



USAID
FROM THE AMERICAN PEOPLE

GROWTH AND FISCAL STABILITY INITIATIVE (GFSI) IN KOSOVO

LIFE-OF-PROJECT WORK-PLAN

July 15, 2010 – July 15, 2013

GROWTH AND FISCAL STABILITY INITIATIVE (GFSI) IN KOSOVO LIFE-OF-PROJECT WORKPLAN

JULY 15, 2010 – JULY 15, 2013

CONTRACT NUMBER: EEM-I-00-07-00005

TASK ORDER NUMBER: TO 09

DELOITTE CONSULTING, LLP

AUGUST 30, 2010

DISCLAIMER

The report made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of Deloitte Consulting LLP and do not necessarily reflect the views of USAID or the United States Government.

CONTENTS

INTRODUCTION	1
GFSI Program and Strategic Goals.....	1
Development Challenge.....	1
WORK PLAN PROCESS	1
WORK PLAN NARRATIVE	1
Program Launch: July 15 – september 15, 2010.....	1
OBJECTIVE 1 – SUPPORT PRIVATE SECTOR PARTICIPATION THROUGH PUBLIC-PRIVATE PARTNERSHIPS AND THROUGH THE SUPPORT TO PRIVATIZATION AGENCY OF KOSOVO	3
1.1 Public – private partnerships	3
OBJECTIVE 2 – FISCAL STEWARDSHIP	13
2.1 public financial management	14
2.2 treasury functions and accounting	24
2.3 Assistance to the MFE in support of municipalities and improvements in data sharing.....	27
OBJECTIVE 3 – ECONOMIC POLICY ASSISTANCE	46
ANNEX A: MANAGEMENT AND WORKING RELATIONSHIPS	50
ANNEX B: CROSS-CUTTING THEMES	51
ANNEX C: GFSI KEY PERSONNEL	52
ANNEX D: GFSI PROJECT DELIVERABLES	53
ANNEX E: PERFORMANCE BASED MANAGEMENT PLAN (PBMS)	54
ANNEX F: USG AND OTHER DONOR PROGRAM COORDINATION FRAMEWORK	55
ANNEX G: GFSI PORTAL CONCEPT	56
ANNEX H: PROCUREMENT NEEDS	57

INTRODUCTION

USAID Growth and Fiscal Stability Initiative (GFSI) is a three-year program (July 15, 2010 – July 15, 2013) with the overall goal to build upon the successful creation of reliable financial institutions within central government and replicate this at the local level to develop their capacities and give them the experience and maturity needed to ensure their sustainability. GFSI will achieve this goal by:

- Supporting private sector participation through Public-Private Partnerships
- Providing advice and assistance on fiscal stewardship
- Providing economic policy assistance

GFSI PROGRAM AND STRATEGIC GOALS

At the strategic level, GFSI program advances the overarching mission of U.S. Foreign Assistance across the following three goals:

- Help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system” (U.S. Foreign Assistance Framework, July 10, 2007).
- Help partner countries achieve rapid, sustained and broad-based growth (USAID Economic Growth Strategy, 2008).

The GFSI program has established a Performance Based Management Plan (PBMS) that will measure GFSI program contribution towards meeting these goals.

DEVELOPMENT CHALLENGE

Kosovo faces a range of serious economic, political, and social challenges that we will be taking into account when implementing GFSI:

- Low labor productivity and lack of competitiveness, combined with relatively high reservation wages and an unreliable energy supply, significantly reduce the attractiveness of doing business in Kosovo.
- Foreign and domestic investors are concerned about enforcement of contracts and protection of investor rights.
- Need for Kosovo to prudently manage its own public finances and expand private sector participation in the economy.
- Low level of competence at the municipal level-newly-established municipalities

- Need to allocate available resources to core public services such as health care, and education, to reduce poverty and increase the skills, and provide opportunities for the unemployed, particularly jobless youth.

In this context, GFSI will be focusing on solutions to these problems by ensuring effective functioning financial management operations, encompassing both central and municipal governments, and promoting public infrastructure development through Public Private Partnerships. As expressed in the RFTOP, GFSI is shifting the focus from institution building to institution functioning. GFSI will foster both fiscal stability and private sector led economic growth. A stable macroeconomic environment – fiscal discipline, moderate taxes, and sound budgetary programs for delivering basic public infrastructure and services – is a necessary condition for private sector development and the encouragement of FDI. At the same time, increased private sector participation generates both employment and needed revenue to finance public services.

Threatening Kosovo's fiscal stability is the fact the country is in urgent need of expanded public infrastructure and services across all sectors, but the Government -- at both the central and municipal level – has and is likely to have in short-to-mid term limited financial resources to devote to these priorities. Through an infusion of private capital and management, Public-Private-Partnerships can ease fiscal restraints and boost efficiency in the provision of Kosovo's public infrastructure and services. PPP, coupled with improved financial management at both the central and municipal government level, will serve as a catalyst for sustainable economic growth.

GFSI is a timely and appropriate vehicle for bringing together these complementary elements of fiscal stability and economic growth.

WORK PLAN PROCESS

Deloitte has designed its proposed Life-of-Project Work Plan for GFSI to allow for flexibility and responsiveness to USAID and public and private sector counterparts' needs and priorities. The Work Plan is structured around GFSI program's objectives and activities to achieve expected results, detailed by quarter and by task. It includes the following categories:

- Proposed accomplishments and expected progress towards achieving Task Order results
- Critical assumptions explicitly stated for review and consideration upon which plan is based
- A timeline for implementation of the first year's proposed activities, including performance benchmarks and target completion dates
- Information of how activities will be implemented, including explanation of coordination mechanism and collaborative programming with other USAID and donor activities relevant to GFSI
- Personnel/Level of Effort required for achieving proposed targets
- Details of collaboration with counterparts and other stakeholders and other USAID-funder partners

Furthermore, we regard the GFSI Work Plan and the PBMS as two inter-connected aspects of a results-oriented management system. The system combines our activity-based Work Plan and associated deliverables with the selection and monitoring of performance indicators that evidence achievement of project objectives. Accordingly, the indicators in the Performance Based Management Plan (PBMS) will be cross-referenced to the Work Plan, allowing USAID to identify those tasks that contribute to producing specific project outputs and desired outcomes. Taken collectively, all project outcomes will be designed to contribute to performance improvements evidenced by economic and financial sector impact indicators.

WORK PLAN NARRATIVE

PROGRAM LAUNCH: JULY 15 – SEPTEMBER 15, 2010

During first two months of the program launch, we will focus our activities on setting the foundation for an effective GFSI program execution. The key activities during this period include the following:

- **Project kick-off:** The Deloitte team held an initial project kick-off meeting with USAID COTR, Alternate COTR, and other partners to discuss the project objectives, initial priorities, and introduce the GFSI team.
- **Personnel mobilization:** By the end of the second month, the Deloitte team will be fully staffed, including
 - Mr. Matthew Smith, Chief of Party (COP)
 - Ms. Jill Jamieson, Public-Private Partnership Lead Advisor
 - Mr. William Klawonn, Legal Advisor to PAK (dependent on government pre-conditions being met)
 - Ms. Magdalena Tomczynska, Budget/Treasury Advisor [Municipal]
 - Mr. Yves Van Frausum, Senior Private Sector Economist
 - Home office staff:
 - Mr. Fernando Ramos, Engagement Principal
 - Ms. Alyona Polomoshnova, Engagement Manager
 - Mr. Jason Bardnell, Home Office Project Control
 - Mr. Owen Sanderson, Home Office Engagement Coordinator
 - Mr. Kris Kauffman, Budget / Treasury Advisor [Central Government]
 - Mr. Scott Jazyuka, PPP Advisor
 - Ms. Neli Baeva, IT Advisor
- **Project operations and local office set-up:** GFSI project will use office facilities and bank account established by predecessor project EMSG that is ending in September 2010. USAID COTR has approved to transfer project equipment and vehicles purchased for EMSG to GFSI. Final CO approval expected.
- **Development of Work Plan and PBMS:** Mr. Smith and Ms. Polomoshnova are developing life-of-project work plan and PBMS, with input and active participation of Ms. Tomczynska, Ms. Jamieson, Mr. Kauffman, and with overall oversight by Mr. Ramos.

- **Project Portal Setup:** GFSI program recognizes the importance of effective tool that supports project communications, serves as document repository, allows to implement a data dashboard and support our communications with stakeholders and support coordination of USG programs and other donor funded projects activities. Ms. Polomoshnova and Mr. Smith are developing specific functional requirements for project portal.

Figure 1: GFSI Project Launch Activities and Milestones

Activity	Project Outputs / Deliverable	Timeframe	Resources
Kick-off Meeting	Meeting with RCO representative and COTR held and outstanding contractual issues discussed and clarified	September 16, 2010	M. Smith and GFSI Team.
Personnel Mobilization	Personnel Deployed	by Sept 15 2010	A. Polomoshnova, M. Smith
Logistics Setup	Project Office and Bank Account operational in Pristina	July 15, 2010	M. Smith, A. Polomoshnova, O. Sanderson, J. Bardnell
Project Portal Setup	Project portal is set up and key portal functions are operational	By September 30, 2010	M. Smith, A. Polomoshnova, N. Baeva, O. Sanderson
Work Plan Development	Draft Life-of-Project Work Plan delivered to USAID	August 30, 2010	M. Smith, A. Polomoshnova, F. Ramos

OBJECTIVE 1 – SUPPORT PRIVATE SECTOR PARTICIPATION THROUGH PUBLIC-PRIVATE PARTNERSHIPS AND THROUGH THE SUPPORT TO PRIVATIZATION AGENCY OF KOSOVO

Strategic Overview

Kosovo is in urgent need of expanded and more efficient public infrastructure and services across all sectors, but the Government – at both the central and municipal level - has limited financial resources to devote to these priorities. Through an infusion of private capital and management, Public-Private-Partnerships (PPP) can ease fiscal restraints and boost efficiency in the provision of Kosovo’s public infrastructure and services.

Deloitte will help the GoK consolidate its PPP program by focusing on results across all stages of the PPP life-cycle. Deloitte will likewise build capacity and train government officials at both the central and municipal level, in order to ensure sustainability of Kosovo’s PPP program. Emphasis will be placed on strengthening the strategic framework for PPP to ensure the PPP program is implemented in a measured manner, in accordance with a coherent multi-sector strategic plan. In supporting PPP transactions, Deloitte will act as a strategic advisor, assisting government authorities in project start-up, transaction design, and transaction implementation by supporting Project Implementation Units in undertaking the activities.

1.1 PUBLIC – PRIVATE PARTNERSHIPS

Expected Results:

By the end of the GFSI term, Kosovo will have a consolidated and functioning multi-sector PPP program at the central and municipal government level, with government officials and other stakeholders being able to adequately manage a multi-sector public-private-partnership program. This will result in increased private sector participation in the provision of public infrastructure and services. While the actual amount of investment deriving from PPP will depend on investor interest and the number and types of projects authorized by relevant authorities; Deloitte’s knowledge and understanding of priority projects, coupled with its strong working relationship with key PPP decision makers, will support the development and implementation of a robust project pipeline. By the end of GFSI, 5 to 8 PPP transactions will be implemented or significantly advanced, many of which will be easily replicated in the future.

