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## **Project against Corruption in Albania**

### **(PACA)**

### **First Progress Report** **(5 March 2010)**

Project title	Project against Corruption in Albania (PACA)
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Implementation	Department of Information Society and Action against Crime (Directorate of Cooperation) – DGHL, Council of Europe
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For further information please contact:

*This report has been prepared by PACA team. The views expressed herein can in no way be taken to reflect the official opinion the European Union and/or of the Council of Europe.*

PACA Project Team in Tirana :  
arben.lila@coe.int and www.coe.int/paca  
Corruption and Fraud Unit, Economic Crime  
Division, Directorate of Co-operation, DGHL:  
lado.lalicic@coe.int

## **1 BACKGROUND INFORMATION**

The Project against Corruption in Albania (PACA) – started on 1 September 2009. The present report summarizes the activities carried out during the first six months of the project up to 28 February 2010.

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

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

The project beneficiaries are the following: High Inspectorate of Declaration and Audit of Assets (HIDAA); Ministry of Education and Science of Albania; National Institute for Curricula Development and Teacher Training; 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 (ASCA); Ministry of Interior – Department for Public Administration (DPA); Training Institute for Public Administration (TIPA).

### **1.2 Contracting Authority**

Commission of the European Communities (currently: European Union Delegation to Albania).

### **1.3 Implementing Organization**

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

### **1.4 Project Objective**

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

The project's specific objectives are the following:

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

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

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

## 2. CURRENT STATUS: COUNTRY SITUATION

### 2.1 Overall political situation

After Parliamentary elections held on 28 June 2009, the new Parliament was convened on 7 September 2009 and a new coalition government sworn in on 16 September 2009. The main opposition Socialist Party (SP) boycotted the Parliament until February 2010, demanding that a Parliamentary committee be convened to address the issue of alleged violations during the elections. Following discussions between the main parties in February 2010, the Socialist Party's MPs entered Parliament on 25 February 2010 and took their oaths, and on 26 February submitted draft amendments to the Law on Parliamentary Committees of Inquiry in order to enable a parliamentary inquiry.

### 2.2 Anti-corruption policy

The Albania 2009 Progress Report of the European Commission judged that Albania has 'undertaken more coordinated efforts to fight corruption in some areas' after the adoption in October 2008 of the Strategy for Preventing and Combating Corruption 2008-2013 (ACS) and its Action Plan in January 2009. The Report mentioned measures such as reforms of procedures to reduce bureaucracy and contacts with officials such as e-procurement, e-taxation, and 'one-stop shops' for business registration and licenses, the introduction of a system of anonymous university entrance exams, legislative amendments in line with the Council of Europe's Civil Law Convention on Corruption, the establishment of the new Joint Investigative Unit (see below) and a memorandum of cooperation between the High Inspectorate for Declaration and Audit of Assets (HIDAA) and the Directorate General for Prevention of Money Laundering (the Albanian Financial Intelligence Unit). The fulfilment of 11 out of 13 of the recommendations of the Group of States against Corruption (GRECO) 2004 Second Round Evaluation Report is also mentioned.

However, according to the report the implementation of the Strategy remains inconsistent, with efforts in other areas either stalling or being selectively applied. A more systematic and strategic approach was recommended, in particular the establishment of realistic implementation mechanisms and timeframes, monitorable indicators and adequate resources. The report noted a need to strengthen the capacity of agencies involved in preventing and fighting corruption, from investigation and prosecution bodies to supervisory and auditing bodies. The report mentions specifically the health sector as an area – where corruption 'remains high at almost all levels' - with no significant progress; political party financing as 'a matter of concern' that needs to be addressed; and a 'culture of impunity' of higher officials that needs to be ended through real judicial independence and a convincing track record of verdicts and sanctions in corruption cases.

In specific areas of anti-corruption and good governance-related policies, the following developments since mid-2009 are of particular relevance:

#### *Investigation of Financial Crime*

On October 27, 2009, the Government of Albania adopted Council of Ministers Decision No. 1007 approving the National Strategic Document for the Investigation of Financial Crimes. The Document had been jointly prepared by the General Prosecutor's Office, General Directorate of the State Police, General Directorate for the Prevention of Money Laundering (FIU), General Directorate of Customs, General Directorate of Taxation, Bank of Albania and State Intelligence Services (SIS). The Strategy defines the vision and the strategic objectives of the Government for the investigation of financial crime in Albania, the institutional framework and roles of each actor, institutional cooperation and coordination (including international cooperation), resources and responsibilities for the implementation of the strategy, together with a detailed action plan for implementation.

