive obligations. On the latter issue, PACA recommends that HIDAA conduct or commission a comprehensive and objective analysis of the capacities needed to fulfil its oversight and audit role adequately.</p>
<b>Benchmark progress</b>	<p><b>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.</b></p> <p>Timeline: December 2010</p> <ul style="list-style-type: none"> <li>• As of late January 2011, according to the information received by DIACA the HIDAA amendments were being processed by the Council of Ministers into an official draft. To the extent that an official draft reflects the amendments contained in HIDAA's draft, PACA regards the benchmark as fulfilled.</li> </ul>
<b>Activity 1.2.7</b>	<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>
<b>Actions</b>	<p>In October PACA experts completed a Compliance Matrix (see Annex 16), which contained the following conclusions:</p> <ul style="list-style-type: none"> <li>• Albania is partially incompliant with regard to articles 13, 14, 17 and 22 of the Criminal Law Convention and has unclear regulation with regard to articles 2 and 3 of the Additional Protocol to the Criminal Law Convention. Changes in the Criminal Code of Republic of Albania are needed in order to reach full compliance with the articles mentioned. However, the draft law approved by the Council of Ministers in October 2010 resolved these issues.</li> <li>• Albanian legislation meets the remaining requirements of the Council of Europe Criminal Law Convention and its Additional Protocol, and Albanian law is in line with the provisions of the Council of Europe Civil Law Convention on Corruption.</li> </ul>



	<ul style="list-style-type: none"> <li>Albanian law is non-compliant with one technical aspect of Article 5 of the European Convention on Mutual Legal Assistance, concerning permissible reservations to letters Rogatory (letters of request for legal assistance from the law enforcement authorities of one state to those of another) for the search/seizure of property. The law adequately fulfils the rest of the requirements of the Convention and its First Additional Protocol, as well the requirements of the Second Protocol to the European Convention on Mutual Assistance in Criminal Matters.</li> </ul>	
<b>Indicators</b>	Legal Opinions provided Legal working group meetings held Compliance Matrix completed 1 legal workshop held	
<b>Progress</b>	Compliance matrix completed. The findings of the Matrix suggest that little action is required in this area by the authorities.	
<b>Activity 1.2.8</b>	Provide a methodology for screening proposed or valid legal acts for provisions that create risks of corruption ('corruption proofing')	
<b>Actions</b>	<p>Following the workshop held by PACA on 13<sup>th</sup> April 2010 PACA on 'Introduction to the Corruption Risk Analysis of Draft Laws ('Corruption Proofing') held jointly with the EURALIUS II project. Following the event, the expert submitted two Technical Papers, PACA had submitted a draft addendum to the Ministry of Justice's Law Drafting Manual, envisaged for addition as an insert. PACA experienced problems with completion of this activity due to the Ministry of Justice's rejection of the addendum as an 'overlapping activity' in August 2010.</p> <p>In January 2011, the first Stakeholder's Meeting of the new EURALIUS III project appeared to agree on the inclusion/addition of the PACA addendum to the Law Drafting Manual, together with training of law drafting officials on which PACA would cooperate with regard to the 'corruption proofing' aspect. On request of the EURALIUS III project, on 14 February PACA submitted to the Ministry of Justice the corruption proofing addendum in Albanian.</p>	
<b>Indicators</b>	Methodology Paper submitted Draft of Legal Act introducing the corruption proofing tools/obligations Legal working group meetings held 2 workshops held	
<b>Progress</b>	Proposed addendum to Law Drafting Manual and corruption	

	<p>screening methodology completed.</p> <p>Law Drafting Manual is a compulsory tool for law drafters, therefore no legal act is necessary to introduce obligations contained within it</p> <p>1 workshop completed</p> <p>Activity delayed but resumed in February 2011.</p>
<b>Benchmark Progress</b>	<p><b>Benchmark (June 2011): Within 7 months of completion of second workshop, Methodology is incorporated into existing legal drafting guidelines and used by the Government bodies or its working groups when drafting legal acts.</b></p> <ul style="list-style-type: none"> <li>• Provided cooperation with the Ministry of Justice on the inclusion of the manual is smooth and there are no delays, the benchmark can be fulfilled within the original timeline envisaged.</li> </ul>

**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**

<b>Activity 1.3.1</b>	<p>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.</p>
<b>Actions</b>	<p>PACA's earlier assistance under 1.3.1 consisted of two technical papers released in March 2010: the first paper assessed whether and how criminal law provisions on forfeiture and the anti-mafia law provisions on civil forfeiture apply to the criminal offences of money laundering and terrorism financing, while the second paper assesses the internal consistency of the Law on the Prevention of Money Laundering and the Anti-Mafia law.</p> <p>In October 2010 PACA organised and held a workshop on the implementation up to then of the Anti-Mafia law, together with the Open Society Foundation Albania. PACA then commissioned a technical paper on "Albanian Judicial Practice in the Interpretation and Implementation of Seizure of Crime Proceeds under the Anti-Mafia Law" to assess the problems that have arisen in the process of implementing the law and, if appropriate, propose amendments to the legislation or relevant policies. The assessment was completed in January 2011 (see Annex 17).</p> <p>The most important findings of the Technical Paper are the following:</p>