Key activities:

- *Activity 1: Consolidate the legal, institutional, and strategic framework for PPP*
- *Activity 2: Provide technical assistance for priority PPP transactions across multiple sectors*
- *Activity 3: Assist the GoK at the central and municipal levels to develop contract governance and oversight structures for PPP*
- *Activity 4: Implement a multi-sector PPP and project financing capacity building program*
- *Activity 5: Promote positive environmental impact through public-private-partnerships*

Program Coordination:

- In addition to GFSI project's own market analysis, we will respond to leads received from DEMI on priority infrastructure identified by municipalities that could have potential opportunities for PPP by conducting a feasibility study. If as a result of such study its confirmed that PPP is a good prospect, GFSI will take lead in working with PPP unit/PPP implementation units (PIUs) at local level to realize transaction

Figure 2: PPP Activities

TIMELINE	SUB-ACTIVITIES AND TASKS	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Activity 1: Consolidate the legal, institutional, and strategic framework for PPP				
Y1 Q1	1.1. Create organizational structure for the drafting of necessary secondary legislation	PPP-Inter-Ministerial Steering Committee (ISC-PPP) / PPP Unit	Line Ministries, Municipalities, POEs	Donor Working Group on PPPs	Working group for the drafting of priority secondary legislation
Y1 Q2	1.1. Identify priorities and begin drafting of secondary legislation	Working group	PPP-ISC	DEMI	Priorities identified and key legislation drafted/enacted
	1.2 Review / Refine PPP-ISC by-laws and operating procedures	PPP Unit	PPP-ISC		Improved PPP-ISC bylaws and operating procedures
	1.2 Update organizational structure for central PPP Unit	PPP-ISC / PPP Unit	PPP-ISC / PPP Unit		PPP-ISC approval of draft Key Performance Indicators(KPI) for key staff, new organizational chart and job descriptions, TORs for additional personnel.
	1.2 Development of municipality selection criteria for PPP assistance / integration strategy	PPP-ISC	Municipalities	DEMI	Identification candidate municipalities and PPP municipal assistance strategy
	1.3 Update and refine PPP project pipeline	PPP-ISC / Municipalities	Line ministries, POE and municipalities		Priority projects identified, PPP-ISC prioritize and pre-feasibility studies launched
	1.3 Prepare annual “PPP & Concession Report” for the Assembly	PPP-ISC	Assembly, Public		Delivery of legally required concession report (public reporting and accountability)
	Y1 Q3	1.1. Continue drafting of secondary legislation. Review, consult, and finalize draft regulations.	Working group	PPP-ISC	SEAD BEEP
1.2 Consolidate central PPP Unit		PPP-ISC	PPP Unit	DEMI	Recruitment / hiring of required

					staff.
	1.2 Selection of municipalities and organizational structuring for municipal PPP implementation	PPP-ISC	Municipalities		Establishment of coherent municipal PPP operating structure
	1.3 Draft multi-year PPP strategy and work plan for central government and municipalities	PPP-ISC / Municipalities	Government, public Assembly		Strategy document endorsed by PPP-ISC; implementation occurs
Y1 Q4	1.1. Approve / promulgate secondary legislation	PPP-ISC	Line Ministries, Municipalities, POEs	SEAD, DEMI and other USAID programs	Promulgation of priority secondary legislation
	1.1 Establish working group to review PPP law and consider priority amendments (if required)	PPP-ISC	Government, Assembly, Public, EC		Designation of an Inter-ministerial working group
	1.2 Develop TORs and recruit / second staff for municipal PPP	Municipalities	Municipalities		Staffing of municipal satellite units, PIUs and/or working groups.
	1.3 Draft multi-year PPP strategy and work plan for central government and municipalities	PPP-ISC / Municipalities	Government, public Assembly		Approval of a multi-year PPP strategy
Y2	1.1 Draft, approve, and promulgate any required PPP Law amendments.	Working Group / PPP-ISC	Assembly	DEMI and other USAID programs	A strengthened legal framework through an improved PPP law.
	1.2 Develop and formalize institutional coordination procedures between municipalities and PPP-ISC.	PPP Unit and Satellite Units	PPP-ISC / Municipalities		Improved institutional framework through better coordination procedures
	1.2 Establish Project Development facilities (PDF) satellite units in qualifying line ministries and municipalities.	PPP-ISC	Line ministries and municipalities		Creation of standing project development facilities / expanded PPP institutional capacity
	1.2 Consolidate municipal PPP institutional framework	Municipal PPP units / PIUs	Municipalities		Integration of PPP into municipal institutional structures.
	1.3 Development of PPP program management and monitoring framework	PPP-ISC / PPP Unit	Government, Assembly, Municipalities		Establishment of regular program monitoring and management tools.
	1.3 Ongoing program management	PPP-ISC	Government,		PPP resource planning,

			Assembly, Municipalities		prioritization, and execution.
Y3	1.1 Review, update, and improve primary and secondary legal framework for PPP, including related legislation (tax treatment, contingent liabilities, etc.)	PPP-ISC	PPP-ISC, Assembly, Line Ministries, Municipalities	ESTAK DEMI	Improved legal framework for PPP and private investment
	1.2 Further consolidation of satellite units and PPP institutional integration into line ministries and municipalities	PPP Unit, Satellite Units, others	Line ministries and municipalities		Further integration of PPP into local and central governmental organizations
	1.3 Development of PPP program management and monitoring framework	PPP-ISC / PPP Unit	PPP-ISC		Establishment of regular program monitoring and management tools.
	1.3 Ongoing program management	PPP-ISC	Public		PPP resource planning, prioritization, and execution.

Legend: Sub-Activity 1.1 = Legal Framework; Sub-Activity 1.2 = Institutional Framework; Sub-Activity 1.3 = Strategic Framework.

Other Ongoing sub-activities related to Activity 1:

- Program Promotion (local and international)
- Development of best practices and templates
- Repository of PPP expertise and information
- Regular reporting to PPP-ISC
- Support PPP Unit and PIUs in daily activities
- Development of annual budgets and work plans

Key Assumptions relating to Activity 1:

- Timely approval by GoK of GFSI recommendations

Activity 2: Provide technical assistance for priority PPP transactions across multiple sectors**

** Detailed transaction-specific work plans will be developed as individual transactions are defined and approved by USAID and the GOK.

Key Assumptions relating to Activity 2:

GFSI is implemented by Deloitte Consulting LLP and funded by USAID

- USAID and GOK will identify viable transactions for implementation with GFSI assistance

TIMELINE	SUB-ACTIVITIES AND TASKS	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Activity 3: Assist to develop contract governance and oversight structures for PPP					
Y1 Q1	3.1 Establish legal and institutional framework for contract governance of the Pristina International Airport (PIA) PPP.	PSC / PPP-ISC	PIA PPP/ PPP-ISC	ICO	Organizational structure and TORs for the PIA PPP project management unit (PMU).
Y1 Q2	3.1 Recruit key Project Management Units (PMU) personnel for PIA PPP	PSC	PIA PMU		Key PMUs in place and operating
	3.1 Analyze and identify sustainable funding sources for PMU	PPP-ISC	PMU, MFE		Create a menu of long-term funding options
Y1 Q3	3.1 Recruit key PMU personnel for Pristina International Airport (PIA) PPP	PSC	PMU		Key positions staffed by qualified personnel.
	3.1 PMU training / capacity building	PPP-ISC	PMU		PMU understands PIA PPP contract.
	3.1 Implement funding mechanism for PMU	PPP-ISC, MFE, PIA	PMU		Establish long-term funding source for PMU
	3.1 Ongoing support to PIA PPP PMU	PMU	PMU		PIA remains on track and PMU a credible partner
Y1 Q4	3.1 Ongoing performance monitoring and compliance audit support to PMU	PMU	PMU		Regular PIA PPP compliance reporting.
	3.2 Outline general framework for contract governance and oversight for PPP projects	PPP Unit	PPP-ISC	General framework for contract governance and performance monitoring	
	3.3 Design project-specific PMU's (as so required)	PIU	PSC	Project-specific PMU's to ensure contractual compliance by parties to a PPP agreement	
Y2	3.1 Ongoing performance monitoring and compliance audit support to PMU	PMU	PMU	Regular PIA PPP compliance reporting	
	3.2 Development of contract management and monitoring framework	PPP-ISC / PPP Unit	Government, Municipalities	Guidelines and best practices for PPP contract governance structures.	
	3.3 Design project-specific PMU's (as so required)	PIU	PPP-ISC	Project-specific PMU's to ensure	

					contractual compliance by parties to a PPP agreement
Y3	3.1 Ongoing performance monitoring and compliance audit support to PMU	PMU	PMU		Regular PIA PPP compliance reporting
	3.2 Development of contract management and monitoring framework	PPP-ISC / PPP Unit	Government, Municipalities		Guidelines and best practices for PPP contract governance structures.
	3.3 Design project-specific PMU's (as so required)	PIU	PPP-ISC		Project-specific PMU's to ensure contractual compliance by parties

Legend: Sub-Activity 3.1 = PIA PPP Project Management Unit; Sub-Activity 3.2 = Contract Governance Framework; Sub-Activity 3.3 = Transaction-specific PMU support.

TIMELINE	SUB-ACTIVITIES AND TASKS	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Activity4: Implement a multi-sector PPP and project financing capacity building program				
Y1 Q2	4.1 Training Needs Assessment	PPP-ISC	Government and municipalities	DEMI BEEP	Training Needs Assessment report for municipalities, line ministries, and other stakeholders.
	4.2 Training Needs Assessment for Targeted Training & Seminars	PPP-ISC	Government and municipalities		Targeted training program developed
	4.2 Delivery of priority targeted training	PPP Unit	As needed		Increased PPP capacity for practitioners
	4.2 Identify and structure study-tour opportunities	PPP-ISC	PPP Practitioners		Study tour proposal(s)
Y1 Q3	4.1 Selection of Trainers and Learning Center	PPP-ISC	n/a		Qualified trainers and learning center
	4.2 Development of Targeted Training and Seminar Program	PPP Unit	Stakeholders		Seminar program
	4.2 Regular delivery of targeted training and	PPP Unit	Stakeholders		Increased capacity for PPP

TIMELINE	SUB-ACTIVITIES AND TASKS	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	seminars				practitioners
Y1 Q4	4.1 Design and Development of standardized curriculum	Trainers	Students		Training and certification curriculum
	4.1 Development of course materials and manuals	Trainers	Students		Best practice resources
	4.2 Regular delivery of targeted training and seminars	PPP Unit	Practitioners		Increased capacity for PPP practitioners
	4.2 PPP Study Tour(s)	PPP Unit	Practitioners	FORECAST	Increased capacity for PPP practitioners
Y2	4.1 Train the Trainers	PPP-ISC	Trainers	DEMI	Sustainable training capacity
	4.1 Institutionalized Training Course Delivery	Trainers	Government and Municipalities		Increased PPP capacity
	4.2 Regular delivery of targeted training and seminars	PPP Unit	Practitioners		Increased capacity for PPP practitioners
Y3	4.1 Institutionalized Training Course Delivery	Trainers	Students	DEMI FORECAST	Increased PPP capacity
	4.2 Regular delivery of targeted training and seminars	PPP Unit	Practitioners		Increased capacity for PPP practitioners
	4.2 PPP Study Tour(s)	PPP Unit	Practitioners		Increased capacity / regional PPP integration

Legend: Sub-Activity 4.1 = Institutionalized Training; Sub-Activity 4.2 = Targeted Training & Seminars.

