Project Fiche – IPA National programmes / Component I

1 IDENTIFICATION

Project Title	Public Administration Reforms and E-Government
CRIS Decision number	2011/022-988
Project no.	1
MIPD Sector Code	1. Public Administration Reform
ELARG Statistical code	01.34
DAC Sector code	15110
Total cost (VAT excluded)[1]	EUR 4.100.000
EU contribution	EUR 3.595.000
Management mode	Decentralised
Responsible Unit or National Authority/Implementing Agency	The Central Financing and Contracting Department (CFCD) will be the contracting authority and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorising Officer (PAO) of the project. Mrs. Radica Koceva (PAO) Central Financing and Contracting Department Ministry of Finance Tel: +389 2 3106 455 Fax: +389 2 3231 219 E-mail: radica.koceva@finance.gov.mk
Implementation management	Ministry of Information Society and Administration and the Ministry of Finance Contacts: Mrs. Jasmina Gelevska, SPO, Ministry of Information Society and Administration Tel: +389 2 3200 870 Fax: +389 2 3221 883 E-mail: jasmina.gelevska@mioa.gov.mk For components 2 and 3.3: Mrs. Ana Veljanovska, SPO and Head of the IPA Unit, Ministry

[1] The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

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Implementing modality	Stand alone project
Project implementation type	Twinning, service and supply contracts
Zone benefiting from the action(s)	Skopje with nationwide project activities

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To further develop governance capacities necessary to ensure and protect citizens' rights by a professional service-oriented administration, to raise quality of public spending as well as to increase citizens' trust in government.

2.2 Project purpose:

The specific purpose of this project is to continue supporting the implementation of the Public Administration Reform Strategy 2010, strengthening the capacities of the Ministry of Information Society and Administration, as well as those of the Ministry of Finance for preparation of a coherent medium term expenditure framework and for introducing multi-annual budget preparation.

2.3 Link with AP/NPAA/EP/SAA

The project will address the **SAA** provision, which stipulates achieving a professional public administration of the country that can respond to the requirements of the community. Furthermore, the project will further address the recommendations provided by the Special Working Group on the Reform of the Public Administration (PAR) under the SAA.

The **Accession Partnership** identifies the following key priority: “Ensure that recruitment and career advancement of civil servants is not subject to political interference, further develop a merit-based career system and implement fully the Law on civil servants”. Furthermore, it pinpoints the need to increase the administrative capacity in various areas. As a mid-term priority it underlines the following: “further develop the capacity of the administration to implement the Stabilisation and Association Agreement”. The AP also outlines that the task to “Raise the quality of public spending by strengthening the public sector's capacity for medium-term planning and improving the budgetary execution” is identified as a medium term priority under Economic Criteria.

NPAA 2010 identifies further development of public administration, implementation of the National Strategy for E-government and envisages the objective for improvement of the budget process towards preparation of multi-annual budget.

Regarding financial and budgetary provisions, the **Progress Report 2010** states that **"**although the *acquis* in this area does not require transposition, the establishment of appropriate administrative infrastructure is needed in due course to ensure correct calculation, collection, payment and control of own resources and reporting to the EU for implementation of the rules on own resources". As for the capacities of the public administration, the PR is very clear in defining that there was some progress made; "however, significant further efforts are needed to ensure the transparency, professionalism and independence of public administration. Respect of the legal framework needs to be ensured in practice, in particular as regards staff recruitment."

2.4 Link with MIPD

The MIPD 2011-2013 foresees support towards advancing the public administration reform, by providing assistance for improving the efficiency and effectiveness of the civil service at both central and local level, so as to be able to meet the challenges of EU integration, and to reduce corruption. As the Public Administration Reform is one of the main areas that will remain a challenge for the country in the foreseeable future up to the accession and beyond, EU financial support shall be maintained, based on the revised National Strategy and the priorities identified in the *acquis* chapters as well as the political criteria.

The MIPD defines that one of the main specific objectives for the forthcoming period is to raise the quality of public spending and get improvements in the field of taxation, to focus on improving medium term budget planning and budgetary execution at both central and local levels, and to provide a clear link with EU 2020 agenda.

2.5 Link with National Development Plan

N/A

2.6 Link with national/sectoral investment plans

- Annual Government Working Program and Priorities;
- Strategic plan of the Ministry of Information Society and Administration 2011-2013;
- Annual Program for work of the Ministry of the Ministry of Information Society and Administration 2011;
- Public Administration Reform Strategy, 2010-2015 and the Action Plan for implementation of the Public Administration Reform Strategy 2010-2015;
- National System of Coordination of Training of Civil Servants, 2008;
- National strategy for E-Government, 2010-2012;
- National Strategy for Information society (NSIS, 2005);
- National strategy for electronic communications with information technologies (NSECIT, 2007);
- Annual Program for work of SAI 2011;
- Fiscal Strategy for 2010-2012.

3. Description of project

3.1 Background and justification:

Different political, economical and historical factors determined the pace and shaped the outlook of the existing public administration. The legacies behind did not contribute in regard to legislation, human resources development or effective and efficient institutions, in general.

The public administration in the country is certainly in need of comprehensive reforms, as reiterated by the conculssions of the SAA new PAR Special Group[2] in 2010 and 2011, identifying the need for professional and merit based public administration, as well as creation of a wide and inclusive frame for the reform in line with the priorities set out in the Accession Partnership. As a follow up, the Government initiated amendments to the Law on the organisation and operation of the state administration bodies in order to ensure greater coordination of the central government activities. With this new Law, amending the Law on the Organisation and Operation of the State Administrative Bodies adopted by the Assembly of the country in December 2010 (Official Gazette No. 167/2010), the Ministry of Information Society and Administration (previous Ministry of Information Society) was established as the central body responsible for coordination of public administration reform. Furthermore, the same law envisaged transferring of the competences in the area of Public Administration from the Civil Servants Agency, the General Secretariat of the Government, the Secretariat for European Affairs and the Ministry of Justice, including the State Administrative Inspectorate, transferring all employees from the mentioned institutions working in the area of PAR to the new Ministry of Information Society and Administration.

The adopted Strategy for PAR aims at establishing a professional, merit-based de-politicised public service that would serve as bedrock for all further reform processes in order to fulfil the Copenhagen membership criteria. The Strategy main objective is to create a modern and capable public administration, in line with the EU's best practices, so to prepare the country in fulfilling the obligations under the EU's membership. For the purpose of implementation of this Strategy, the Government adopted the 2011-2015 Action plan for PAR. The Strategy and the Action Plan represent comprehensive documents containing clear set up directions, scope and dynamics of the PAR, creating new instruments and structures for better management of the process, allocating resources needed for implementation and monitoring and measuring the quantity and quality of the realisation of the envisaged activities towards professional, merit-based and de-politicised public administration.

When it comes to public administration, horizontal policy co-ordination is a pre-requisite to achieve effective policy and implementation of the legislation. Thus, with the transfer of the State Administrative Inspectorate to MISA, the new Ministry is also responsible for proper coordination of the inspection supervision activities as well.

The new Law on Inspection Supervision was adopted by the Parliament (Official Gazette no. 50/2010 from 13.04.2010) and it regulates the basic principles of the inspection supervision, organisation and coordination of the inspection services, rights and the responsibilities of the inspectors, rights and responsibilities of the subjects of the supervision, inspection procedure, as well as other issues related to the inspection supervision. Article 16 of this Law obliges for the creation of an Inspection Council as permanent body for coordination and enhanced

[2] The decision on the EU side to establish the Special Group on PAR (PAR SG) was taken in June 2010 by the Director General of DG ELARG, following consultations within the DG and within the Council Working Group for Western Balkans (COWEB). The establishment of the group was formally agreed with the country authorities at the 7th meeting of the Stabilization and Association Committee in June 2010.

efficiency of the inspection services. The professional and administrative matters for the Inspection Council will be performed by the State Administrative Inspectorate.

The coordination role and capacity of MISA is essential to enforce different agreements, central strategies, etc., but has to be done is such a way that allows for improved delegation of decision making competences between all parties involved.

The existence of a strong and professional civil service is a precondition for successful implementation of the acquis, which is a matter of capacity and resources. The areas of public expenditure management are of great importance when it comes to distribution of limited resources for implementation of necessary legislation and implementation of strategies. As a result, properly created budget whit a mid term expenditure framework is a pre-requisite for the EU accession process, as a requirement from the Accession Partnership Review (APR).

The Budget and Funds Department within the Ministry of Finance is responsible (amongst other aspects) for the preparation of the fiscal policy and strategy of the country, focusing on government expenditures. The structure of expenditures is based on Government priorities and programmes. Data from the Budget and Funds Department are also necessary for the preparation of the external sector scenario and design of the monetary framework and policy, including preparation of fiscal strategy, budget circular, harmonisation with the budget users, on the basis of which draft Budget is prepared, discussed, reviewed and adopted by the Parliament. In addition, Budget and Funds Department monitors and analyses the budget execution by the budget users, on the basis of which it prepares the respective budget re-allocations and expansion, and is in charge of the fiscal implications arising from all legal acts and bylaws, decisions and information of the Government. This Department, in the course of the fiscal year, also prepares Annual Report of the country's Budget.

The Budget and Funds Department steers the budget process. The budget process, according to the Budget Law, starts by adoption of the Decision for strategic priorities of the Government, which is a basic document for preparation of the medium-term Fiscal Strategy. The Fiscal Strategy defines the medium-term fiscal framework of the public revenues and public expenditures, over a three year period, which sets the grounds for preparation of the ceilings of the budget users.

Based on the adopted Fiscal Strategy and the ceilings of the budget users by the Government, budget users prepare and submit to the Ministry of Finance the budget proposals. These budget proposals are subject to adjustment at highest ministerial level, which results with reconciled budget proposals, based on which the Ministry of Finance prepares and submits to the Government Draft Budget for approval. The Government sends the Draft Budget to the Parliament for adoption.

Although the Budget is a one-year planning document, prepared in the frame of the budget process, the expenditures of all capital projects are presented on a three year basis (within the development part of the Budget). In instances in which the planned expenditures for the capital projects are not spent in total during the current year, starting with the Budget for 2012, there is a possibility to transfer 50% of the unspent amounts from the current year in the first half of the next fiscal year.

