

2013 Annual Programme

Support to Public Administration Reform: 01 – 2013 / 01

1 IDENTIFICATION

Project Title	Support to Public Administration Reform
CRIS Decision number	2013/ 024-216
Project No.	01
MIPD Sector Code	1. Public Administration Reform
ELARG Statistical code	01.34
DAC Sector code	15111
Total cost (VAT excluded)¹	€5.0 million
EU contribution	€3.5 million
Management mode	Centralised
EU Delegation in charge	European Union Office in Kosovo*
Implementation management	European Union Office in Kosovo
Implementing modality	3 Service contracts
Project implementation type	C01
Zone benefiting from the action(s)	Kosovo

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.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

For Kosovo, as for other enlargement candidates and potential candidates, the European perspective represents an additional driving force of reforms, requiring fundamental adjustments to the European governance principles and standards, as well as the strengthening of administrative capacities for the successful implementation of the necessary reforms within a short period of time. Public Administration Reform (PAR) constitutes one of the key challenges that Kosovo will face in the coming years and it has become one of the top priorities of the government of Kosovo and one of the top European Partnership priorities. Thus, the government of Kosovo (GoK) has recently approved the action plan on PAR (as part of PAR strategy implementation) and organized donor coordination meetings to seek donor support for specific objectives of the action plan.

The first objective of this action plan is related to the reforms and capacity building of the institutions dealing with the strategic planning and EU policies. To reach this objective, an integrated approach to PAR is crucial. This approach will address weaknesses at the overall planning level and prepare Kosovo institutions for better streamlining of policy-making processes, which in turn will allow the government to allocate the available resources to better develop and analyse priorities.

Currently, Kosovo's public administration is characterised by disconnected planning and policy-making at government and ministerial levels. Plans are often developed in ad hoc manner responding to the momentum and/or requirements expressed mainly by the international community. Moreover, the number of Ministries has increased, with new Ministries formed also through mergers. As a result, there has been little or no coherence between long-term and medium-term goals, especially between important strategies such as European agenda and economic development strategy. The problem is aggravated by the lack of framework to incorporate these various policy agendas such as European integration and economic development with the budget and MTEF. In addition the planning and policies are not linked to a macroeconomic or economic development strategy.

Policy coordination mechanisms and ownership on the side of the government have recently been improved through various measures: the establishment of the SPO, the inclusion of the provisions related to strategic planning in the new Government Rules of Procedures 2011, the current assessment of the sectoral strategies proceeded to the government by the SPO, establishment of Departments for EU Integration and policy coordination in line ministries, the clarification of procedures and standards for the development of strategies and policies. The Plan for the implementation of Economic Vision 2011-2014 has established a good basis for the development of a medium-term comprehensive planning. Several ministries already have or are in the process drafting sectoral strategies (Ministry of Education, Transport, Trade etc).

This project will support the central government institutions of Kosovo in strengthening strategic planning and policy coordination through the development of an Integrated Planning System (IPS). The goal of the project is to advance institutional and human analytical capacities as well as to create an environment where strategic planning documents will be the main

instrument for prioritisation, policy and budget planning in the government. The project will be focused on supporting a set of operating principles to ensure that government policy planning and monitoring as a whole takes place in as efficient and harmonized way. It will support in advancing the institutional mechanisms, procedures and other necessary conditions for a better and coherent coordination at the centre of the government and line ministries on strategic and policy planning. The project will also support the government to develop standardized mechanisms for monitoring and evaluation of foreseen strategic objectives. The actions will be built upon the interventions already implemented by other organizations.

The second part of the project will address the weaknesses of the Ministry of Public Administration's training coordination and implementing bodies – the Department of Civil Service Administration (DCSA) and the Kosovo Institute for Public Administration (KIPA) – by providing a strategic approach which consists of provision of an adequate physical training infrastructure which will both help to increase the efficiency and effectiveness of public administration at central and municipal level. Access to such facilities is crucial not only for the proper implementation of the IPS, but for advancing the overall PAR at the central and municipal level. KIPA needs access to training facilities as it will be the main institution to implement capacity building and training programs for IPS implementation. The involvement of KIPA will ensure sustainability of the project and ensure that knowledge continues to be transferred after the end of the project. This component will build upon work of the TAIEX experts that have been supporting KIPA with expertise on various topics.

The capacities to manage EU funds according to the IPA Regulation require a specific institutional setup and improved knowledge and capacities of the civil servants involved in the management of EU-funded projects. Kosovo's progress in the European integration process will require increased ownership of institutions in all phases of the management of IPA funds. The IPA Regulation foresees preparation for the decentralisation of assistance management in potential candidate countries, in order to increase ownership and build capacities for managing EU funds under the Decentralised Implementation System (DIS). The objective of decentralising management in the context of the pre-accession strategy is to improve ownership and to enable candidate countries and potential candidates to implement EU funds themselves and to demonstrate their ability to assume the responsibilities of membership in this respect.

Under DIS, the responsibility for programme preparation and implementation lies primarily with the beneficiary institutions. Training of respective civil servants in the relevant institutions needs to take place to be able to increase absorption capacities. The project will assist the Kosovo government in preparing the legislative and organisational set up necessary to effectively manage IPA funds according to the IPA regulations. This will include setting up of authorities, structures and management systems in accordance with the new IPA Regulation (IPA II). Enhanced capacities for managing EU assistance will result in a greater qualitative impact of such assistance to Kosovo's challenges in its way to EU integration.

The setting up of institutional structures to manage IPA funds is a demanding exercise. Transfer of know-how and best practices of other countries, especially the new member states, is needed. This project will be the first in a series of interventions that can lead to eventual DIS accreditation for Kosovo. As experience in the 12 new EU member states has shown, this requires specialised technical expertise rather than past experience of other enlargement countries. Therefore, this project will be implemented by means of a technical

assistance contract. Once the institutions are set up, the next phase of assistance will focus on supporting them in undertaking their responsibilities, providing training, daily assistance on the job etc. In this second phase, a Twinning will become very useful, as this will be the time to bring experience from counterparts/equivalent institutions from EU member states.