Other Ongoing sub-activities related to Activity 4

- Learning-through-Doing: Ongoing support to central and satellite PPP Unit, municipal PPP, PIUs, line ministries and others
- Delivery of ad hoc training (as requested by counterparts and USAID)
- Continual re-assessment of training needs

Key Assumptions relating to Activity 4:

- Approval and funding of institutionalized training program
- Approval and funding of study tours

TIMELINE	SUB-ACTIVITIES AND TASKS	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Activity 5: Promote positive environmental impact through public-private-partnerships				
Y1 Q1					
Y1 Q2	Create a targeted training module regarding environmental planning, mitigation and monitoring measures in PPP projects	PPP Unit	PPP Practitioners / stakeholders / public	USAID BEO Other USAID programs	Increased awareness of environmental considerations in PPP.
	Lend ongoing technical assistance to the PIU evaluating a PPP for solid waste and landfill management.	PPP Unit	PIU		Solid waste and landfill PPP proceeds
	Draft implementing regulations establishing general environmental guidelines for all PPP projects	PPP-ISC	Public		Draft guidelines
Y1 Q4	Deliver environmental training module as part of targeted training (see activity 4)	PPP Unit	Line ministries, municipalities, POE		Capacity building in cross cutting theme of environment
	Lend ongoing technical assistance to the PIU evaluating a PPP for solid waste and landfill management.	PPP Unit	PIU		Solid waste and landfill PPP proceeds
	Approve / Promulgate secondary legislation	PPP-ISC	Line ministries, POEs, municipalities		Integrate environmental considerations into all phases of PPP through drafting secondary legislation and implementing regulations

TIMELINE	SUB-ACTIVITIES AND TASKS	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y2	Deliver environmental training module as part of targeted training (see activity 4)	PPP Unit	Line ministries, municipalities, POE		Capacity building in cross cutting theme of environment
	Lend ongoing technical assistance to the PIU evaluating a PPP for solid waste and landfill management.	PPP Unit	PIU		Solid waste and landfill PPP proceeds
	Draft and Publish “Environmental Considerations in PPP” brochure	PPP Unit	Public		Brochure / web site publication
	Identify / evaluate / support potential environmental sector PPP projects	Line ministries	municipalities		Environmental PPP projects are enacted
Y3	Deliver environmental training module as part of targeted training (see activity 4)	PPP Unit	Line ministries, municipalities, POE		Capacity building in cross cutting theme of environment
	Lend ongoing technical assistance to the PIU evaluating a PPP for solid waste and landfill management.	PPP Unit	PIU		Solid waste and landfill PPP proceeds
	Identify / evaluate / support potential environmental sector PPP projects	Line ministries	municipalities		Environmental PPP projects are enacted

Key Assumptions relating to Activity 5:

- Approval secondary legislation and implementing regulations
- Identification of viable environmental sector PPP projects

OBJECTIVE 2 – FISCAL STEWARDSHIP

Strategic Overview

Prior USAID assistance contributed to the successful establishment of sustainable central government institutions equipped with the tools required to undertake sound Public Financial Management (PFM). These tools, in particular, include a budget system built around an MTEF and a strong Treasury system. Deloitte understands the task of GFSI is to take these tools to the municipal level and thus ultimately achieve whole-of-government coverage of public-sector reform.

While decentralization is an overriding theme, the roles of the central and local governments are closely intertwined. These interconnections are due to the consolidated nature of the budget, the desire of the IMF and others to pursue overall fiscal targets, and a Treasury system build around a common FMIS and Single Treasury Account (STA). Therefore, given the goal of building effective and efficient whole-of-government fiscal stewardship, Deloitte will assist in making further PFM improvements at the central government, which are laid out in the Government Action Plan built on its own PEFA Self-Assessment, while also creating conditions for the full application of these tools and systems at the municipal level.

Deloitte will conduct *PEFA Self-Assessments* initially in a representative sample of Kosovo municipalities and in accordance with standard PEFA methodology for preparation and implementation; implement a *Municipal PFM reform agenda*, based on the consolidated outcome of the municipal PEFA self-assessments and centered on the implementation of a full MTEF approach; and provide dedicated *support to the new municipalities* to build their capacity for independent financial management and assist in their on-going PFM reform efforts.

2.1 PUBLIC FINANCIAL MANAGEMENT

Expected Results:

By the end of the GFSI term, a robust framework for municipal public financial management reforms will have been successfully developed, based on internationally recognized PEFA standards. There will also be a substantial improvement in the municipalities' capacity to prudently and independently manage their finances. Utilizing reformed processes and procedures, municipalities will apply a strategic multi-year approach to budget formulation and will exhibit improved budget expenditure performance. PEFA assessment in 2013 will reflect improved scores for most municipalities.

At least 15 municipalities will receive unqualified audit reports, which will pave the way towards access to external financing. Budget planning and execution practices will comply with the LPFMA and LLGF provisions and thus guarantee municipalities desired authority and autonomy over their financial affairs. All new municipalities will be certified as independent budget organizations and will effectively operate within the existing PFM framework.

Key activities:

Task 1: Public Expenditure and Financial Accountability (PEFA)

- *Activity 1: Conduct an inventory of current PFM practices through PEFA self-assessment*
- *Activity 2: Based on PEFA self-assessment, develop and implement municipal PFM Action Plan and associated training program*

Task 2: Municipal Medium Term Expenditure Framework

- *Activity 1: Phase a Municipal MTEF (M-MTEF) approach into municipal budget process*
- *Activity 2: Strengthen the capacity of municipalities to integrate an M-MTEF approach into municipal budget processes*

Task 3: Public Financial Management in New Municipalities

- *Activity 1: Support establishment of a cadre of professional and competent financial officers*
- *Activity 2: Assist new municipalities in the certification of treasury functions and provide continued professional development*

Task 4: Enabling Municipal Borrowing

- *Activity 1: Assist the OAG in designing an apprenticeship/mentoring program.*

- *Activity 2: Assist the OAG in preparing budget submissions*

Critical Assumptions:

- PEFA Assessment and PFM Reforms conducted on voluntary basis and implemented subject to agreement with, leadership, commitment, and support from each Municipal Mayor (including any pilot and regional roll out arrangements).
- PEFA Assessment performed by local assessment teams comprising of municipal officials delegated to this task by the decision of Municipal Mayor.
- PEFA Assessment timetable and envisaged progress assumed subject to regular readiness and availability of municipal counterparts delegated to this task.
- Finalization of Consolidated Local Government PEFA Report assumed subject to timely review and receipt of comments from the PEFA Secretariat.
- PFM Reform program need and requirements supported by a high-level political commitment from municipal executive and legislative branches.
- Advancements in the application of Model Municipal MTEF (i.e., processes and procedures) are conditional on the status of developments in sectoral strategies, municipal development agendas, and service delivery standards.
- Timeliness and quality of Municipal MTEFs assumed subject to Central Government implementing (and/or complying with) legislative framework for municipal financing.
- PFM activities in New Municipalities subject to political situation and ongoing developments in decentralization process.

Donor Program Coordination:

- **Task 1. Public Expenditure and Financial Accountability (PEFA):** The implementation of this Task will be supported by the application of standard PEFA Framework methodology for PEFA self-assessments by the Kosovo Municipalities. Guidance, coordination, and concurrence from the PEFA Secretariat will be sought with the aim to ensure validity and international recognition of Local Government PEFA Report. The success of activities addressed directly to municipal authorities, which we propose for the second component of this Task – Municipal PFM Reforms – will also be dependent on cooperation with other donors in this field. Utilizing mechanisms of donor coordination Local Government Working Group led by USAID and working under the auspices of the MLGA, close cooperation will be ensured between other USAID projects (DEMI) and EC funded initiatives (Twinning) with the aim to leverage high level PFM policy reforms. Municipal PFM Reforms activities, including determination of input to Action Plan, consultations, coordination with local stakeholders, and day-to-day implementation requirements, will be coordinated with both DEMI and Twinning activities in counterpart municipalities.

- **Task 2. Municipal Medium Term Expenditure Framework (M-MTEF):** There are currently several donor projects involved in the assistance to various aspects of local government policies and economic development, including: DEMI, EC/PIP, EC Local Government, EC/Twinning. Activities proposed for Task 2 will cross-cut with the multi-dimensional support by these projects. Cooperation with these donor initiatives will aim at creating mutually supporting assistance arrangements, with GFSI providing fundamentals of municipal systems, processes, and institutions necessary for municipalities to effectively benefit from other TA. Full benefits will be realized through cooperation with: DEMI in terms of policy prioritization, engagement with municipal assemblies, and citizen participation; EC/PIP in terms of development, prioritization, and integration of well formulated municipal investment program into the M-MTEF; and EC/Twinning in terms of linkages between budget process and municipal development agendas. Cooperation with DEMI will be envisaged for activities addressed to municipal legislative branch and citizens outreach in order to secure support to strategic budget planning and citizens participation.
- **Task 3. Public Financial Management in New Municipalities:** The process of establishing new municipalities has not been completed yet. Under GFSI we will seek to closely cooperate with ICO and OSCE in terms of harmonizing proposed activities to the timetable and needs of ongoing administrative and political decentralization processes supported (and/or monitored) by these organizations. Our training initiatives will be coordinated with DEMI components focused on new municipalities.

Figure 3: Public Financial Management Activities

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Task 1: Municipal Public Expenditure and Financial Accountability				
	Activity 1: <i>Conduct an inventory of current PFM practices through PEFA self-assessment</i>				
Y1-Q1 Jul-Sep10	1.1. PEFA Inception Phase, including selection of a representative sample of municipalities, introduction of PEFA concepts and methodology through GFSI information and education program, establishment of Local Government PEFA Steering Committee under the auspices of the AKM	USAID AKM Selected Municipalities	PEFA Sample Municipalities AKM/BFC	DEMI BEEP DFID WB	PEFA concept introduced to the Local Government officials Sub-National PEFA process understood and supported by the AKM as strategic reform tool for local PFM PEFA Sample Municipalities selected and agreed upon; Mayors committed to lead and support PEFA process
Y1-Q2	1.2. PEFA Initial Implementation Phase,	Sample	Sample	DFID	Municipal Assessment Teams established,

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Oct-Dec10	including identification of Municipal PEFA Assessors, establishment of individual Assessment Teams, design of assessment exercises, GFSI introductory trainings	Municipal Assessment Teams	Municipalities: Mayors and Assessment Teams	WB DFID	trained, and understand PEFA assessment approach
	1.3. PEFA Implementation Phase, including application of methodology to evidence gathering, analysis, and evaluation supported by GFSI training and coaching for Municipal PEFA Assessors	Sample Municipal Assessment Teams	Sample Municipal Assessment Teams Municipal Administration Municipal Assembly Central Agencies		Municipal Assessment Teams have practical knowledge, skills, and capability to carry out individual PEFA assessments Initial PEFA scoring for individual Municipalities conducted
Y1-Q3 Jan-Mar11	1.4. PEFA Reporting Phase, including continuation of assessment exercise, finalization of PEFA indicators' evaluation, completion of first draft Reports by individual teams supported by GFSI technical and analytical input	Sample Municipal Assessment Teams	Sample Municipal Assessment Teams		First draft PEFA Reports prepared for individual Municipalities in the sample
Y1-Q4 Apr-Jun11	1.5. PEFA Reporting and Dissemination Phase, including finalization of individual Reports, preparation of draft Consolidated PEFA Report with input from Steering Committee, its review by PEFA Secretariat, completion of Consolidated Report, dissemination and public outreach	Sample Municipal Assessment Teams PEFA Secretariat	Sample Municipal Assessment Teams Mayors AKM/BFC PEFA Steering		Individual PEFA Reports completed for all sample Municipalities Cadre of competent Municipal PEFA Assessors established Consolidated Local Government PEFA Report completed under the auspices of PEFA Steering Committee