#### *Joint Investigation Units*

Following the establishment in 2007 of the Tirana Joint Investigation Unit (JIU) (based on a Memorandum of Cooperation between the Prosecutor-General (PG), Ministry of Interior (MoI), Ministry of Finance (MoF), State Intelligence Service (SIS), High Inspectorate for the Declaration and Audit of Assets (HIDAA) and Supreme State Audit Institution (SSAI) and the composition of a team of prosecutors, judicial police officers, customs officials and tax investigators) in May 2009 the same stakeholders signed another memorandum to establish regional JIUs in Durrës, Shkodra, Korça, Fier, Vlora and Gjirokastra. The JIUs have been operative for around six months with jurisdiction over 35 criminal offences under the umbrella of corruption and economic crime. The main goals of the Units are to be pursued through joint efforts to implement special investigative techniques, deepen institutional cooperation and provide training and equipment.

#### *The new Law on Preventing and Combating Organised Crime (Anti-mafia Law)*

A new Law on Preventing and Combating Organised Crime and Trafficking through the Imposition of Measures against the Assets came into effect on 24 January 2010. The law replaces the 2004 law of the same name, and establishes more clearly than before the powers of law enforcement agencies during ongoing criminal proceedings to seize assets suspected of originating from organized crime. In particular, the Law resolves the situation created by the 2007 Supreme Court decision in the Troplini Case, which - partly due to ambiguities in the 2004 Law - ordered the courts not to grant requests by prosecution offices on the basis of the Anti-mafia Law for the forfeiture (seizure or confiscation) of assets acquired by convicted persons before criminal proceedings had been initiated against them, thereby effectively ending the practical application of the law.

- The new law has the following main objectives:
- to make it easier for relevant state agencies to confiscate proceeds from crime;
- to expand the scope of the 2004 law aimed at including property owned by those suspected of money laundering and exploitation of prostitution by aggravated means; and
- to make a clear distinction between a forfeiture proceeding under civil law and a criminal law proceeding, an area that was previously very unclear and which made possible the 2007 High Court ruling.

#### *DIACA, the Anti-corruption Strategy and Action Plan*

##### *Capacity of DIACA and the implementation and reporting framework*

In early December 2009 DIACA altered the breakdown of its 10 staff by transferring one member from auditing/inspection duties to a coordination role meaning a breakdown of 8 inspectors and 2 coordinators. The DIACA inspector, Mr Saimir Struga has now specific responsibility for institutional coordination and communication with relevance to activities within the framework of PACA Project in addition to Project coordination from the beneficiary side, which is the responsibility of Ms Helena Papa.

DIACA representatives noted in meetings held in October 2009 that it had been unable so far to fully implement the following tasks listed under Article 4.d and 4.e of the Decree for the Adoption of the Statute on the Functions and Internal Administrative Control and Anti-corruption Procedures of the Council of Ministers, namely:

- providing in cooperation with the Department of Public Administration counselling and training through seminars and working meetings for civil servants of the public administration in order that they learn about the applicable legislation in the area of preventing and combating corruption, and promote best practices; and

- raising the awareness of public administration on issues of the fight against corruption and eliminating abusive practices.

In addition DIACA stated that while according to Article 4ë of its Statute it has been providing reports on anti-corruption measures adopted by ministries and their subordinate institutions in its capacity as Secretariat to the Inter-ministerial Working Group for Implementation the Anti-corruption Strategy, it has not been able to carry this out optimally due to deficiencies in reporting by state institutions.

The existence of these problems is a prime reason for the inclusion of the assistance planned and currently partly implemented under Activities 1.1.6 and 1.1.8-1.1.10 of the Project, after DIACA requested specifically assistance and advice with:

- preparing/improving templates for reporting to DIACA by the line ministries;
- devising a system to measure progress in implementation of the Strategy;
- providing tools for the updating as needed of the Anticorruption Strategy and Action Plan;
- providing a standardized methodology for better planning of future anti-corruption measures; and
- training the contact points in line ministries on the Anti-corruption Strategy and the reporting methodology.