2.2 LINK WITH MIPD AND SECTOR STRATEGIES

In the MIPD 2011-2013 for Kosovo, the third priority sector for IPA support is Public Administration Reform with the objective “to support Kosovo in ensuring the delivery of public services to all people and establishing a professional, accountable, accessible, representative public administration free from political interference, in particular by supporting Kosovo’s updated strategy for Public Administration Reform and Action Plan”². The MIPD 2011-2103 also points to the need to further improve the quality of existing strategies and their linkage to the MTEF, setting in place a functioning system for monitoring the implementation of government strategies, improve prioritisation also with a view of allocating foreign assistance.³

The government of Kosovo has placed the reform of public administration among its key priorities. The MTEF reaffirms the government’s strategic objective to create an effective administration and that public administration reform is a continuous commitment of the government of Kosovo. “Providing physical infrastructure necessary for efficient functioning of institutions, accommodation and permanent standard of governmental administration, building a complex of government buildings”⁴ is one of the priority objectives stated in the document. The government’s Public Administration Reform Strategy 2010-2013 also stresses the “effectiveness in the delivery of administrative services” as one of its main goals, as well as the “strengthening and advancement of the process for training in public administration”⁵.

In this respect, the government adopted the PAR Strategy and Action Plan, which particularly provides for setting up a system for strategic planning and policy coordination, including also capacity building in development of policies in line Ministries.⁶ Moreover, the government Programme and the MTEF, stresses the need to improve policy management through further developing capacities in policy coordination and management, as well as coordination of main planning processes, including prioritisation, budgeting as well as increasing policy-making and coordination capacities at the level of line ministries.⁷ Currently the government has developed the Plan for implementation of the medium term Economic Vision for Kosovo 2011-2014 which is based on the government’s Programme 2011-2014. The support aims to continue the progress that has been achieved so far and complement previous and current donor support in the related subject matter.

2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT

² MIPD 2011-2013, p. 11.

³ MIPD 2011-2013, p. 6.

⁴ MTEF 2012-2014, p. 115.

⁵ PAR Strategy 2010-2013, p. 16.

⁶ Public Administration Reform Strategy 2010-2013, Objective 1, p. 7.

⁷ MTEF 2012-2014, Government Programme 2011 – 2014 .

The project is linked to the Enlargement Strategy and Main Challenges 2011-2012, by addressing one of key priorities identified: “Public administration reform, aiming at enhancing transparency, accountability and effectiveness, essential for democracy and the rule of law, continues to be a key priority under the political criteria in most enlargement countries. Adequate administrative procedures, including with respect to human resource and public financial management, are crucial for the implementation of the acquis. Countries need to increase their efforts to improve their public administrations on the basis of overall national strategies.” In the Conclusions and Recommendations, the Commission reemphasizes that “major challenges remain concerning organised crime and corruption, as well as the strengthening of public administration.”

In particular, the 2011 Progress Report for Kosovo underlines that ‘designing and implementing a coherent and credible economic strategy, linking policy priorities, structural reforms and public expenditure, remain a major challenge’⁸. A more coherent and coordinated planning process as well as integration of government planning documents (EPAP, Annual Government Work Plan) has been recommended by the SIGMA annual assessments and DFID reviews particularly the Review on Policy Coordination system, the review of EU integration system, and the vertical review of the Prime Minister’s Office. The 2011 SIGMA Assessment for Kosovo reiterates that Kosovo’s government structures need to implement the new integrated planning arrangements with a view to strengthening substantive coordination of government policies⁹. This issue has also been highlighted in Kosovo’s Public Expenditure and Financial Accountability (PEFA) report of May 2009.

The second activity on KIPA is a response to the EU Progress Report 2011 for Kosovo, which recognises that the skills of the civil service need to be significantly improved and that the capacity of institutions in charge of public administration need to be strengthened, and notes that “the administrative and financial capacity and the coordinating function of the Institute [KIPA] remain weak. This affects its capability to provide a more rational strategic approach to capacity-building for civil servants”¹⁰. The project will also help to fulfil, on a sustainable and medium-term basis, the priorities of the EPAP 2012 in terms of improving human resource management and increased capacity building, specifically by “providing training for public administration based on the highest standards of quality”¹¹. The project will help Kosovo to fulfil its short and medium-term priorities under the European Partnership – 2008, in the area of Political criteria - Public administration priorities as well as European standards.

The increase of public administration capacities to manage EU assistance according to EU regulations is in line with Kosovo’s commitment and EU recommendations. In March, the government adopted a regulation establishing and strengthening the role of the European integration departments within the ministries. The Ministry of European Integration, and in particular civil servants dealing with European integration matters in all line ministries, significantly increased their activities and responsibilities. Actually they are performing policy coordination and external assistance coordination functions. While the Ministry of European Integration has increased activities with all stakeholders, ensuring a better flow of

⁸ EU Progress Report for Kosovo 2011, p. 24.

⁹ Support for Improvement in Governance and Management/Assessment Kosovo, 2011, p. 28.

¹⁰ EU Progress Report for Kosovo 2011, p. 9.

¹¹ EPAP 2012, action 19.7, p. 39.

information and coordination; the Progress Report 2011 notes that “the overall inter-institutional architecture governing the European integration process needs to be further strengthened and to be synchronised and managed more effectively.”