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
			Committee		Consolidated PEFA Report disseminated to main local and central stakeholders
Y2 – Y3	1.6. PEFA Regional Roll-Out Phase, including identification of municipalities interested in conducting PEFA self-assessment, PEFA methodology and lessons learned roll-out trainings and workshops, establishment of PEFA Help-Desk, mentoring and coaching by Municipal PEFA Assessors with GFSI technical and analytical input	Municipalities AKM/BFC Cadre of Municipal PEFA Assessors	Municipal Administration in volunteer municipalities	DFID WB	Municipalities, interested in utilizing PEFA approach, equipped with methodology, tools, and technical assistance to conduct PEFA self-assessment
Y3-Q3 Jan-Mar13	1.7. PEFA Monitoring and Reporting, including refreshment training, GFSI assistance in conducting updated assessment, and feed back of lessons learned into Municipal PFM Reform program	Municipalities AKM/BFC	Municipalities AKM/BFC		PEFA Framework methodology used for monitoring progress in PFM Reform program and outcomes
Y3-Q4 Apr-Jun13		Cadre of Municipal PEFA Assessors			
<i>Activity 2: Based on PEFA self-assessment, develop and implement municipal PFM Action Plan and associated training program</i>					
Y2-Q1 Jul-Sep11	2.1. PFM Action Plan Inception and Development Phase, including establishment of Inter-Municipal Task Force, analysis of Comprehensive PEFA Report findings, determination of reform needs and timetable supported by GFSI training, technical, and coordination support	Task Force PEFA Steering Committee	Municipalities AKM/BFC MFE, MLGA Relevant Donor Projects	DFID WB	Municipal PFM Task Force established and assumed development of Action Plan PFM Action Plan determined, consulted and agreed with the main local and central stakeholders
Y2-Q2 Oct-Dec11	2.2. PFM Action Plan Implementation Phase, including development of actionable work plans for individual/groups of municipalities,	Municipalities Relevant Donor	Municipalities AKM/BFC		Municipalities provided with actionable and practical tools and timetable to start improvements in PFM internal practices

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	determination of “Quick Gains” reform actions and GFSI associated training roll out	Projects	MFE, MLGA		PFM Quick Gains actions identified, understood, and initiated by municipal administration
Y2-Q3 Jan-Mar12	2.3. PFM Action Plan Implementation Phase, including development of GFSI training program to support actionable work plans, delivery of subject-specific workshops, roll out of lessons learned and feedback from ongoing PEFA assessments, cooperation and coaching provided to BFC forums, liaison with Central agencies on adapted processes and procedures	Municipalities Relevant Donor Projects	Municipalities AKM/BFC MFE, MLGA	DFID WB	PFM Quick Gains advanced PFM subject-specific training program rolled out through series of training and coaching activities Relevant processes and procedures of central agencies amended and/or strengthened
Y2-Q4 Apr-Jun12					
Y3-Q1 Jul-Sep12					
Y3-Q2 Oct-Dec12					
Y3-Q3 Jan-Mar13	2.4. PFM Action Plan Implementation and Monitoring Phase, including introduction of Municipal PFM Score Card, continuation of subject-specific training and hands-on assistance, incorporation of feedback from PEFA assessment into ongoing monitoring and review of PFM Action Plan and trainings	Municipalities PEFA Assessment Teams	Municipalities AKM/BFC MFE, MLGA	DFID WB	PFM Reform progress periodically monitored and documented through Municipal Score Card Feedback from formal update of PEFA Assessment incorporated into ongoing implementation of reforms PEFA Assessment results improved for the main components of municipal PFM
Y3-Q4 Apr-Jun13					
Task 2: Municipal Medium Term Expenditure Framework (M-MTEF)					
<i>Activity 1: Phase in a Municipal MTEF approach into municipal budget process</i>					
Y1-Q1 Jul-Sep10	1.1. M-MTEF Inception Phase, including review of existing practices across Municipalities (e.g., documents, procedures, application, other donor initiatives), development of	Municipalities MFE	Municipalities AKM/BFC MFE, MLGA		Recommended, best practice, M-MTEF Model developed and agreed with the main local [and central] stakeholders M-MTEF Model guidance rolled out
Y1-Q2				DEMI	

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Oct-Dec10	recommended best practice Model (outlines, templates, manuals, process flows, framework procedures), GFSI training and introduction of Model among municipal officials	Regional Development Agencies Relevant Donor Projects			through the application of training initiatives Municipalities equipped with comprehensive M-MTEF Model to underpin their policy oriented budget planning, communication with municipal legislative, and citizens information
Y1-Q3 Jan-Mar11	1.2. M-MTEF Initiation Phase, including strengthening of understanding, institutionalizing M-MTEF model approach within municipal budget cycle through training and campaign for Mayors, Assemblies, and administration, assistance in municipal planning activities in the preparation for the 2012 budget process, support in initiation and application of model solutions	Municipal executive and legislative branches Relevant Donor Projects	Municipal Administration , Executive, and Legislative AKM/BFC		Municipal administration well understands M-MTEF Model and selected Municipalities initiated planning for their 2012-2014 MTEFs Municipal executive and legislative authorities committed to support and engage in M-MTEF process
	1.3. Municipal Financing Advocacy, including building technical capacity and political consensus to facilitate timely and credible determination of municipal medium term financing from grants, works with the Grants Commission Secretariat	MFE	MFE, MLGA Grants Commission Secretariat Grants Commission Members		Grants Commission Secretariat performs in accordance with its legislative mandate Municipal Grants Commission Members better understand and are in a position to leverage their statutory responsibilities and rights during the process of determining municipal financing
Y1-Q4 Apr-Jun11	1.4. M-MTEF Initial Application Phase, including technical assistance in preparation of the 2012-2014 MTEF drafts, general training and coaching guidance, hands-on assistance to	Municipal executive and legislative	Municipalities AKM/BFC		Municipalities made efforts to start drafting the 2012-2014 MTEFs applying Model solutions
Y2-Q1			Relevant		

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Jul-Sep11	individual Municipalities	branches Municipal administration	Donor Projects		Municipalities utilized and embodied M-MTEF approach in their annual budget process
<i>Activity 2: Strengthen the capacity of municipalities to integrate an M-MTEF approach into municipal budget processes</i>					
Y2-Q2 Oct-Dec11	2.1. M-MTEF Mid-Term Review Phase, including development and publication of lessons learned, assessment of initial application experience, review and implementation of amendments to M-MTEF Model guidance	AKM/BFC MFE Relevant Donor Projects	Municipalities AKM/BFC MFE, MLGA		Initial M-MTEF application reviewed, lessons learned prepared and rolled out to Municipalities M-MTEF Model guidance amended and strengthened accordingly; rolled out to Municipalities
	2.2. Creation of a Local Government PFM web portal containing a compendium of training materials accessible to municipal officials		AKM/BFC		Sustainable source of Local Government PFM guidance materials established
Y2-Q3 Jan-Mar12	2.3. M-MTEF Implementation Phase, including integration of MTEF approach into municipal strategic planning and annual budget, GFSI technical assistance in preparation of the 2013-2015 MTEF drafts, general training and coaching guidance, hands-on assistance to individual Municipalities	Municipal executive and legislative branches Municipal administration	Municipalities AKM/BFC		Municipalities started drafting the 2013-2015 MTEFs applying model solutions
Y2-Q4 Apr-Jun12			Relevant Donor Projects		Municipalities utilized and embodied M-MTEF approach in their annual budget process – quality of MTEFs improved compared with Y1-Q4
Y3-Q1 Jul-Sep12					
Y3-Q2 Oct-Dec12	2.4. M-MTEF Final Review Phase, including development and publication of lessons learned, review and implementation of amendments to M-MTEF Model guidance as needed,	AKM/BFC MFE Relevant Donor	Municipalities AKM/BFC MFE, MLGA	M-MTEF process and progress reviewed, lessons learned prepared and rolled out to Municipalities M-MTEF Model guidance amended and	

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	consultation and input from municipal officials	Projects			strengthened accordingly; final recommendations rolled out to Municipalities
Y3-Q3 Jan-Mar13	2.5. M-MTEF Consolidation Phase, including technical assistance in preparation of the 2014-2016 MTEF drafts, general training and coaching guidance, hands-on assistance to individual Municipalities	Municipal executive and legislative branches Municipal administration	Municipalities AKM/BFC Relevant Donor Projects		Municipalities started drafting the 2014-2016 MTEFs applying strengthened model solutions MTEF approach became generally accepted and utilized element of municipal budget process– quality of MTEFs improved compared with Y2-Q4
Y3-Q4 Apr-Jun13					
Task 3: Public Financial Management in New Municipalities					
<i>Activity 1: Support establishment of a cadre of professional and competent financial officers</i>					
Y1-Q1 Jul-Sep10	1.1. Assistance in the establishment of functioning key PFM infrastructure - including professional personnel for all positions and IT - in all new municipalities, implementation of certification training for recruited officers	New Municipalities executive and administrative personnel MFE/Treasury	Finance Officers IT	DEMI	Certification of key PFM officers completed and personnel performs competently and independently All existing New Municipalities connected to and utilize KFMIS systems
Y1-Q2 Oct-Dec10					
	1.2. Assistance in integrating New Municipalities into the ongoing 2011 budget planning process, training, coaching, hands-on help	New Municipalities executive and administrative personnel Municipal Assemblies	Budget Office Mayor Policy and Finance Committee		The 2011 Budgets consolidated, comply with structure and requirements of the KCB formats

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
		MFE			
Y1-Q3 Jan-Mar11	1.3. Onwards: continued facilitation and support to the integration of new municipalities into ongoing budget and treasury PFM initiatives and processes	New Municipalities		DEMI	Officers attended training initiatives
Y1-Q4 Apr – Jun11	1.4. Training and assistance in the preparation project proposal and well justified budget requests for exceptional capital grant financing for submission to the Grants Commission	New Municipalities	Budget Office		New Municipalities leverage access to exceptional capital financing in a well justified and transparent manner
Y2-Q1 Jul-Sep12		MFE Grants Commission	Mayor MFE		
<i>Activity 2: Assist new municipalities in the certification of treasury functions and provide continued professional development</i>					
Y1-Q3 Jan-Mar11	2.1. Assistance in the provision of advanced (and/or refreshment) training for finance officers in the preparation to Certification for payment function, facilitation of setting up adequate internal processes and procedures	New Municipalities MFE/Treasury	CFO Financial Officers	DEMI	New Municipalities transitioned towards compliance with certification standards
Y1-Q4 Apr-Jun11	2.2. Treasury Functions Certification Process, including implementation of training, strengthening of procedures, and transition towards Certification	New Municipalities MFE/Treasury	Mayor		New Municipalities Certified
Y2-Q1 Jul-Sep11			CFO		
Y2-Q2 Oct-Dec11			Financial Officers		
Y2-Y3	2.3. Advanced training in treasury and budget related matters, including regular initiatives and participation in SCAAK program	New Municipalities	Financial Officers		Financial Officers from New Municipalities completed SCAAK Public Finance program

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
		SCAAK			

2.2 TREASURY FUNCTIONS AND ACCOUNTING

Expected Results:

By the end of the GFSI project, all municipalities will use KFMIS to produce quality financial statements, with at least 15 municipalities achieving unqualified 2012 financial statements. The quality of municipal financial data in KFMIS will improve due to enhanced accounting and reconciliation processes, enabling every municipality to rely on KFMIS as their sole source of data for financial statements and management information.