	<ul style="list-style-type: none"> <li>• There is a need to introduce further regulation or case law seeking to clarify the extent of the meaning of 'reasonable suspicion based on indicia' (the basis upon which an application for civil forfeiture of assets may be initiated).</li> <li>• Regulations or case law should be established concerning the use of intelligence reports as a source of indicia.</li> <li>• The guidance provided by the landmark decision of the High Court in the Troplini case regarding the criteria and the dynamic of the shifting of the burden of proof in the course of the anti-mafia law proceeding should continue to be followed.</li> <li>• There is a need to specify through regulation or through reliance on the Troplini judgement which assets may be seized under the Anti-Mafia Law.</li> <li>• Guidelines are needed concerning those situations when non-conviction based forfeiture under the anti-mafia law takes place before or in parallel to the criminal proceeding.</li> <li>• Clearer regulation is needed on the use of special investigative techniques, which may include revision of the Anti-Mafia Law in that regard.</li> </ul>
<b>Indicators</b>	<p>Legal Opinions provided  Review Report submitted  2 legal drafting workshops held</p>
<b>Progress</b>	<p>3 legal opinions submitted, 2 legal workshops held. 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 – "to provide appropriate measures for the seizure and deprivation of the proceeds of corruption offences."</p>
<b>Benchmark progress</b>	<p><b>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.</b></p> <ul style="list-style-type: none"> <li>• The workshop held in October 2010 was envisaged under the Workplan to take place in August 2010, but this proved impossible due to circumstances of the international expert which were beyond</li> </ul>

	<p>PACA's control. This postponement of the workshop implies a move in the deadline for benchmark fulfilment to April 2011. PACA expects the benchmark to be fulfilled in the form of case law and/or regulations/guidelines concerning issues identified in PACA's assessment.</p>
<b>Activity 1.3.2</b>	<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>
<b>Actions</b>	<p>Following PACA's earlier assistance – a major workshop in April 2010 and a Technical Paper on implementation of the AML/CFT law in June 2010, PACA submitted in September an assessment (legal opinion) on draft amendments to the AML/CFT law that were approved by the Council of Ministers on 30 August 2010 (see Annex 18). The opinion identified several issues of concern and recommendations, in particular that:</p> <ul style="list-style-type: none"> <li>• Contrary to the provisions of the draft, the DGPML should not be conferred judicial police status at this time as envisaged by the amendments.</li> <li>• The amendments should not introduce legal obligations concerning exchange of data between the DGPML and the courts/prosecution service. This should instead be pursued through an DGPML-Prosecution Memorandum of Understanding and the tailoring of court statistics by the Ministry of Justice.</li> </ul> <p>The Council of Ministers withdrew the draft from Parliament in November 2010, and a working group was set up under the Minister of Finance to analyze and revise the proposed amendments to the AML law in the light of the comments and recommendations from the preliminary analysis of MONEYVAL and PACA's Technical Paper. The Working Group finalized a revised draft of proposed amendments in December 2010. In January 2011, PACA completed a second technical paper on "Assessment of the Revised Proposed Amendments to the Law on Prevention of Money Laundering and Terrorism Financing" assessing the revised proposal and specifically the extent to which the earlier reservations about the draft of PACA and MONEYVAL had been taken into account (see Annex 19). The main findings of this paper were that</p> <ul style="list-style-type: none"> <li>• The revised draft is in line with PACA's recommendations concerning the non-assignment of judicial police powers to the DGPML and on compulsory exchange of information between the</li> </ul>



	<p>prosecution/courts and DGPML;</p> <ul style="list-style-type: none"> <li>The revised draft would make Albania compliant with recommendations 10 and 13 of MONEYVAL, and partially compliant with Recommendation 26.</li> </ul>
<b>Indicators</b>	<p>Legal Opinions provided  Legislative Proposal Report submitted  Legal working group meetings held  2 legal drafting workshops held</p>
<b>Progress</b>	<p>Legal opinion on the level of implementation submitted, one two-day legal workshop held, two legal opinions on draft amendments provided. 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 institutions and designated non-financial institutions (DNFPBs) (Recommendations 5, 10, 13, 15).</p>
<b>Benchmark Progress</b>	<p><b>Benchmark (April 2011): Within 3 months of completion of second workshop proposed legislative changes or policies of relevant line ministries include recommendations from legal opinions.</b></p> <ul style="list-style-type: none"> <li>The benchmark is fulfilled.</li> </ul>
<b>Activity 1.3.3</b>	<p>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)</p>
<b>Actions</b>	<p>Following numerous working group sessions for the drafting of the Manual on the Investigation of Corruption and Financial Crime and a study visit of Albanian prosecutors, judicial police officers and DGPML in Vienna on the theme of investigation of economic crime, on 28 October 2010 PACA and the US Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) held a joint event to launch the Manual on the Investigation of Corruption and Financial Crime, which was compiled jointly by PACA and OPDAT. The ceremony was attended by approximately 70 participants, including the Prosecutor General. At the ceremony the Prosecutor General publicly endorsed the document. The Albanian and English versions of the Manual are provided in Annexes 20 and 21 respectively.</p> <p>Following the launching ceremony PACA provided a 1.5-day</p>