Currently, the Ministry of Finance prepares only a Medium-Term Fiscal Framework (MTFF), which sets out aggregate fiscal targets and projections. In order to prepare MTEF, which is a

requirement from the Accession Partnership Review, the Ministry of Finance should prepare a medium-term budget framework (MTBF), which includes budget estimates for individual ministries and agencies. Based on MTBF, MTEF adds elements of activity and objectives of budget expenditures. Therefore, there is a need for transfer from programme-based budgeting to performance-based budgeting. Having in mind that the MTEF provides a basis for introduction of Multi-annual (two-year) Budget, this implies a need to redefine the budget process, so that two-year budget planning can be introduced.

Government finance statistics produced by the Ministry of Finance is based on the IMF 1986 manual, the data are recorded on a cash basis and they only concern revenue and expenditure, inflows and outflows, but no balance sheets are produced. Taking into consideration the EU requirements for the budget data to be presented by using the ESA methodology, there is a need for transition from the GFS (IMF) methodology which is currently used to the required ESA methodology. Therefore, the Ministry of Finance has to develop its capacities for transition to ESA methodology.

In parallel with the improving of the overall capacity of the MoF, the capacity of the Unit for Budget of Local Government Units should be developed as well. This Unit prepares guidelines, outlooks and suggestions for the preparation of the budget of Local Government Units. On the basis of macroeconomic parameters and movements in the previous years, the Unit participates in the evaluation of revenues and expenditures for the budgets of the local government units. This activity provides the basis for the municipalities to more efficiently prepare their budgets, which has great impact on the overall budget process.

With regards to the e-government, in 2010 the Government adopted the National strategy for e-Government, as a strategic document that outlines the benefits from the utilisation of information - communication technologies and the respective improvements of the administrative processes. Building e-Government is a complex process which includes conducting analysis of the ongoing processes, developing information solutions and equipment procurement, legislative changes, etc. The transformation of administrative procedures and processes, changing the manner Government institutions communicate with the citizens, the business sector and to each other is a reform which needs to bring life to technical solutions, and in that way, to develop functional e-Government.

The Ministry of Information Society and Administration is in the final stages of the pilot project “Interoperability” that will enable five institutions to share information in each other’s registries electronically (Government to Government or G2G communication). This project, together with the Law on Electronic Governance and the seven by-laws, present the basis of the G2G communication in the country. G2G communication is the first level of reform that should commence before the Government to Business (G2B) and Government to Citizens (G2C) can take place. Since this project involves only five institutions, resources will be needed to support the remaining institutions that are to connect and use this system.

The Ministry of Finance has developed its E-Budget application, which allows electronic sending of the Budget circulars to all budget users, as well as electronic submission of the Budget proposals. This system allows for better analysis and budget planning, monitoring of its implementation and better planning and spending of the money. At the very beginning, the aim of this electronic system was to assist the Ministry of Finance to better spend but also monitor how the funds are being spent. Basically, the software improved the process of planning, creation and use of historical databases. In order for this system to accommodate the

two-year budget planning, it is necessary for the application to be upgraded, which means that the current opportunities for parallel analysis of more data will be significantly improved and more accurate preparation of numerous simulations and reports on the budget will be introduced. This new tool for the preparation of the budget will facilitate the work of state institutions and will entail longer term benefits for the country. At the same time, it will enable the Ministry of Finance to make accurate budget projections of different scenarios, facilitate the process of prioritisations between the main policy areas, to improve the cooperation and exchange of data between the Budget Department, the Treasury , Debt and Macro-Economic Departments, etc.

Taking into consideration that introduction of the two-year budget planning is a long-term process which considers involvement of all governmental institutions on central and local level as well, the implementation of this project should result with adequate training programme for the other governmental institutions (budget users) which will not be a part of the trainings performed under this project.

Finally, under E-Inspectorates, the package of measures adopted by the Government - "Improvement of Business Environment and Improvement of Sanction Policy" shall contribute towards an effective, unified work of the state inspectorates on the field. This would mainly entail document management, electronic archive of the inspection acts, evidence of all entities by sector and territorial affiliation, penalties issued, requests for legal process and the results from the legal process. Once the system established it will provide different unified reporting and overview options suitable for analysis and planning.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The realisation of the different components of this project will significantly improve public administration's efficiency and effectiveness, addressing the EC recommendations in the 2010 Progress Report for professional, de-politicised and merit-based administration; contribute towards the unification and greater efficiency in their treatment and will address the shortcomings observed in the functioning thus far.

The implementation of the different components of this project shall contribute to the professionalization of the public service and to a higher quality of the public spending by strengthening the public sector's capacity for medium-term budget planning as well as for medium term expenditure planning. The programme-based budgeting which is currently used by the MoF will be also transferred to performance-based budgeting. The medium-term budget planning will contribute to macroeconomic stability and stable and sustainable national economic development.

Also, the introduction of two year budget planning would contribute to better programme planning and increased flexibility in implementation and would thus enhance the efficiency and effectiveness of delivery. It would also produce administrative improvements and cost savings.

Furthermore, the improved projections will help not only the MoF to make better decisions based on reliable analysis and forecasts, but also the government in general. The likely improvement of the quality of the governmental decisions should also contribute to better functioning of the public sector.

The successful implementation of a variety of ICT related standards will allow for efficient use of modern technologies across the administration and for simplification of the work processes. The training component for ICT and non-ICT staff will improve civil and public servants' IT skills, resulting in better administrative efficiency of the organisation, and ultimately better quality of services provided to the citizens and the business community. The project will help to recruit and train the required human resources for the implementation of e-Government. Efficient implementation of e-Government requires optimisation, rationalisation and standardisation of the working processes internally

Drawing on previous experience, sustainability of the project actions has to be ensured beyond the scope of the project.

3.3 Results and measurable indicators

Component 1 – Support to Public Administration Reforms

Sub-component 1.1: Assistance to the Ministry of Information Society and Administration to implement the Strategy for Public Administration Reforms

Results:

- Strengthened capacities of the institutions in charge of implementation of the PAR strategy Action Plan;
- Oversight and uniform application of regulations concerning all the administration;
- Evaluation of the first outcomes of the Action Plan's implementation (effectiveness of the measures, possible reallocation of tasks in the Action Plan, tangible progress for the PAR etc
- Established system which follows EU recommendations and best practices in the process of law and policy making;
- Strengthened capacities for competence-based training;
- Upgraded and further improved Human Resource Information System.

Measurable indicators:

- Developed procedures for an effective cooperation and coordination mechanism for more effective and efficient public administration;
- Performed evaluation of the effects of the PAR Strategy 2010 in selected public bodies;
- Developed guidelines for further PAR after the completion of the PAR Strategy 2010;
- Increased citizens' satisfaction (by following results from citizens' satisfaction index) with the services provided by the public administration;
- Decreased number of complaints for illegal promotion/demotion by civil and public servants;
- Number of trained public servants in the field of planning and implementation of cross-sector and multi-institution projects;
- Number of trainings organised and number of staff participating in training;
- Level of use and applicability of the upgraded Human Resource Information System for managing HR processes.

Sub-component 1.2: Institutional and administrative strengthening of the State Administrative Inspectorate and Inspection Council

Results:

- National legal framework in the area of inspection supervision effectively revised and implemented;
- One study visit implemented;

- TNA of the SAI&ICCI and other inspectorates' staff on best practices in supervision and coordination of inspections prepared;
- Electronic collection and processing of the inspection services annual reports in place;
- Inspection procedures initiated and carried out in a timely, methodological and professional approach based on systematically prepared and adopted operational plans;
- Assessment of the human resources and technical capacities of the Unit for Administrative Statistic within SAI for preparation of reports for the Inspection Council and the Government convened;
- Continued supervision of the effectiveness and efficiency of the procedures for the misdemeanours implemented;
- Trained SAI&ICCI employees in carrying out duties and responsibilities deriving from their scope of work);
- Developed assessment of the procedural codes on supervision, coordination and carrying out the inspection;
- Public awareness raising campaign

Measurable indicators:

- Number of Inspection procedures initiated and carried out;
- Number and diversity of staff trained (at least 20 civil servants from SAI, as well as 150 civil servants from the other inspectorates and inspection services trained on best practices in supervision and coordination of inspections);
- Number of appeals on inspections performed;
- Number of procedures for the misdemeanours implemented and supervised;
- Awareness raising materials prepared, printed and published;
- Number of campaigns broadcasted and satisfaction of public trough surveys.

Component 2: Building up the capacity within the department dealing with central government budget and local government budgets and strengthening medium term policy making capacity

Expected results:

- Improved capacity of the MoF and other pilot institutions (three central budget users and five municipalities) for medium-term budget planning and for medium term expenditure planning;
- Developed training programme for introduction of two year budget planning, with action plan for its realisation;
- Developed capacities for presentation of reports in line with the EU standards and requirements in the area of public finances;
- Developed capacity of MoF staff for linking the GFS (IMF) and ESA methodology.

Measurable indicators:

- Developed methodology for MTEF and MTBF preparation with MTEF and MTBF prepared;
- Indicatively 40 people trained on medium-term budget planning;
- Indicatively 40 people trained on preparation of two-year Budget*;*
- Prepared training plan and training curricula for training of the rest of the governmental institutions (budget users) which will not be a part of the trainings performed under this project;
- Developed Action Plan for introduction of two-year budget planning for the budget users;

- Indicatively 40 people trained for linking the GFS (IMF) and ESA methodology.

Component 3: E-Government

Sub-Component 3.1: Assistance to the Ministry of Information Society and Administration to implement E-Government policies

Expected results:

- Facilitated implementation of G2G interoperability and new online services developed;
- Prepared technical specification for procurement and procurement of equipment and software needed for improvement of the G2G communication and services that government institutions provide to businesses and citizens;
- Increased efficiency and effectiveness of the process of providing services to citizens and businesses;
- Implemented ICT standards in government institutions.

Measurable indicators:

- Reports produced by the monitoring system of the implementation of the Public PAR strategy and Action Plan;
- Developed procedures for an effective cooperation and coordination mechanism for more effective and efficient public administration;
- Increased citizens' satisfaction (by following results from citizens' satisfaction index) with the services provided by the public administration;
- Level of use and applicability of the upgraded Human Resource Information System for managing HR processes;
- Procured equipment and software which meet requirements for improved communication among government institutions and provision of e-services to citizens and businesses.

Sub-component 3.2: E-inspectorates and E-assignments

Results:

- Comparative analysis on EU Best practices including a study visit;
- Needs assessment and preparation of feasibility study prepared;
- Policies and procedures for electronic allocation of inspection orders for companies that are to be controlled and electronic selection of inspectors involved in the inspection developed;
- The solution of the system (hardware and software) designed;
- Operational system for tracking and documenting the inspection performance in place;
- Functional electronic system (hardware and software) for electronic instigating, sorting established;
- Training of Inspectorates staff in use of e-solutions delivered.