Key activities:

- *Activity 1: Ensure that KFMIS meets the needs of municipalities for accounting, financial control and reporting*
- *Activity 2: Raise the standard of accounting professionals at municipal level*
- *Activity 3: Enhance accounting; reconciliation and reporting through automation of municipal financial transactions*

Figure 4: Treasury Functions and Accounting Activities

TIMELINE	ACTIVITIES	INPUT DEPARTMENTS	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	<i>Activity 1: Ensure that KFMIS meets the needs of municipalities for accounting, financial control and reporting</i>				
Y1-Q1	Identify the scope of work and establish working group for review of FMIS in the decentralized environment.	Treasury, Municipalities	Deputy Director of Treasury, Municipal Finance Officers, Director Budget Department		Enhancing the utility of KFMIS as an accounting and management tool.
Y1-Q2	Undertake review of FMIS for decentralization and report findings,	Treasury,			Eliminating the need for supplemental accounting

TIMELINE	ACTIVITIES	INPUT DEPARTMENTS	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	including a review of the structure of the Chart of Accounts.	Municipalities			systems.
Y1-Q3 & Q4	Incorporate action items for enhancing FMIS decentralization in PFM Action plan. Implement change in chart of accounts for next budget cycle.	Treasury, Municipalities			
<i>Activity 2: Raise the standard of accounting professionals at municipal level</i>					
Y1-Q1 & Q2	Assist the MFE to develop a comprehensive training plan to raise the standard of accounting practice. This plan should consolidate all existing and proposed training activities offered by the MFE, SCAAK, GFSI & other technical assistance to the MFE.	Treasury, Budget Department, Training Unit of MFE	Deputy Director Treasury & Training Coordinator MFE.	WB UST	Enhanced skills in the accounting profession of the Government.
Y1-Q2	Assist Treasury in designing and coordinating providing training on preparation of financial statements.	Treasury, Budget Department, Training Unit of MFE		UST	Continuous improvement in quality of annual financial statements.
Y1-Q3	Systematic retraining on revenue, purchasing and assets modules.	Treasury, Budget Department, Training Unit of MFE			Improve quality of data in FMIS, particularly non-cash items such as payables and assets.
Y1-Q4	Assist MFE in designing template for reporting on annual training activities and in preparing first annual report on training..	Training Unit of MFE	Training Coordinator MFE.		Transparency in reporting on training activities.
Y2-Q2	Training on preparation of financial statements.	Treasury	Deputy Director of Treasury	UST	Continuous improvement in quality of annual financial

TIMELINE	ACTIVITIES	INPUT DEPARTMENTS	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
					statements.
Y3-Q2	Training on preparation of financial statements.	Treasury	Deputy Director of Treasury		Continuous improvement in quality of annual financial statements.
<i>Activity 3: Enhance Accounting and Reconciliation through Automation of transactions</i>					
Y1-Q1 & Q2	Assist Treasury to finalize financial Rule for revenue. Examine practice at central level for managing small revenue types, including systems, and options to replicate at municipal level.	Treasury	Central Harmonization Unit for PFM.	UST	Enhance use of electronic recording and reconciliation of revenues.
Y1-Q3	Revenue database – commence pilot in selected Municipality.	Treasury, municipality	Treasury Director, Mayor and CFO of municipality		Enhance use of electronic recording and reconciliation of revenues.
Y1-Q4	Monitor pilot implementation of municipal revenue database. Establish help-desk function in Treasury.	Treasury, municipality	Treasury Director, Mayor and CFO of municipality		Enhance use of electronic recording and reconciliation of revenues.
Y2-Q2 & Q3	Rollout municipal revenue database.	Treasury, all municipalities.	Treasury Director, Mayor and CFO of municipalities		Enhance use of electronic recording and reconciliation of revenues.

2.3 ASSISTANCE TO THE MFE IN SUPPORT OF MUNICIPALITIES AND IMPROVEMENTS IN DATA SHARING

Expected Results:

By the end of GFSI, the GoK will benefit from a stronger and more robust MFE with improved capacity at lower operational levels. The operational improvements to MFE will also include: a fully functioning performance based budgeting system; one of the most efficient treasury systems in all of Europe, a strategic plan under which future system developments will be governed; dedicated, reliable and skilled IT professionals to manage IT resources; and data sharing among key MFE systems that will enable more effective management reporting and decision making based on accurate and timely information (including in TAK).

Key activities:

Task 1: Information Technology

- *Activity 1: Current State Assessment*
- *Activity 2: Develop ICT Strategic Plan*
- *Activity 3: Assist the MFE in Implementation of the SSC and Data Sharing Environment (DSE)*
- *Activity 4: Bring the Budget and Treasury IT Systems to the next level of sophistication and integration*
- *Activity 5: Improve data sharing among systems / Assist the MFE in Implementation of the SSC and Data Sharing Environment (DSE)*
- *Activity 6: Improve reporting capabilities of the systems*
- *Activity 7: Training on the use of the property tax IT solution*
- *Activity 8: MFE IT Staff skills improved*

Task 2: Budget and Treasury

- *Activity 1: Continue Implementation of PFM Action Plan*
- *Activity 2: Advance cash flow and asset management*
- *Activity 3: Introduce performance management in the Budget process*
- *Activity 4: Enhance the capacity of the Assembly to hold the GoK account for Fiscal Stewardship*

- *Activity 5: Strengthen the system of fiscal intergovernmental relations*

Task 3: Property Tax

- *Activity 1: Ensure that annual audits of property tax offices provide feedback to municipalities*
- *Activity 2: Calibrate new mass appraisal models*
- *Activity 3: Train in the use of the property tax IT solution and administrative best practices*

Program Coordination:

- *Coordination with ESTAK on ICT strategy development*

Figure 5: Assistance to the MFE Activities

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Task 1: Information Technology				
	<i>Activity 1: Establish a foundation for IT Governance at the MFE</i>				
Y1-Q1	1.1 Conduct an initial assessment of the ICT services at the MFE (All Departments / Units/ Agencies)	MFE IT, Customs IT & Tax Authority IT	The three IT units within the MFE portfolio (Customs, Tax and MFE Central, including Property Tax and Treasury)	ESTAK EU Customs Project	Report on IT Services portfolio at each of the 3 IT Units Report on Service Processes maturity <i>Report on areas for urgent intervention (Tactical Plan)</i>
Y1-Q1	1.2 Organize and conduct few working sessions / meetings to create understanding of IT Governance practice and awareness for its importance. (purpose is to create awareness & urgency for changes into IT Organization and IT Services Delivery Model)		Business managers and IT Managers		Prepare a deck for IT Governance Business and IT managers have proper understanding of IT Governance and on roles and responsibilities they have in it

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y1-Q1	1.3 Establish IT Governance organizational structure and define governance mechanisms (committees, boards, etc / identify key champions (senior managers from both IT and business) to be involved in the governance decision-making process.	MFE Leadership and CIO	Senior managers from IT and business		IT Governance organizational structure defined and adopted. Roles and responsibilities defined and documented. Governance mechanisms defined – committees, board, etc. established and key champions identified. Decision-making structures established Alignment processes design and documented Communication approaches identified
Y1-Q2	1.4 Define IT Governance mission statement, goals, and guiding principles.	CIO office & IT Governance committees	CIO Office and IT Divisions		IT Governance mission statement defined IT Governance Goals defined and adopted IT Governance guiding principles defined and documented
Y1-Q2	1.5 Establish IT risks management process.	Business and IT Managers	IT Managers		Risk Management process established
<i>Activity 2: ICT Strategic Assessment</i>					
Y1-Q1	2.1 Agree on methodology and tools for the assessment	CIO office	All IT units		Methodology and tools for the ICT strategic assessment selected (data collection templates)
Y1-Q1	2.2 Perform initial data gathering and evaluate and gain consensus on the scope of	All IT Units	Assessment team		Scope of the assessment defined.

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	the assessment				
Y1-Q2	2.3 Develop detailed work plan for the assessment	CIO Office, Assessment team			Detailed assessment plan
Y1-Q2	2.4 Organize workshop for all IT units to explain the assessment process and purpose, and to engage them in it.	CIO Office	All IT units		Workshop pack developed Conduct the workshop
Y1-Q2	2.5 Gather data	IT Departments / Units currently maintaining the element subject to assessment	CIO and CIO office (Assessment team)		Data for each element in the scope collected.
Y1-Q2	2.6 Analyze data	Assessment Team	CIO, CIO office and governance committees/ boards		Assessment report
Y1-Q2	2.7 Create options for future state for ICT service delivery (Enterprise Architecture, Applications, Infrastructure, IT staff, Operations, Security). Consider different delivery models: in-sourcing, outsourcing, shared services, etc.	CIO, CIO Office	All IT units and businesses		Options for future state of the ICT at the MFE designed and documented
Y1-Q2	2.8 Prepare business cases for identified options	Business and IT Managers	CIO, CIO Office		Business cases (cost and time estimates, resources need (hardware and software, IT staff)) for identified future state

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
					options prepared
Y1-Q2	2.9 Select / finalize the future state of ICT Services at the MFE	CIO Office, Business Managers	All IT units and businesses		Targeted future state of ICT at the MFE determined (Future MFE IT Enterprise Architecture; IT Infrastructure; IT Services Portfolio (in-sourcing, outsourcing, SS); IT Operations)
<i>Activity 3: Develop a Strategic ICT Plan</i>					
Y1-Q3	3.1 Develop a Strategy and Roadmap for achieving the future state of the ICT Services at the MFE	CIO, IT managers			Draft Strategic ICT plan
Y1-Q3	3.2 Gain consensus on the Plan	CIO Office, IT Managers & Business Managers			Updated / Agreed draft Plan
Y1-Q3	3.3. Adopt / approve the Strategic IT plan	CIO and CIO Office	Both IT and Business		Strategic Plan adopted / approved
	Strategic ICT Plan Execution				
<i>Activity 4: Bring the Budget and Treasury IT Systems to the next level of sophistication and integration (time-sensitive task)</i>					
Y1-Q2	4.1 Assess the systems regarding their functional completeness and performance level.	Budget and Treasury Business and IT managers			Assessment report on Budget and Treasury Systems
Y1-Q2	4.2 Identify functionalities that need to be added to each of the systems or functionalities that need to be changed	Budget and Treasury Business	IT teams supporting both systems		Functionalities to be added or changes identified

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
		and IT managers			
Y1-Q2	4.3 Identify need of integration and develop detail requirements specifications for the integration.	Budget and Treasury Business and IT experts	IT teams supporting both systems		Detail Requirements for systems improvements and integration
Y1-Q3	4.4 Design, build and implement integration solutions.	Budget and Treasury IT Experts	Budget and Treasury Business		Systems improvements and integration designed Budget and Treasury Systems enhanced and integrated
<i>Activity 5: Improve data sharing among systems / Assist the MFE in Implementation of the SSC and Data Sharing Environment (DSE)(time-sensitive tasks)</i>					
Y1-Q2	5.1 Identify needs of data and information sharing among systems.	Business Managers			Needs of data and information sharing identified (sources, recipients)
Y1-Q2	5.2 Prepare detail requirements specifications for building integration solutions ensuring data and information sharing with required security.	Business & IT Experts			Detailed requirements specifications for data and information sharing
Y1-Q2	5.3 Select an approach for building and implementing data sharing solutions.	CIO, relevant committee and IT managers			Approach for ensuring effective and efficient data and information sharing among systems and business units selected
Y1-Q3	5.4 Plan, build and implement	IT managers and experts	Business Managers, IT Services portfolio		Data and information sharing solutions implemented