	training on the Manual for 29 officials from the Tirana, Durres and Shkodra Joint Investigation Units.
<b>Indicators</b>	Guidelines and Methodology Report submitted 1 training event/workshop held Working group sessions held 1 study visit organised
<b>Progress</b>	A Study Visit was already held in July 2010. Numerous working group sessions were held with OPDAT and Albanian prosecutors during the drafting of the Manual. The launching event was followed directly by a training event on the Manual. 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’ assets... Furthermore, specialisation, resources and training in this area should be increased”.
<b>Benchmark progress</b>	<b>Benchmark (November 2010): Within 6 months of completion of training/study visit Guidelines are adopted by the General Prosecutor’s Office and used in practice.</b> <ul style="list-style-type: none"> <li>The Guidelines (Manual) were launched and publicly endorsed by the Prosecutor General and immediately used in the training with the Tirana, Shkodra and Durres JIUs on 28 October 2010. the benchmark has therefore been fulfilled one month early. Additionally, under activity 1.5.4 PACA will make sure that parts of the Manual are made part of the School of Magistrates Curricula.</li> </ul>
<b>Activity 1.3.4</b>	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.
<b>Actions</b>	Following the preparation of a last set of guidelines/typology for private accountants and auditors prepared by PACA in August 2010, on 22 October 2010 PACA provided training to private accountants and auditors on the guidelines. The training was attended by eight participants (four private auditors regulated by the Institute of Auditors and four Directorate General for Prevention of Money Laundering officials).



<b>Indicators</b>	Guidelines on Detection and Typologies prepared 2 training events held Working groups sessions held	
<b>Progress</b>	Six guidelines/typologies prepared by the Directorate General for Prevention of Money Laundering (DGPML) were reviewed and commented upon. DGPML guideline for private accountants and auditors prepared. Two training events completed. 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 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 DGPML and the various sectors of the Designated Non Financial Business and Professions 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'.	
<b>Benchmark progress</b>	<p><b>Benchmark (December 2010): Within 5 months of completion of training, Guidelines are adopted by Ministry of Finance and used in practice.</b></p> <ul style="list-style-type: none"> <li>• It was agreed at the September 2010 PACA Steering Committee that the benchmark for this activity would be fulfilled through an endorsement in the form of an official letter by the DGPML Director accompanying the guidelines/typologies. The first six guidelines are posted on the DGPML website, and on 24 December 2010 the DGPML sent out for comments a final draft of the Guideline/Typology for Private Accountants and Auditors. The DGPML has committed to sending out the guidelines to all the regulatory authorities for the designated institutions covered by the typologies, and PACA expects this will happen without delay following the resolution of any comments on the last guideline distributed. Since the second training activity envisaged by the work plan was held in October, the corresponding deadline for fulfilment is March 2011.</li> </ul>	
<b>Activity 1.3.5</b>	Support the development of guidelines on the implementation of Memorandums of Understanding (MoUs) for persons and institutions subject to duties to report suspicious transactions and those of the Politically Exposed Persons (PEPs) category when conducting financial and economic crime investigations, to enable improved implementation	

	of the Memorandum of Understanding between HIDAA and the DGPML and in line with MONEYVAL recommendations.
<b>Actions</b>	<p>The scope of work for this activity has been elaborated with the beneficiaries and includes the following:</p> <ul style="list-style-type: none"> <li>- A Study Visit to the United Kingdom Financial Intelligence Unit (Serious Organised Crime Agency) for representatives the Albanian DGPML, HIDAA, the Bank of Albania and 2 commercial banks.</li> <li>- A DGPML Guideline/Typology on Politically Exposed Persons (PEPs) directed to all responsible bodies in the private sector;</li> <li>- One training with the compliance officers of the commercial banks (the banks are by far the most important private sector implementer of the AML/CFT system) on management of PEPs;</li> <li>- Revision and improvement of the existing MoU between HIDAA and the DGPML on PEPs.</li> </ul> <p>The first component to be implemented from 28-30 March 2011 is the Study Visit, which will focus on PEP standards in the banking industry, the Role of Regulatory Authorities regarding PEPs, the Financial Intelligence Unit, and Interagency Cooperation on PEP issues. Following the study visit, PACA will deliver the remaining items of assistance under this activity.</p>
<b>Indicators</b>	<p>MoU Guidelines report submitted  1 training event held  1 study visit organised</p>
<b>Progress</b>	<p>Scope of work elaborated and agreed. Dates and location of study visit agreed and arrangements under way. The implementation of this activity will contribute directly to the implementation of Recommendation 6 of MONEYVAL “ to detail in sectoral rules as appropriate, the requirements .....on politically exposed persons” with a view to securing enhanced due diligence in the dealings of financial institutions and Designated Non Financial Business and Professions with PEPs.</p>
<b>INDICATORS</b>	
<b>Activity 1.3.6</b>	<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 DGPML Action Plan.</p>
<b>Benchmark Progress</b>	<p><b><u>Benchmark (December 2010): Number of suspicious transactions identified and reported in comparison with 2008 and 2009 years.</u></b></p>



	<ul style="list-style-type: none"> <li>• A training in July 2010 of 55 participants from government agencies and private entities including the DGPML, Ministry of Finance (MF), Bank of Albania (BoA), General Directorate of Customs (GDC), Financial Surveillance Authority (FSA), Albanian State Police (ASP) and a number of banks and one Local Office for Registration of Immovable Property, and the finalisation in August 2010 of the training module produced by PACA on the reporting of suspicious transactions (STRs), fulfilled the first part of the Benchmark as reported in the 2<sup>nd</sup> Progress Report.</li> <li>• PACA fully expects the number of suspicious transactions reported to the DGPML to have risen in 2010 compared to 2008 and 2009. This information however will be available when the DGPML issues its Annual Report, which is expected by the end of March 2011.</li> </ul>
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**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**

