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GROWTH AND FISCAL STABILITY INITIATIVE (GFSI) IN KOSOVO

LIFE-OF-PROJECT WORK-PLAN

July 15, 2011 – July 15, 2013

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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.

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.

OBJECTIVE 1.1 – SUPPORT PRIVATE SECTOR PARTICIPATION THROUGH PUBLIC-PRIVATE PARTNERSHIPS

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, while at the same time using PPP's as a tool to facilitate structural reforms of the economy across multiple sectors. Through GFSI, Kosovo will consolidate and expand its PPP program across all phases of the PPP life-cycle.

Expected Results:

By the end of the GFSI term, Kosovo will have a fully consolidated and functioning multi-sector PPP program at the central and municipal government levels, 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, it is anticipated that 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 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*
- *Activity 6: Establish a Project Development Fund (PDF)*

Figure 1: Municipal PPP Activities

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
	Activity 1: Consolidate the legal, institutional, & strategic framework for PPP				
Y3 Q1	1.1 Finalize PPP Guidelines (Manual) based on PPP project pipeline and new directives	Municipal PPP Departments / PIUs	Line Ministries, POEs and/or municipalities	PPP Dept/selected Municipalities & Ministries	PPP Guidelines
	1.2 Consolidate municipal PPP institutional framework	Municipal PPP Departments / PIUs	Municipalities	Kosovo Association of Municipalities (AKK)	Integration of PPP into municipal institutional structures.
	1.3 Develop TOR for municipal contract management teams	PPP Department, central and municipal governments	Central and Municipal Governments		TOR Developed
	1.4 Review, update, and improve primary and secondary legal framework for PPP, including related legislation (the process for determining tax treatment, contingent liabilities and debt implications, in accordance with international practices. etc.)	PPP COMMITTEE	PPP COMMITTEE, Assembly, Line Ministries, Municipalities Debt unit, EPP Department, Budget Department	BEEP	Improved legal framework for PPP and private investment as well as the process for determining tax treatments, contingent liabilities and debt implications, in accordance with legal requirements
	1.5 Ongoing program management, including the augmenting of the PPP department regulatory responsibility with an strategic advisory function	PPP COMMITTEE	Central and Municipal Governments /Public/Stakeholders	BEEP	PPP resource planning, prioritization, and execution, including sustainability of regulatory and strategic advisory functions

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Y3 Q2–Q4	1.6 Develop Multi-Year PPP Strategy and Work Plan for Government and Municipalities	PPP COMMITTEE, PPP Department	Central and Municipal Governments		Multi-Year Strategy and work plan
Activity 2: Provide technical assistance for priority PPP transactions across multiple sectors					
Y3 Q1-4	2.1 Update Project Pipeline	PPP Department, municipal, POEs, line ministries	POEs Municipal & Central Governments		A robust pipeline of feasible projects
	2.1.1 Route 7 – fiber optic communication services	PPP Department MOI	MOI		Complete or substantially complete one or more PPP transactions in sector (roll-out of sector)
	2.1.2 Waste Management	PPP Department, municipal	Municipal Governments	Waste Donor Group (EU, JICA, SDC, GIZ,etc) Kosovo Association of Municipalities (AKK)	Complete or substantially complete one or more PPP transactions in sector
	2.1.3 Public Parking	PPP Department, municipal, POEs, line ministries			Complete or substantially complete one or more PPP transactions in sector
	2.1.4 Market Place	PPP Department, municipal	Municipal Governments		Complete or substantially complete one or more PPP transactions in sector
	2.1.5 Urban Transport	PPP Department, municipal	Municipal Governments	EU Transport Master Plan	Complete or substantially completed one or more PPP

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
				project	transactions in sector
	2.1.6 Motorway Stations	PPP Department	MOI		Completed transaction to build service areas on Route 7
Activity 3: Assist to develop contract governance and oversight structures for PPP					
Y3 Q1	3.1 Establish legal and institutional framework for contract governance of the Pristina International Airport (PIA) PPP	PPP COMMITTEE	PIA PPP/ PPP COMMITTEE		Organizational structure and TORs for the PIA PPP project management unit (PMU).
Y3 Q2	3.2 Establishment of PMU Pristina International Airport – Recruitment, Funding, Training	Central government	PPP Department		Regular PPP contract compliance reporting
	3.3 PMU training / capacity building	PPP COMMITTEE	PMUs (PIA, Brezovica, Motorway Areas, Peja, etc)		PMU understands PPP contracts.
	3.4 Recruit key PMU personnel for PIA PPP	PPP COMMITTEE	PIA PMU		Functioning of PMU
	3.5 Ongoing performance monitoring and compliance audit support to PMU	Central and municipal government PMUs	PMUs (PIA, Brezovica, Motorway Areas, Peja, etc)		Regular PPP compliance reporting.
Y3 Q3-Q4	3.6 Support to PIU Pristina International Airport	Central government	PPP Department		Regular PPP contract compliance reporting
Activity 4: Implement a multi-sector PPP and project financing capacity building program					
Y3 Q1	4.1 Institutionalized Training Course Delivery	Trainers	Public and private sector practitioners (including (Local consultants, accounting and law	KIPA	Increased PPP capacity

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
			firms)		
	4.2 Selection of Trainers and Learning Center	PPP COMMITTEE	n/a	KIPA	Qualified trainers and learning center
	4.3 Train the Trainers	PPP COMMITTEE	Trainers		Sustainable training capacity
	4.4 Regular delivery of targeted training and seminars	PPP Department	Public and private sector practitioners and law firms	KIPA/PPP Dept/UNDP/B EEP	Increased PPP capacity
	4.5 Design and Development of standardized curriculum	Trainers	Public and private sector practitioners	KIPA	Increased PPP capacity Training and certification curriculum
	4.6 Development of course materials and manuals	Trainers	Students		Best practice resources
	4.7 Identify (including location) and structure study tour opportunity	PPP COMMITTEE	PPP Practitioners		Study tour proposal(s)
Y3 Q2-Q4	4.8 Institutionalized Training Course Delivery	Trainers	Public and private sector practitioners (including Local consultants, accounting and law firms)	KIPA/Chambers of Commerce/Academic organisations	Increased PPP capacity
	4.9 Selection of additional trainers and learning centers or universities	PPP Department Private Sector	Trainers	KIPA/Chambers of Commerce/Academic organizations/BEEP	Sustainable training capacity
	4.10 Undertake study tour (e.g., Croatia, Greece)	PPP Department	Central & Municipalities		Training and site visit tour