#### The 2010 Action Plan

A new Action Plan for 2010 had not been adopted as of 28 February. Line ministries were originally under an obligation to submit by 30 December 2009 their reports on implementation of the 2009 Action Plan together with their proposed action plans for 2010. However, this deadline was not met and was further extended. This was partly due to the extra workload on ministries concerned with the EU Questionnaire, but also due to the need for line ministries to modify their Action Plans on the basis of PACA's initial assistance which concluded on 25 February 2010 (see implementation of Activities 1.1.6, 1.1.8 and 1.1.9 in Section 3). However, the Inter-ministerial Working Group for Implementation of the Anti-corruption Strategy is expected to meet in March 2010 to discuss and approve the 2010 Anti-corruption Action Plan, which should incorporate improvements made as a result of PACA assistance. Given the further assistance planned under the Project, DIACA's objective for line ministries is to begin preparation of the 2011 Action Plans during the summer of 2010, with the aim of having the 2011 Action Plan approved before the end of 2010.

### **3 FIRST SIX MONTHS: OUTPUTS, ACTIVITIES AND ACHIEVEMENTS**

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

#### **Inception Phase**

Activity 0.1	Recruitment of project team and setting up of Project Management Unit (Tirana and Strasbourg)
Actions	During the month of September and October, the Council of Europe organised two types of recruitments procedures: one for the selection of the Team Leader and the Long Term Adviser, contracted under consultancy procedures of the organisation, and one for the Local Project Officer contracted as Secretariat member of the Council of Europe.  On 24-25 September 2009 interviews were held in Strasbourg with candidates

	for the positions of Team Leader and Long-term Adviser, resulting in the selection of Mr Quentin Reed as Team Leader and Mr Gent Ibrahimimi as Long-term Adviser. On 15 October 2009 the Delegation of the European Union in Albania confirmed its approval of these candidates, and on 23 October 2009 the Department of Internal Administrative Control and Anti-corruption (DIACA) did the same. From 18-23 October 2009 interviews were conducted in Tirana with candidates for the position of Local Project Officer. On 23 October 2009 Mr Arben Lila was selected to be hired as the Local Project Officer. The Team Leader, Long-term Adviser and Local Project Officer took up their positions as of 1 December 2009.
Indicators	Timely recruitment of three team members (TL, LTA, LPO) and in accordance with the recruitment procedures of the organisation
Progress	Project team recruited in a timely manner and within the Inception Phase of the project, and functioning within the premises of the Council of Europe Information Office in Tirana (from 1 December 2009- 18 January 2010), while awaiting office set up and allocation of equipment/furniture.
Activity 0.2	Setting up the project office
Actions	As provided in the Description of Action under this Project Agreement, on 10 November 2009 the Government of Albania confirmed the allocation of the office space for the project. Due to the time needed to furnish and equip the office with telephone and internet connections, the PACA Team was fully functioning within its allocated office from 18 January 2010. However, from December 1 until this date the Team was fully functioning on a temporary basis within the premises of the Council of Europe's Information Office in Tirana. The slight delay in the set-up of the office should be understood in the context of the fact that the new Government was only sworn in on 16 September 2009, and officials in senior positions (such as deputy ministers) were still being appointed in early November 2009. The address of the project office is: <i>PACA Project, EU/CoE Joint Programme, Council of Ministers Building, Bulevardi Deshmoret e Kombit, No. 1, 1000 Tirana Albania.</i>
Indicators	Allocation of Office from DIACA Furnished and IT Equipped Office
Progress	Office allocated, furnished, and fully equipped
Activity 0.3	Produce and submit Inception Report
Actions	A final version of the Inception Report containing the final Workplan of activities as discussed and agreed within the week of the Start-up event was submitted to the EU Delegation on 22 December 2009, and was approved by the main counterpart institution in accordance with the Project Document on 21 December 2009.  Following further requests by the EU Delegation for additional specific benchmarks to be included in the Workplan, discussions with the main counterpart and EU Delegation were held at the end of December 2009 and January 2010 and between the Council of Europe PACA team and Headquarters in Strasbourg. As a result of these discussions, the PACA team managed to ensure the inclusion of new benchmarks for certain policy and