Measurable indicators:

- Feasibility study in place and used;
- Number of policies and procedures for electronic allocation of inspection orders for companies that are to be controlled and electronic selection of inspectors involved in the inspection developed;
- Procurement and delivery of hardware and software conducted;
- Number of training delivered for selected participants.

Sub-component 3: Upgrading of the current e-budget application in line with the new established two-year budget process

Expected result:

- Technical capacity of the Ministry of Finance for preparation of two- year budget in place.

Measurable indicators:

- Functional and upgraded e-budget application;
- Budget analysts trained for operating with the new e-budget application.

3.4 Activities

Component 1 – Implementation of Public Administration Reforms

***Sub-component 1: Assistance to the Ministry of Information Society and Administration - Public Administration*:**

- Strengthening the capacities for implementation and monitoring of the PAR Strategy Action Plan;
- Functional review of the institutional organisation and design;
- Improving capacity for competence-based training;
- Further development of the Human Resources Information System;
- Development of methodology and strengthening the capacity for oversight and ensuring the uniform application of regulations concerning the administration;
- Review of the implementation of the relevant legislation and exchange of experience with relevant partner institution in the EU.

Sub-component 2: Institutional and administrative strengthening of the State Administrative Inspectorate and Inspection Council:

- Preparation of recommendations for improving the implementation of the national legal framework;
- Assessment of the existing procedures in the Inspectorates coordinated by ICCI;
- Delivery of trainings for the employees in the inspection services for implementation of the Law on inspection supervision implementation;
- Developing of Procedural codes for the implementation of the e-solutions;
- Support in establishing of new Unit within the SAI for administrative support of the work of the Inspection Council;
- Support to the capacities of the Unit for Administrative Statistic within SAI for preparation of reports for the Inspection Council and the Government;
- Preparation and realisation of public awareness raising campaign.

Component 2: Building up the capacity within the department dealing with central government budget and local government budgets and strengthening medium term policy making capacity:

- Development of methodology for MTEF and MTBF preparation, necessary data and contributions from relevant institutions;
- Redefining the budget process for preparation of a two-year Budget for institutions and municipalities;
- Training on medium-term budget planning (including preparation of MTEF and MTBF) as well as on preparation of two-year Budget for the MoF and the pilot institutions and municipalities;
- Preparation of training material for training of the rest of the governmental institutions (budget users) which will not be a part of the trainings performed under this project;

- Development of an action plan for introduction of two-year budget planning within the budget users;
- Linking the GFS (IMF) methodology and the ESA methodology.

Component 3: E - Government

***Sub-component 3.1: Assistance to the Ministry of Information Society and Administration E-Government*:**

- Enforcement of the law and by-laws on electronic administration;
- Assistance regarding the implementation of G2G interoperability and development of new online services;
- Assistance in preparing technical documentation for procurement and procurement of equipment and software needed for improvement of the G2G communication and services that government institutions provide to businesses and citizens;
- Training and consultancy for implementation of ICT standards in government institutions.

***Sub-component 3.2: E-inspectorates and E-assignments*:**

- Preparation of feasibility study and technical specifications for establishing e-inspectorates and e-assignments;
- Preparation of policies and procedures for electronic allocation of inspection orders for companies that are to be controlled and electronic selection of inspectors involved in the inspection;
- Designing the solution of the system (hardware and software);
- Procurement and delivery of hardware and software;
- Developing Users Manual;
- Training of Inspectorates staff in use of e-solutions.

***Sub-component 3.3: Upgrading of the current e -budget application in line with the new established two-year budget process*:**

- Analysis and design of upgraded e-budget application;
- Providing training for number of employees for operation with the new application.

Management and contracting arrangements

Steering committee will be established to oversee the overall implementation of the individual contracts/projects.

Under DIS, the Central Financing and Contracting Department will be the Contracting Authority. Therefore, besides the responsibilities of CFCD in launching tenders, organising evaluations, preparing/signing contracts, accounting and executing payments, CFCD also supports PAO in performing its supervisory role over the IPA structures in the Ministry of Information Society and Administration.

The IPA Structure in the Ministry of Information Society and Administration through its Senior Programme Officer as part of the Operating Structure has tasks mainly related to technical implementation and monitoring of contracts, as defined in Article 6 of the Operational Agreement signed between PAO and the SPO. Furthermore, the SPO has to ensure that the Consultant is provided with all necessary information needed for implementation of the current project. The SPO shall also participate in monthly management meetings.

From the State Administrative Inspectorate which is an organ within the Ministry of Information Society and Administration and final beneficiary of the project, Project coordinator (the director of the SAI) who will be appointed by the Minister will be responsible to ensure the necessary support to SPO and IPA structure in the MISA in all phases of technical implementation, monitoring and reporting on the progress of the project. If necessary, he/she may establish project team for performing these activities. An Agreement between the SPO and the Project coordinator will be concluded for regulating the rights and responsibilities in order to ensure smooth implementation of the project.

The co-ordination of the activities foreseen to be carried out under the different components is of key importance. Therefore, the management structure will be established so as to oversee the overall implementation of the project and to ensure appropriate coordination between the different activities supported by the project. This will be further developed when drafting the Terms of Reference.

For the Twinning implemented by the Ministry of Finance, the Project Steering Committee (SC) will be established, responsible for reviewing the project progress and advising on the possible measures to be taken in order to ensure that results will be attained. The SC will meet once every three months and will include the Member State (MS) and Beneficiary Country (BC) Project Leaders, Resident Twinning Adviser (RTA) and RTA counterpart, representatives from the different departments within the MoF. The details of the MS and BC project leaders will be determined in the process of drafting the Twinning Fiche.

The expected contracting arrangements through this project are:

- 1 service contract to cover the technical assistance within the two sub-components of the project Component 1, dealing with the MISA and SAI. The contract will be with duration of around 24 months. Implementation of the technical assistance project is to start one month after the contract is signed, which is planned for Q2 2013. The total amount of this contract is 2.000.000 out of which 1.800.000 EUR IPA funds and 200.000 EUR national co-financing;
- 1 Twinning arrangement for building up the capacity within the department dealing with central government budget and local government budgets, and strengthening medium term policy making capacity. The implementation of the Twinning is expected to be 24 months. The contract value will be approx. 1.100.000 EUR, out of which IPA contribution will amount to 1.045.000 EUR, while national contribution will amount to 55.000 EUR. Contract signature is foreseen for Q1 2013;
- 1 supply contract, with different lots will be developed for the supply of equipment and provision of the individual E-applications specified in this project fiche, following the development of different technical specifications for upgrading the existing E-Budget application, E-Inspectorates, E-Assignment and E-Government. The technical specifications can be developed either by the Technical Assistance/Twinning project, or in case there are existing capacities, by the relevant national authorities. The total value of this contract will be EUR 1.000.000, where IPA will provide EUR 750.000 and EUR 250.000 will be the national co-financing. The value of the individual Lot's will be determined in the process of defining the technical specifications. Nevertheless, the purchase of equipment should focus, but not limited to: servers, storage area network, backup device, communication equipment (switches, routers), licenses for operation systems, database and related application software, related trainings, etc. The contract has an expected duration of 10-12 months for delivery,

installation and training and 12 months warranty period, hence overall duration of 22-24 months. Contract signature is foreseen for Q1 2014.

A framework contract can be concluded for preparation of tender dossiers for the supply contract. This contract is planned to be provided from the budget of PPF.

3.5 Conditionality and sequencing:

- Appointment of counterpart personnel by the beneficiaries before contract signatory;
- Allocation of working space and facilities within the premises of the beneficiaries before contract signatory;
- Participation by the beneficiaries in the tender process as per EU regulations;
- Organisation, selection, appointment and participation of members of working groups;
- Steering and coordination committees, seminars by the beneficiaries/stakeholders as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Sufficient managerial, technical and human resources allocated to the relevant Departments;
- EU procedures to be followed in all tender procedure.

3.6 Linked activities

This project aims to build upon and consolidate the results of projects under IPA 2010, IPA 2009 and IPA 2007, as well as projects from other relevant donors.

IPA 2010 project entitled "*Technical assistance to institutions in charge of implementation of the civil service and public administration reform*". The activities of this project are oriented towards supporting the country and the public administration in the process of fulfilling the EU pre-accession requirements, by providing advisory support to the public administration in order to ensure a consolidated support to key elements of the overall public administration reform process.

IPA 2009 project entitled "*Technical Assistance to the Civil Servants Agency and Strengthening the Implementation of the National System for Training Coordination*" is oriented towards supporting the country and the public administration in the process of fulfilling the EU pre-accession requirements, by providing advisory support to the public administration in order to ensure a consolidated support to key elements of the overall public administration reform process with specific reference to strengthening human resources management, including training management, coordination and ensuring capacity for generic training of civil servants. It is important to note that the Ministry of Information Society and Administration will assume the implementation of the project due to the transfer of the competencies and the ceasing of the Civil Servants Agency.

One of the main objectives of the **IPA 2007** was the reform of the public administration: *Strengthen the further development and implementation of the Public Administration Reform Strategy*, which included review and upgrade of the PAR Strategy. In that context assistance to CSA was provided in view to strengthening of the operational capacity of the CSA in accordance with the EU standards by supporting capacity building of the CSA for human resources development, including the strengthening of its internal capacities for training management and implementation of priority activities envisaged under the National System

for Coordination of Professional Development and Training of Civil Servants, and the Strategy for Training of Civil Servants.

Global Opportunities Fund – Reuniting Europe (GOFRE) - Phase 1 (April 2007 - 2009). The programme was supported by the Foreign and Commonwealth Office of the British Government. The objective of the project "Building administrative capacities for EU integration" was to provide technical assistance and advice to the General Secretariat and the Secretariat for European Affairs in the administration of the EU accession, including development of an IPA Training Facility Centre as well as preparation of curricula for training in training needs assessment, regulatory impact assessment, and European pre-accession processes. The project task force is based in the premises of the Ministry of Information Society and Administration.

World Bank Project (Dutch Trust Fund): the overall objective of the technical assistance was to assist the General Secretariat of the Government, the Ministry of Finance and the Civil Servants Agency to develop and implement a comprehensives strategic prioritisation process that takes into account strategic planning and policy making, budget formulation and public investment programming, human resource management and links proposed strategies with the achieved outcomes.