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
			and IT operations		
Y1-Q2	5.5 Identify IT Services that can be shared (are currently provided in multiple MFE units)	CIO, IT Managers	IT Services portfolio and it services operations		Repeatable IT services at different IT Units of the MFE
Y1-Q3	5.6 SSC Initiation – determine scope of service and define required IT assets and staff.	CIO, Chief Architect, Chief Infrastructure Manager, Chief Applications Manager and Chief Operations Manager	IT Structures, IT services portfolio, IT Operations		Scope of the Shared Services defined Required IT assets estimate Required IT staff and skills set for the SSC maintenance determined
Y1-Q3	5.7 Get consensus on SSC	CIO Office, High-level managers			
Y1-Q3	5.8 Plan the establishment of the SSC (<i>Decide on the form of the SSC – central MFE unit or PPP</i>)				
Y1-Q4	5.9 Design, develop, and Implement SSC.	IT Managers	Business units using ICT services that will be provided by the SSC; IT Operations		SSC established and fully operational SLAs signed between SSC and relevant business units
Y1-Q4	5.10 Plan and execute Change Management Activities related to the SSC.	Business and IT	Operations and Users of shared		Change Management Plan Awareness, desire, knowledge, and

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
		Managers	services		reinforcement built
<i>Activity 6: Improve reporting capabilities of the systems (to improve timeliness and depth of ministerial/management reporting)</i>					
Y1-Q3	6.1 Identify reporting needs and prepare detail requirements specifications.	All levels of management	All business managers		Reporting needs identified and specified
Y1-Q3	6.2 Identify systems and data flows those systems can exchange or provide to a central depository (db warehouse) for reporting purposes.	IT Managers and Experts	IT Services portfolio, IT Services maintenance, and Business Managers		Reporting solutions designed
Y1-Q4	6.3 Build and implement IT solutions ensuring timely and accurate management information for all levels at the MFE	IT Managers and Experts	All business managers		Reporting capabilities improved – managers at all levels receive timely and accurate operational and management information
<i>Activity 7: Training on the use of the property tax IT solution</i>					
	7.1 Prepare training materials				
	7.2 Prepare training plan for each municipality			DEMI	
	7.3 Provide training		municipalities		
<i>Activity 8: MFE IT Staff skills improved</i>					
Y1-Q3	8.1 Assess the skills set of the IT staff				
Y1-Q3	8.2 Design a training program for IT staff				
Y1-Q4	8.3 Provide the training				

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Task 2: Budget and Treasury <i>Activity 1: Continue Implementation of PFM Action Plan</i>				
Y1-Q1	Engage in OPM/DFID led process of revising Cabinet procedures, to improve links between strategic planning, policy making and budget.	MFE,OPM & DFID (PAI)	Director Budget Department, Director Strategic Planning in OPM		Improved Cabinet procedures that promote greater consideration of fiscal impacts in policy decisions.
Y1-Q1	Assist in coordinating update and review of progress against PFM Action Plan.	MFE	Deputy Minister, Directors of MFE Departments.		Implementation of Government's PFM Action Plan.
Y1-Q1	Propose changes to organizational structure of MFE, consistent with PMF Action Plan (PFMAP).	MFE Budget Department	Minister		Structure of Budget Department that is consistent with LPFMA and PFMAP – that will promote improved internal coordination.
Y1-Q2	Harmonization of the planning cycle and budget cycle leading into 2011.	MFE,OPM & DFID (PAI)	Deputy Minister, Director of Budget & Director of Strategic Planning (OPM).		An enhanced set of government priorities for the next MTEF, informed by strategic planning activities in line ministries.
	Initiate review of the FMIS Chart of Accounts, having regard to the outcomes sought in the PFMAP and for decentralization.	MFE, municipalities	Deputy Director Treasury, Director of Budget, Municipal Finance Officers		Chart of Accounts that includes enhanced functional classification and is expended to promote use of FMIS for sub-units in municipalities.
Y1-Q3	Assist in coordinating update and review of progress against PFM Action Plan.	MFE	Deputy Minister, Directors of MFE Departments.		Implementation of Government's PFM Action Plan.
Y1-Q4	In the context of the 2011 MYR, initiate review of mechanisms for re-allocating	MFE	Deputy Minister, Director of Budget		Improved execution of capital projects and enhanced prioritization of capital

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	underspent capital appropriations.		Department.		spending.
Y2-Q1	Assist in coordinating update and review of progress against PFM Action Plan.	MFE	Deputy Minister, Directors of MFE Departments.		Implementation of Government's PFM Action Plan.
Y2-Q2					
Y2-Q3	Assist in coordinating update and review of progress against PFM Action Plan.	MFE	Deputy Minister, Directors of MFE Departments.		Implementation of Government's PFM Action Plan.
Y2-Q4	Assist MFE in undertaking an updated PEFA self-assessment to track progress in implementing PFMAP and revise as required.	MFE	Deputy Minister, Directors of MFE Departments.	DFID WB	Implementation of Government's PFM Action Plan.
<i>Activity 2: Advance cash flow and asset management</i>					
Y1-Q1	Implement FreeBalance upgrade for recording of "obligations".	MFE	Treasury Director	UST	reporting of obligations and arrears
Y1-Q2	Propose internal procedures and measures for enforcement of Treasury Rules for reporting of obligations and arrears.				enforcement of Treasury Rules for reporting of obligations and arrears
Y1-Q3	Establish MFE/CBK working group on implementation of Real Time Gross Settlements (RTGS).	MFE, CBK	Director Treasury, IT Managers in Treasury and CBK		Enhanced electronic interface between Treasury and CBK.
Y1-Q4	In conjunction with US Treasury advisor, propose mechanisms for improving cash flow forecasting.	MFE Treasury, Finance officers in	Director of Treasury		Better cash management due to improved information.

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
		BOs.			
Y1-Q4	Engagement between MFE, MPS and MLSW regarding use of ICS (or RTGS) for mass payments such payroll and pensions.				Greater accuracy, transparency and stronger audit trail for mass payments.
Y2-Q1					
Y2-Q2	Finalize integration of RTGS in Treasury	MFE, CBK	Director Treasury, IT Managers in Treasury and CBK	UST	Enhanced electronic interface between Treasury and CBK.
<i>Activity 3: Introduce performance management in the Budget process</i>					
Y1-Q2	Prepare concept paper on performance management in the Budget process. Seeking endorsement of action by Minister, Deputy and Budget Director.	MFE	Minister, Deputy Minister, Budget Director.		Endorsement of concept for introducing performance measures in Kosovo budget process.
Y1-Q3	Subject to MFE management endorsement, initiate a pilot for introduction of performance measures during 2012-14 budget, in 2-3 selected programs. Training of staff in MFE and BO.	MFE, budget organization	Budget Director, Minister & Permanent Secretary of pilot BO, Staff in Budget Department & BO.		Introducing performance measures in Kosovo budget process.
Y1-Q4	Progress implementation of pilot project for introduction of performance measures by identifying performance measures that are realistic and measurable.	MFE	Director Budget Department, Budget organizations.		Identification of appropriate performance measures.
Y2-Q1	Incorporate performance information for pilot programs in 2012-14 Budget	MFE, budget	Budget Analysts.		Transparent information regarding performance measures for pilot projects

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Documents.	organization			embedded in budget documents.
Y2-Q2	Work with those Ministries with pilot programs to implement internal management information systems for tracking, recording & reporting performance data.	Selected Budget Organizations.	Permanent Secretaries of BOs		Management information systems for tracking performance.
Y2-Q3	Commence process of training staff and collect performance data for all central BO programs in the context of the 2013 Budget.	MFE, Central BOs	Budget Director.		Expanding system of performance management for entire central budget.
Y2-Q4	Training completed for Budget Analysts and finance officers (in Pilot programs) on “evaluation of programs”. A timetable of future program evaluations will be established.	MFE	Budget Director, Budget analysts, Finance officers in BOs		Provide foundations for future evaluation of programs using performance information.
<i>Activity 4: Enhance the capacity of the Assembly to hold the GoK account for Fiscal Stewardship</i>					
Y1-Q2	Engage with USAID implementing partners in the Assembly, Committee Chairs, and other stakeholders to examine opportunities to support technical capacity in the Assembly for oversight of PFM.	Stakeholders and the Assembly.	USAID Implementing partners	DEMI Other USAID projects	Enhance the capacity for the Assembly to hold the Government to account for PFM.
Y1-Q3	Put forward proposals for strengthening the analytical support available to the PA Committee and Budget Committee of the Assembly.	Assembly, MFE, Donors	Chair of Budget & PA Committees, Minister of Finance.	DEMI	Enhance the analytical assistance available to committee members and thus increase their effectiveness.
Y1-Q4	Provide training to the Committees and their supporting staff on relevant aspects of PFM.	Assembly	Assembly Committee and their staff.		Enhance the capacity for the Assembly to hold the Government to account for PFM.

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Task 2: Assistance to Budget and Treasury					
<i>Activity 5: Strengthen the system of fiscal intergovernmental relations</i>					
Y1 Q1-Q2 Jul-Dec11	1.1. Advocate and assist implementation of the 2010 Action Plan for the Grants Commission Secretariat operations, in particular focusing on compliance with the key LLGF provisions in the areas of: (a) determination of municipal financing from government grants, including capital grants; (b) appointment of municipal members serving on the Grants Commission	Grants Commission Secretariat	Grants Commission Secretariat Grants Commission MFE Budget Department	DEMI	Grants Commission functions are well understood and MFE provides efficient technical support to its operations
Y1 Q3-Q4 Jan-Jun11	1.2. Support the development of the 2011-2012 Action Plan for the Grants Commission Secretariat, including advocacy on the need of its reorganization	Grants Commission Secretariat	Grants Commission Secretariat MFE leadership		Grants Commission operations are based on clear operational procedures, for which implementation is followed by reporting and accountability
	1.3. Design and assist in the implementation of Operational Procedures guiding the operations of the Grants Commission, including determination of procedures, information outreach to Grants Commission members, reporting and oversight mechanisms	Grants Commission Secretariat	Grants Commission Secretariat Grants Commission MFE Municipalities	DEMI	Grants Commission Secretariat meets conditions necessary to act impartially and professionally
	1.4. Together with AKM, work towards the establishment of formal process to allow municipalities to inform policy position of Municipal Members of the Grants	AKM Municipal Members of Grants	Grants Commission Municipalities		Local Government understands its rights and possibilities in advocacy and policy setting through the Grants Commission mechanisms

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Commission	Commission Grants Commission Secretariat			
Y2-Y3	1.5. Periodical training and workshops for Grants Commission Members and AKM in advocacy and policy setting	Municipalities AKM	Grants Commission	DEMI	Representation of Local Government needs strengthened at the level of Grants Commission
	1.6. Assist in the institutionalization of periodical reporting and monitoring of Grants Commission compliance with the LLFG provisions	Grants Commission Secretariat	Grants Commission Government MFE AKM		Grants Commission functions more effectively and its Secretariat is held accountable for the implementation of the LLGF provisions
	1.7. Subject to the availability of population census, assist in the review of grants system	Grants Commission Secretariat	Grants Commission MFE International Stakeholders (IMF, WB)	DEMI	Grants system implemented based on new population data
Task 3: Assistance to Property Tax Department <i>Activity 1: Ensure that annual audits of property tax offices provide feedback to municipalities.</i>					
Y1-Q1 Jul- Sep10	1.1. Conduct the review of recent 2009 audit reports for all municipalities, identify common quality gaps, develop template and check list for model audit report preparation, develop and deliver training introducing model approach based on	MFE Property Tax Department	MFE Property Tax Department Municipalities		Property Tax Department has well established processes and formats to perform audits of municipal offices
Y1-Q2 Oct-					Property Tax Department staff understands and is qualified to apply higher quality audit processes