	<p>legislative reform-related activities in the project's workplan and submit them to DIACA for dissemination.</p> <p>The newly-introduced Workplan' benchmarks were approved by each respective independent and executive institution as requested by DIACA during early February 2010, and the final (revised) Workplan was submitted to the EU Delegation on 12 February 2010.</p>
Indicators	<p>Final Draft of Inception Report available by end of Inception Phase</p> <p>Final Draft of Workplan and Calendar of Activities available by the end of Inception Phase (7 December 2009)</p> <p>Inception Report containing Workplan and Calendar of activities submitted within two weeks of Start up Conference (15 December launching event).</p>
Progress	<p>Final draft of Inception Report, Workplan and Calendar submitted on 22 December immediately after comments received from Steering Committee members.</p> <p>Workplan amended on the basis of EU Delegation requests and approved by beneficiaries.</p>
Activity 0.4	Organise a start-up conference and adopt the Project's Workplan
Actions	<p>The start-up event was held on 15 December 2009 in Hotel Tirana International and took the form of an expanded 'Steering Group' of Steering Committee members plus other representatives of beneficiaries. The event was addressed by Ambassador Helmuth Lohan and Minister of State for Reforms and Relations with the Parliament, Mr Genc Pollo. The activity yielded final comments and feedback from participants on the draft Workplan, which were then incorporated into the final Workplan submitted as part of the Inception Report on 22 December 2009. The Start-up event was attended by 29 participants, representing the following institutions: Council of Europe, European Union Delegation to Albania, Office of the Minister of State of the Government of Albania, Department of Internal Administrative Control and Anti-corruption, High Inspectorate for the Declaration and Audit of Assets, Department of Public Administration, Training Institute for Public Administration, Ministry of Education, Ministry of Interior, Ministry of Justice, General Prosecutor's Office, State Police General Directorate, Ministry of Finance (Department for Money Laundering Prevention and Agency for the Administration of Sequestered and Confiscated Assets), and Parliament. The following changes or additions to the Workplan were agreed at the meeting:</p> <ul style="list-style-type: none"> <li>• Inclusion of the Internal Control Department of the Ministry of Interior as a beneficiary for Activities 1.3.1, 1.3.2, 1.3.4, 1.3.5, 1.3.7, 1.5.4.</li> <li>• Activity 1.5: Review of provisions of the Civil Service Law would be rescheduled from 2011 to the first half of 2010.</li> <li>• The General Prosecutor's Office was to be inserted as a beneficiary under Activities 1.5.2. and 1.5.6.</li> <li>• Coordination with other donor projects would be inserted as a general assumption of Objective 1.</li> </ul>
Indicators	<p>Start up Conference/Event</p> <p>Adopted Workplan of Activities</p> <p>Adopted Calendar of Activities</p>
Progress	Start up Event held. Final draft of Workplan submitted on 21 December 2010 after incorporation of comments provided at start-up event and in the following week.
Activity	Establish a pool of national and international short-term consultants for



0.5	engagement in project activities
Actions	A list of national and international short-term consultants to be engaged in specific Project activities was established and included as an annex to the draft Inception Report submitted to the EU Delegation on 21 December 2009.
Indicators	Established lists of International Experts Established list of National Experts
Progress	Lists established and included as an annex to Inception Report
Activity 0.6	Introduce tools and items that will ensure project's and organisation's visibility (EU/CoE)
Actions	The PACA Team was provided with project stationery, posters and other small visibility items before taking up their positions on 1 December 2009. A Council of Europe press release on the launch of the PACA Project was issued on 14 December, and on the same day the project website became operational – <a href="http://www.coe.int/paca">www.coe.int/paca</a> . Detailed information on the project was provided on the website of the Information Office of the Council of Europe in Tirana from January 2010 - <a href="http://www.coe.al/index.php?faq=content/detail&amp;id=256&amp;mnu=159&amp;lng=al">http://www.coe.al/index.php?faq=content/detail&amp;id=256&amp;mnu=159&amp;lng=al</a> , and official procedures were being followed in late February to provide a link to the Project on the website of DIACA. The first project's quarterly newsletter has been drafted and is planned for release in electronic and hard copy in mid March 2010.
Indicators	Production of visibility items to be used throughout the project's implementation: Project's stationary Press releases and Activity reporting containing relevant visibility information Project's quarterly newsletter CoE Project's website CoE-Tirana Information Office website link and publications on project deliveries DIACA website link and publications on project's deliveries
Progress	Visibility items produced and press release for Launching Event issued. Project activities disseminated on three websites. First quarterly newsletter drafted. CoE Project website ( <a href="http://www.coe.int/paca">www.coe.int/paca</a> )_up and running, project information and link to website on CoE Tirana website. DIACA website link expected to be functioning shortly.