2.4 PROBLEM ANALYSIS

Activity 1 - Support to Kosovo’s policy and strategic planning

Kosovo's government has a weak planning system and insufficient coordination between different stakeholders. Due to the approach of developing policies in isolation from one another, the office of the Prime Minister and line ministries face challenges in ensuring coherent strategic direction. The progress of core planning components including strategic and policy planning, budget planning, coordination of EU integration in Kosovo government have followed different dynamics and asymmetric progress. They were mostly developed separately from each other. In short, development efforts are hampered due to the lack of integration of planning, policies and budgets.

This is especially important as Kosovo is in a phase of drafting and approving legislation that does not have an immediate effect (within the current budget year), but medium or longer-term impact. To implement policy decisions that set out a medium to longer-term path for changes in a particular sector or sector program involves a multi-year process requiring strong political guidance and support. Aiming to address the above and to ensure an overall coordination between these institutions at the central level, the government decided in 2010 to establish a Strategic Planning Office (SPO) within the Office of the Prime Minister and which now is operational. The mandate of SPO is to provide a stronger strategic framework for the government work, advice on identification of priorities and ensure harmonisation between planning documents such as: the EPAP, the MTEF and government annual work plan and other strategic and planning documents. Overall, the SPO is mandated to ensure the compliance of sectoral policies with strategic priorities of the government of Kosovo and advice, as well as represent, the government in the main planning processes, including budget planning.

Although most planning documents and institutions are in place, a coherent planning system is still to be established. While many planning documents do exist, they are only partially coherent and in some cases not synchronized. This results in a situation where the prioritisation of government policies and planning of financial resources are rarely based on existing sector and policy strategies. Consequently, important development plans, strategies and laws may remain unimplemented, and budgetary decisions may not match political priorities or strategic ones.

A short-term planning perspective does exist, but is inefficiently divided between the ministries’ annual work plans and their budgetary plans. A medium-term planning perspective exists in the form of sparse sectoral strategies that appear to be very diverse and often stand separately from other policy or institutional planning documents. Both medium and short-term planning documents tend to identify measures without prior assessment of the available budget and the institution’s capacity to perform the relevant tasks. Both medium and short-term planning processes are poorly institutionalized, resulting in unclear ownership of the plans within the institutions, which in turn impacts on monitoring and implementation. The capacity to review policies before submitting them to the government, and the capacity to prepare

policies as well draft legislation, is constrained by limited human resources across all ministries.

Donor assistance to date has been focused on individual institutions and specific aspects of planning. Projects tend to focus on the importance of working closely together to maximize the benefits to be gained from existing structures and processes. However, further support is needed in order to establish a more comprehensive, coordinated and sustainable strategic planning and policy coordination system. One of the shortcomings of previous assistance projects and the most important innovation of this project is the linkage between policy-making and budgetary process and the identification of the SPO as the body in charge of IPS implementation as per the action plan on PAR.

In this regard, the first activity will build upon the recommendations of the previous interventions and provide further support to SPO and other identified stakeholders to be able to establish a coherent and coordinated strategic planning system at central government level. Such a system will improve and strengthen the currently developed mechanisms and contribute to building a coherent strategic planning at the central level of the government and line ministries. Most importantly, this system will provide the linkage of these policies with the budget resources. The MoF will be one of the main stakeholders, together with the SPO, in the harmonisation of the budget planning with the priorities and strategic objectives the review of the impact assessment for implementation of planning documents. The main long term aim of this component is to reach an integrated planning system (IPS) in which the multi-year fiscal impact is assessed at the time when a policy is approved by government and revisited again as it progresses through the legal approval and implementation stages. Capacity-building for the implementation of an integrated planning system will be part of the future KIPA training programme.

Activity 2 - Support to Kosovo Institute for Public Administration

As described in the annual progress reports and summarised above, the skills of Kosovo's civil service need to be significantly improved and the capacity of institutions in charge of public administration thoroughly strengthened. The second activity of this project will address the identified shortcomings by expanding the capacities of the Kosovo Institute for Public Administration and establishing a Training Centre which will allow for the implementation of trainings in quality management, ToT programs at central and municipal level, and other training courses in a proper learning environment.

In its previous location, a “society-owned company” facility, KIPA had excellent training facilities, meeting room, and a good library. Under the privatization process, the Ombudsman Office, Central Election Commission and KIPA were forced to relocate due to the high rent demanded by the new owner. The status of the building where KIPA is currently based, ex-Germia, is unclear, besides not offering enough facilities that KIPA may use for training. Relocation to another society owned building is risky, a renting option of an adequate facility is very expensive, and current government-owned buildings have not been designed to accommodate a training centre. While the lack of adequate training facilities has only some impact on the training quality, it strongly affects quantity. Given the importance of the PAR agenda for the government, there is an overall realization that KIPA needs to have initially proper facilities to be in a position to deliver trainings as part of the reform agenda. Therefore, the government will commit co-funding for a new KIPA building. The EU contribution will

cover the environmental impact assessment of the location and the design development for the training facility.

The project will facilitate training coordination by enabling KIPA to become the central training institution for capacity-building for public administration, with the additional goal of attracting training events conducted by third parties.

Activity 3 – Preparations for DIS

At present, IPA in Kosovo is implemented via a Centralised Implementing System (CIS). As Kosovo and the European Commission aim to increase the responsibilities of Kosovo's public administration at central and municipal level in donor coordination, in analyzing and identifying challenges of integration process, policy coordination and strategic planning, there is a need for continuous capacity building in the field of management of EU funds according to EU standards and regulations.