Support has been provided through various **CARDS programmes** support to important elements of the overall PAR strategy, including the Strategy for Equitable Representation, the Strategy for Cooperation with the Civil Society as well as the Strategy for the Implementation of the Ohrid Framework Agreement. Numerous sector strategies in fields such as environment, judiciary, police, and integrated border management and in other areas have also been produced. Several ministries and governmental bodies have been supported to strengthen their internal management capacities.

The concept of **ReSPA** (Regional School for Public Administration), financed under IPA 2009 Multi-Beneficiary Programme was developed with the objective to boost regional co-operation in the field of public administration, strengthening administrative capacity and developing human resources in line with the principles of the European Administrative Space. ReSPA is being utilised in the training of the civil servants, particularly in the field of HR management and the development of HR standards in the civil service, which is complementary to the IPA 2009.

SIGMA (Support for Improvement in Governance and Management) a joint initiative of the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD), principally financed by the EU, is supporting the reform efforts in the country in priority areas through its work on some the following projects: Support in the Development of a Civil Service Training Strategy (May - September 2008), Support for the Implementation of the Law on General Administrative Procedures (January - October 2008), Civil Service Reform and Public Administration Co-ordination and Assistance (March - December 2007), Advice on Amendments to the Civil Service Law (October 2004 – July 2005), Assistance to the Government Secretariat (April 2006 – December 2007).

The **IPA 2007 project "Support for efficient, effective and modern operation of the Administrative Court",** aims towards providing assistance for technical support to the Administrative Court for an efficient implementation of the reformed legal framework and

new responsibilities transferred from the Supreme Court in accordance with the Law on Administrative disputes.

World Bank Project 2007 "Legal and Judicial Implementation and Institutional Support" aims towards providing support for SAI for realisation of trainings and procurement of technical equipment.

TAIEX Instrument has been used in the period 2008-2010 in the following areas:

- Expertise for preparing Analyses of the Law on Administrative Disputes;
- Expertise for preparing Analyses of the legal framework for the functioning of the inspection services;
- Study visit in Slovenia and Latvia for the functioning of the inspection services;
- Study visit in the Czech Republic for the Administrative and Administrative Disputes Procedure;
- Study visit in Slovenia for the functioning of the Inspection Council;
- Expertise for the implementation of the Law on Proceeding upon Grievances.

In order to improve the cooperation with the citizens, SAI has started with the implementation of the project "Hello Inspection" through introduction of free of charge telephone line aimed for the citizens to report complaints of the work of the administration. It is planed for this project to continue in the future. Additionally, having in mind the positive experiences gained from the implementation of this project it is considered as useful in the future to develop the project in which all the inspections shall be included. In this way citizens will be given the opportunity to report complaints to all the inspectorates not only to SAI.

The State Statistical Office, Ministry of Finance and National Bank are part of the **IPA 2007 project "Technical assistance for State Statistical Office"**. The main coordinator and user of this project is SSO and Ministry of Finance is a partner in the field of National Accounts. The project purpose is to contribute to the upgrading of the overall system for the production of quality statistics at the SSO and to further develop the national statistical system towards a fully sustainable and EU-harmonised statistical system. Ministry of finance is included in the second component for further harmonisation on the National accounts with ESA 95 methodology, regarding the Government accounts statistics and EDP notifications. So far, the Ministry of Finance participated in the trainings and seminars regarding those issues and has active cooperation with the SSO regarding the data availability, methodology etc. This project started in February 2010 and will last 2 years, till February 2012.

Under the **IPA 2009 project "Strengthening the capacity of the Ministry of Finance (MoF) - Macroeconomic Policy Department for macroeconomic analysis and policy formulation in order to improve policy making and meet the criteria for EU accession"**, activities for improvement of the fiscal framework are planned, through advice for improvement of budget planning process and training for improving analytical skills in the fiscal area and on using modern budgetary practices and techniques.

The **UNDP financed project "Social Services in Support of Social Development and Cohesion"** is targeting the policy issue of fiscal decentralisation, and more concretely the inter-governmental transfers, in function of more equitable provision of social services at local level. The project is expected to last 2 years, starting from September 2010.

E-Budgeting - Modernisation of the National budgeting process

This project was part of the USAID funded eGov project implemented in the period 2004 – 2010, which main goal was to implement modern e-government solutions that will increase the efficiency and transparency of public sector management and open new channels for doing business in an open and secure manner, thus making the country more attractive to the investment community.

3.7 Lessons learned

LJ: The below lessons seem related to experience with the programming and management of IPA rather then lessons learned from the process in subject, i.e. public administration reform.

The 2009 Country interim evaluation report notes that the precise measurement of the IPA programme performance thus far is compromised by the lack of true measurable indicators at both the impact level of individual projects, as well as within the MIPD itself, however it can be seen that the contribution made by the assistance to the MIPD objectives is broadly positive.

In the particular area of PAR, the 2009 Country interim evaluation report finds that the CSA is making good progress in instituting training centralisation and co-ordination and appears likely to meet its programme objectives of ensuring capacity for generic training of civil servants.

The reform of the public administration has been a top priority of the Government since the first PAR Strategy adopted by the Government in 1999. The further reform and the modernisation of the public administration represent a continuous process in the developed democracies, as proven by the last two rounds of enlargement of the Union with the countries of Central and South-eastern Europe. Therefore, as learned from the previous experiences of the new EU member states, the public administration reform process will represent upgrade of the existing national systems instead of radical reconstruction of the current PAR structures in the country.

When developing the new Strategy and the Action plan for the reform of the public administration, the Government based its activities on the learned lessons by the countries which entered the Union, thus producing a strategic reform frame aiming at professionalisation, modernisation and de-politicisation of the public administration as one of the key priorities in the European Union accession process.

Since 1999, the Government realised that a PAR Strategy has to consider the current level of development of the country which will result in concrete and tailor made activities that would ensure enhancement of the public administration reform and would provide the desired improvements in the segments subject in the Action plan.

The implementation of the IPA 2007 project pointed out that the commitment of the central Government institution is key segment in the fulfilment of the desired outcomes for the project; thereof, the current Strategy of 2010 embodies all reform activities into a single institution responsible for PAR, as well as the inclusion of the relevant stakeholders in all phases of the implementation of the project.

The report likewise observed that the presence of sufficient administrative capacity and organisational structures that are the pre-condition for the effective achievement of strategic

objectives varies throughout the CARDS assistance, but is stronger in the more recent projects under the IPA programme.

In addition, the evaluation includes the following broad lessons learned that could improve the sustainability of future assistance:

- Greater emphasis needs to be placed on the identification and development of ownership of both the programme as a whole by the central authorities and the individual projects by line ministry stakeholders. Whilst there is an increasing effort to include end beneficiaries in the programming process through the devolution of the programming process to the national authorities further training on project design and programming is needed. Organisational and institutional capacity and needs assessments would further fine tune the scale and scope of assistance and identify areas where national co-financing could most readily and effectively be applied;
- Clear commitments are needed from potential beneficiaries on actions that they will take to sustain institutions created or supported with EU funds;
- Improving oversight by the national authorities at the programme level will contribute to the improvement of both impact and sustainability;
- Merit based recruitment and personnel management is an essential contribution to reducing staff turnover and recruitment of appropriately skilled individuals. Progress by the national authorities is being made on this issue but substantial further work remains.
- The inclusion of substantial beneficiary co-financing is important for sustainability.
- Beneficiary institutions frequently use external contractors to complete their tasks, rather than completing the work under the supervision of the experts. Hence, efforts should be made for all key staff to be regular civil servants.

Drawing on the accumulated experience of the Ministry of Finance with the implementation of the projects financed from international organisations, the main challenges which have been encountered and suggestions for improvements are related to: a/ providing the appropriate working conditions for the consultants, especially placement of the consultants in the premises of the beneficiary, b/ allocation of dedicated administrative staff employed on permanent basis to work on the project, which will improve staff capacity and provide a sustainability of the project activities; c/ involvement of the beneficiary from the very beginning in the evaluation of the background and the experience of the experts to be engaged, so that they will be able to provide adequate expertise and ensure delivery of high quality results, as in some cases the contractors did not have sufficient background and lacked practical experiences to provide adequate expertise; d/ involvement and commitment of high-level strategic decision making structures from the beginning of the project is important and essential for success and sustainability of the project results.

In addition, clear co-operation and communication will have to be established with other related institutions (stakeholders), especially in the training activities.

Drawing from the previous experience in the implementation of projects in the field of budgetary issues, participation of respective staff in the realisation of all project activities is considered as very important in terms of effectiveness and sustainability of the project. Thus, participation of staff and their contribution in production of project results has proved to be particularly effective and helpful to the staff for the future execution of their duties. Therefore, most appropriate type of arrangement for the realisation of the project are those

where advising and coaching are dominant type of activity, such as the proposed twinning arrangement having in mind the high value added resulting from the project.

4. Indicative Budget (amounts in EUR)

					SOURCES OF FUNDING								
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	EU IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Service contract PAR reforms	X	/	2.000.000	2.000.000	1.800.000	*90*	200.000	*10*	*200.000*	*0*	*0*	0	–
Twinning Contract Budget	X	/	1.100.000	1.100.000	1.045.000	*95*	55.000	*5*	*55.000*	*0*	*0*	0	-
Supply contract E-Government	/	X	1.000.000	1.000.000	750.000	*75*	250.000	*25*	*250.000*	*0*	*0*	0	–
TOTAL IB			3.100.000	3.100.000	2.845.000	*91.67*	255.000	*8.33*	*255.000*	*0*	*0*	0	-
TOTAL INV			1.000.000	1.000.000	750.000	*75*	250.000	*25*	*250.000*	*0*	*0*	0	-
TOTAL PROJECT			**4.100.000**	**4.100.000**	**3.595.000**	***87.79***	**505.000**	*12.21*	**505.000**	***0***	***0***	**0**	**-**

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW
Amounts net of VAT
(1) In the Activity row use "X" to identify whether IB or INV
(2) Expressed in % of the **Public** Expenditure (column (b))
(3) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Service Contract	Q2 2012	Q1 2013	Q1 2015
Twinning Contract	Q2 2012	Q1 2013	Q1 2015
Supply Contract	Q3 2013	Q1 2014	Q4 2015

All projects should be ready for tendering in the 1st Quarter following the signature of the FA.

6. Cross cutting issues

6.1 Equal opportunity and non-discrimination

The project implementation will ensure the observance of the principles of equal opportunities and non-discrimination. Equal gender opportunities will be fully respected in the composition of the Steering Committee and where necessary. In addition to this, the internal policies, structure or operating procedures of the beneficiaries, as well as products and outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to the relevant principles of equal opportunities and non-discrimination.