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

Activity 1.1.1	Identify sectors and institutions for anti-corruption risk analysis
Actions	Following the input of counterparts and beneficiaries in December 2009, and discussions held during January 2010 with other donor and technical assistance projects, experts and the EU Delegation and DIACA, the following areas have been preliminarily identified as interest and relevance as possible candidate sectors for corruption risk analyses: <ul style="list-style-type: none"> <li>• Sector Area (I): Procedures and Regulatory System for the Registration of Immovable Property. (This was initially suggested by</li> </ul>

	<p>the Ministry of Justice at the launching event and is considered as an ideal candidate for risk analysis).</p> <ul style="list-style-type: none"> <li>• Sector Area (II): A specific and restricted area of the Health Services Sector has been identified and proposed to DIACA for risk analysis following discussions between PACA Team and the EU Delegation;</li> <li>• Sector Area (III): The judiciary has also been raised by the EU Delegation as a proposed area for corruption risk analysis, within which a sufficiently narrow area for analysis would need to be identified.</li> <li>• Sector Area (IV): On the basis of meetings held during February 2010 with line ministries to improve their 2010 anti-corruption action plans, the issue of preventing corruption in the distribution by local government units (LGUs) of resources provided by central government was raised twice, specifically in the areas of housing and social security benefits. The PACA team considers this subject to be another possible risk analysis candidate for discussion.</li> </ul> <p>One of the first events to be organized in March under Activity 1.4.1 will be focused on discussions concerning those sectors that should be selected for corruption risk analyses under the PACA Project.</p>
Indicators	<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>
Progress	<p>Candidates for risk analyses identified, progress made towards selection of institutions/sectors by April 2010 as planned and in line with the calendar of activities.</p>
Activity 1.1.6	<p>Support further development of the Anti-corruption Strategy and its Action Plan (2007-2013) by providing technical support and advice to its monitoring structures (DIACA)</p>
Actions	<p>On 21 January 2010 the PACA Team Leader provided a Technical Paper on “Line Ministry Reporting on Implementation of the 2009 Anti-Corruption Action Plan and Proposed Measures For 2010” (Annex 3) which identified problems in the draft reports on implementation and proposed action plans of line ministries. The main conclusion of the paper was that significant problems in reporting (a lack of detail and specificity) are linked directly to problems in the original 2009 Action Plan – in particular a tendency to list unclear objectives, which has had knock-on effects on the specificity of measures to be taken and the clarity of indicators to monitor implementation. The paper provided some recommendations, in particular on the provision of initial training of line ministry contact points on guidelines for the formulation, and reporting on implementation of Action Plans.</p>
Indicators	<p>Technical Papers Legal Opinions Technical Support and practical assistance Working group meetings Use of inputs and recommendations submitted by civil society organisations (documented and recorded materials/exchange)</p>

Progress	1 Technical Paper submitted (TP ECD/02/2010 – Annex 3)
Activity 1.1.9	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
Actions	Following the Technical Paper provided under Activity 1.1.6, the PACA Team Leader provided a set of “Guidelines for Albanian line ministries on the elaboration of sectoral Anti-Corruption Action Plans” (Annex 4). A training was provided on 25 January 2010 within the premises of the Council of Europe’s Information Office in Tirana. The training was attended by 20 participants. The training in practice served as a useful way of identifying, at least on a preliminary basis, the contact points for anti-corruption policy in line ministries. The training was received well and there was a useful discussion between DIACA and participants on the ideal format for reporting – and in particular agreement to hold individual meetings with each line ministry during February to assist them in applying the guidelines to improve the draft Action Plans for 2010.
Indicators	Methodology and Standard Template Guide for Interagency Coordination 3 training events Working group meetings
Progress	Initial template of Guidelines formulated and submitted (TP ECD/03/2010 – Annex 4) 1 training event provided
Activity 1.1.10	Training of the contact points in public administration institutions on the interagency coordination mechanism issues
Actions	<p>Between 10 January and 25 January 2010 the PACA Team Leader and Local Project Officer held 18 meetings with contact points and other officials with responsibilities for drafting the ministries’ 2010 Action Plans from all 13 ministries with sections in the Anti-corruption Action Plan. The meetings were held to assist and guide the respective institutional contact points to redraft their Action Plans in line with the Guidelines submitted and presented at the training of January 2010 and through the Initial Template and Guidelines.</p> <p>Moreover, during this specific process, PACA Team ensured donor coordination during these meetings by eliciting written comments from PAMECA prior to the meeting with the General Customs Directorate (on 18 February), and through the participation of the expert (Mark Bradley) responsible for anti-corruption issues within the PAMECA project at the meeting with the State Police (on 22 February).</p> <p>During the meetings, extensive changes were agreed in the draft Action Plans. These included: the grouping of objectives into logical area and the clarification of objectives, measures and indicators. In some cases it was agreed to include substantive issues suggested by the PACA Team into proposed objectives - for example in the case of the Tax General Directorate, the objective of identifying tax law and criminal law provisions that encourage tax evasion, a problem previously noted by several stakeholders. Concerning donor</p>