The project will prepare Kosovo to start implementing a "Roadmap to DIS for IPA" – a process intended to eventually lead to the introduction of a Decentralised Implementation System (DIS). Under DIS, the responsibility for programme preparation and implementation lies primarily with the institutions of the beneficiary (country). The project will assist the Kosovo government in preparing the legislative and organisational set up necessary to effectively manage IPA funds according to the IPA regulations. More specifically, it will assist the Kosovo government to prepare the policy, institutional and legal framework needed to enter what is called "Stage 0" of the roadmap. That is, establish DIS structures and take gradually responsibility of EU aid management. It will also design a concrete timeline for the implementation of all stages of the "Roadmap to DIS" in Kosovo. It will finally serve as a preparatory phase for future interventions/assistance that will support Kosovo throughout the implementation of the roadmap.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

Activity 1

The project on IPS will support the Kosovo institutions in the implementation of the main findings of the functional review of the government structures and functions (DFID-FRIDOM). The project will particularly support the implementation of recommendations resulting from the Horizontal Review of Policy Coordination system, Review of Donor Coordination, Review of EU integration, Review of Public Finance management Review of Human resource management. The project will also build on the support that has been provided by the DFID project to the Office of the Prime Minister between 2003 and 2012.

The activities of the project will be closely coordinated with the IPA 2011 Twinning for MEI as well as the Aid Management Platform, also programmed under IPA 2011. Another project which will be closely coordinated with this project is the GIZ project 'Support to European integration process in Kosovo'. The GIZ project is mainly focused on supporting the set-up of the necessary structures and developing a strategic framework for EU integration. On the link between strategic priorities and budget planning, the project will build on the current support provided by the EC to the Ministry of Finance (Support to Public Investment Project) and the DFID project to support the PEFA and budget planning.

Activity 2

In 2012, KIPA is receiving support from GIZ and OSCE. The former is supporting KIPA to become a “focal point” for the Common Assessment Framework (CAF) network for Kosovo’s public administration. It trains KIPA staff in order for the institution to serve as “multiplier”, i.e. KIPA will be in a position to train other institutions in the use of CAF as a quality management tool starting end-2013. The cooperation with the OSCE in 2012 consists of ToT, including the development of new curricula and modules in the field of administrative justice at the municipal level, while GIZ supports KIPA in administrative justice training at the central level. KIPA is expected to continue these trainings, together with other training activities, in 2014 and beyond, for which an adequate training facility will be required. KIPA will also seek the support of TAIEX through mid-term experts as part of a capacity building program for KIPA to become the leading institution in delivering trainings for Kosovo’s public administration.

KIPA has responded to some issues raised by the EC and donors regarding its administrative capacities and coordination function by employing a local short-term expert from CDF and a foreign long-term expert from CIM who both support capacity building activities in KIPA and to some extent in DCSA. Whilst their work is continuing successfully, both CDF and CIM can only provide expertise, but not any project funding to carry out ToT, capacity assessments, and quality management trainings on a sustainable basis.

Activity 3

Staff dealing with IPA in MEI and line ministries has in the past received assistance in the field of Project Cycle Management (PCM). Assistance was mainly oriented to programming (preparation of project fiches for IPA component I and II). The project will build upon previous results and continue with capacity building according to new regulations and challenges.

Previous and current assistance in the area of public financial management and audit includes the following projects:

(i) Support to the process of the Public Administration Reform by improving Public Finance Management and Accountability in Kosovo

The purpose of this project, which will commence in the 4th quarter of 2012, is to support the operation of the financial and management control framework and internal audit systems including the creation of greater awareness and competence amongst senior managers and decision makers in public institutions of the new financial and management control framework.

(ii) EU support to improving public management, control and accountability in Kosovo

This project, which ended in September 2011 focused on creating a stronger governance framework in Kosovo and supporting the operation of the financial management and control systems and internal audit systems, by providing support to the Central Harmonisation Unit for FMC in the Treasury and the Central Harmonisation Unit for Internal Audit (CHU/IA) in the Ministry of Finance.

(iii) Improving the quality of public investments in Kosovo and preparing the grounds for EU funds

This project, running till September 2012, was a PFM reform program to integrate planning and budgeting systems with a focus on capital budgeting; introduce modern costing, project planning and management techniques in core ministries and municipalities and improve the link of planning and budgeting with the sectoral and overall policy process.

(iv) Support to the Office of the Auditor General of Kosovo to meet EU standards.

This was a twinning project implemented by the Supreme Audit Institutions of UK and Slovenia during the period August 2009-November 2011. Its purpose was to strengthen the capacity of the Office of the Auditor General by developing its ability to carry out audits to EU and international standards.

v) EC Further support to the Office of the Auditor General of Kosovo to reach EU good practice standards.

This twinning project which is expected to be awarded during 2012 will support the Office of the Auditor General to continue building up a fully functional Kosovo Audit Office and further develop its capacities for sustainable delivery of its mission's objectives.

(vi) UK DFID project support for developing strategic planning

This initiative has been led by the Office of the Prime Minister, and has had implications for implementing strategic planning in budget organisations under FMC as well as for continuing the induction training for elected officials and senior civil servants.

(vii) World Bank Public Sector Modernisation Project

This planned project will deploy part-time advisors to provide advice on improving public financial management performance in budget planning, preparation, execution, management, and monitoring. The activities will be concentrated in the Budget and Finance Departments of five major budget organizations: Ministries of Education, Health, Agriculture, Justice, and the Judicial Council.

2.6 LESSONS LEARNED

- A key problem with other projects that supported strategic planning was the lack of a clear beneficiary responsible for the coordination of the core planning processes. An example is the past EC project on Support to the Kosovo Development Strategy and Plan (KDSP). The KDSP developed during 2006 was supported by a number of donors (EC, SIDA, DFID etc). Though there was a wide consultation process with government, civil society and business stakeholders, the process was entirely run by donor supported

staff. Structures for strategic planning either on central or ministerial level did not exist at that time. The lack of a mandated beneficiary to manage strategic planning and the lack of capacities to manage the implementation of such a medium-term comprehensive planning document affected the success of the project. Another reason why the KDSP did not succeed was the focus of the Kosovo government on the status process and the declaration of independence.