6.2 Environmental considerations

The European Union has a longstanding commitment to address environmental concerns in its assistance programmes (as part as a wider commitment to sustainable development). Key references include art. 6 of the Treaty and the Cardiff process which foresees the systematic consideration of environmental aspects into EC development cooperation and in other policies (hence very important for the acquis). The support will include activities for the beneficiary to improve its awareness and internal performance vis-à-vis environmental aspects.

6.3 Civil Society Development and Dialogue

The activities of this project will aim to achieving high standards of trained civil servants open to communication, delivery of public information and consultation process with relevant stakeholders**.**

6.4 Good governance, with particular attention to fight against corruption

One important outcome of this project will be improved transparency and effective enforcement of the rule of law in matters relating to civil service management. In the context of this project strategies and action plans will be developed in an inclusive fashion thereby enhancing the participation of all stakeholders. The Good Governance is a key sector that will contribute towards fulfilment of the political criteria for accession to the EU. The project will promote the principle for good governance and prevention of corruption in particular through strengthening the SAI and the national inspections for implementing transparent and objective inspection procedures. To this aim, particular attention should be put in the prevention of corrupt practices, mainly through the raising political and public awareness.

ANNEX I - Logical Framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	
		Contracting period expires: Two years after the date of the signature of the Financing Agreement.	Disbursement period expires: One year from the final date for execution of contracts.
		Total budget**: 4.100.000 EUR**	IPA budget: **3.595.000 EUR**
Overall objective	**Objectively verifiable indicators**	**Sources of Verification**	
The overall objective of the project is to allow for the further development of good governance system in the country, allowing for enforcement and implementation of administrative actions and mechanisms to allow performance of the civil servants in line with the EU Standards with a minimum use of available budgetary resources	Improved and functional public administration service and the budgetary framework.	- EC regular reports; - Project's Final Report; - Monthly monitoring progress report from SPO to CFCD.	
Project purpose	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
The purpose of this project is to support the implementation of the Public Administration Reform Strategy 2010, to further strengthen the capacities of the Ministry of Information Society and Administration and the coordination with the State Administrative Inspectorate, as well as to enhance the capacities for designing and preparation of a coherent medium term expenditure framework.	- De-politicised administration; - Further development e-Government processes; - New e-services provided to businesses and citizens; - Medium term expenditure framework developed.	- Reports prepared by the Government, European Commission and other international organisations; - Statistical publications; - Information form different surveys; - Project reports; - Training reports and evaluations.	- The activities from the PAR Strategy Action Plan and further development of the e-government services achieved by this project, to be accepted and incorporated within the state priorities and continual development and to become the way of daily normal functioning of entire public administration and wider in the society; - Government commitment to implement PAR Strategy.
Results	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
Component 1 – Support to Public Administration Reforms ***Sub-component 1.1: Assistance to the Ministry of Information Society and Administration to***	**Component 1 – Support to Public Administration Reforms** - Reports produced by the	- Reports from working committees and groups; - Project reports; - Information form different surveys; - Training reports and evaluations.	- Increasing knowledge, skills and competencies of the public service; - Optimal cooperation between the involved parties;

implement the Strategy for Public Administration Reforms - Strengthened capacities of the institutions in charge of implementation of the PAR strategy Action Plan; - Developed methodology and strengthened capacity for oversight and uniform application of regulations concerning the administration; - Comprehensive mechanism for an enhanced coordination between the different authorities involved in the implementation of the PAR Strategy Action Plan; - A evaluation of the outcome of the Action Plan's implementation (effectiveness of the measures, possible reallocation of tasks in the Action Plan, tangible progress for the PAR etc); - Further guidelines for reform of the public administration after the implementation of the PAR Strategy 2010; - Established system which follows EU recommendations and best practices in the process of law and policy making; - Strengthened capacities for competence-based training; - Upgraded and further improved Human Resource Information System.	monitoring system of the implementation of the Public PAR strategy and Action Plan; - Developed procedures for an effective cooperation and coordination mechanism for more effective and efficient public administration; - Performed evaluation of the effects of the PAR Strategy 2010; - Developed guidelines for further PAR after the completion of the PAR Strategy 2010; - Increased citizens' satisfaction (by following results from citizens' satisfaction index) with the services provided by the public administration; - Decreased number of complaints for illegal promotion/demotion by civil and public servants; - Number of coordination meetings with the responsible public servants in line institutions regarding the implementation of PAR strategy and Action Plan; - Number of trained public servants in the field of planning and implementation of cross-sector and multi-institution projects; - Number of trainings organised and number of staff participating in training; - Level of use and applicability		- Political consensus on the need of further development of Public administration and e-Government services; - The Government politically and financially supports the process and the outcomes and commit to ensuring the further development of Public administration and e-Government services; - Public well informed and supportive; - Availability of appropriate staff for trainings; - National co-financing secured; - Appropriate expertise is available.

Sub-component 1.2: Institutional and administrative strengthening of the State Administrative Inspectorate and Inspection Council - National legal framework in the area of inspection supervision effectively implemented; - Procedures for inspection supervision revised; - One study visit implemented; - TNA of the SAI&ICCI and other inspectorates' staff on best practices in supervision and coordination of inspections prepared; - Electronic collection and processing of the inspection services annual reports in place; - Inspection procedures initiated and carried out in a timely, methodological and professional approach based on systematically prepared and adopted operational plans; - Assessment of the human resources and technical capacities of the Unit for Administrative Statistic within SAI for preparation of reports for the Inspection Council and the Government convened; - Continued supervision of the effectiveness and efficiency of the procedures for the misdemeanours implemented; - Trained SAI&ICCI employees in carrying out duties and responsibilities deriving from their scope of work); - Developed assessment of the procedural codes on supervision, coordination and carrying out the inspection;	of the upgraded Human Resource Information System for managing HR processes. ***Sub-component 1.2*** - Number of recommendations for improving the implementation of the national legal framework; - Number of Inspection procedures initiated and carried out; - Number and diversity of staff trained (at least 20 civil servants from SAI, as well as 150 civil servants from the other inspectorates and inspection services trained on best practices in supervision and coordination of inspections); - Number of codes on procedures for coordination and supervision developed; - Number of appeals on inspections performed; - Number of procedures for the misdemeanours implemented and supervised; - Awareness raising materials prepared, printed and published; - Number of campaigns broadcasted.		

- Public awareness raising campaign prepared with defined activities; - Public awareness raising campaign conducted. **Component 2: Building up the capacity within the department dealing with central government budget and local government budgets and strengthening medium term policy making capacity** - Improved capacity of the MoF and other pilot institutions (three budget users and five municipalities)for medium-term budget planning and for medium term expenditure planning; - Developed capacities of the MoF and other pilot institutions (three budget users and five municipalities) for two year budget preparation; - Developed training programme for introduction of two year budget planning, with action plan for its realisation; - Developed capacities for presentation of reports in line with the EU standards and requirements in the area of public finances; - Developed capacity of MoF staff for linking the GFS (IMF) and ESA methodology. **Component 3: E-Government** ***Sub-Component 3.1: Assistance to the Ministry of Information Society and Administration to implement E-Government policies*** - Facilitated implementation of G2G	**Component 2: Building up the capacity within the department dealing with central government budget and local government budgets and strengthening medium term policy making capacity** - Developed methodology for MTEF and MTBF preparation with MTEF and MTBF prepared; - Indicatively 40 people trained on medium-term budget planning; - Indicatively 40 people trained on preparation of two-year Budget; - Prepared training plan and training curricula for training of the rest of the governmental institutions (budget users) which will not be a part of the trainings performed under this project; - Developed Action Plan for introduction of two-year budget planning for the budget users; - Indicatively 40 people trained for linking the GFS (IMF) and ESA methodology. **Component 3: E-Government** ***Sub-Component 3.1: Assistance to the Ministry of Information Society and Administration to implement E-Government policies*** - Reports produced by the monitoring system of the implementation of the Public		

interoperability and new online services developed; - Prepared technical specification for procurement and procurement of equipment and software needed for improvement of the G2G communication and services that government institutions provide to businesses and citizens; - Increased efficiency and effectiveness of the process of providing services to citizens and businesses; - Implemented ICT standards in government institutions.	PAR strategy and Action Plan; - Developed procedures for an effective cooperation and coordination mechanism for more effective and efficient public administration; - Performed evaluation of the effects of the PAR Strategy 2010; - Developed guidelines for further PAR after the completion of the PAR Strategy 2010; - Increased citizens' satisfaction (by following results from citizens' satisfaction index) with the services provided by the public administration; - Number of coordination meetings with the responsible public servants in line institutions regarding the implementation of PAR strategy and Action Plan; - Level of use and applicability of the upgraded Human Resource Information System for managing HR processes; - Procured equipment and software which meet requirements for improved communication among government institutions and provision of e-services to citizens and businesses. ***Sub-component 3.2: E-inspectorates and E-assignments***		