<b>Activity 1.4.1</b>	Provide recommendations and facilitate public consultations and debates organized with NGOs on anti-corruption reforms aimed at supporting legal and institutional anticorruption initiatives
<b>Actions</b>	Following the two NGO fora held in March 2010 (on institutions/areas to be selected for corruption risk analysis and on corruption and anti-corruption reforms in the education sector), and the one forum jointly with the Open Society Foundation on the Anti-mafia Law, on 21 December 2010 PACA organised - together with the Open Society Foundation for Albania, the Agency for the Support of Civil Society and the Ministry of Finance Directorate for the Prevention of Money Laundering (DGPML) - a discussion and awareness-raising event with NGOs to raise awareness among the non-profit sector of the legal requirements concerning prevention of money laundering and terrorism financing. Moreover, aspects related to the implementation of the FATF special recommendation VIII and the ensuing MONEYVAL recommendation to Albania - to undertake actions in support of the non profit sector to prevent the sector from being used to finance terrorism – were reviewed. In addition to raising awareness, the event was used as a follow-up from PACA’s March 2010 NGO forum on civil society cooperation against corruption, which highlighted the need for NGOs to subscribe to common standards of transparency. The round table concluded that non-profit organisations should ensure transparency by having their accounts audited and maintaining updated information on

	their funding and its sources on their websites.
<b>Indicators</b>	Recommendations and Consultations Reports submitted 10 public debates held
<b>Progress</b>	Four events held in total as of February 2011 Concrete recommendations yielded by all four 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.**

<b>Activity</b> 1.5.1	Support the elaboration and implementation of training plans (and training materials) on Conflict of Interests and Auditing for HIDAA inspectors and other relevant officers and by training the core group of local trainers
<b>Actions</b>	<p>Following the agreement at the September 2010 PACA Steering Committee Meeting, the original content of Activity 1.5.1 (the elaboration of training manuals and provision of trainings) was changed to the organisation of one Study Visit for High Inspectorate for the Declaration and Audit of Assets (HIDAA) to an analogous institution.</p> <p>The Study Visit was organised jointly by PACA and the Organisation for Security and Cooperation in Europe (OSCE) and took place in Latvia from 26-28 January at the at the Latvian Bureau for Preventing and Combating Corruption (KNAB), with six officials of the High Inspectorate for the Declaration and Audit of Assets participating. The primary aim of the Study Visit was to provide HIDAA with information on how to conduct administrative investigations and share and exchange information with other state institutions and agencies abroad.</p> <p>PACA believes the three-day visit was of considerable value to HIDAA. Highly concrete information and experience were provided on how KNAB conducts administrative investigations, and HIDAA officials were shown the other official databases and registers which KNAB uses to corroborate or check information in its conflict of interest and criminal investigations. This also provided very useful information that will contribute to the implementation of PACA Activity 1.5.3 (the elaboration of guidelines to enhance cooperation and exchange of information between HIDAA, the DGPML and other agencies/databases).</p>



<b>Indicators</b>	N/A
<b>Progress</b>	Study Visit completed
<b>Benchmark Progress</b>	N/A
<b>Activity 1.5.2</b>	Support High Inspectorate for the Declaration and Audit of Assets (HIDAA) Public relations Department in organising media campaign with regard to issues of preventing and controlling conflict of Interests.
<b>Actions</b>	<p>PACA agreed with the beneficiary of this activity that the best way to achieve sustainable results would be to provide HIDAA with long term capacity to engage in media campaigns rather than support a one time event, particularly in view of the fact that HIDAA had just benefited from OSCE assistance in putting together a media campaign comprising a TV spot and awareness-raising leaflets. Hence it was agreed that a training manual that would enable HIDAA to design effective media campaigns in the future and tailored training to that effect should be delivered.</p> <p>In December 2010 PACA finalized a Manual (see Annex 22) for the Design and Implementation of Media Campaigns by HIDAA. The manual is tailored to the specificities of HIDAA's functions and aims to facilitate HIDAA's performance on the public relations front as well as serve as a guide for HIDAA to conduct future media campaigns. The manual provides practical guidance on the all key aspects of public relations and media campaigns. On 21 December 2010 PACA held a one-day training with six representatives of HIDAA's public relations department and other departments. During the training, the main issues touched upon by the manual were elaborated and communicated to the target group based on a real case study that was previously submitted to PACA by HIDAA.</p>
<b>Indicators</b>	<p>1 training event for the Public Relations Department held</p> <p>1 media campaign event held</p> <p>Publications</p> <p>Media Advisory and other campaign event related activities completed</p>
<b>Progress</b>	<p>Training manual completed</p> <p>Training event held</p>
<b>Activity 1.5.4</b>	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
<b>Actions</b>	<p>In order to plan this extensive activity properly, PACA organized a scoping mission for the contracted team of experts from 3-6 January 2011. The two consultants contracted by PACA for the elaboration of the training plans and the delivery of training met with key law enforcement agencies and other relevant stakeholders.</p> <p>Following the scoping mission, PACA finalised the Training of Trainers Program including the phases and activities that would occur during each phase. The Program consists of the following activities:</p> <ul style="list-style-type: none"> <li>• 14-19 March 2011: first training session of 20 prosecutors, judges and police officers nominated respectively by the School of Magistrates and the General Directorate of Police, in Pogradec.</li> <li>• 25-30 April 2011: second training session of another group of 20 prosecutors, judges and police officers, in Pogradec.</li> <li>• May 2011: the ten best trainees will receive 3-4 days of training on professional/adult training techniques in Strasbourg.</li> </ul> <p>After these activities are completed, the PACA experts will finalize the training materials and training program that will be used in the future by the SoM and PFC, and PACA will support 4 trainings (2 days each) by the trained trainers for the usual trainees of the SoM (expectedly as a component of ongoing legal education for judges and prosecutors) and the PFC (police structures that specialize in the investigation of corruption, money laundering and tracking of criminal assets as well as the Internal Control Service officers).</p>
<b>Indicators</b>	<p>3 training manuals/modules</p> <p>Working group meetings</p> <p>6 (2 day) training events for trainers</p> <p>4 (2 day) training event prepared by the local trainers</p>
<b>Progress</b>	<p>Training programme clarified and agreed, including production of training modules. The implementation of this activity will contribute 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’ assets... Furthermore, specialisation, resources and training in this area should be increased”.</p>