- The IPA project on improving the quality of public investments in Kosovo and preparing the ground for EU funds focused on two pilot ministries and selected municipalities. However, budget implementation and the use of PIP System and BDMS have to be enforced in all local budget organizations. The preparation for future elaboration and implementation of Economic and Fiscal Programmes will also help in that direction. The overall strategic and policy development framework is in place, however further support is needed.
- Previous experience in programming of EU assistance indicates that there is a need for strong commitment of beneficiaries and an increased coordinating role and ownership from the Kosovo institutions itself. Coherence between this and other projects should be ensured in the framework of the overall Public Administration Reform.
- Knowledge gained by civil servants should be further dispersed to other colleagues. This requires keeping trained staff (certified trainers), institutional memory and procedures.
- Kosovo can also learn from other countries that have implemented an IPS before (i.e. Albania and Lithuania) with whom contacts have been established as part of assessing the feasibility of the implementation of the IPS system in Kosovo.
- Decentralising aid management is a highly complex process that requires full commitment by the beneficiary administration. Past experience in other countries in the region has shown that the decentralisation of management of assistance must be well prepared. This is a long and difficult process which needs planning and preparation and exchange of experiences with other countries that have implemented the system before. For this reason, this project will need to be followed by subsequent projects that will continue supporting Kosovo on its way throughout the roadmap that this project will design.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

- To establish a system for effective medium-term planning, strategic decision-making and policy coordination that integrates the European integration agenda into Kosovo's overall development agenda and ensures better linkage between development policies and budget resources;
- To increase the efficiency and effectiveness of the public administration at both central and municipal level to deliver efficient services to all citizens in Kosovo;

- To prepare Kosovo authorities for managing EU financial assistance by putting in place efficient structures and strengthening the administrative capacities to cope with the requirements for management of EU funds under the IPA regulation.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

- To strengthen the strategic planning and policy coordination system and related processes in the central government institutions and line ministries.
- To strengthen the capacities of KIPA to effectively implement trainings for Kosovo civil servants.
- To support Kosovo institutions in preparing the establishment of DIS structures.

3.3 RESULTS

Activity 1 - Support to Kosovo's policy and strategic planning

- 1.1 An improved and further integrated strategic planning system is in place and it provides for a framework to create coherent links between Kosovo policy priorities with domestic and external funding.
- 1.2 A system for providing an overview of strategic priorities, links with the budgets and their implementation is developed.
- 1.3 A functioning monitoring and evaluation system for the implementation of government policies is developed.
- 1.4 Capacities of the staff involved in implementation of IPS are increased.

Activity 2 - Support to Kosovo Institute for Public Administration

- 2.1 Improved coordination between KIPA, DCSA, line institutions and donor community in carrying out training programs.
- 2.2 A detailed report and technical specifications for the construction of the training facility have been drafted.
- 2.3 The training facility has been constructed.

Activity 3 – Preparations for DIS

- 3.1. An overall assessment of the current institutional and legal environment and capacities to take over responsibilities arising from DIS has been carried out. The necessary structures and legal as administrative requirements have been identified, and concrete recommendations have been drafted.
- 3.2. A legal, institutional and policy framework for DIS – Stage 0: roadmap with action plan, capacity building action plan has been drafted, including benchmarks and time limits to achieve decentralisation; functional reporting system built to monitor the action plan.

3.4 MAIN ACTIVITIES

Activity 1 - Support to Kosovo's policy and strategic planning

1. Evaluate the current institutional setup and propose measures needed to ensure proper functioning of the IPS.
2. Review the procedural setup for the coordination of the strategic planning at the centre of the government and line ministries and propose measures needed to ensure proper functioning of the IPS.
3. Assist in establishing and institutionalising IPS structures and processes for long-term use.
4. Develop technical specifications for an IT system that supports the implementation of IPS 5. Review and advance the institutional set up for monitoring and evaluation of implementation of government wide and sectoral strategic priorities in the government of Kosovo.
5. Review and improve procedures and guidelines on monitoring and evaluation of implementation of government wide and sectoral strategic priorities in the government of Kosovo.
6. Develop and integrate IT functions for monitoring and evaluating policy implementation of government-wide and sectoral strategic priorities.
7. Prepare and deliver a training programme for the staff of OPM, MoF and MEI and line ministries involved in the implementation of the integrated strategic planning system.
8. Prepare and deliver a training programme on performance management, including management into medium term and annual budgeting process.
9. Introduce training curricula at KIPA for future training in support of implementation of the integrated planning system.

Activity 2 - Support to Kosovo Institute for Public Administration

1. Environmental impact assessment of the location.
2. Design development of the training facility.

Activities financed by the government of Kosovo:

3. Construction of the training facility.
4. Purchase furniture and IT equipment.

Activity 3 – Preparations for DIS

1. Review the current state of affairs (legal and administrative) in the institutions that will be potentially involved in the management of IPA funds.
2. Based on the review undertaken, make concrete proposals for necessary reforms, institutional, structural and organisational setup, organigrammes, rules of procedures, guidelines, manuals, job descriptions etc.

3. Draft an Action Plan for the implementation of the "Roadmap to DIS": design a functional reporting system which will monitor progress in the implementation of the action plan, including establishment of benchmarks and in house programming and evaluation capacity and methodology.

4. Support Kosovo to complete stage 0 of the roadmap, that is, to establish the general framework under which the management and control systems will work under IPA.

5. Based on activity 1, carry out training needs assessment for future DIS institutions in Kosovo and design and propose a capacity building action plan.

3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)

The project will have a wide range of target groups that are active in the public administration reform. By further strengthening the capacities of the civil servants as well as KIPA as the main training provider, the project will increase the quality of overall government services at all levels.