Sub-component 3.2: E-inspectorates and E-assignments - Comparative analysis on EU Best practices including a study visit; - Needs assessment and preparation of feasibility study prepared; - Policies and procedures for electronic allocation of inspection orders for companies that are to be controlled and electronic selection of inspectors involved in the inspection developed; - Technical specifications for supply prepared; - The solution of the system (hardware and software) designed; - Operational system for tracking and documenting the inspection performance in place; - Functional electronic system (hardware and software) for electronic instigating, sorting established; - Users Manual developed; - Training of Inspectorates staff in use of e-solutions delivered. ***Sub-component 3: Upgrading of the current e-budget application in line with the new established two-year budget process*** - Technical capacity of the Ministry of Finance for preparation of two- year budget in place.	- Feasibility study in place and used; - Number of policies and procedures for electronic allocation of inspection orders for companies that are to be controlled and electronic selection of inspectors involved in the inspection developed; - Technical specifications for supply prepared; - Procurement and delivery of hardware and software conducted; - Number of manuals prepared and distributed; - Number of training delivered for selected participants. ***Sub-component 3: Upgrading of the current e-budget application in line with the new established two-year budget process*** - Functional and upgraded e-budget application; - Budget analysts trained for operating with the new e-budget application.		
Activities	**Means**	**Costs**	**Assumptions**
Component 1 – Implementation of Public Administration Reforms ***Sub-component 1: Assistance to the Ministry of Information Society and Administration - Public Administration*:** - Strengthening the capacities for	Component 1 One Technical Assistance Contract Component 2 One Twinning contract	Component 1 One Technical Assistance Contract IPA Funds: 1.800.000 NF: 200.000 Component 2	- No resistance of new ICT communication and cooperation within the administration by the civil and public servants, politicians and citizens; - No deficit of energy resources and

implementation and monitoring of the PAR Strategy Action Plan; - Functional review of the institutional organisation and design; - Improving capacity for competence-based training; - Further implementation of the existing strategies in training and HRM; - Further development of the Human Resources Information System; - Development of methodology and strengthening the capacity for oversight and ensuring the uniform application of regulations concerning the administration; - Review of the implementation of the relevant legislation and exchange of experience with relevant partner institution in the EU. ***Sub-component 2: Institutional and administrative strengthening of the State Administrative Inspectorate and Inspection Council:*** - Preparation of recommendations for improving the implementation of the national legal framework; - Assessment of the existing procedures in the Inspectorates coordinated by ICCI; - Delivery of trainings for the employees in the inspection services for implementation of the Law on inspection supervision implementation; - Developing of Procedural codes for the implementation of the e-solutions; - Support in establishing of new Unit within the SAI for administrative support of the work of the Inspection Council; - Support to the capacities of the Unit for Administrative Statistic within SAI for preparation of reports for the Inspection Council and the Government;	<u>Component 3</u> Supply contract (different lots)	One Twinning contract IPA Funds: 1.045.000 NF: 55.000 <u>Component 3</u> Supply contract (different lots) IPA Funds: 750.000 NF:250.000	additional expenses for energy for functioning and maintaining the ICT and e-government communication; - Commitment on behalf of senior level officials and experts involved in project implementation; - Commitment on behalf of Implementing Agency in tendering and contracting.

- Preparation and realisation of public awareness raising campaign. **Component 2: Building up the capacity within the department dealing with central government budget and local government budgets and strengthening medium term policy making capacity:** - Development of methodology for MTEF and MTBF preparation, necessary data and contributions from relevant institutions; - Redefining the budget process for preparation of a two-year Budget for institutions and municipalities; - Training on medium-term budget planning (including preparation of MTEF and MTBF) as well as on preparation of two-year Budget for the MoF and the pilot institutions and municipalities; - Preparation of training material for training of the rest of the governmental institutions (budget users) which will not be a part of the trainings performed under this project; - Development of an action plan for introduction of two-year budget planning within the budget users; - Linking the GFS (IMF) methodology and the ESA methodology. **Component 3: E - Government** ***Sub-component 3.1: Assistance to the Ministry of Information Society and Administration E-Government*:** - Enforcement of the law and by-laws on electronic administration; - Assistance regarding the implementation of G2G interoperability and development of new online services; - Assistance in preparing technical			

documentation for procurement and procurement of equipment and software needed for improvement of the G2G communication and services that government institutions provide to businesses and citizens; - Training and consultancy for implementation of ICT standards in government institutions. ***Sub-component 3.2: E-inspectorates and E-assignments*:** - Preparation of feasibility study and technical specifications for establishing e-inspectorates and e-assignments; - Preparation of policies and procedures for electronic allocation of inspection orders for companies that are to be controlled and electronic selection of inspectors involved in the inspection; - Designing the solution of the system (hardware and software); - Procurement and delivery of hardware and software; - Developing Users Manual; - Training of Inspectorates staff in use of e-solutions. ***Sub-component 3.3: Upgrading of the current e - budget application in line with the new established two-year budget process*:** - Analysis and design of upgraded e-budget application; - Providing training for number of employees for operation with the new application.			

Preconditions

If the conditionalities are not met, suspension or cancellation of projects will be considered.

ANNEX II - Amounts (in €) Contracted and disbursed by quarter for the project

	2013				2014				2015			
Contracted	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Service contract	2.200.000											
Twinning contract	1.100.000											

Supply contract					1.000.000							
Cumulated	**3.300.000**				**4.300.000**							
Disbursed	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Service contract	660.000			660.000		660.000			220.000			
Twinning contract	440.000				550.000				110.000			
Supply contract					600.000			400.000				
Cumulated	**1.100.000**			**1.760.000**	**2.910.000**	**3.570.000**		**3.970.000**	**4.300.000**			

ANNEX III - Description of Institutional Framework
LJ: MAKE SURE THIS SECTION IS UPDATED WITH THE LATEST INFO

The Ministry of Information Society and Administration is/will be authorised for:

- Development and promotion of the information society;
- Creation and running of the register of information and communication technologies and information equipment in the state administration bodies;
- Integrated information and communication network, data bases, interoperability and data exchange, security aspects and development of infrastructure in the state bodies, legal entities and other bodies which according to law perform public competences;
- Follow up of the condition of the information and communication technologies and introduction of the international standards;
- Telecommunication and telecommunication infrastructure;
- Broadcasting and broadcasting infrastructure;
- Legislative regulation of the administrative issues;
- Surveillance and ensuring proper application of the regulations regarding civil and public servants;
- Development of the policies regarding rights, obligations, responsibilities, assessment of the civil and public servants;
- Classification and description of the working posts, salaries and allowances of the civil and public servants;
- Running of the Register on civil and public servants;
- Preparation of strategic document for efficient and effective operation;
- Training and professional development of the civil and public servants, organisation and conduction of the training;
- Development and coordination of the policies regarding HR management;
- Public administration reform;
- Realisation of the international cooperation in the respective issues;
- State administration;
- Administrative procedure;
- Administrative surveillance.

THE STATE ADMINISTRATIVE INSPECTORATE

The State Administrative Inspectorate, as an organ within the Ministry of Information Society and Administration, is responsible for administrative inspection. SAI is managed by a director which is appointed by the Government. Administrative inspection covers the supervision over the application of the Law on the General Administrative Procedure and other laws which contain provisions on the administrative procedure.

The inspection covers in particular supervision over:

- Timely, cost-effective and efficient exercise of the rights and interest of citizens and other participants in the administrative procedure and administrative decision making;
- Carrying out the first and the second instance administrative procedure within the prescribed time limits and time limits determined by the acts of judicial bodies;
- Participation of interested parties in the administrative procedure for the purpose of protection of their rights and interests;
- Providing evidence *ex officio* from the official records kept by the competent decision making body, other state body, legal persons and other persons having public mandates, municipalities and the City of Skopje;
- Execution of final administrative acts;
- Exchange of expenses in the administrative procedure;

- Receiving submissions;
- Issuing certificates and other public documents for certain facts from official records,
- Professional training of state servants and employees who perform actions in the administrative procedure;
- Service of administrative acts and other written documents;
- Conduct and work of state servants and employees, in order to ensure the respect of principles of legality, professional integrity, efficiency, responsibility and loyalty in the performance of their official duties.

Administrative inspection matters are conducted by administrative inspectors.

The Inspectorate has 2 Sectors (West and East). The West Sector has 2 Departments (Bitola and Gostivar). In the moment SAI has only one head of sector. The East Sector has 3 Departments (Skopje, Strumica and Department for Administrative Statistic). The Department Bitola has 3 Inspectors (Bitola, Prilep and Ohrid) and 3 higher associates (Kavadarci, Resen and Krusevo). The Department of Gostivar also has 3 inspectors (Gostivar, Struga and Kicevo), 2 higher associates (Kicevo and Makedonski Brod) and 1 junior associate(Tetovo). The Department of Skopje has 4 inspectors (Skopje, Kumanovo, Kratovo and Vesles), 2 higher associates (Negotino and Probistip) and 2 junior associates (Skopje). The Department of Strumica has 7 inspectors (Strumica, 2 in Stip, Kocani, Sveti Nikole, Delcevo and Valandovo) and 2 higher associates (Valandovo and Kriva Palanka). The Department for Administrative Statistic is a new sector which is not staffed yet. At the moment, there are 34 employees in the State Administrative Inspectorate.

Ministry of Finance - Budget and Funds Department

The Budget and Funds Department is responsible (amongst other aspects) for the preparation of the fiscal policy and strategy of the country, focusing on government expenditures. The structure of expenditures is based on Government priorities and programmes. Data from the Budget and Funds Department are also necessary for the preparation of the external sector scenario and design of the monetary framework and policy, including preparation of fiscal strategy, budget circular and harmonisation with the budget users, on the basis of which draft Budget is prepared, later on being discussed and adopted by the Parliament.

In addition, Budget and Funds Department monitors and analyses the budget execution by the budget users, on the basis of which it prepares the respective budget re-allocations and expansion, and is in charge of the fiscal implications arising from all legal acts and by-laws, decisions and information of the Government.

The Department, in the course of the fiscal year, also prepares Annual Report of the Budget.

According to the Act of Systematisation of the working posts in the Ministry of Finance, the Budget and Funds Department is projected to have 66 employees. Currently, there are 31 employees (out of which 20 are budget analysts). The Budget Department is composed of nine units each with separate duties and employees.

The activities of the Department are managed by the Head of Department and two Assistant Heads.

Brief description of the units within the Budget and Funds Department:

Budget and Budget Policy Unit:

- On the basis of estimated macroeconomic parameters and movements in the previous period (gross domestic product, investments, consumer and public consumption, inflation , exchange rate etc..) it evaluates and proposes the revenues for the next and the next two years of the budget;
- Studying, analysing and processing requests from the users of funds from the budget and estimating costs for the fiscal year;
- Conducts negotiations with the users of funds from the budget and making adjustments within the projected costs;
- Prepares the budget and designs the budget policy as well as monitors their realisation and proposes measures (this is done after adjustments made with the users);
- Participates in the drafting of laws, decisions and other regulations in the scope of the obligations;
- Prepares answers to parliamentary questions.

Unit for Funds' Budgets:

- On the basis of estimated macroeconomic parameters and movements in the previous period it evaluates and proposes the revenues;
- Studying, processing, analysing and evaluation of the data and programs of the users of funds from the budget and performing alignment of the proposed budgets of the funds with the projected costs;
- Monitors the performance of the revenues by type and monitoring of the costs by allocation (function) of the Funds;
- Prepares opinions on programs, laws, decisions and materials of other state authorities.

Unit for Budgets of Local Government Units:

- Examines, processes, analyses and evaluates data and beneficiaries` programs of funds from the budgets of local government units and the makes adaptation of the proposed budgets of local government units with the projected consumption;
- Prepare guidelines, views and suggestions on the preparation of budgets for local government units;
- Monitor the performance of revenue and expenditures of the budgets local government units;
- Participates in drafting the legislation on financing the local government units;
- Prepares opinions for the programs, laws, decisions and materials from the Government and other national authorities.