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
			Governments and POEs		
	4.11 Regular delivery of targeted training and seminars	PPP Department	Public and private sector practitioners (including Local consultants, accounting and law firms)	UNDP/BEEP	Increased PPP capacity
Activity 5: Promote positive environmental impact through public-private-partnerships					
Y3 Q1	5.1 Develop targeted training module on environmental planning, mitigation, and monitoring measures in PPP projects	PPP Department	Line ministries and municipalities	Environmental Protection Agency (KEPA)/MOE& SP	Environmental training on PPP available
Y3 Q2-Q4	5.2 Delivery of environmental training module	PPP Department	Line ministries and municipalities		Environmental training on PPP delivered
Activity 6: Establish a Project Development Facility (PDF), if supported (See Activity 1)					
Y3 Q1-Q2	6.1 Feasibility Study for PDF Development	PPP Department	Central & municipal governments	Donors, MOF,	Issues for establishment of PDF identified
	6.2 Develop overall PDF Strategy	PPP Department	Central & municipal governments	MOF	PDF Strategy developed
Y3 Q3-Q4	6.3 Assistance in implementation of PDF Strategy	PPP Department	Central & municipal governments		Support for PDF development

OBJECTIVE 1.2 – ROUTE 6 MOTORWAY PPP AND ROUTE 7 O&M CONCESSION

Expected Results:

Analytical and technical support for (1) financing and transaction options and (2) a possible private sector role in the construction and/or operation, maintenance, and tolling of major new public transportation infrastructure.

Given the Government's decision to develop Route 6 through debt financing, activity under this PPP Sub-Objective will be limited to initial support to developing PPP options for Operations and Maintenance on Route 7 and conducting an Economic Viability Assessment for Route 6.

Key activities:

- *Activity 1: O&M R7 Transaction Preparation – Procurement and project structure options analysis and start feasibility study and support preparation of TOR for the Transactional Adviser*
- *Activity 2: Conduct an Economic Viability Assessment for Route 6*

Program Coordination:

- GFSI will assist the MoF's PPP Department and the Ministry of Infrastructure in conducting the preparatory activities for O&M R7 and work with the MoF's Macro, Budget and PPP Departments and the World Bank on the Economic Viability Assessment for R6.

Figure 2: Motorway Support

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
	Activity 1: R6 and R7 Transaction Preparation				
Y3 Q1	1.1 R6 Procurement and project structure options analysis	PPP Dept	MOI		Options analysis completed
Y3 Q1	1.2 PPP project preparation of O&M	GFSI	MOI		Request for qualification

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
	concession on motorway R7				Transaction Advisor issued

OBJECTIVE 1.3 BREZOVICA SKI RESORT DEVELOPMENT

Expected Results:

By the end of the GFSI term, a concession will have been awarded for the development of the NewResort in Brezovica and investment from the private concessionaire will have commenced. This transaction will be a transparent, balanced, and sustainable transaction.

Key activities:

- *Activity 1: Develop Business Case – Evaluation of market opportunities, footprint, site review, legal recommendations, financial viability, discussion with central stakeholders*
- *Activity 2: Prepare Transaction – Preparing the site, regulatory environment, asset control, and stakeholders for envisioned transaction*
- *Activity 3: Develop and implement Communications Strategy – Shaping public opinion to support transaction*
- *Activity 4: Conduct International Tender – Marketing and selection of strategic international investor for the Project through competitive international tender*
- *Activity 5: Project Management and Capacity Building – Developing capacity in contracting authority to manage effectively investment and development process on behalf of the government*

Program Coordination:

- *GFSI will assist the Inter-Ministerial Steering Committee (ISC) leading the transaction in coordinating with ECLO and with other bodies of GOK as necessary to support development and implementation of transaction*

Figure 3: Brezovica Ski Resort Development Activities

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
	Activity 1: Develop Business Case				
Y3 Q1	1.1 Drafting Business Case	PIU	ISC	Coordination with BEEP on	Verify viable development transaction exists and define potential development site

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
				new Construction Law and related normative acts General coordination with DEMI (municipality), KPEP (tourism), and NOA Coordination with ECLO	
	1.2 Discussion of Business Case with ISC members	PIU	ISC	Coordination with BEEP on draft Law on Spatial Planning	ISC understanding of transaction vision, market analysis, site description, and legal framework assessment set out in Business Case
	Activity 2: Prepare Transaction				
Y3 Q1	2.1 Engagement of Transaction Advisor	PIU	MTI/ISC		International tender for Transaction Advisor commenced
	2.2 Support to IPAK for investor outreach conferences	PIU	Resort development community		Investor awareness of Brezovica transaction
Y3 Q2	2.3 Engagement of Transaction Advisor	PIU	MTI/ISC		Due Diligence conducted to support transaction
	2.4 Investor Outreach and	PIU	Resort		Investor feedback received to inform design of

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
	Feedback		development community		transaction
Y3 Q3	2.5 Engagement of Transaction Advisor	PIU	MTI/ISC		<ul style="list-style-type: none"> Information Memorandum Feasibility Study Data Room created
Activity 3: Develop and Implement Communication Strategy					
Y3 Q1–Q4	3.1 Focus Groups to define issue points, identify champions, identify and understand opposition, develop messaging response strategies, and understand local media	PIU	MTI/ISC/ Municipality / General Public		Issue points, champions, opponents, and response strategies identified.
	3.2 Development and adoption by ISC of Communications Strategy	PIU	MTI/ISC		Effective Communications Strategy to define messaging for stakeholders, relationship with media, and champions of transaction
	3.3 Implementation of Communication Strategy	PIU/MTI/ISC	GOK / Municipality / General Public		Effective Communications Strategy to shape opinion in Kosovo to support international transaction
Activity 4: Conduct International Tender					
Y3 Q2	4.1 Populate Data Room	PIU / Transaction Advisor	Potential strategic international investors		Data Room populated
	4.2 Due Diligence, Options Analysis, and Development Concept	PIU /Transaction Advisor	ISC		Due Diligence Completed. Options Analysis, and Development Concept in development
Y3 Q3	4.3 Development Concept and Transaction Structure	PIU / Transaction	ISC		Development Concept and Transaction Structure approved by ISC