<b>Activity</b> <b>1.5.6</b>	<p>Provide training for 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>
<b>Benchmark Progress</b>	<p><b>Benchmark (January 2011): Within 4 months of completion of training, Training Module is incorporated into Training Institute for Public Administration (TIPA) curricula and used.</b></p> <ul style="list-style-type: none"> <li>• Following the completion of Activity 1.5.6 through the provision of assistance, including training modules, to the Agency for Administration of Seized and Confiscated Assets (ASCAA), prosecution, judicial police, tax and customs' authorities (as reported in the previous Progress Report), PACA submitted to TIPA the training module on the Management of Seized and Confiscated Assets and received written confirmation by them that the training module will be used by TIPA in the future when trainings of ASCAA officials take place. The benchmark on this activity is therefore regarded as fulfilled.</li> <li>• In addition, regarding the future use of the training module on the investigation of economic crime for law enforcement officials, PACA will make sure that it is also included in the curriculum of the continuous training of the School of Magistrates through Activity 1.5.4.</li> </ul>

**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)**

<b>Activity</b> <b>2.1.1, 2.2.1 and 2.2.3</b>	<p>Conduct risk analysis to identify corruption risks within the education system (2.1.1); Identification of policy options for introducing criteria and standardised procedures for the recruitment, appointments and promotion of teachers and other educational staff (2.2.1); Elaboration of preventive anti-corruption legislation/secondary legislation and guidelines for licensing, regulating and controlling private education institutions including private tutoring (2.2.3).</p>
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<b>Actions</b>	<p>As noted in the previous Progress Report, due to the initial withdrawal of UNESCO from its expected participation in the PACA education component, the risk assessment and human resources assessment were delayed with an expected completion date of March 2011 and January 2011 respectively. Conversely, PACA succeeded in moving the other parts of the education component (assistance on Code of Conduct – see Activity 2.2.2 below, and Development of anti-corruption components for school curricula – see Activity 2.3 below) forwards.</p> <p>Following the submission of the preliminary analysis of the education system submitted in August 2010, in September PACA contracted with the General Teaching Council of Scotland (GTC) to provide international expertise on three parts of the education component of the PACA project – the risk assessment, identification of human resources policy options, and options for licensing, regulation and control of private education institutions. An expert from the GTC visited Albania from 13-16 November 2010 on a fact-finding mission to conduct meetings and interviews with relevant officials, education staff and other stakeholders and experts. The expert held meetings with officials of the Ministry of Education, Tirana Regional Education Director and other important stakeholders.</p> <p>The mission confirmed as valuable the approach adopted by PACA to its education risk assessment – that is, an assessment of the way in which the Albanian educational system builds and maintains professionalism among teachers in the widest sense, rather than focusing narrowly on mechanisms to prevent and address violations. Two GTC experts were scheduled to visit Tirana on another one-week mission from February 19-25.</p> <p>On reflection within the PACA team, it was concluded that separating the human resources assessment (due according to the amended schedule in January 2011) from the risk assessment (due in March) did not make sense, and PACA therefore requested the GTC to submit these as one integrated document, due in March 2011, with the analysis on licensing, regulation and control of private education institutions due in June 2011.</p>
<b>Indicators</b>	<p>2.1.1 Risk Analysis Document submitted Working group meetings held 1 technical workshop in introducing risks analysis results and reviewing shortcomings held</p> <p>2.2.1 Policy Options Paper submitted</p>



	<p>2 workshops held Working group meetings held</p> <p>2.2.3 3 legal opinions submitted Working Group meetings held</p>	
<b>Progress</b>	Field research commenced	
<b>Benchmark Progress</b>	<p><b>Benchmark (2.2.1): Within 6 months of completion of workshops Ministry of Education includes a specific policy option within its proposed legislative changes or policies</b></p> <ul style="list-style-type: none"> <li>The original month selected for this benchmark was October 2011. In light of the fact that the relevant analysis will be completed in March 2011 together with the risk assessment, and 2 workshops should be held to discuss them, <u>PACA believes the benchmark should be moved to November or December 2011.</u></li> </ul>	
<b>Activity 2.2.2</b>	Providing a review of the draft Code of Conduct for Teachers and as relevant the draft Order of Teachers in the education sector and assessment on disciplinary measures for educational staff.	
<b>Actions</b>	<p>An expert from the General Teaching Council of Scotland provided an initial review of the Draft Code of Conduct for Teachers (see Annexes 23), which was drafted in 2008 and which the Ministry of Education wishes to finalise and approve in the near future. While the expert was in agreement with the objectives of the Code, the review raised important issues that were recommended to be addressed in the final draft of the Code, namely that its provisions should be linked to a general concept of 'fitness to teach', that it should be made less prescriptive and detailed, that the number of prohibitions reduced in relation to positive provisions, and that certain provisions need to be reviewed to ensure their compatibility with Albania's human rights obligations. In addition, a key issue is the establishment of a mechanism for oversight of the Code and enforcement, which has not yet been initiated.</p> <p>The expert conducted a two-day mission in Tirana on 20-21 September, during which two workshops were held – one with representatives of the Institute for Development of Education (IDE), which is the institution responsible for drafting the Code, and another with a range of other stakeholders. Following the mission, the expert submitted a second brief summary of findings and recommendations for the Institute for the Development of Education (IDE) to take into account when finalising the Draft Code (see Annex 23).</p>	