Unit for Control of Payment of Salaries to Budget Users:

- Based on established parameters and movements it monitors and controls the employment process of the budget users and of the budget users units, the number of employees and the payment of wages;
- Prepares information and reports concerning the conditions of the payment of wages and employees;
- Participates in drafting the legislation on salaries of public service officers;
- Prepares opinions on programs, laws, decisions and materials from government and other national authorities.

Analysis Unit:

- Prepares short-and medium projections of budget revenues and expenses on the basis of information and analysis of macroeconomic indicators;

- Prepares short-and medium-term fiscal strategies;
- Examines the effects of proposed legislation in the budget policy;
- Proposes guidelines and measures for the budget policy in the short and medium term;
- Prepares budget reports in accordance with international standards.

Development Budgeting Unit:

- Prepares short-and medium-term projections of capital expenditures based on information and analysis of macroeconomic indicators;
- Examines the effects of proposed legislation in the budget policy;
- Proposes guidelines and measures for the budget policy in the short and medium term;
- Participates in the drafting of laws and proposals, decisions and other regulations from the scope of work of the Department;
- Prepares opinions, information and reports on programs, laws, decisions and materials from government and other bodies of state administration.

Development Budgeting Unit for Public Enterprises and Agencies:

- Monitors compliance with budgets and funds of public enterprises and agencies;
- Prepares analysis reports and information on matters under the authority of Department.

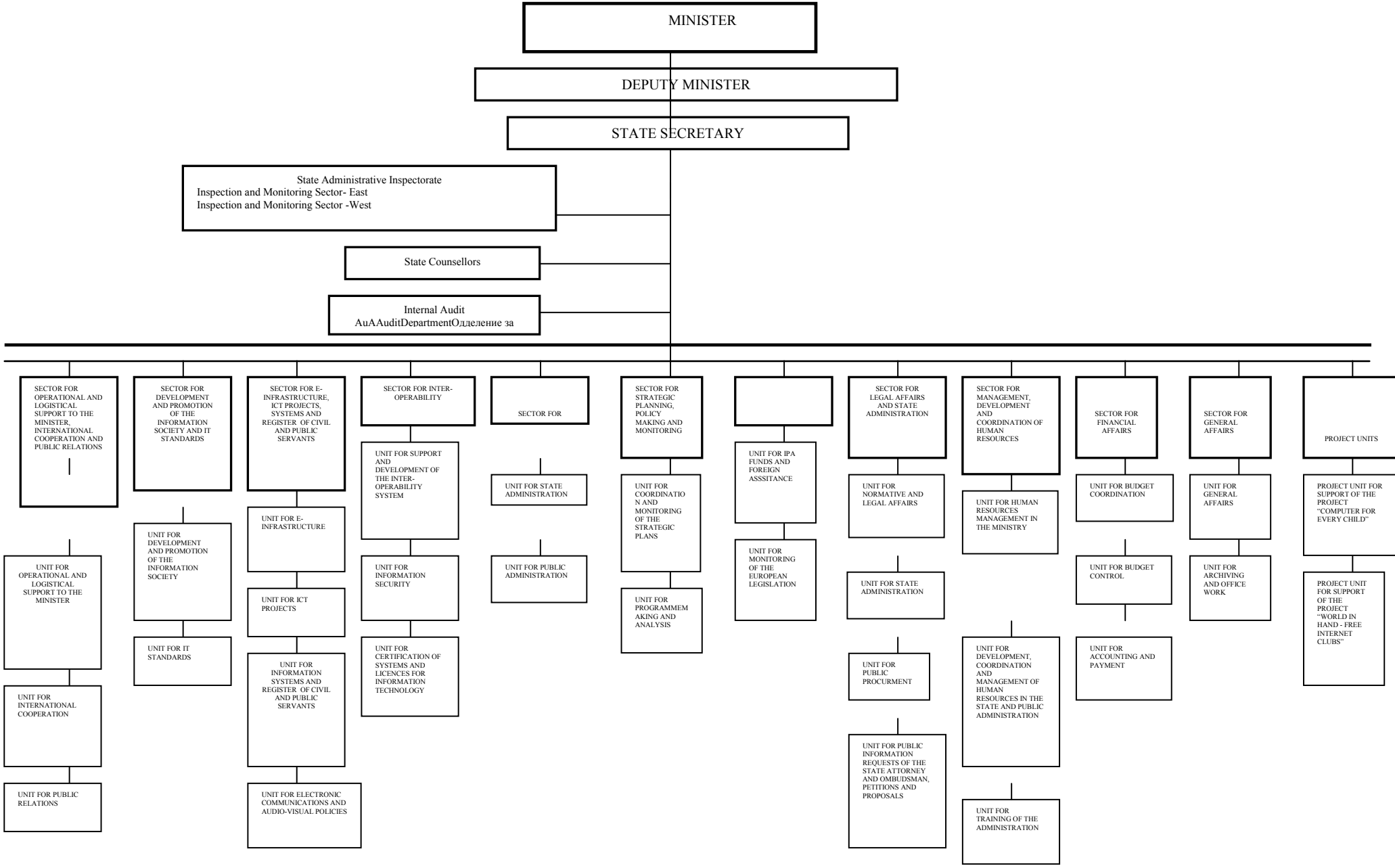
Unit for Projections on Salaries and Employments at Budget Users:

- Based on established parameters and movements, it monitors and controls the planning of salaries and the employments of the budget users and units of budget users;
- Prepares information and reports concerning the situation in salaries and employments;
- Participates in drafting the legislation on salaries of state officials;
- Prepares opinions on programs, laws, decisions and materials from government and other national authorities.

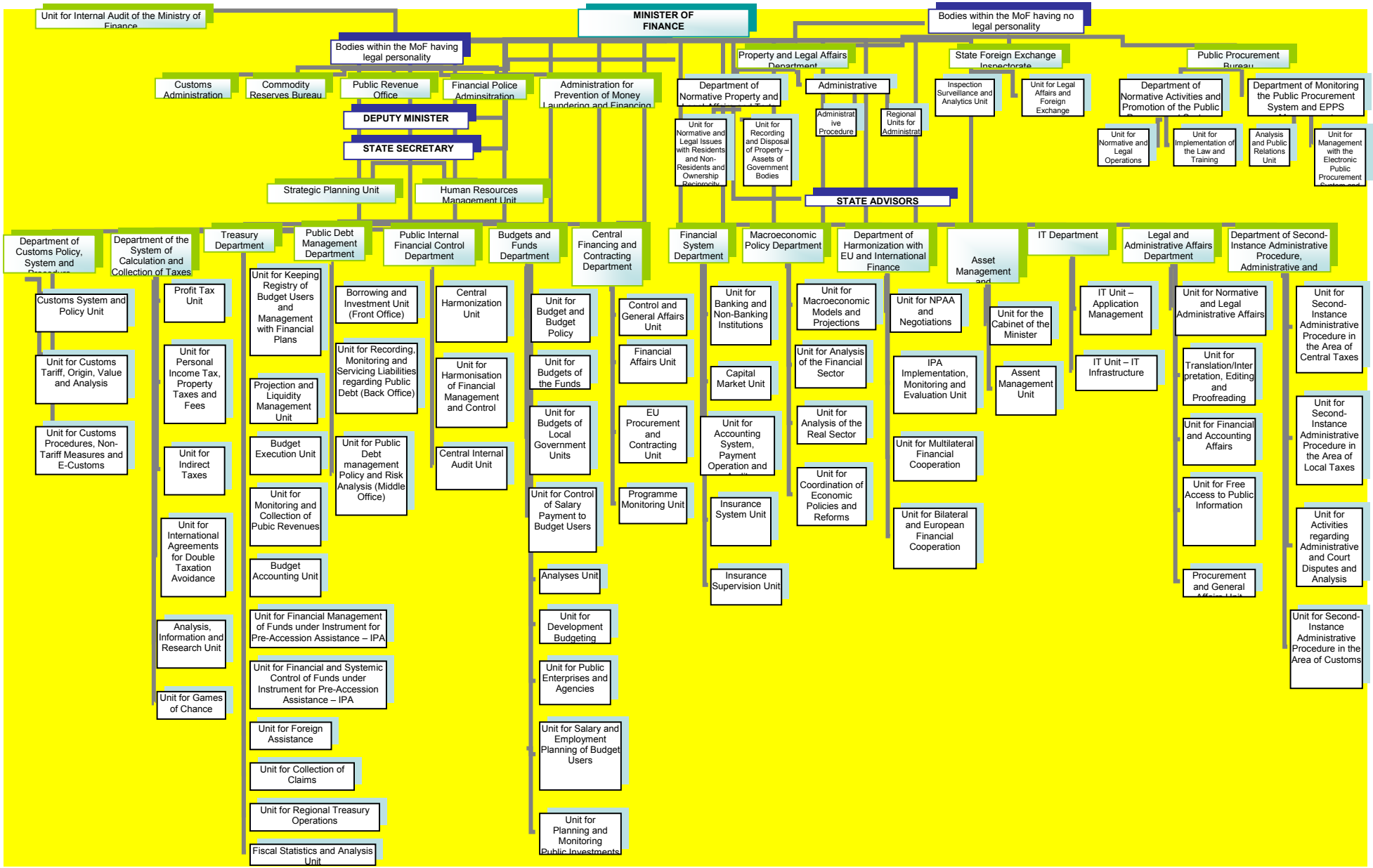
Unit for Projections and Monitoring Public Investments:

- Monitors and updates the proposed medium-term program of public investments in the country and the identification of priority projects in the public departments by developing policy and program priorities of the Government, through monitoring and analysis of the situation and development of infrastructure in energy systems, transport systems and irrigation systems water supply, environmental protection, education, science, health, culture, sports, social welfare, public administration;
- Perceives the need for public infrastructure planning and proposes priority investment projects that were supported by funds from Bilateral donors and international financial institutions;
- Prepares annual reports on implementation of public investment plans;
- Prepares analysis reports and information on matters under the authority of Department.