The project will help establishing new structures in Kosovo which will ensure sound management of EU funds. It will establish the initial capacities needed for full responsibility of EU aid management. Increased legal, institutional and policy capacities will result in better identification and addressing of Kosovo needs for support in reaching EU requirements. The project will serve as a good base for future IPA projects which will assist the Kosovo administration in reaching the standards requested for accreditation to operate under DIS management.

3.6 SUSTAINABILITY

For all projects, it can be observed that sustainable results can only be achieved if there are fewer turnovers of the trained staff in the government institutions.

Within the public administration reform new legislation on civil service and salaries of civil servants has been adopted, which contribute to creating a more professional and stable civil service and aim to decrease staff turnover. Furthermore, the introduced system of general secretaries may also help to increase and depoliticise management capacity.

The build-up of local expertise through ToT combined with up-to-date capacity building modules (with a normal "life-span" of 3-7 years), and a working training coordination mechanism will not only ensure the sustainability of the objectives of this project, but should also result in a decreasing need for external assistance, specifically by KIPA and the DCSA.

Activity 3 will support Kosovo in the preparation for commencing the DIS accreditation procedure and completing stage 0 of the roadmap. It will need to be followed by successive projects which will build on its outcome and output and further support Kosovo in the consequent stages of the roadmap. The project will prepare a roadmap and a relevant action plan, with indicative benchmarks and agreed time limits to achieve decentralisation. This roadmap should be used to monitor and report on progress towards decentralisation during project implementation and after project completion.

3.7 ASSUMPTIONS AND PRE-CONDITIONS¹²

- Beneficiaries are capable and ready to accept assistance and develop further their internal capacities.
- Donor community interested in streamlining resources and capacities with project activities Available resources from previous projects.
- Continuous government commitment to the European integration process, overall planning including budget planning.
- Sufficient resources (human and material) allocated by the beneficiary institutions to achieve project outputs.
- Effective communication and active participation of all stakeholders.
- Sufficient interest in the municipalities and at the central level of government.
- Existing interest by other policy-making governmental bodies.
- Donor training coordination framework is fully developed.
- The Kosovo Ministry of Finance approves the amendment to its structure and budget to accommodate the new CFCU.
- The MoF and line Ministries appoint PAOs and CFCU staff and SPOs.
- Premises provided for the new institutions/entities.

4 IMPLEMENTATION ISSUES

Activity 1:

1 service contract of €2.2 million.

Activity 2:

1 service contract of €0.3 million.

Parallel co-financing of the government of Kosovo will cover 1 works contract of € 1.5 million.

Activity 3:

1 service contract of €1.0 million.

¹² Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

4.1 INDICATIVE BUDGET

Indicative Project budget (amounts in EUR)

<i>PROJECT TITLE</i>			SOURCES OF FUNDING									
			TOTAL EXPENDITURE	IPA CONTRIBUTION		BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1 - Policy and strategic planning			2.2	2.2	100							
contract 1.1 (services)			2.2	2.2	100							
Activity 2 – Support to KIPA			1.8	0.3	17	1.5	83	1.5				
contract 2.1 (services)			0.3	0.3	100							
parallel co-financing			1.5			1.5	100	1.5				
Activity 3 – Preparations for DIS			1.0	1.0	100							
Contract 3.1 (services)			1.0	1.0	100							
TOTAL IB			3.5	3.5	100							
TOTAL INV			1.5			1.5	100	1.5				
TOTAL PROJECT			5.0	3.5	70	1.5	30	1.5				

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 **Total** Expenditure (column (a))

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contract 1.1 (services)	Q2 2013	Q3 2013	Q4 2015
Contract 2.1 (services)	Q1 2013	Q2 2013	Q3 2013
Contract 3.1 (services)	Q2 2013	Q4 2013	Q4 2015

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non discrimination*

Equal opportunity will be taken into account in the preparation of all tender documents and in the recruitment of personnel through the placement of appropriate wording. The gender issues are not the main objective of the project, as the participation of public all administration will be targeted through the intervention.

4.3.2 *Environment and climate change*

The project is of a purely technical nature of the does not have a direct impact on environment.

However, during implementation of the project production of printed material will be kept to the strictest minimum.

Disaster resilience and risk prevention and management should be integrated in the planning, preparation and implementation of projects.

4.3.3 *Minorities and vulnerable groups*

The public administration consists of members from majority and minority groups. Thus minorities will be part of the targeted group, but not through separate interventions.

Beneficiaries' staff will have to be appropriately sensitised to the principles of fair treatment of minorities in public sector employment policy and practice.

4.3.4 *Civil Society/Stakeholders involvement*

The project addresses mainly governmental planning weaknesses, an area where civil society is not engaged. However civil society involvement will be taken into consideration in all aspects of EU-funded activities in order to support civil society organisations to strengthen their capacities and professionalism, allowing them to engage in an effective dialogue with public and private actors and to monitor developments in the area.

ANNEXES

- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Reference list of relevant laws and regulations only where relevant**
- 4. Details per EU funded contract(*) where applicable**
- 5. Project visibility activities**