<b>Indicators</b>	Review of the draft Code and draft Order as relevant 2 workshops Working group meetings
<b>Progress</b>	Review of draft Code and recommendations provided 2 workshops held
<b>Benchmark Progress</b>	<p><b>Benchmark (October 2011): Within 6 months of completion of workshops, the Draft Code of Conduct (and Order of Teachers as relevant) adopted by Ministry of Education.</b></p> <ul style="list-style-type: none"> <li>The Ministry of Education informed PACA in September and November 2010 that its priority is to complete the draft Law on Pre-University Education that is currently under preparation, and that it would move to finalise and approve the Code of Conduct after this. The Institute for the Development of Education (IDE) informed PACA in October that as the body responsible for development of the draft Code it would continue to work on the draft in order to have a product ready for ministerial approval. The fulfilment of the benchmark by October 2011 therefore depends upon the completion of the draft Education Law.</li> </ul>
<b>Activities 2.3.1</b>	Developing a framework of anti-corruption terms, governance and ethics concepts to be included in the existing civic values education programmes
<b>Benchmark Progress</b>	<p><b>Benchmark (January 2011): Ministry of Education approves the framework within 2 months of submission of report.</b></p> <ul style="list-style-type: none"> <li>Following the Technical Paper submitted by PACA experts in June 2010 on 'Recommendations for the Integration of Anti-corruption Education Principles into the General Education Curriculum of Albania', in August 2010 the Institute for Development of Education (IDE) agreed in writing with this document as the basis for the development of specific curricula components. PACA therefore regards this benchmark as fulfilled, 6 months ahead of schedule.</li> </ul>
<b>Activity 2.3.2</b>	Developing modules of anti-corruption education for inclusion in civics education at primary and secondary schools study programmes
<b>Actions</b>	Following the development of the outline framework under Activity 2.3.1, on 18-20 October 2010 PACA experts from the Lithuanian Institute for Modern Didactics and the Kosovo Education Centre provided a three-day training in Durres to 28 teachers, officials of the



	<p>Institute for the Development of Education and other education staff involved in curriculum development. The training was designed to prepare the participants to develop their own proposed lessons/units on corruption-related issues for inclusion into compulsory or non-compulsory schools curricula.</p> <p>The training is regarded as PACA as having been of the highest quality. The participants also evaluated the training highly with an average score of 4.4 out of 5 on a wide range of aspects evaluated.</p> <p>Following the training, teachers were tasked to develop their own proposed 'anti-corruption lessons', which they subsequently submitted to PACA. On 16-17 December 2010 PACA organised a second training event, where the international experts trained the same teachers again on how to improve the content and focus of the lessons. An important output of the event was a consensus that corruption/anti-corruption related issues should be incorporated into the widest range of school subjects and lessons as possible, but on an <i>ad hoc</i> basis and as appropriate – i.e. rather than 'anti-corruption lessons', 'integration of anti-corruption components into any lesson where appropriate'. The second training was attended by 20 educational staff (teachers, Ministry of Education officials and Regional Education Directorates). Out of the 21 teachers who attended the first training event, 14 were also present at the December event. Of the seven absent, two absences were due to the floods in the Shkodra region and one due to sickness.</p>
<b>Indicators</b>	<p>Framework Proposed</p> <p>Working Group Meetings held</p> <p>Follow up Report submitted</p>
<b>Progress</b>	<p>Proposed curricula components developed. The lessons/components and approach will be formalised with the IDE into a manual of anti-corruption education, which will further develop the 'ad hoc integration' approach for use in the 2011-2012 academic year. PACA believes that the direct involvement of the IDE in the finalisation of the materials provides an excellent basis for the assistance provided to lead to the real integration of anti-corruption components into the school curricula.</p>

## 5. COOPERATION WITH OTHER STAKEHOLDERS

The PACA Team has continued to have very good relations with state authorities.

### 5.1 Counterpart and beneficiaries

Cooperation and communication between the PACA Team and its main counterpart, DIACA has been excellent throughout the reporting period. DIACA has cooperated to the maximum extent with assistance to the drafting of an improved Action Plan, through its

organisation of the Anti-corruption Conference in November 2010 and efforts to ensure the participation of all relevant stakeholders in the key Action Plan brainstorming meeting in December 2010. DIACA has also worked actively with PACA on the development of the Visibility Strategy for the Anti-corruption Strategy. While DIACA has been less responsive on the issue of improving the functioning and in particular capacity of the coordination mechanism for the Anti-corruption Action Plan, it has proceeded in line with other recommendations in this areas, notably the inclusion of more institutions within the Anti-corruption Plan framework. DIACA has also played the key role in drafting amendments to the Law on Political Parties, which ensured the fulfilment of the benchmark for Activity 1.2.2 of the project.

Cooperation with the General Prosecutor's Office has been highly productive, with the completion of the Manual on Investigation of Corruption and Economic Crime and its formal adoption as a working tool for prosecutors. Cooperation with both the GPO and the School of Magistrates on the preparation of PACA's largest training activity (beginning in March 2011) has also been very smooth. The General Prosecutor's Office also participated actively, together with key judges, in the October 2010 meeting to assess the implementation of the Anti-mafia Law.