ORGANISATIONAL STRUCTURE OF THE MINISTRY OF INFORMATION SOCIETY AND ADMINISTRATION



ORGANISATIONAL CHART OF MINISTRY OF FINANCE


MINISTER OF FINANCE
Unit for Internal Audit of the Ministry of Finance
Bodies within the MoF having legal personality
Bodies within the MoF having no legal personality
Customs Administration
Commodity Reserves Bureau
Public Revenue Office
Financial Police Adminsitration
Administration for Prevention of Money Laundering and Financing
Property and Legal Affairs Department
Administrative
State Foreign Exchange Inspectorate
Public Procurement Bureau
DEPUTY MINISTER
STATE SECRETARY
Strategic Planning Unit
Human Resources Management Unit
Unit for Normative and Legal Issues with Residents and Non-Residents and Ownership Reciprocity
Unit for Recording and Disposal of Property – Assets of Government Bodies
Administrat ive Procedure
Regional Units for Administrat
STATE ADVISORS
Inspection Surveillance and Analytics Unit
Unit for Legal Affairs and Foreign Exchange
Department of Normative Activities and Promotion of the Public
Department of Monitoring the Public Procurement System and EPPS
Unit for Normative and Legal Operations
Unit for Implementation of the Law and Training
Analysis and Public Relations Unit
Unit for Management with the Electronic Public Procurement
Department of Customs Policy, System and
Department of the System of Calculation and Collection of Taxes
Treasury Department
Public Debt Management Department
Public Internal Financial Control Department
Budgets and Funds Department
Central Financing and Contracting Department
Financial System Department
Macroeconomic Policy Department
Department of Harmonization with EU and International Finance
Asset Management and
IT Department
Legal and Administrative Affairs Department
Department of Second-Instance Administrative Procedure, Administrative and
Customs System and Policy Unit
Unit for Customs Tariff, Origin, Value and Analysis
Unit for Customs Procedures, Non-Tariff Measures and E-Customs
Profit Tax Unit
Unit for Personal Income Tax, Property Taxes and Fees
Unit for Indirect Taxes
Unit for International Agreements for Double Taxation Avoidance
Analysis, Information and Research Unit
Unit for Games of Chance
Unit for Keeping Registry of Budget Users and Management with Financial Plans
Projection and Liquidity Management Unit
Budget Execution Unit
Unit for Monitoring and Collection of Pubic Revenues
Budget Accounting Unit
Unit for Financial Management of Funds under Instrument for Pre-Accession Assistance – IPA
Unit for Financial and Systemic Control of Funds under Instrument for Pre-Accession Assistance – IPA
Unit for Foreign Assistance
Unit for Collection of Claims
Unit for Regional Treasury Operations
Fiscal Statistics and Analysis Unit
Borrowing and Investment Unit (Front Office)
Unit for Recording, Monitoring and Servicing Liabilities regarding Public Debt (Back Office)
Unit for Public Debt management Policy and Risk Analysis (Middle Office)
Central Harmonization Unit
Unit for Harmonisation of Financial Management and Control
Central Internal Audit Unit
Unit for Budget and Budget Policy
Unit for Budgets of the Funds
Unit for Budgets of Local Government Units
Unit for Control of Salary Payment to Budget Users
Analyses Unit
Unit for Development Budgeting
Unit for Public Enterprises and Agencies
Unit for Salary and Employment Planning of Budget Users
Unit for Planning and Monitoring Public Investments
Control and General Affairs Unit
Financial Affairs Unit
EU Procurement and Contracting Unit
Programme Monitoring Unit
Unit for Banking and Non-Banking Institutions
Capital Market Unit
Unit for Accounting System, Payment Operation and
Insurance System Unit
Insurance Supervision Unit
Unit for Macroeconomic Models and Projections
Unit for Analysis of the Financial Sector
Unit for Analysis of the Real Sector
Unit for Coordination of Economic Policies and Reforms
Unit for NPAA and Negotiations
IPA Implementation, Monitoring and Evaluation Unit
Unit for Multilateral Financial Cooperation
Unit for Bilateral and European Financial Cooperation
Unit for the Cabinet of the Minister
Assent Management Unit
IT Unit – Application Management
IT Unit – IT Infrastructure
Unit for Normative and Legal Administrative Affairs
Unit for Translation/Interpretation, Editing and Proofreading
Unit for Financial and Accounting Affairs
Unit for Free Access to Public Information
Procurement and General
Unit for Second-Instance Administrative Procedure in the Area of Central Taxes
Unit for Second-Instance Administrative Procedure in the Area of Local Taxes
Unit for Activities regarding Administrative and Court Disputes and Analysis
Unit for Second-Instance Administrative Procedure in the Area of Customs

ANNEX IV - Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations MAKE SURE IT IS UPDATED

- Law amending the Law on the Organisation and Operation of the State Administration Bodies (Official Gazette n. 162/2010);
- Law on General Administrative Procedures(Official Gazette n.76/2010);
- Law on Civil Servants (Official Gazette n.52/2010);
- Law on Public Servants (Official Gazette n. 52/2010);
- Law on Electronic Governance (Official Gazette n.105/2009);
- Law on Organisation and Functioning of State Administration (Official Gazette n.167/2010);
- Law on Administrative Inspection – Official Gazette no. 69/04, 22/07 and 115/07);
- Law on General Administrative Procedure - Official Gazette no. 38/05 and 110/08);
- Law on Proceeding upon Grievances - Official Gazette no. 82/08);
- Law on Inspection Supervision - Official Gazette of no. 50/10).
- Budget Law (Official Gazette no. 64/2005, 04/2008, 103/2008, 156/2009 and 95/10) - this law regulates the procedure for preparation, adoption, execution of the State Budget and budgets of local governments. The basic guideline for the preparation and execution of the budget is macroeconomic stability and sustainable and stable national economic development;
- Law on Financing of Local Self-Government Units (Official Gazette no. 61/04, 96/04, 67/07 and 156/09) - this law regulates the financing of local government units;
- Fiscal Strategy for 2010-2012. The Fiscal Strategy represents an important strategic document defining the key medium-term economic and social objectives, with particular focus on fiscal policy as an instrument for achieving the priority strategic objectives.□□□□□medium-term fiscal strategy defines the direction of macroeconomic and fiscal policy for the medium term 2010-2012 year. Government identifies the most important strategic priorities for development, and fiscal strategy establishes the link between strategic priorities and available resources in the budget. In this way, strategic planning positions in real three-year fiscal framework, within a sustainable level of total public expenditure.

Reference to national/sectoral investment plans

- Annual Government Working Program and Priorities;
- Strategic plan of the Ministry of Information Society and Administration 2011-2013;
- Annual Program for work of the Ministry of the Ministry of Information Society and Administration 2011;
- National Program for Adoption of the Acquis revision 2011;
- Public Administration Reform Strategy, 2010-2015 and the Action Plan for implementation of the Public Administration Reform Strategy 2010-2015;
- Action Plan for Implementation of Conclusions and Recommendations contained in the Information on the Human Resources, 2006;
- National System of Coordination of Training of Civil Servants, 2008;
- National strategy for E-Government, 2010-2012;
- National Strategy for Information society (NSIS, 2005);
- National strategy for electronic communications with information technologies (NSECIT, 2007);
- Annual Program for work of SAI 2011;
- Fiscal Strategy for 2010-2012.

ANNEX V - Details per EU funded contract:

Management and contracting arrangements
Steering committee will be established to oversee the overall implementation of the individual contracts/projects.

Under DIS, the Central Financing and Contracting Department will be the Contracting Authority. Therefore, besides the responsibilities of CFCD in launching tenders, organising evaluations, preparing/signing contracts, accounting and executing payments, CFCD also supports PAO in performing its supervisory role over the IPA structures in the Ministry of Information Society and Administration.

The IPA Structure in the Ministry of Information Society and Administration through its Senior Programme Officer as part of the Operating Structure has tasks mainly related to technical implementation and monitoring of contracts, as defined in Article 6 of the Operational Agreement signed between PAO and the SPO. Furthermore, the SPO has to ensure that the Consultant is provided with all necessary information needed for implementation of the current project. The SPO shall also participate in monthly management meetings.

From the State Administrative Inspectorate which is an organ within the Ministry of Information Society and Administration and final beneficiary of the project, Project coordinator (the director of the SAI) to be appointed by the Minister will be responsible to ensure the necessary support to SPO and IPA structure in the MISA in all phases of technical implementation, monitoring and reporting on the progress of the project. If necessary, he/she may establish project team for performing these activities. An Agreement between the SPO and the Project coordinator will be concluded for regulating the rights and responsibilities in order to ensure smooth implementation of the project.

The co-ordination of the activities foreseen to be carried out under the different components is of key importance. Therefore, the management structure will be established so as to oversee the overall implementation of the project and to ensure appropriate coordination between the different activities supported by the project. This will be further developed when drafting the Terms of Reference.

For the Twinning, the Project Steering Committee (SC) will be established, responsible for reviewing the project progress and advising on the possible measures to be taken in order to ensure that results will be attained. The SC will meet once every three months and will include the Member State (MS) and Beneficiary Country (BC) Project Leaders, Resident Twinning Adviser (RTA) and RTA counterpart, representatives from the different departments within the MoF. The details of the MS and BC project leaders will be deterimend in the process of drafting the Twinning Fiche.

The expected contracting arrangements through this project are:

- 1 service contract to cover the technical assistance within the two sub-components of the project Component 1, dealing with the MISA and SAI. The contract will be with duration of around 24 months. Implementation of the technical assistance project is to start one month after the contract is signed, which is planned for Q2 2013. The total amount of this contract is 2.200.000 out of which 1.980.000 EUR IPA funds and 220.000 EUR national co-financing;

- 1 Twinning arrangement for building up the capacity within the department dealing with central government budget and local government budgets, and strengthening medium term policy making capacity. The implementation of the Twinning is expected to be 24 months. The contract value will be approx. 1.100.000 EUR, out of which IPA contribution will amount to 1.045.000 EUR, while national contribution will amount to 55.000 EUR. Contract signature is foreseen for Q1 2013;
- 1 supply contract, with different lots will be developed for the supply of equipment and provision of the individual E-applications specified in this project fiche, following the development of different technical specifications for upgrading the existing E-Budget application, E-Inspectorates, E-Assignment and E-Government. The technical specifications can be developed either by the Technical Assistance/Twinning project, or in case there are existing capacities, by the relevant national authorities. The total value of this contract will be EUR 1.000.000, where IPA will provide EUR 750.000 and EUR 250.000 will be the national co-financing. The value of the individual Lot's will be determined in the process of defining the technical specifications. Nevertheless, the purchase of equipment should focus, but not limited to: servers, storage area network, backup device, communication equipment (switches, routers), licenses for operation systems, database and related application software, related trainings, etc. The contract has an expected duration of 10-12 months for delivery, installation and training and 12 months warranty period, hence overall duration of 22-24 months. Contract signature is foreseen for Q1 2014.

A framework contract can be concluded for preparation of tender dossiers for the supply contract. This contract is planned to be provided from the budget of PPF.