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Y3 Q4	4.3 Request for Qualifications	Advisor PIU/ISC/ Transaction Advisor	Potential strategic international investors		Short-list of qualified potential strategic investors for participation in transaction
	4.4 Request for Proposals	PIU/ISC/ Transaction Advisor	Short-list of qualified potential strategic investors		Strategic investor selected
	4.5 Contracting	MTI / Transaction	Winning bidder		Contract close / financial close
Activity 5: Project Management and Capacity Building					
Y3 Q1	5.1 Project Planning Process	PIU	MTI/ISC		Standard project management processes in place for life of transaction
	5.2 ISC Meeting Organization and Management	PIU	MTI/ISC		ISC meetings effectively organized and conducted
	5.3 Trainings on TOR Development and Tender process	PIU/MTI	ISC		Effective procurement process in place to select transaction advisors and strategic investor through international tender
Y3 Q2	5.4 Project Planning Process	PIU	MTI/ISC		Standard project management processes in place for life of transaction
	5.5 ISC Meeting Organization and Management	PIU	MTI/ISC		ISC meetings effectively organized and conducted
	5.6 Trainings on TOR Development and Tender process	PIU	MTI		Effective procurement process in place to select transaction advisors and strategic investor through international tender
Y3 Q3	5.7 Project Planning Process	PIU	MTI/ISC		Standard project management processes in place

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
					for life of transaction
	5.8 ISC Meeting Organization and Management	PIU	MTI/ISC		ISC meetings effectively organized and conducted
	5.9 Trainings on TOR Development and Tender process	PIU	MTI		Effective procurement process in place to select transaction advisors and strategic investor through international tender
	5.10 Trainings on Concession Management	PIU	MTI		MTI (or contract implementation authority) has capacity to manage concession on behalf of GOK
Y3 Q4	5.11 Project Planning Process	PIU	MTI/ISC		Standard project management processes in place for life of transaction
	5.12 ISC Meeting Organization and Management	PIU	MTI/ISC		ISC meetings effectively organized and conducted
	5.13 Trainings on TOR Development and Tender process	PIU	MTI		Effective procurement process in place to select transaction advisors and strategic investor through international tender
	5.14 Trainings on Concession Management	PIU	MTI		MTI (or contract implementation authority) has capacity to manage concession on behalf of GOK



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 PFM Municipal activities:

- *Activity 1: Provide coaching and TOT to MoF in PEFA application, implementation and reporting for the future*
- *Activity 2: Based on PEFA self-assessment, develop and implement municipal PFM Action Plan and associated training program*
- *Activity 3: Phase in a Municipal MTEF (M-MTEF) approach into municipal budget process*
- *Activity 4: Strengthen the capacity of municipalities to integrate an M-MTEF approach into municipal budget processes*
- *Activity 5: Ensure sustainability of major activities related to municipal PFM area*
- *Activity 6: Strengthen the system of fiscal intergovernmental relations*

Critical Assumptions:

- 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).
- 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 4: Public Financial Management Municipal Activities

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Activity 1: Conduct an inventory of current PFM practices through PEFA self-assessment					
Y3-Q2 Oct-Dec 2012	1.1 Provide initial coaching to Municipal Budget Dept. MoF on the application of PEFA tool, implementation, assessment and reporting.		Municipal Budget Department staff		Start building capacities of the MoF to support interested municipalities in applying this tool for the future
Y3-Q2 Oct-Dec 2012	1.2 PEFA Implementation Phase , including application of methodology to evidence gathering, analysis, and evaluation supported by GFSI training and coaching for Municipal PEFA Assessors in cooperation and the MoF's Municipal Budget Department.	Municipal Assessment Team	Municipal Assessment Team Municipal Administration Municipal Assembly Central Agencies OAG	DEMI	One Municipal Assessment Team (5 assessors) have practical knowledge, skills, and capability to carry out individual PEFA assessments. The process for conducting the PEFA Implementation Phase introduced to staff from the MoF's Municipal Budget Dept. through OTJ. Initial PEFA scoring for the Municipality conducted
Y3-Q2 Oct-Dec 2012	1.3 PEFA Reporting Phase , including the completion of PEFA Reports supported by GFSI technical and analytical input in cooperation and the MoF's Municipal Budget Department.	Municipal Assessment Team	Municipal Assessment Team MoF OAG	DEMI	PEFA Report prepared for Municipality The process for conducting the PEFA Reporting Phase introduced to staff from the MoF's Municipal Budget Dept. through OTJ.

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Y3-Q4 Apr-Jun 2013	1.4 Conduct a TOT event for the Municipal Budget Department of MoF on the application of PEFA tool, implementation, assessment and reporting.	Cadre of trained municipal PEFA assessors (from the MoF and 12 PEFA municipalities)	Municipal Budget Department staff		<p>PEFA concept introduced to Municipal Budget Department of MoF</p> <p>Sub-National PEFA process understood and supported by the MoF Municipal Budget Department</p> <p>MoF Assessment Team established and trained in PEFA methodology and capable of supporting municipal PEFA assessments with assistance from experienced PEFA assessors.</p>
Activity 2: Based on PEFA self-assessment, develop and implement municipal PFM Action Plan and associated training program					
Y2 – Q4 Y3-Q1	2.1 PFM Action Planning roll out to the next group II of counterpart municipalities upon the completion of PEFA self-assessment	Municipalities	Municipalities	DFID, DEMI, BEEP	Subsequent group of municipalities equipped with actionable and practical tools and timetable to start improvements in PFM internal practices
Y3	2.2 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	Municipalities PEFA Assessment Teams	Municipalities AKM/BFC MFE, MLGA	DEMI, BEEP	<p>PFM Reform progress periodically monitored and documented through Municipal Score Card</p> <p>Feedback from formal update of PEFA Assessment incorporated into ongoing implementation of reforms</p> <p>PEFA Assessment results</p>