Cooperation with the Directorate General for Prevention of Money Laundering (DGPML) has also been very productive, with close cooperation on the development of money laundering guidelines and DGPML efforts to ensure the presence in trainings of all relevant obliged entities and their regulatory bodies where relevant. Likewise, the Ministry of Finance has been quickly responsive to PACA concerns with the draft Anti-money Laundering Law submitted in September 2010, and was proactive in moving to address the concerns raised.

Cooperation with the High Inspectorate for the Declaration and Audit of Assets (HIDAA) has been particularly excellent, especially through HIDAA's vital and valuable participation in meetings to draft the 2011-2013 Action Plan.

Cooperation by the Ministry of Education with PACA on activities related to Output 2 of the project has also been excellent, with the Ministry responding positively to all PACA requests for meetings, interviews and documents. The Institute for Development of Education has cooperated intensively with PACA on the activities that concern it, namely review of the draft Teachers' Code of Conduct and development of anti-corruption components for school curricula, including ensuring good participation by educational staff in PACA trainings on the latter issue.

A partial exception to the trend of excellent cooperation continued to be the Ministry of Justice, as PACA was unable for a long period to secure assurances that its 'corruption proofing' addendum would be adopted according to the agreed Workplan. However, this situation appeared to be on the point of positive resolution at the time of reporting.

## **5.2 Other third parties**

PACA has been especially active in pursuing cooperation with other donors involved in anti-corruption related work. In particular, PACA and the OSCE fruitfully cooperated to organise the Study Visit for HIDAA in January 2011, the Economic Crime Investigation



Manual was completed and launched together with OPDAT, and PACA entered into discussions with the EURALIUS III project in January 2011 concerning cooperation on the addendum to and training on the Law Drafting Manual.

PACA has also continued its cooperate with and engagement of NGOs in project activities. This has taken place through the engagement of NGO experts in various project activities - notably the completion of the final preliminary study for the risk assessments, but also the co-organisation of the Anti-mafia Law Workshop with the Open Society Fund for Albania. PACA has held discussions with Open Society Fund in particular on how to cooperate in the holding of key events/fora with NGOs to encourage the latter to monitor anti-corruption policy and its implementation.

## 6. 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 and analysis of options for human resources policy). Certain activities have been implemented ahead of schedule, including the development of anti-corruption components for school curricula. Moreover, another set of actions are under implementation in addition to those envisaged by the PACA Workplan (the Anti-corruption Visibility Strategy).

Concerning benchmarks (as referred in Annex 2), of the eleven benchmarks whose month for assessment came within the reporting period, eight have been fulfilled, one of them in advance; this statement is made on the assumption that the Action Plan for 2011-2013 is approved by the Inter-ministerial Working Group without major delays, and that the draft legal amendments necessary for the fulfilment of the benchmark for Activity 1.2.4 become official drafts. One December 2010 benchmark (for Activity 1.3.6) was 50% fulfilled in July 2010 and is expected to have been fulfilled 100% by December, but this can not be verified until late March 2011. In addition, two other benchmarks due after this reporting period have already been fulfilled. Three benchmark fulfilment dates (two of them within the reporting period and one originally scheduled for October 2011) have moved due to circumstances beyond the control of PACA (the temporary unavailability of an expert, continuing consultation on last anti-money laundering guideline by the Directorate General for Prevention of Money Laundering , and rescheduling of the education component due to the withdrawal by UNESCO from the education risk analysis).

As a result of activities implemented or under implementation by PACA significant contribution and assistance have been provided to the Albanian authorities to implement or better implement their Anti-corruption Strategy and its action Plan, recommendations of GRECO (in its evaluation reports), MONEYVAL and the European Union (in its Progress Reports on Albania). More specifically, the Project has yielded the following concrete achievements/impact during the reporting period:

- The completion of the fifth preliminary corruption risk assessment, and the submission of finalised risk assessments on three of the areas selected will enable

the development of focused policies to tackle/prevent corruption in these areas – as envisaged by Activity 1.1.7 of the PACA Workplan.

- Assistance to the main counterpart, DIACA and line ministries has resulted in the development – at least in draft version - of a radically improved multi-year Anti-corruption Action Plan for 2011-13. PACA has also assisted with the launching of a Visibility Strategy that can be expected to raise awareness of the Anti-corruption Strategy. As of mid-February 2011, the draft anti-corruption action plans provided to DIACA following PACA assistance had not been processed by the government coordination mechanism, and PACA regards the key test of this mechanism to be whether the cross-cutting components of the draft action plans will be accepted and approved, with the participation of key institutions previously excluded from the Action Plan framework. PACA retains significant doubts concerning whether the necessary mechanisms and coordinated human resources are in place to ensure that implementation of the Action Plan will be properly monitored, however.
- Substantial assistance has been provided for the development/improvement of anti-corruption legislation in line with international standards and best practices. PACA assistance has directly facilitated the drafting of legal amendments that fulfil GRECO recommendations in the areas of political party finance and incriminations, and MONEYVAL recommendations and other best practices in the case of anti-money laundering legislation.
- PACA has provided extensive assistance to increase the capacities of institution responsible for detecting and processing suspicious financial transactions (through typologies of money laundering and training thereon), investigating economic crime (through a cornerstone investigation manual for prosecutors) and administering seized and confiscated assets (a training module and training). This assistance has been redoubled in 2011 with the launching of the largest component of training assistance for law enforcement and the judiciary on the investigation of economic crime, money laundering and tracking proceeds of crime.
- PACA has carried out extensive groundwork to ensure that anti-corruption components will be incorporate into school curricula in the 2011-2012 school year, as a tool for increasing the resistance to corruption of the current school generation. A risk assessment of the education sector has been commenced.