	<p>coordination, the inclusion of objectives/measures that are part of the PAMECA project was also agreed.</p> <p>The assistance provided to ministries in this phase provides a very strong basis on which further PACA assistance will be provided during 2010 on the mechanism for developing and formulating action plans and on the interagency coordination mechanism. This is true for at least three reasons:</p> <ul style="list-style-type: none"> <li>• The meetings clarified the contact points of each ministry – a full current list of which is provided in Annex 5.</li> <li>• The meetings provided important information and insights to the PACA Team on the current problems of the mechanism for elaborating action plans within ministries, as well as the interagency coordination mechanism. This information will serve as a vital input for the further assistance to be provided.</li> <li>• The meetings (together with the January training) provided an intensive practical introduction to good practices of policy formation for line ministries themselves, which will stand them well prepared for the assistance and interaction that will take place during the rest of 2010.</li> </ul>
Indicators	<p>Training Modules/Documentation  Number of institutions/Contact points trained  5 training events  Working group meetings</p>
Progress	<p>18 Working Group Meetings/trainings conducted. The meetings served to clarify ministry contact points and ensured and confirmed that all line ministries submitted draft action plans. Most importantly, in almost all cases the contact points underlined the usefulness of the guidance provided. Specific improvements in line ministry action plans achieved through this activity should constitute major progress towards addressing the lack of <i>inter alia</i> realistic implementation mechanisms, timeframes and monitorable indicators noted by the EC 2009 Progress Report.</p>
Activity 1.1.13	<p>Publicize and disseminate all GRECO evaluations and compliance report findings</p>
Actions	<p>In January 2010 the PACA Project commissioned translations into Albanian of all GRECO's round evaluation and compliance reports on Albania which as a matter of fact had not been previously translated. The translated reports were received and made available in the Albanian language as of 16 February 2010. The Albanian version is being compiled and will be printed during March in a format to be agreed with DIACA.</p>
Indicators	<p>Production of the Compilation "Albania in GRECO"  Publication and Information Launching Event  Technical Forums</p>
Progress	<p>GRECO reports translated and compiled.</p>

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

Activity 1.2.5	Provide a review of the current Civil Service Law and propose amendments to it
Actions	After meetings with DOPA (on 7 January 2010) and SIGMA (13 January 2010), the latter of which is to provide a comprehensive review of the entire Civil Service legal and institutional framework, it was agreed that PACA will by early-mid April provide a specific opinion on the current law and proposals for changes to it will be suggested from the viewpoint of preventing corruption, and in particular focusing on the issues of hiring, dismissal and turnover of public administration employees.
Indicators	Legal Opinions Legal working group meetings Draft Legislation Reports/Texts
Progress	Scope of legal review clarified. Coordination with other technical assistance provider (SIGMA) assured and information has been shared and follow up actions have been agreed.
Activity 1.2.8	Provide a methodology for screening proposed or valid legal acts for provisions that create risks of corruption ('corruption proofing')
Actions	An expert from the Moldovan Centre for the Analysis and Prevention of Corruption (Ms Cristina Cojocaru) was commissioned in January to present the methodology developed by the Centre for screening legal acts and draft legal acts for provisions that may give rise to corruption. This methodology will be presented at a workshop with Albanian officials responsible for legal drafting which is planned to be held on 13 April 2010.
Indicators	Methodology Paper Draft of Legal Act in introducing the corruption proofing tools/obligations Legal working group meetings 2 workshops
Progress	First workshop planned and scheduled.

**Output 1.3: Proposals available to improve legislation and practice and increase the efficiency of the key institutions with regard to the search, seizure and confiscation of proceeds from crime and prevent money laundering and the financing of terrorism**

Activity 1.3.1	Review the new legislation related to money laundering/ financing of terrorism seizure and confiscation of proceeds of crime for its internal consistency and functionality in the light of relevant treaty obligations and Albanian judicial practice in the interpretation of search and seizure of crime proceeds and their procedural provisions
Actions	An expert from the Basel Institute on Governance (Mr Alan Bacarese) was commissioned in February to: a) do a comparative analysis of how criminal law provisions on forfeiture and the Anti-Mafia/ Law provisions on civil forfeiture apply to offences of AML/CFT; b) assess the internal consistency and functionality of Albanian anti-money laundering legislation and the new Anti-mafia Law in light of the CoE's Warsaw Convention, the UN Convention against Corruption, European Court on Human Rights relevant case law, as