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
	ongoing monitoring and review of PFM Action Plan and trainings				improved for the main components of municipal PFM
Y3- Q1 Jul 2012	2.3 Concluding the development of actionable work plans for 11 municipalities which completed PEFA assessment (y1, y2)	Sample Municipal Assessment Teams	Municipalities AKM/BFC MoF, MLGA	DEMI, BEEP	First (5 municipalities) and second group (six municipalities) of municipalities equipped with actionable and practical tools and timetable to start improvements in PFM internal practices
Y3-Q1, Q2, Q3 July 2012 – March 2013	2.4 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. This will be developed with in cooperation with relevant donors.	First and Second group PEFA Municipalities Relevant Donor Projects: DEMI; EU Twining Project European Cooperation for Stronger Municipalities support to MLGA; SWISS Llogos project support to municipalities; OSCE Department for Democratization	First and Second group PEFA Municipalities AKM/BFC MoF, MLGA	DEMI, BEEP	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
Y3 – Q2, Q3, Q4 Oct 2012- June	2.5 PFM Action Plan Monitoring Phase, including introduction of Municipal PFM Score Card, continuation of subject-specific training and	First and Second group of PEFA Municipalities PEFA Assessment Teams	First and Second group of PEFA Municipalities AKM/BFC MoF, MLGA	DEMI, BEEP	PFM Reform progress periodically monitored and documented through Municipal Score Card Feedback from formal update of PEFA Assessment incorporated

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
2013	hands-on assistance, incorporation of feedback from PEFA assessment into ongoing monitoring and review of PFM Action Plan and trainings				into ongoing implementation of reforms PEFA Assessment results improved for the main components of municipal PFM
Activity 3: Phase in a Municipal MTEF approach into municipal budget process					
Y3-Q1 Jul 2012	3.1 Concluding M-MTEF 2013-2015 GFSI support to selected number of municipalities in a hands-on process in cooperation with DEMI/USAID an DFID.	Six selected Municipalities Municipal Budget Department, MoF	Six selected municipalities Municipal Budget Department, MoF Committee for Policy and Finance of six selected Municipal Assemblies	DFID, DEMI, BEEP	Six selected municipalities drafted the 2013-2015 MTEFs utilizing recommended model solutions Quality of M-MTEFs improved compared with Y1 MTEF approach generally accepted and utilized element of six municipal budget process
Y3 – Q2, Q3 Oct 2012- March 2013	3.2 Review and Amend Municipal Budget Circular I & II 2013-2015 , present findings, lessons learned and recommendations for 2014-2016. Utilize and embody this approach in to next budget cycle, provide input to Grants Commission.	Municipalities Municipal Budget Department, MoF	Grants Commission Municipalities Municipal Budget Department, MoF AKM/BFC Committee for Policy and Finance of six selected Municipal Assemblies	BEEP; DEMI; EC, UST, IMF	Municipal Budget Circular I&II 2013-2015 reviewed, lessons learned prepared and disseminated to Municipal Budget Department, MoF, Municipalities and AKM/BFC Municipal Budget Department improved Municipal Budget Circular I & II 2014-2016

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Activity 4: Strengthen the capacity of municipalities to integrate an M-MTEF approach into municipal budget processes					
Y3-Q3 Jan-March 2013	4.1 Review Phase of M-MTEFs submitted by municipalities in y2, including development and publication of lessons learned and further guidance and recommendation, including the application of gender issues in policy development, assessment of initial application experience and hands-on process provided in Y1 - Y2.	AKM/BFC MoF	Municipalities AKM/BFC MoF, MLGA	DEMI, BEEP	Initial M-MTEF application and hands-on experience reviewed, lessons learned prepared and disseminated. Gender issues taken into consideration when Municipal policies are formulated and decided.
Y3-Q4 Apr-Jun 2013	4.2 M-MTEF Implementation Phase GFSI technical assistance in the preparation of the 2014-2016 MTEF drafts , training and coaching guidance, hands-on assistance to four individual municipalities , in cooperation with DEMI/USAID.	Municipal executive and legislative branches MoF	Municipalities, AKM/BFC MoF, MLGA	DEMI, BEEP	Municipalities drafted the 2014-2016 MTEFs utilizing recommended model solutions (focus on four hands-on municipalities) Quality of M-MTEFs improved compared with Y1 and Y2
Activity 5: Ensure sustainability of major activities related to municipal PFM area					
Y3-Q2, Q3	5.1 Identify and implement a workable solution with relevant institution who will sustain PEFA, Municipal PFM Action Planning and Implementation as well as M-MTEF work, after project leaves	AKM and its sectorial Committees, Kosovo PEFA Secretariat Municipal Budget Department	AKM and its sectorial Committees, Kosovo PEFA Secretariat Municipal Budget		Ensure sustainability of major activities related to municipal PFM area performed during the lifetime of the project

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
			Department		
Activity 6: Strengthen the system of fiscal intergovernmental relations					
Y3 Q2-Q3	6.1 Periodical training and workshops for the Grants' Commission Secretariat and AKM in advocacy and policy setting	Municipalities AKM	Grants Commission	DEMI,	Decisions of the Grants Commission are taken based on more complete information
	6.2 Assist the Grants' commission Secretariat to improve the quality of reporting in relation with the assessment of the appropriateness of the Municipal financing system	Grants Commission Secretariat/Municipalities	Grants Commission Secretariat/Municipalities		Better quality reporting and reflection into next year's budgeting