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Dec10	case-studies				
	1.2. Prepare and deliver workshop for Municipalities (executive and legislative branches) on duties and responsibilities regarding audits, interpretation of audit reports, and transparency and accountability			DEMI	Awareness on municipalities responsibilities regarding transparency and accountability resulting from audit reports improved
	Build capacity to perform assessment-to-sale ratio analysis, collection trend analysis, and taxpayer compliance analysis – <i>ongoing onwards in a form of regular training and workshop activities, feeding into works on improvements in audit reports quality</i>				Property Tax Department staff understands benefits and application of impact analysis; staff is capable to utilize this approach in communication with municipalities Municipalities able to incorporate impact analysis into their revenue policy decisions
Y1-Q3 Jan-Mar11	Assist in the conduct of the 2010 audits, with the emphasis on model approach utilization and provision of concrete recommendations to municipalities				The 2010 audit reports show material improvement in the scope and quality of recommendations forming useful input into municipal administration practices
Y1-Q4 Apr-Jun11					
Y2-Q1 July-Sep11	1.3. Based on audit results, assist MFE Property Tax and municipal Offices in developing and implementing actionable work plans to improve property tax administration and to implement audit recommendations, including dedicated			MFE Property Tax Department	MFE Property Tax Department Municipalities
Y2-Q2		Municipaliti			

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Oct-Dec11	training for property tax managers on business planning	es			
Y2 – Y3	1.4. Assist in the conduct of the 2011 audits, including the mid-term review of progress in improving property tax administration by municipalities, strengthening of MFE capacity to provide feedback and recommendations to municipalities, strengthening MFE monitoring and advisory capabilities				Mid-term assessment of the municipalities' progress in implementing action plans available The 2011 audit reports demonstrate higher quality Municipalities utilize property tax as viable, transparent, and sustainable financing resource
	1.5. Perform monitoring and support assessment-to-sale ratio analysis and progress in the implementation of municipal action plans, continue delivery of tailored training and workshop events for municipal property tax employees, local legislative, and other key stakeholders				
<i>Activity 2: Calibrate new mass appraisal models</i>					
Y1 Q1-Q3 Jul10-Mar11	1.1. Based on results from ongoing resurvey assist data quality control process, commence pilot data, system, and new model calibration (including training for data quality validation, data migration techniques into property tax system)	MFE Property Tax Department MFE Property Tax Department	MFE Property Tax Department Municipalities MFE Property Tax Department	SIDA	Property and taxpayer data improved Municipalities capable to utilize system to identify unregistered properties
Y1-Q4 Apr-	1.2. Perform statistical and technical analysis to establish and calibrate new appraisal models for each property class in every	Municipalities	Municipalities		Technical framework and procedures for new appraisal models established in MFE

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Jun11	municipality – <i>ongoing onwards</i>				
Y2 Q1-Q2 Jul-Dec11	1.3. Develop documentation and guidance for new appraisal models for each municipality				New appraisal models developed and documented
	1.4. Support to a phased-in implementation of new appraisal models by individual municipalities				New appraisal models rolled out and municipalities commenced their use
Y2 – Y3	1.5. Facilitate and assist ongoing review and updates of models to address changing market conditions	MFE Property Tax Department	MFE Property Tax Department	DEMI	MFE Property Tax department demonstrates capacity to assume and maintain appraisal models Fair and equal treatment of properties and tax payers across Kosovo
	1.6. Monitor the implementation and provide ongoing technical assistance in the rollout of quality mass appraisal models	MFE Property Tax Department Municipalities	MFE Property Tax Department Municipalities		Annual property tax assessment and billing reflect application of appraisal models
<i>Activity 3: Train in the use of the property tax IT solution and administrative best practices.</i>					
Y1 Q1-Q3 Jul10-Mar11	1.1. Assist Department in the development of strategic Business Plan, with client oriented approach focused on improvements in IT and administrative services provided to municipalities	MFE Property Tax Department	MFE Property Tax Department	SIDA	MFE Property Tax Department has Business Strategy with well articulated objectives and performance targets
Y1-Q4 Y2-Q2 Apr-	1.2. Assist the development of New Business Process following the stabilization of new system, including review and amendment of administrative instructions, technical	MFE Property Tax Department	MFE Property Tax Department Municipalities	DEMI	Administration in municipalities is effective and based on the utilization of new system functionalities and procedures

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Dec11	support to the implementation of a sequence of new system functionalities, facilitation of monitoring and oversight	Municipalities			
Y1-Q3 Jan-Mar11	1.3. Assist in the development of implementation plan for Collection and Enforcement for delinquent taxpayers, roll out to individual municipalities				Municipalities capable to address enforcement issues
Y1-Y3	1.4. Assist and coordinate IT development, maintenance, and know-how transfer to MFE IT	IT	IT	SIDA	Development and maintenance needs of Property Tax Department effectively supported IT system integrated and communicating with systems in other institutions to support collections
	1.5. Promote openness and transparency of property tax data to public				Improved communication with taxpayers Tools facilitating openness of data developed
	1.6. Develop and support the implementation of quarterly workshops for municipalities on advanced tax administration techniques and implementation of new IT solutions, including such aspects as training in the use of IT solution to simulate impact of rate changes on municipal budgets, transparency and access to information, property tax public information campaigns	MFE Property Tax Department Municipalities	MFE Property Tax Department Municipalities	DEMI	Municipalities capable to utilize functions of the new IT solution Property tax policies and administration is strategically linked to and feeds into Municipal MTEF and budget processes, taxpayers acceptance of property taxation increased

Critical Assumptions:

1. The extension of SIDA assistance until the end of 2011 is confirmed. The continuation of technical support from SIDA beyond this period desirable.
2. Property Tax Department is assumed to retain and expand expertise built up during SIDA assistance.
3. Municipal authorities are assumed to support improvements in the utilization of property taxation. Political cycle coinciding with the GFSI term (i.e., the next local elections in 2013) assumed favorable to potential increases in property tax rates and collection enforcement.
4. The stabilization of property tax IT system and administration expected upon the completion of major system changes.

Donor Program Coordination:

1. Provision of leadership and **coordination with SIDA** program will be central to the overall success of new property tax IT system. Joint and concerted efforts to transition the system under the MFE management and maintenance will be overarching goal of two programs.
2. Improvements in property tax administration, taxation transparency and effectiveness, as well as the quality of municipal services to taxpayers will be conditional on appropriate engagement of municipal legislative. Thus, with the aim to strengthen impact of technical assistance, our cooperation and **coordination with USAID DEMI** and other relevant USAID DG programs will be focused on the understanding and implementation of these aspects throughout the outreach to Municipal Assemblies and citizens.

OBJECTIVE 3 – ECONOMIC POLICY ASSISTANCE

Strategic Overview

During the past decade, donor support and technical assistance were appropriately focused on building public institutions and establishing a legal framework to enable the development of an open market economy. With support from USAID-funded programs, many of the tools and institutions for sound economic policy formulation are now in place. The MFE has a competent Macroeconomic Department for undertaking macroeconomic policy analysis. Tools of analysis include a model of the Kosovo economy for forecasting and simulation of macro policies, a Medium Term Expenditure Framework that links fiscal policy with macroeconomic goals, and a Treasury system that provides accurate and timely financial information. Nonetheless, both international partners and the GOK's own internal PEFA self-assessment point to weaknesses in Cabinet-level engagement in the development of credible long-term economic policy.

With the public institutions and tools in place, the next step is to assist the government in using these capabilities to develop a coherent long-term economic strategy directed at private sector growth. Realizing this goal requires changes in the way in which policy is developed, improving the links between career professionals and political leaders, engaging the Cabinet in longer-term policy development and providing a voice to advocates of private sector growth.

Expected Results:

The GOK will have a clear structure for economic policy decision-making and well-defined economic goals, specifically promoting the private sector as the driver of employment and growth and providing economic opportunities for women, youth and minorities. Economic policy will have been formulated with significant input from key stakeholders and representatives of the private sector. Such policy will have been developed by members of a cadre of economic professionals who work together to provide consistently high-quality advice to Ministers and who consult with private sector and international partners in a collaborative approach to policy development. Evidence of success will be demonstrated by an increasing share of private sector investment in the GDP of Kosovo, leading to a higher rate of growth.

Key activities:

- *Activity 1: Serve as the catalyst for economic policies*
- *Activity 2: Work within inter-ministerial arrangements to address policies and build capacity of relevant ministries and institutions to develop appropriate economic policies*

- *Activity 3: Prepare articles, presentations, and speeches on relevant economic policy issues and promote development economic studies to stimulate policy debate*
- *Activity 4: Identify legislation needed to enhance environment for private sector growth*
- *Activity 5: Foster creation of working group for international development partners*

Program Coordination:

- Our Senior Private Sector Economist, Yves Van Frausum will work across the project gathering data and intelligence on economic activity. With the agreement of USAID he will participate as advisor to relevant government committees and work with the Trade Ministry and Chambers. In these roles he will coordinate closely with the BEEP and also KPEP projects.

Figure 6: Economic Policy Advice Activities

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	<i>Activity 1: Serve as the catalyst for economic policies</i>				
Y1-Q2	1.1 Conduct an initial assessment of the state of affairs in economic development in general and of private sector development in particular	MFE, Min. of Trade & Industry, Agriculture, Labor and Social Welfare, Transport & Telecoms, Energy & Mining, Education, Sc. & Techn.	MFE, MTI, Chamber of Economy and donor community		Perspective study/concept paper on development opportunities for Kosovo
Y1	1.2 Assist in improving economic intelligence, in particular the database on	MFE, Statistical	MFE, MTI, economic community		New data available for monitoring trends and cycles

Q3-Q4	production and income as well as business cycles	Office			
Y1-Q4 Y2	1.3 Assess the need for new policy simulation models, and, coach policy analysts in their use, as may be required	MFE Macro-economic Unit	MFR, Central Bank		New domains of analysis and research explored
<i>Activity 2: Work within inter-ministerial arrangements to address policies and build capacity of relevant ministries and institutions to develop appropriate economic policies</i>					
Y1 Q2-Q3- Q4 Y2 – Y3	2.1 Participate in the activities of advisory councils, as a member, an observer or advisor to these arrangements. Main topics are SME development, trade promotion, investment promotion	Ministry of Trade and Industry	MTI, Prime Minister, business community	BEEP, KPEP	Inventory made of remaining obstacles to private sector development, and, responsibilities allocated to address the issues
Y1-Q3 Y2-Y3	2.2 Organize an annual training course/workshop on policy design	MFE, MTI, Chamber of Economy	Economic ministries, Central Bank, members of the Assembly (economic committees)		Senior officers in ministries adopt a structured approach in policy analysis and design
<i>Activity 3: Prepare articles, presentations, and speeches on relevant economic policy issues and promote development economic studies to stimulate policy debate</i>					
Y1-Q4 Y2-Y3	3.1 Produce articles on a) best practices in economic policy, b) comparative economic performance (Kosovo versus direct competitors)	MFE, MTI, Chamber of Economy	Senior officers in Government, business environment, media, university and think tanks		Supply officers of research/strategy/policy units with challenging data and economic intelligence
Y2-Y3	3.2 Develop a series of seminars to improve the understanding of the media in the area of economic policy and the business environment	MFE, MTI, Chamber of Economy, University	Kosovo media	BEEP, KPEP	Professionalization of media reporting on the economy