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number:	Support to Public Administration Reform
		Contracting period expires three years after the conclusion of the Financing Agreement.	Execution period expires two years after the final date for contracting.
		Total budget: €5.0 million.	
		IPA budget: €3.5 million.	
Overall objectives	Objectively verifiable indicators (OVI)	Sources of Verification	
<ul style="list-style-type: none"> To establish a system for effective medium-term planning, strategic decision-making and policy coordination that integrates the European integration agenda into Kosovo's overall development agenda and ensures better linkage between development policies and budget resources. To increase the efficiency and effectiveness of the public administration at both central and municipal level to deliver efficient services to all citizens in Kosovo. To prepare Kosovo authorities for managing EU financial assistance by putting in place efficient structures and strengthening the administrative capacities to cope with the requirements for management of EU funds under the IPA regulation. 	<p>Kosovo's development priorities are fully harmonised and integrated with EI agenda.</p> <p>Progress in contractual relationships between Kosovo and the EU.</p>	<p>EU Progress Reports.</p> <p>SAPD conclusions.</p> <p>EU Integration & National Development Plan/Strategy.</p> <p>EC IPA Evaluation reports.</p> <p>European Partnership Action Plan.</p>	
Specific objectives	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<p>Support to Kosovo's policy and strategic planning Strengthened strategic planning and policy coordination system and related processes in the central government institutions and line ministries.</p> <p>Support to Kosovo Institute for Public Administration Strengthened capacities of KIPA to effectively implement trainings for Kosovo civil servants.</p> <p>Support Kosovo institutions in preparing the establishment of DIS structures.</p>	<p>Legislative and policy decisions based on policy analysis.</p> <p>Decision-makers better informed through inputs by coordination units.</p> <p>KIPA is the main institution which organises and delivers trainings for civil servants.</p> <p>Trainings organised by KIPA are fully harmonised with training</p>	<p>EU Progress Reports</p> <p>SAPD conclusions.</p> <p>EC IPA Evaluation reports.</p> <p>Government strategy papers and policy documents.</p> <p>Training database.</p>	<p>Political commitment to use integrated planning system as a tool for reforming Kosovo public administration.</p> <p>Improved communication and exchanges of information between and within government bodies.</p> <p>Commitment of the Kosovo government to reform the public administration.</p>

	needs by Kosovo institutions		
Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<p>Activity 1 - Support to Kosovo's policy and strategic planning</p> <p>1.1 An improved and further integrated strategic planning system is in place and it provides for a framework to create coherent links between Kosovo policy priorities with domestic and external funding.</p> <p>1.2 A system of providing an overview of strategic priorities, links with the budgets and their implementation is developed.</p> <p>1.3 A functioning monitoring and evaluation system for implementation of government policies is developed.</p> <p>1.4 Capacities of the staff involved in implementation of IPS increased.</p> <p>Activity 2 - Support to Kosovo Institute for Public Administration</p> <p>2.1. Improved coordination between KIPA, DCSA, line institutions and donor community in carrying out training programs.</p> <p>2.2 Preparation of detailed report and technical specifications for construction of the training facility.</p> <p>2.3 Construction of the training facility.</p> <p>Activity 3 – Preparations for DIS</p> <p>3.1. An overall assessment of the current institutional and legal environment and capacities to take over responsibilities arising from DIS has been carried out. The necessary structures and legal as administrative requirements have been identified, and concrete recommendations have been drafted.</p> <p>3.2. A legal, institutional and policy framework for DIS – Stage 0: roadmap with action plan, capacity building action plan has been drafted, including benchmarks and time limits to achieve decentralisation; functional reporting system built to monitor the action plan.</p>	<p>Inter-institutional structures in support to IPS in place and fully functional.</p> <p>Government policies and strategic documents are harmonised.</p> <p>Policies are monitored and evaluated on regular basis.</p> <p>Introduction of new training modules.</p> <p>Transfer of knowledge is ensured</p> <p>Local trainers are used to deliver trainings.</p> <p>Annual training plans are updated and improved.</p> <p>Coordination mechanisms between KIPA, DCSA, line institutions and donor community established.</p> <p>A new building is constructed and used by KIPA.</p>	<p>SAPD conclusions.</p> <p>EC IPA Evaluation reports.</p> <p>Integrated Planning Steering Group decisions, proposals and reports.</p> <p>EPAP Monitoring and Reporting System reports.</p> <p>Training modules.</p> <p>Training evaluation reports.</p> <p>Job performance evaluations.</p> <p>Annual training plans.</p> <p>Intergovernmental structures reports.</p> <p>Project reports.</p>	<p>Effective communication and active participation of all stakeholders in setting up the system.</p> <p>Political commitment to make the IPS as the only planning tool within GOK.</p> <p>Clear division of responsibilities between different stakeholders.</p> <p>Increased interest of stakeholders to use and advance the integrated planning system.</p> <p>Government of Kosovo reaffirms that KIPA remains the main in-service training institute providing horizontal training to Kosovo civil servants.</p> <p>The construction of an adequate training facility is seen as a top political priority in public administration reform.</p>
Activities to achieve results	Means / contracts	Costs	Assumptions
<p>Activity 1 - Support to Kosovo's policy and strategic planning</p> <p>1. Evaluate the current institutional setup and propose measures needed to ensure proper functioning of the IPS.</p> <p>2. Review the procedural setup for the coordination of the strategic planning at the centre of the government and line ministries and propose measures needed to ensure proper functioning of the IPS.</p>	<p>One services contract.</p>	<p>€2.2 million.</p>	<p>Beneficiaries are capable and ready to accept assistance and develop further their internal capacities.</p> <p>Donor community interested in streamlining resources and capacities with project activities</p> <p>Available resources from previous projects.</p>

<p>general framework under which the management and control systems will work under IPA.</p> <p>5. Based on activity 1, carry out training needs assessment for future DIS institutions in Kosovo and design and propose a capacity building action plan.</p>			
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ANNEX 2: Description of Institutional Framework

Office of Prime Minister/ Strategic Planning office

The mandate and functions of the OPM are determined under Regulation No. 02/2011 for the areas of administrative responsibility of the Office of the Prime Minister and ministries, Regulation No. 09/2011 on the Work of the government of Kosovo. Government functions of the OPM under these bylaws are divided into two categories. The first category includes basic functions which are explicitly stipulated under Regulation 02/2011, whereas the second category includes other powers and functions which are assigned by the laws or decisions of Prime Minister or the government.