Key Property Tax activities

- *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*

Figure 5: Assistance to Property Tax Department

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Activity 1: Ensure that annual audits of property tax offices provide feedback to municipalities.				
Y3	<p>1.1. Conduct the review of audit model 2011, formulate lessons learned, and feed back into assistance in annual Audit Process and municipal action planning.</p> <p>1.2. Training of implementation PEFA recommendation related of property tax-example: Preparation plan to conduct verification of 1/3 of registered properties....</p>	MoF Property Tax Department	MoF Property Tax Department (PTD)	SIDA, BEEP, DEMI	<p>Audit Reports are comprehensive in the scope and quality of recommendations underpinning improvements in property tax administration practices.</p> <p>Municipalities are prepared to implement their obligations that are in the law and administrative guidance.</p>
Y3-Q1	<p>1.3. Preparation two guidelines:</p> <p>How it works simulation tool for assessment and taxation properties.</p> <p>How can division debt and tax in the pts between privatized social enterprise that is privatized and new taxpayer who has purchased.</p>				<p>SIDA, BEEP, DEMI</p> <p>Municipalities can simulation and planning the amount of property tax in the municipal budget.</p> <p>More efficient management of data and identification debts of social enterprise.</p>
Y3-Q2	1.4. Continue delivery of tailored training initiatives in support to the implementation of recommendations from the 2011 Audit Reports			<p>SIDA, BEEP, DEMI</p> <p>Municipal Offices capable to address gaps identified in Audit Reports</p>	
Y3 Q1-Q2	1.5. Assist the MoF's PTD to coordinate efforts with STA/SIDA for drafting the detailed work plan (Inception Report) for the Project to expand the current	MoF PTD, Municipalities,	MoF,	SIDA, BEEP, DEMI	Detailed and approved plan and budget for starting the new LAND TAXATION PROJECT (Protax Land).

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	property tax to include land tax.	KCA			
Y3 Q3-Q4	1.6. Subject to Government approval, assist in starting preparatory works to expand property tax to include taxation of land: ProTax Land Elaboration Phase			SIDA, BEEP, DEMI	MoF Property Tax Department equipped with necessary resources to support the Land Taxation Project.
Activity 2: Calibrate new mass appraisal models					
Y3	2.1 Implement training outreach and initiatives targeted to surveyors, property tax users, and property tax managers on business planning— <i>ongoing onwards</i>			SIDA	Understanding of property tax system improved among the key stakeholders
Y3 Q3-Q4	2.2 Develop documentation and guidance for new appraisal models for each municipality	MoF Property Tax Department	MoF Property Tax Department	SIDA	New appraisal models developed and documented
Y3 Q2-Q3	2.3 Assist in the preparation of the 2013 mass taxation	Municipalities	Municipalities	SIDA	The 2013 mass taxation completed by January 2013
	2.4 Support develop and maintenance of the PTS including defining new requirements, planning, testing, training, analysis etc.			SIDA	PTS is documented, developed and supported in accordance with the Property Tax Law and administrative directives.
Activity 3: Train in the use of the property tax IT solution and administrative best practices.					
Y3-Q1-Q2	3.1 Assist in developing a plan for Collection and Enforcement for delinquent taxpayers, roll out to	MoF Property	MoF Property Tax	SIDA, BEEP, DEMI	Municipalities capable to address enforcement issues

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	individual municipalities....preparation request for final notice	Tax Department Municipalities	Department Municipalities		
Y2 – Y3	3.2 Assist and coordinate IT development, maintenance, and know-how transfer to MoF IT	IT Municipalities	IT Municipalities	SIDA	Development and maintenance needs of Property Tax Department effectively supported IT system integrated and communicating with systems in other institutions to support collections
	3.3 Promote openness and transparency of property tax data to public, including system development and training initiatives on reporting			SIDA, BEEP, DEMI	Improved communication with taxpayers Tools facilitating openness of data developed
	3.4 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	MoF Property Tax Department Municipalities	MoF Property Tax Department Municipalities	SIDA, BEEP, 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

2.2 ASSISTANCE TO THE MOF WITH IMPROVEMENTS IN INFORMATION TECHNOLOGY, BUDGET AND TREASURY OPERATIONS.

Expected Results:

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

Information Technology - Key activities:

- *Activity 1: Improve the communication and coordination among all IT units and make IT functions sustainable*
- *Activity 2: Develop ICT Strategic Plan*
- *Activity 3: Bring the Budget and Treasury IT Systems to the next level of sophistication and integration*
- *Activity 4: Improve data sharing among systems*
- *Activity 5: Improve reporting capabilities of the systems*
- *Activity 6: Training on the use of the property tax IT solution*
- *Activity 7: MFE IT Staff skills improved*

Budget - Key activities:

- *Activity 1: Continue Implementation of PFM Action Plan*
- *Activity 2: Introduce performance management in the Budget process*

Treasury - Key activities:

- *Activity 1: Assist new municipalities in the certification of treasury functions and provide continued professional development*
- *Activity 2: Raise the standard of accounting professionals at municipal level*
- *Activity 3: Advance cash flow and asset management*
- *Activity 4: Improve financial reporting for Municipalities to comply with borrowing requirements*

Program Coordination:

- Coordination with ESTAK on ICT strategy development

Figure 6: Information Technology

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Activity 1: Improve the communication and coordination among all IT units and make IT functions sustainable					
Y3-Q1	1.1 Establish IT Governance Committee – Identify key members and institutionalize the Committees.	MoF Leadership, IT Managers	Business managers and IT Managers		IT Governance Committee established
	1.2 Establish IT Technical Committee – Identify key members and institutionalize the Committees.	MoF Leadership, IT Managers	IT senior system administrators and the IT Director		IT technical Committee established
Y3 Q1 – Q2	1.3 Help the IT Department for better cooperation and coordination among all IT units.	IT Managers	Business managers and IT Managers		A well-functioning IT business environment
Y3 Q1 – Q2	1.4 Help Ministry on finding a long-term solution for financing of the IT staff, including those functions that currently are being financed by donors	MoF Leadership, IT Managers	IT Managers and staff	SIDA, EC,	All IT staff financed by Government
	1.5 Assist the Ministry to take measures that will enable other IT staff to perform key functions	IT Managers & Committees	IT staff		No dependency on a single individual to maintain core systems
Y3 Q1-Q3	1.6 Help IT department draft and adopt key IT Policies and Procedures; including decision-making processes and risk management process	IT Managers & Committees	Senior managers from IT and business		Governance mechanisms defined – committees, board, etc. established and key champions identified. Decision-making structures