	<p>well as with the recent CoE's MONEYVAL report on Albania (September 2009). The deadline for the submission of the expert's Technical Paper/Legal Opinion is 17 March 2010.</p> <p>A first workshop together with representatives of the General Prosecutor's Office, Ministry of Justice, Ministry of Finance General Directorate for the Prevention of Money Laundering and other beneficiaries to discuss the expert's findings and recommendations for legislative amendments will be held on 30 March 2010.</p>
Indicators	<p>Legal Opinions Review Report 2 legal drafting workshops</p>
Progress	<p>Expert commissioned, terms of reference identified and agreed; Legal workshop planned and scheduled for 30 March 2010.</p>
Activity 1.3.2	<p>Support the drafting of proposals/regulations on basis of MONEYVAL recommendations and reviews conducted under 1.3.1 to improve the new Law on the Prevention of Money Laundering and its implementation as recommended through the suggested MONEYVAL's progress report action plan.</p>
Actions	<p>Terms of Reference have been prepared and international experts have been identified to prepare a Legal Opinion comprising an analysis on the level of compliance of the Albanian Law "On the Prevention of Money Laundering and Terrorism Financing" and its implementation with the respective MONEYVAL reports/recommendations on Albania . The Legal Opinion will be submitted by 15 April 2010 and will draw upon the analysis provided in the other Legal Opinion foreseen to be submitted under the activity 1.3.1 and the follow-up discussions of the Workshop scheduled to be held on 30 March 2010 (activity 1.3.1).</p> <p>A workshop bringing together the Albanian General Directorate for the Prevention of Money Laundering (the Albanian FIU) and obliged entities (entities that report to FIU in accordance with AML/CFT) is scheduled to be held in late April with the aim of presenting those specific findings of the aforementioned legal opinion that are relevant to the interaction between FIU and the obliged entities, and to have stakeholders discuss implementation issues among them. The findings of the legal opinion and those of the April workshop will result in a Legislative Proposal Paper containing recommendations and proposals for improvements to AML/CFT and its implementation.</p>
Indicators	<p>Legal Opinions Legislative Proposal Report Legal working group meetings 2 legal drafting workshops</p>
Progress	<p>Expert identified, scope of legal opinion decided, legal workshops planned and scheduled, scope of Legislative Proposal Paper decided.</p>
Activity 1.3.3	<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</p>

	of special investigative means (SIMs)
Actions	The PACA Team liaised intensively with the United States Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) during January on cooperation on this activity, as OPDAT had in December 2009 already begun drafting a manual on Prosecution of Public Corruption and Financial Crimes by the Joint Investigation Unit. It was agreed that PACA would draft the chapter on the role of non-prosecutorial institutions (in particular the FIU, the HIDAA, the Tax Authority, the Customs Authority, the Albanian State Police Department on the Investigation of Financial Crime , as well as review and suggest modifications to OPDAT's chapter/s on the use of Special Investigative Techniques. The result will be a joint PACA/OPDAT investigation manual to be completed in time for a training event and Study Visit to be organized in May/June 2010.
Indicators	Guidelines and Methodology Report 1 training event/workshop Working group sessions 1 study visit
Progress	Guidelines and methodologies in the form of a manual being drafted by OPDAT and PACA.

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

Activity 1.4.1	Provide recommendations and facilitate public consultations and debates organized with NGOs on anti-corruption reforms aimed at supporting legal and institutional anticorruption initiatives
Actions	Two consultative events have been organized, one on institutions/areas to be selected for corruption risk analysis to be held on 2 March 2010, and one on corruption and anti-corruption reforms in the education sector to be held on 4 March 2010. The events will bring together relevant NGOs, national experts, donor organizations and government representatives to discuss these key components of the PACA Project, with the following objectives: <ul style="list-style-type: none"> <li>• Securing feedback and information to inform the further steps of the project in these areas – specifically, which institutions to select for risk analysis, and which areas of the education system to focus upon in the risk analysis planned under Activity 2.1.1.</li> <li>• Identifying NGOs and national experts for engagement in the project areas discussed.</li> </ul>
Indicators	Recommendations and Consultations Reports 10 public debates
Progress	First two events planned and scheduled for 2 and 4 March 2010.
Activity 1.4.2	Assist in the establishment of a mechanism (network) for coordinating information exchange and activities for NGOs active in the area of anti-corruption policy