Pursuant to Regulation 12/2011, the mandate of the OPM focuses on the area leading the work in drafting legislation, coordinating the development of government priorities and programs, harmonization of policies with the priorities and strategic planning, policy coordination, organization of government meetings and monitoring the implementation of government decisions, steering and coordinating public relations, and other functions prescribed by legal acts or regulations. The new mandate reflects the typical functions of a prime minister's office and generally coincides with the practices of other nations.

In relation to the strategic planning and policy coordination, the government of Kosovo in November 2009 established a strategic planning Office which is now operational. Strategic Planning Office is responsible for setting the priorities and long term vision and strategic goals, review policy proposals on priority related issues). The office is in charge of counselling the Prime Minister and government on strategic priorities of government policies, coordinates the process of strategic planning and reviews strategic documents, in order to ensure their harmonization with government strategic priorities.

In addition, in March 2011, the government upgraded the Ministerial Offices for European Integration into Departments for European Integration and Policy Coordination (DEIPC), whereby the function of strategic planning and monitoring was added to these mechanisms. The SPO and DEIPCs are responsible to facilitate and coordinate the development of strategic documents at the central and sectorial levels, as well as to develop a monitoring system for their implementation.

Kosovo Institute for Public Administration (KIPA)

Kosovo Institute for Public Administration was established as an executive agency under the Ministry of Public Administration with the Administrative Directive 2003/25, based on the request of the Minister of Public Services and the Prime Minister. KIPA bears legal responsibility for training and professional development of human resources of Kosovo Civil Service (KCS), in order to establish a competitive, effective, and responsible public administration, and in order to support the process of European integration. In order to implement the objectives of training programs, KIPA engages certified experts with established professional theoretical and practical skills, who apply adult learning methods.

KIPA also adjusts its trainings to specific needs of participants who come from different civil service categories. Based on KIPA's role as a coordinating institution of training activities for civil servants, KIPA works closely with central government institutions and potential donors, participates in steering committees, and exchanges information on training programs, in order to avoid any overlapping of trainings to address civil service development needs.

KIPA's goal is to become an institution of international standards in terms of operation, structure, policies, accountability, and capacities to train and develop Kosovo Civil Service.

Ministry of Finance

The institutional framework is regulated by the law on Public Financial Management and Accountability whose scope relates to budget, capital and operating expenditure, financial management, accounting, budget accountability, and financial reporting systems for public authorities and public undertakings in Kosovo. The law prescribes the powers and duties of the Ministry of Finance and other public authorities relating to these matters. All public authorities, budget organizations and public undertakings, when conducting any activity or accepting any obligation that directly or indirectly involves or affects the use of public money or public resources, shall strictly comply with the applicable provisions of the present law. No obligation arising out of a document, agreement or arrangement shall be valid or enforceable if the document, agreement or arrangement creating or giving rise to such obligation has been created, accepted or concluded in a manner that fails to comply with the applicable provisions of this Law.

The Ministry of Finance has the following departments in its organizational structure: treasury, central budget, department for municipal policies and budget, administration, department of economic and fiscal policies, internal auditor, central unit for internal audit and harmonization, and legal department. All line ministries have their respective budget and finance departments as provided for by the Constitution of Kosovo, and the Rules of Procedure of the government. The Law on Local Government Finance (Law 03/L-049) and Law on Local Self-Government (LAW NR. 03/L-040), defines the legal status of municipalities, their competencies and general principles of municipal finances, organization and functioning of the municipal bodies, the intra-municipal arrangements and the inter-municipal cooperation including the cross border cooperation and the relationship between municipalities and central government.

Administrative Instructions approved in September of 2011 by Ministry of Finance provide the details of the rules identified in the Law No. 03/L- 204 on Taxes on Immovable Property, as a part of Fiscal decentralisation.

ANNEX 3: Reference list of relevant laws and regulations only where relevant

- Law No. 03-L-189 on State Administration,
- Law No. 03/L-221 on Public Financial Management and Accountability ,
- Law No. 03-L-149 on Civil Service,
- Rules of Procedure of the government No. 09/2011,
- Regulation No. 02/2011 for the areas of administrative responsibility of the Office of the Prime Minister and ministries,
- Administrative Instruction No. 02/2012 on the Procedures, Criteria and the Methodology for the preparation of Strategic Documents and plans for their implementation,
- Regulation No. 01/2011 on establishment of the Departments for European Integration and Policy Coordination in line Ministries,
- Law on Local Government Finance (Law 03/L-049),
- Law on Local Self-Government (LAW NR. 03/L-040),
- Law No. 03/L- 204 on Taxes on Immovable Property,
- MTEF 2012-2014 for Kosovo (Kosovo Authorities),
- 2011 European Partnership Action Plan (EPAP) of Kosovo.

ANNEX 4: Details per EU funded contract(*) where applicable:

Activity 1

1 service contract of €2.2 million.

Main outputs expected from the contractor

- Stronger planning and reporting capacities at ministry level,
- Coordinating mechanisms for integrating development plans are in place,
- A monitoring and reporting system in place,
- Budget allocation to budgetary organizations in line with overall governmental priorities and European Integration agenda.

Activity 2

1 service contract of €0.3 million.

Tasks to be performed by the contractor include environmental impact study and development of design for the KIPA building.

In order to ensure sustainability the MPA, KIPA and Ministry of European Integration have worked with various stakeholders to pre-arrange for land where the premises will be built and allocation of budget for construction purposes. Pristina municipality has allocated land to KIPA through an official letter.

Activity 3

1 Service contract of €1.0 million.

ANNEX 5: Project visibility activities

The European Union Office in Kosovo has developed clear visibility guidelines and ensures that all projects which are implemented in Kosovo are fully in line with these guidelines. Project visibility is also clearly stipulated in all contractual documents whereby the contractors/implementers are obliged to adhere to all EU visibility requirements.