In addition to the future PACA activities mentioned above, PACA has commenced its key component of technical assistance in the area of lifting the immunities of elected officials, members of the government and judges. In addition, it will move to engage the NGO community more intensively during 2011, particularly on the issue of monitoring anti-corruption policies and their implementation and generating a constituency for the reforms recommended by PACA risk analyses.



## 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](http://www.coe.int/economiccrime)) and the section of which is exclusively dedicated to the PACA project ([www.coe.int/paca](http://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.

In addition, the PACA Project team produced and disseminated four quarterly newsletters with relevant information on project, its activities and other relevant news. Moreover, project has printed out and disseminated the following publications in Albanian language:

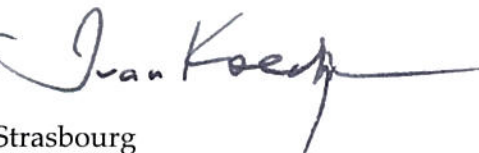
- compilation of all GRECO evaluations and compliance reports ("Albania in GRECO");
- compilation of relevant CoE and EU anti-corruption and anti-money laundering treaties and their protocols;
- FATF Recommendations ("European Standards and Instruments in the fight against Economic Crime, Corruption and Money Laundering");
- Guidebook to 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 assistance for an anti-corruption visibility strategy for Albania, project has designed, produced and disseminated a set of three leaflets in 6000 copies ('Zero Tolerance to Corruption', 'Say No to Corruption' and 'Public Officials at Citizens' Service') aiming to raise public awareness and interest in anti-corruption policies and mechanisms, with the objective of stimulating support for the government's anti-corruption efforts.

The project ensures the visibility of the EU's contribution at all stages of its activities. All reporting, printing materials and information used and disseminated acknowledge that actions as such have been carried out "with funding from the European Union" by also displaying in an appropriate way the European Union logo.

Name of the contact person for the Action: Ivan Koedjikov

Signature:



Location: Strasbourg

Date report due: 31 March 2011

Date report sent: 23 MARCH 2011

## 8. LIST OF ANNEXES

Annex 1: PACA Workplan

Annex 2: PACA Benchmark Status Table as of 17 February 2010

Annex 3: DIACA 6-month Report on Implementation of the 2010 Anti-corruption Action Plan

Annexes 4-6: Anti-corruption Visibility Leaflets

Annex 7 (ECD/1/2011): Preliminary Assessment of the Albanian Competition Authority

Annex 8 (CMU-PACA-05/2011): Administrative Complaints against Judges in Albania

Annex 9 (CMU-PACA-09/2011): Corruption in the Albanian System for the Registration of Immovable Property

Annex 10 (ECD/2/2011): Corruption Risk Assessment Methodology Guide

Annex 11: Workshop meetings: assistance to drafting the Anti-corruption Action Plan for 2011-2013, Durrës 13-14 December 2010: Programme

Annex 12: Workshop meetings, Assistance to drafting the Anti-corruption Action Plan for 2011-2013, Durrës, 13-14 December 2010: List of Working Group Participants

Annex 13 (CMU-PACA-08/2011): The Mechanism for Coordination and Monitoring Implementation of the Albanian Anti-corruption Strategy: Assessment and Proposed Next Steps

Annex 14 (CMU-PACA-06/2011): Immunities in Council of Europe Member States: Legislative, Executive and Judicial Office Holders

Annex 15 (ECD/34/2010): Summary and Conclusions following the Meeting between PACA Team and HIDAA on amendments to/comments on the Conflict of Interest and Asset Declarations laws

Annex 16 (ECD/33/2010): Matrix of Compliance of Albanian Legislation with Council of Europe Criminal Law Convention on Corruption, Additional Protocol to the Criminal Law Convention on Corruption, Council of Europe Civil Law Convention on Corruption, and European Convention on Mutual Assistance in Criminal Matters

Annex 17 (CMU-PACA-07/2011): Albanian Judicial Practice in the Interpretation and Implementation of Seizure of Crime Proceeds under the Anti-Mafia Law

Annex 18 (ECD/32/2010): Assessment of the Albanian Anti – Money Laundering Regime and Opinion on the Proposed Amendments to Law No. 9917, Date 19.05.2008 “On The Prevention Of Moneylaundering And Terrorism Financing”

Annex 19 (CMU-PACA-4/2011): Assessment of the Revised Proposed Amendments to the Law on Prevention of Money Laundering and Terrorism Financing

Annex 20: Guidebook to Corruption and Financial Crimes Investigation (Albanian version)

Annex 21: Guidebook to Corruption and Financial Crimes Investigation (English version)

Annex 22 (ECD/3/2011): Manual on the Design and Implementation of Media Campaigns for the High Inspectorate for Declaration and Audit of Assets

Annex 23: Draft Teachers’ Code of Conduct and its Regulatory Mechanism

Annex 24 (ECD/33/2010): Comments and Recommendations on the Draft Teachers’ Code of Conduct and Regulatory Mechanism

Annex 25 (ECD/34/2010): The Draft Teachers’ Code of Conduct: Summary of Discussions and Recommendations for Next Steps