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
					established Communication approaches identified
Activity 2: ICT Strategic Assessment and Strategic Plan					
Y3 – Q3	2.1 Advise the IT Department on the methodology and tools for the assessment	IT Managers	All IT staff and business owners	UST	Methodology and tools for the ICT strategic assessment selected (data collection templates)
Y3 – Q4	2.2 Develop a Strategic ICT Plan for achieving the future state of the ICT Services at the MoF	IT Directors, managers, and key experts	Business & IT Managers	UST	Draft Strategic ICT plan
Activity 3: Assist the MoF to bring the Budget and Treasury IT Systems to the next level of sophistication and integration					
Y3 Q2-Q3	3.1 Assess the systems regarding their functional completeness and performance.	Budget and Treasury Business and IT managers	Budget & Treasury Systems business owners	SIDA, EU	Assessment report on Budget and Treasury Systems
Y3 Q2-Q3	3.2 Support the MoF IT Department to identify functionalities that need to be added to each of the systems or functionalities that need to be changed	Budget and Treasury Business and IT managers	IT teams supporting both systems	EU project & IT Project for replacing FMIS with new Web Based version	Functionalities to be added or changes identified
Y3 Q2-Q3	3.3 Identify need of integration and develop detail requirements specifications for the	Budget and Treasury Business	IT teams supporting both systems	Same as above	Detail Requirements for systems improvements and integration

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	integration.	and IT experts			
Activity 4: Assist the IT Department on Improving the Data Sharing Environment					
Y3 Q2-Q3	4.1 Identify needs of data and information sharing among systems. (<i>Simultaneously with Strategic Assessment</i>)	Business Managers		ESTAK	Needs of data and information sharing identified (sources, recipients)
Y3 Q2-Q3	4.2 Prepare detail requirements specifications for building integration solutions ensuring data and information sharing with required security.	Business & IT Experts		ESTAK	Detailed requirements specifications for data and information sharing
Y3 Q2-Q3	4.3 Recommend an approach for building and implementing data sharing solutions.	IT Governance committees	IT Managers & Experts	ESTAK	Approach for ensuring effective and efficient data and information sharing among systems and business units selected
Y3 Q3-Q4	4.5 Identify IT Services that can be provided as shared (are currently provided in multiple MoF units).	IT Director and IT Managers	IT Services portfolio and it services operations	ESTAK project	Repeatable IT services at different IT Units of the MoF
Y3 Q3-Q4	4.6 SSC Initiation – determine scope of service and define required IT assets and staff.	IT Managers & Key Experts	IT Structures, IT services portfolio, IT Operations	ESTAK	Scope of the Shared Services defined Required IT assets estimated Required IT staff and skills set for the SSC maintenance determined
Y3 Q3-Q4	4.7 Get consensus on SSC model (<i>central MoF unit or PPP</i>) and scope of services	IT Governance Committees		ESTAK	Consensus achieved

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y3 Q3-Q4	4.8 Plan for the SSC establishment and operation	IT Managers	IT Operations	ESTAK	
Y3 Q3-Q4	4.9 Plan Change Management Activities related to the SSC.	Business and IT Managers	Operations and Users of shared services	ESTAK	Change Management Plan Awareness, desire, knowledge, and reinforcement built
Activity 5: Improve reporting capabilities of the systems (to improve timeliness and depth of ministerial/management reporting)					
Y3 Q2-Q3	5.1 Identify reporting needs and prepare detail requirements specifications./ <i>Simultaneously with Strategic Assessment..</i>	All levels of management	All business managers	EC, UST	Reporting needs identified and specified
Y3 Q3-Q4	5.2 Identify possible solutions for implementing BI and Reporting systems (data warehouse, data marts, db federation, specific tools, etc.)	IT Managers and Experts	IT Services portfolio, IT Services maintenance, and Business Managers	EC, UST	BI & Reporting solutions designed
Activity 6: Training on the use of the Property Tax IT solution					
Y3 Q3-Q4	6.1 Prepare training materials			SIDA Property Tax project	Training material available
Y3 Q3-Q4	6.2 Prepare training plan for each municipality			DEMI; BEEP	Training material available
Y3 Q3-Q4	6.3 Provide training		municipalities		Training provided
Activity 7: MoF IT Staff skills improved					

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y3 Q3-Q4	7.1 Assess skills of the IT staff (<i>Simultaneously with Strategic Assessment</i>)	IT managers	All IT Staff		IT staff skills assessed
Y3 Q3-Q4	7.2 Design a training program for IT staff as integral part of Strategic ICT Plan	IT Managers	All IT staff		Training program designed
Y3 Q3-Q4	7.3 Provide the training (build capabilities to execute IT Transformation)		All IT staff		Sufficient capacity & capabilities for successful execution of IT projects

Figure 7: Budget activities

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Activity 1: Continue Implementation of PFM Action Plan					
Y3-Q1	1.1 Support the MoF and OPM in revising procedures, to improve links between strategic planning, policy making and budget through the development of a RoK's Policy Priority Statement.	MoF &,OPM	Director Budget Department, Director Strategic Planning in OPM; Budget and Fiscal commission	DFID, WB	Improved budget procedures that promote greater consideration of fiscal impacts in policy decisions.
Y3 Q1 to Q4	1.2 Assist in institutionalizing the Fiscal and Budget Commission as the government body responsible for the implementation of fiscal policies, including annual development of MTEF and Kosovo Consolidated Budget. .	MoF & OPM	Minister, Directors of MoF Departments.	DFID, WB	Functioning Fiscal and Budget Commission in line with government decision NO. 06/57, 2009

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y3-Q1	1.3 Propose changes to organizational structure of MoF, consistent with PMF Action Plan (PFMAP) and SER Report.	MoF Budget Department	Minister	DFID,	Structure of Budget Department that is consistent with LPFMA and PFMAP – that will promote improved internal and external coordination.
Y3 – Q1	1.4 In conjunction with DFID assist the MoF’s Budget Department to prepare methodology for costing new policy initiatives (NPIs).	MoF Budget Department	Minister, Director of Budget & Director of Strategic Planning (OPM), Line Ministries	DFID,	Preparation of costing manual and instruction issued on requirements for costing NPIs
Y3 Q1 to Q2	1.5 In conjunction with DFID assist the MoF’s Budget Department to deliver training on the application of costing methodology for NPIs.	MoF Budget Department	Director of Budget & Director of Strategic Planning (OPM), Line Ministries KIPA	DFID	All line ministries trained on costing NPIs
Y3-Q1	1.6 In conjunction with DFID assist the MoF to harmonize the planning cycle and budget cycle leading into the 2014 Budget Process.	MoF, OPM & DFID (PAI)	Deputy Minister, Director of Budget & Director of Strategic Planning (OPM).	DFID	An enhanced set of government priorities for the next MTEF, informed by strategic planning activities in line ministries.
Y3-Q1	1.7 Support the MoF to design and implement a fiscal rule	MoF		IMF, UTS	Improved fiscal sustainability through an approved legislated fiscal rule for the 2014 Budget.
Y3 Q1 to Q4	1.8 Assist in coordinating update and review of progress against PFM Action Plan.	MoF	Minister, Directors of MoF Departments.	DFID, WB	Implementation of Government’s PFM Action Plan.