Actions	Following discussions with DIACA and also other donors with experience of projects that attempted to bring together NGOs in an anti-corruption network, it was agreed that the focus of this activity should be to facilitate coordination of NGOs in applications for funding offered by donor organisations for anti-corruption related activities. In particular, such donors will soon include the Agency for the Support of Civil Society, an independent agency for the funding of civil society activities established by a March 2009 law followed by two Council of Ministers decisions in July 2009. This Agency is expected to be established in the near future. To this end, an event is planned for 24 March 2010 to bring together all NGOs that can be identified as active in the area of preventing or combating corruption, and donor organizations that fund projects of relevance.
Indicators	Network Contact List and Activity Agreements 2 events
Progress	First event planned and scheduled for 25 March 2010.

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

Activity 2.1.1	Conduct risk analysis to identify corruption risks within the education system
Actions	<p>Meetings were held with UNICEF (Ms Aurora Bushati) and the World Bank (Ms Gentjana Sula) in order to identify key problems within the education system and identify areas of the system on which to focus in risk analysis. The main output of these meetings was suggestion that since the universal <i>matura</i> school final examination has been introduced and implemented, a larger proportion of corruption risks may lie within the higher education system which should therefore be included in the analysis to be conducted.</p> <p>Preliminary contact has been made with Dr Muriel Poisson, Programme Specialist at the UNESCO Institute for Education Planning, and the Lithuanian Modern Didactics Centre, both of which have expressed provisional interest in participation in this component of the Project. The agreement on engagement of UNESCO experts may be regarded as an extremely important step, as they are they represent the foremost expertise on the subject of corruption in education and may be expected to provide good practices and expertise of the highest quality.</p> <p>The consultative event to be held with NGOs and other stakeholders on corruption and reforms within the education system on 4 March 2010 is expected to yield vital feedback on the prime loci of corruption within the education system and government reforms implemented so far to tackle it.</p>
Indicators	Risk Analysis Document Working group meetings 1 technical workshop in introducing risks analysis results and reviewing shortcomings



Progress	Donor meetings conducted; high-quality experts contacted and provisionally engaged; consultative event planned and scheduled.
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#### **4. EU RESULT-ORIENTED MONITORING REPORT**

At the end of the Project's Inception Phase (from 7 -15 December 2009) a European Commission Result Oriented Monitoring (ROM) mission took place in Tirana, Albania. The PACA team received the mission notification on the ROM mission on 13 November 2009. Consequently, the PACA Team and CoE/ HQ provided the ROM mission with the necessary lists of the project's preliminary activities and inception phase contacts. Moreover, the draft Inception Report, draft workplan and calendar of activities were made available on 4 December 2009 as results of the end of the inception phase. The ROM mission met with the PACA team and CoE/HQ representatives and the relevant beneficiary institutions during the monitoring mission. The final ROM report was submitted to EU Delegation on 22 December 2010. The same day the final inception report and workplan (within 2 weeks of the launching event and as per contract) were submitted to the EU Delegation to Albania. The PACA team and CoE HQ were provided with a copy of the report (22 February 2010) and informal feedback and discussions over the ROM report aimed at addressing management tools and directed to the EC management will take place as a follow up from the PACA team/CoE HQ.

#### **5. CONCLUSION**

The Inception Phase of the PACA Project has been completed with minor delays in the office set-up due to administrative factors beyond the control of the PACA Project Team or counterparts. The workplan was finalized in December 2009 and complemented by an additional system of benchmarks in February 2010.

In view of the fact that February is the third month of implementation following the three months of the inception phase, the Project implementation and its intervention cycle has commenced in a highly promising way. The meetings conducted in December, 2009, and then January and February 2010 to assist DIACA and line ministries with their anti-corruption Action Plans provided assistance enabling line ministries to formulate plans that would establish clear objectives, timeframes and indicators and consequently ensure better quality and more realistic Action Plans. The PACA Team regards these actions as not only very important input and assistance aimed at improving the 2010 Action Plans, but also as a very strong basis for the further assistance on indicators, the development of Action Plans and the interagency coordination mechanism scheduled to be provided under the Project during the rest of 2010, and that will be reflected in the Action Plans to be developed for 2011.

Cooperation and communication between the PACA Team and its main counterpart, DIACA as well as other beneficiary institutions has been excellent throughout the reporting period, and the participation of DIACA in project implementation as the main counterpart institution has been intensive and productive.