Y1-Q4 Y2-Y3	3.3 Provide coaching to institutions responsible for SME development, trade promotion and investment promotion	MTI	SMEs, exporters, foreign investors	BEEP, KPEP	Enhanced activity of the agencies under the MTI, and, improving the image of Kosovo abroad
<i>Activity 4: Identify legislation needed to enhance environment for private sector growth</i>					
Y1 Q3-Q4 Y2-Y3	4.1 Participate in recording evidence coming from the private sector on dysfunctions/weaknesses in the legal and regulatory framework, collaboratively analyze their impact and recommend changes	Chamber of Economy, SME Agency, foreign investors, EULEX	MFE, MTI, Prime Minister Office, Assembly	BEEP, SEAD, KPEP	An agenda created for amendments to the legislation and/or implementation arrangements
<i>Activity 5: Foster creation of working group for international development partners</i>					
Y1-Q3	5.1 Conduct an initial assessment of the parameters of donor coordination in Kosovo with regards to private sector development; propose an institutional arrangement	Bilateral donors, IFIs, main NGOs	USAID	USAID mission	Recommendation for an institutional arrangement with regards to PSD
Y2-Y3	5.2 Implement the desired institutional arrangement; organize the Secretariat	Bilateral donors, IFIs, main NGOs, economic ministries	Donor community, Government	USAID	Information sharing, funding gaps identified, common stances taken on policies, correlation of activities

ANNEX A: MANAGEMENT AND WORKING RELATIONSHIPS

GFSI Project Management roles are assigned as follows:

Role	Responsibilities	Name
Field Office – Chief of Party	<ul style="list-style-type: none"> • Provide technical direction to our long-term and short-term advisors • Oversee the implementation of work plan activities, manage project activities, track progress and manage performance issues • Foster existing working relationships with GFSI counterparts • Prepare quarterly and annual reports • Manage communication with client • Manage effective coordination with other USG programs and activities implemented by other donors 	Matthew Smith
Home Office – Engagement Principal	<ul style="list-style-type: none"> • Provide overall program management and project performance oversight • Provide thought leadership • Perform quality assurance • Conduct periodic in-country visits 	Fernando Ramos
Home Office – Engagement Manager	<ul style="list-style-type: none"> • Provide oversight of day-to-day project administrative operations • Oversee project financial management • Conduct performance monitoring and participate on program reviews • Manage Home Office communication with field project team • Conduct periodic in-country visits 	Alyona Polomoshnova

GFSI Project Management team will work closely with **USAID COTR Luan Gashi and Bill Lawrence, Alternate COTR** in USAID/Kosovo Mission, to ensure that project staffing and project activities included in the work plan are aligned with program objectives and USAID Mission Strategy, and track progress towards achieving expected results.

ANNEX B: CROSS-CUTTING THEMES

Throughout all GFSI project's activities we will integrate the following cross-cutting themes and reflect specific achievements in these areas in quarterly and annual project reporting:

- Youth Integration
- Gender Equality
- Full Participation of Minorities
- Protection of Kosovo's Environment

DRAFT

ANNEX C: GFSI KEY PERSONNEL

Figure 7: GFSI Key Personnel

Key Personnel Position	Name	Deployment	Period of Assignment
<i>Chief of Party</i>	Matthew Smith	<i>Jul 22 2010</i>	<i>Jul 22 2010 – Jul 15 2013</i>
<i>Public – Private Partnership Lead Advisor</i>	Jill Jamieson	<i>Sep 15 2010</i>	<i>Sep 15 2010 – Jul 15 2013</i>
<i>Legal Advisor to PAK</i>	William Klawonn	<i>TBD</i>	<i>Dependent on pre-conditions</i>
<i>Budget / Treasury Advisor [Municipal]</i>	Magdalena Tomczynska	<i>Jul 22 2010</i>	<i>Jul 22 2010 – Jul 15 2013</i>
<i>Senior Private Sector Economist</i>	Yves Van Frausum	<i>Sept 13 2010</i>	<i>Sept 13 2010 – Aug 15 2011</i>

ANNEX D: GFSI PROJECT DELIVERABLES

Figure 8: Schedule of GFSI Deliverables

Project Deliverables	Period of Performance	Timeline	Responsibility
Initial Life-of-Project Work Plan	Jul 15 2010 – Jul 15 2013	Aug 30 2010	Chief of Party, Project Manager, Project Principal
Quarterly Report Y1 - Q1	Jul 15 2010 – Sep 30 2010	Oct 5 2010	Chief of Party, Project Manager
Quarterly Report Y1 - Q2	Oct 1 2010 – Dec 31 2010	Jan 5 2011	Chief of Party, Project Manager
Quarterly Report Y1 - Q3	Jan 1 2011 – Mar 31 2011	Apr 5 2011	Chief of Party, Project Manager
Reporting on Foreign Taxes	Jul 15 2010 – Mar 31 2011	Apr 12 2011	Chief of Party, Project Manager
Updated Life-of-Program Work Plan Y2-Y3	Jul 15 2011 – Jul 15 2013	Jun 15 2011	Chief of Party, Project Manager, Project Principal
Annual Report Y1	Jul 15 2010 – Jun 30 2011	Jul 15 2011	Chief of Party, Project Manager, Project Principal
Quarterly Report Y2 - Q1	Jul 1 2011 – Sep 30 2011	Oct 5 2011	Chief of Party, Project Manager
Quarterly Report Y2 - Q2	Oct 1 2011 – Dec 30 2011	Jan 5 2012	Chief of Party, Project Manager
Quarterly Report Y2 - Q3	Jan 1 2012 – Mar 31 2012	Apr 5 2012	Chief of Party, Project Manager
Reporting on Foreign Taxes	Apr 1 2011 – Mar 31 2012	Apr 12 2012	Chief of Party, Project Manager
Updated Life-of-Program Work Plan Y3	Jul 15 2011 – Jul 15 2013	Jun 15 2011	Chief of Party, Project Manager, Project Principal
Annual Report Y2	Jul 1 2011 – Jun 30 2012	Jul 15 2012	Chief of Party, Project Manager, Project Principal
Quarterly Report Y3 - Q1	Jul 1 2012 – Sep 30 2012	Oct 5 2012	Chief of Party, Project Manager
Quarterly Report Y3 - Q2	Oct 1 2012 – Dec 2012	Jan 5 2013	Chief of Party, Project Manager
Quarterly Report Y3 - Q3	Jan 1 2013 – Mar 31 2013	Apr 5 2013	Chief of Party, Project Manager

Reporting on Foreign Taxes	Apr 1 2012 – Mar 31 2013	Apr 12 2013	Chief of Party, Project Manager
Draft Final Report Y1 – Y3	Jul 15 2010 – Jul 15 2013	Jun 15 2013	Chief of Party, Project Manager, Project Principal

ANNEX E: PERFORMANCE BASED MANAGEMENT PLAN (PBMS)

PBMS will include Foreign Assistance Framework standard indicators, indicators of the USAID/Kosovo Mission Performance Management Plan, as well as select indicators proposed by Deloitte.

The following indicators will be tracked as part of PBMS:

- Overall budget deficit
- Public Expenditure and Financial Accountability (PEFA) assessment improved and PEFA assessments are conducted for municipalities
- Amount of property tax collected
- Value of private investment as a result of PPP activities
- Budget spending compare to budget allocation
- Number of key personnel in fiscal policy and fiscal administration trained by GFSI program

Additionally, Deloitte will propose some focused indicators that will allow GFSI program track their progress across all integrated activities. Proposed indications will be submitted to project's COTR for his review and approval within first three months of the project.

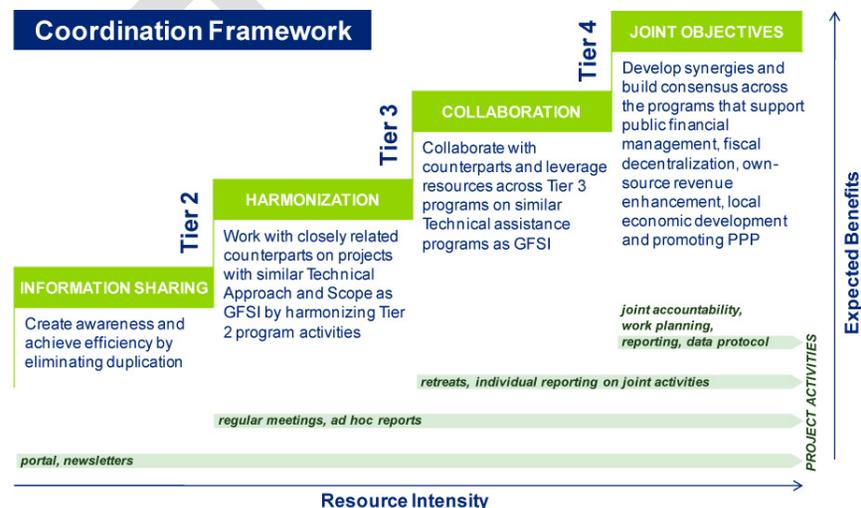
ANNEX F: USG AND OTHER DONOR PROGRAM COORDINATION FRAMEWORK

Strategic Overview

GFSI program will coordinating activities with USG and other donor funder programs to eliminate inefficiencies, duplication of efforts across projects and to maximize overall benefits of US Government technical assistance. We will follow our structured, disciplined and balanced approach to coordination activities that allows for scaling activity integration and use of resources to an appropriate level, based on the strength of linkages with other programs and alignment of programmatic objectives.

Key activities:

- *Tier 1: Set up GFSI project portal as a mechanism for communication for project stakeholders and sharing information with public – by the end of Q1 Y1*
- *Tier 2: Participate in regular USAID and other donor coordination meetings, exchange information and coordinate activities with closely related counterparts, including sector ministries and municipalities – throughout the life of the program*
- *Tier 3: Work closely with **KPEP** and **ESTAK** projects (ESTAK – collaboration in areas of IT solutions, revenue performance impacting budget; KPEP – collaboration in areas of private sector impact effecting economic policy agenda, legislation, identification of potential PPP opportunities), exchange and review work plans and SOW, collaborate on technical activities, report to USAID on joint activities working with municipalities – throughout the life of the program*
- *Tier 4: Work closely with **DEMI** and **BEEP** projects on joint activities with municipalities (DEMI – joint activities with the same municipalities, joint management of counterparts impact; BEEP – economic policy coordination to overcome general investment barriers, development of e-procurement procedures, municipal level PPP projects), including leveraging resources (office co-location wherever is practical), joint work-planning for municipalities where two or all three projects work together, develop uniform data protocol, joint reporting on joint activities – throughout the life of the program*



ANNEX G: GFSI PORTAL CONCEPT

Proposed Functions. We view the GFSI portal as a key mechanism to promote communication among project stakeholders and USAID mission in Kosovo.

Content and functions we have identified include the following:

- Performance Metrics
- Market Data
- Events and Conferences
- Training
- Leading Practice
- USAID and Donor Fiscal Sector Success Stories
- Chief of Party blog
- Partner Pages and Links
- Counterpart Links

ANNEX H: PROCUREMENT NEEDS

Procurement needs identified at early stage of GFSI program include but not limited to the following:

- Grants Commission website development and a Local Government PFM portal
- Outsourcing the organization of training workshops (location, bulk production of materials, food and beverages, out of Country municipal gathering events, transportation etc.)
- Simultaneous translation equipment (rent, purchase)
- Five (5) portable computers for Project Office and national staff focused on municipality work
- One (1) multi-feed photocopier – black and white
- One scanner
- Two (2) new office chairs for project office
- Re-carpet ground floor training room
- Six (6) desks and ten (10) chairs for training room