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y3 Q3 to Q4	1.9 Assist MoF in undertaking an updated PEFA self-assessment to track progress in implementing PFMAP and revise as required.	MoF	Minister, Directors of MoF Departments.	DFID WB	Implementation of Government's PFM Action Plan.
Activity 2: Introduce performance management in the Budget process					
Y3-Q1	2.1 In conjunction with the WB project prepare concept paper on performance management in the Budget process. Seeking endorsement of action by Minister, and Budget Director.	MoF	Minister, Budget Director.	DFID	Endorsement of concept for introducing performance measures in Kosovo budget process.
Y3 Q1	2.2 Support the MoF initiate a pilot for introduction of performance measures for the 2014 budget process. Training of staff in MoF and BO.	MoF, budget organization	Budget Director, Minister & Permanent Secretary of pilot BO, Staff in Budget Department & BO.	WB	Introducing performance measures in Kosovo budget process.
Y3-Q1	2.3 Progress implementation of pilot project for introduction of performance measures by identifying performance measures that are realistic and measurable.	MoF	Director Budget Department, Budget organizations.	WB	Identification of appropriate performance measures.
Y3-Q1	2.4 In conjunction with the WB Project assist the MoF's Budget Department to incorporate performance information for pilot ministries in the 2014-2016 MTEF by designing SMART performance measures.	MoF, budget organization	Budget Analysts.	WB	Transparent information regarding performance measures for pilot ministries embedded in budget documents.
Y3-	2.5 In conjunction with the WB Project	Selected	Permanent Secretaries	WB	Management information systems

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Q2 to Q4	support the MoF work with pilot Ministries to implement internal management information systems for tracking, recording & reporting performance data.	Budget Organizations.	of BOs		for tracking performance.

Figure 8: Treasury activities at the Central and Municipal Level

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Activity 1: Assist new municipalities in the certification of treasury functions and provide continued professional development					
Y2-Y3	1.1 Advanced training in treasury and budget related matters, including regular initiatives and participation in SCAAK program	New Municipalities SCAAK	Financial Officers		Financial Officers from New Municipalities completed SCAAK Public Finance program New municipalities were not included in the Public Finance program
Activity 2: Raise the standard of accounting professionals at municipal level					
Y3-Q2	2.1 Training on preparation of financial statements.	Treasury	Deputy Director of Treasury		Continuous improvement in quality of annual financial statements. To be completed in January 2013 and handed over to Treasury Reporting Unit.
Activity 3: Advance cash flow and asset management					
Y3 Q1 to	3.1 Implement FreeBalance upgrade for recording of “obligations” and support	MFE	Treasury Director	UST	reporting of obligations and arrears in place for 2013

Timeline	Activities	Input Department	Target audience	Project Coordination	Outcome Results
Q2	the action plan to reduce payment arrears				
Activity 4: Improve financial reporting for Municipalities					
	4. 1 Assist those municipalities with qualified audit reports to prepare action plans to address the non-compliance with the financial reporting compliance	General Auditor, Municipalities, MF			Action plans developed

DRAFT

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 MoF has a competent Macroeconomic Unit 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: Improve donor coordination activities on the area of economic policies and private sector development*

Program Coordination:

- Our Senior Private Sector Economist will work across the project gathering data and intelligence on economic activity. In these roles he will coordinate closely with the BEEP and also KPEP projects.

Figure 9: Economic Policy Advice Activities

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	Activity 1: Serve as the catalyst for economic policies				
Y3 Q1-Q4	1.1 Assist the Government/National Council for Economic Development to better coordinate the way how the economic policy dialogue is developed.	MoF; PMO; Line Ministries	MoF; MED; MTI; PMO; Business community	BEEP	Clearly defined process on how economic issues flow to the National Council for Economic Development
	1.2 Assist MF and MTI to monitor and implement EDVEP measures, including: 1.2.1 Promoting fiscal discipline through: - maintaining bank balance at the sufficient level to ensure budget sustainability - restricting increase of the current spending; and - presenting real estimates of primary budget revenues 1.2.2 Adopting the most appropriate fiscal rule which contributes in controlled planning of expenditures within the fiscal framework (see above Objective 2 Budget Activity 1.7 for targeted assistance to the MOF)	MF EPPD Department, Budget and Treasury Department	MF	BEEP	Fiscal discipline maintained
		MF EPPD Department, Budget and Treasury Department	MF		Fiscal rule adopted

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	1.2.3 Custom exemption for a certain group of products which are used as raw materials for production (identification, and determination of the final list of products used as raw materials)	MF EPPD Department,	MF		Issue examined and recommendations made
	1.2.4 Reduction and prevention of the informal economy	MF EPPD Department, TAK	MF		Issue examined (from a fiscal point of view) and recommendations made
	1.2.5 Advancing the medium term planning process (MTEF) with the aim of linking medium term policy planning with annual budgeting policies (see above Objective 2 Budget Activity 1.5 for targeted assistance to the MOF)	MF Budget and EPPD Department,	MF		Better linkage between MTEF and annual budgets
	1.2.6 Help Government institutions implement the Action Plan for public financial management (PEFA) in order to maintain public expenditure efficiency and new PEFA Assessment (see above Objective 2 Budget Activity 1.5 for targeted assistance to the MOF)	MF Budget, Treasury and EPPD Department,	MF		PEFA Indicators improved
	1.2.7 Assist Government negotiate and sign Signing of double tax treaties with other countries	EPP Department	MF		Double taxation treaties signed with a number of countries
	1.2.8 Improved property tax municipal administration (see above Objective 2 Property Tax for targeted assistance to the MOF and municipality)	MF Property Department	MF		Administration of property tax improved

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Y3 Q1-Q4	1.3 Assist Government institutions to better understand the link between major policy goals, as set in key policy documents of the Government, and structural economic and fiscal measures and their fiscal/budget impact in accordance with annual budget cycle (see above Objective 2 Budget Activity for targeted assistance to the MOF).	PMO; MoF and other Ministries	MoF; MTI; ME	DFID, WB, EC, IMF	Conduct a strategic expenditure review, Produce a detailed annual budget calendar containing planning, execution and Monitoring and Evaluation
Y3 Q2-Q4	1.4 Assist Economic Public Policy Department in MoF in improving economic intelligence, in particular the database on Government tax revenues and expenditures	MoF, CBK; Statistical Office	MoF, MTI, economic community		New and more reliable data available for monitoring trends and cycles, performing fiscal analysis assessment
Activity 2: Work within inter-ministerial arrangements to address policies and build capacity of relevant ministries and institutions to develop appropriate economic policies					
Q4 Y2 – Y3	2.1 Participate in the activities of advisory councils of Government (such as the National Council for Economic Development) where economic policies are discussed and provide the necessary advice to those bodies, with the focus on economic growth, fiscal policies, trade promotion, investment promotion and gender issues.	PMO; Ministry of Trade and Industry; MoF	MTI, Prime Minister, business community	BEEP, KPEP	More Government policy decisions that enable private sector to take the lead on growth and employment and gender equity.
Y3 Q1-Q4	2.2 Provide advice to Government institutions on how best to integrate their policy decisions into the existing or new legislation, through a more structured budget calendar (see above Objective 2 Budget Activity 1.5 for targeted assistance to the MOF)	MTI; MoF; ME	MTI; MoF; ME	BEEP	All Government policy decisions, where necessary, are integrated into the country's legislation
Y3	2.3 As required, provide support to conducting			IMF	

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
Q2-Q4	complex analysis on economic policy impacts of specific initiatives, such reforms on different social areas and private sector development, as specified in Government plans.				
Activity 3: Prepare articles, presentations, and speeches on relevant economic policy issues and promote development economic studies to stimulate policy debate					
Y3 Q2-Q4	3.1 Assist the MoF, in particular the EPPU to produce analysis papers and articles on areas with particular interest for the economy of Kosovo.	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
Y3 Q2-Q4	3.2 Help relevant Ministries/Institutions 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 economic growth, trade promotion and investment promotion	MTI	SMEs, exporters, foreign investors	BEEP, KPEP	Enhanced activity of the agencies under the MTI,
Y3 Q1-Q4	3.4 Promote regular dialogue between Government, Business associations and Higher education institutions to discuss	MoF; MTI; ME; CBK	MoF; MTI; ME; CBK; Business		Two public debates involving HE Institutions, Business associations and few Ministers

TIMELINE	ACTIVITIES	INPUT DEPARTMENT	TARGET AUDIENCE	PROJECT COORDINATION	OUTCOME RESULTS
	what economic policy reforms work best for Kosovo		community , higher education institutions		
Activity 4: Identify legislation needed to enhance environment for private sector growth					
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 to relevant institutions	Business associations, foreign investors,	MFE, MTI, Prime Minister Office, Assembly	BEEP, SEAD, KPEP	An agenda created for amendments to the legislation and/or implementation arrangements
Y3 Q1-Q4	4.2 Help Government, through the NCED, to improve the dialogue between Government and Assembly to make sure that the approved legislation is well based and supportive to private sector growth	MoF	Assembly	BEEP	Legal framework more supportive to private sector growth
Activity 5: Improve donor coordination activities on the area of economic policies and private sector development					
Y3- Q1-Q3	5.1 Continue being involved into existing donor coordination structures/working groups to improve the coordination of donor activities on the area of economic policies and private sector development	Bilateral donors, IFIs, MoF, PMO	USAID	USAID mission	Better coordination of donor's activities

ANNEX A: 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

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ANNEX B: GFSI PROJECT DELIVERABLES

Figure: Schedule of GFSI Deliverables

Project Deliverables	Period of Performance	Timeline	Responsibility
Updated Life-of-Program Work Plan Y2-Y3	Jul 15 2011 – Jul 15 2013	<i>Jun 15 2011</i>	Chief of Party, Project Manager, Project Principal
Annual Report Y1	Jul 15 2010 – Jun 30 2011	<i>Jul 15 2011</i>	Chief of Party, Project Manager, Project Principal
Quarterly Report Y2 - Q1	Jul 1 2011 – Sep 30 2011	<i>Oct 5 1011</i>	Chief of Party, Project Manager
Quarterly Report Y2 - Q2	Oct 1 2011 – Dec 30 2011	<i>Jan 5 2012</i>	Chief of Party, Project Manager
Quarterly Report Y2 - Q3	Jan 1 2012 – Mar 31 2012	<i>Apr 5 2012</i>	Chief of Party, Project Manager
Reporting on Foreign Taxes	Apr 1 2011 – Mar 31 2012	<i>Apr 12 2012</i>	Chief of Party, Project Manager
Updated Life-of-Program Work Plan Y3	Jul 15 2011 – Jul 15 2013	<i>Jun 15 2011</i>	Chief of Party, Project Manager, Project Principal
Annual Report Y2	Jul 1 2011 – Jun 30 2012	<i>Jul 15 2012</i>	Chief of Party, Project Manager, Project Principal
Quarterly Report Y3 - Q1	Jul 1 2012 – Sep 30 2012	<i>Oct 5 2012</i>	Chief of Party, Project Manager
Quarterly Report Y3 - Q2	Oct 1 2012 – Dec 2012	<i>Jan 5 2013</i>	Chief of Party, Project Manager
Quarterly Report Y3 - Q3	Jan 1 2013 – Mar 31 2013	<i>Apr 5 2013</i>	Chief of Party, Project Manager
Reporting on Foreign Taxes	Apr 1 2012 – Mar 31 2013	<i>Apr 12 2013</i>	Chief of Party, Project Manager
Draft Final Report Y1 – Y3	Jul 15 2010 – Jul 15 2013	<i>Jun 15 2013</i>	Chief of Party, Project Manager, Project Principal

