



P3A



Support to the Association Agreement Programme (SAAP/P3A)



Twinning Project Fiche

*Enhancing the capacities of the GIF in a view to a
changeover to the management and performance
monitoring*

Beneficiary
MINISTRY OF FINANCE General Inspectorate of Finance (GIF)

It is a translation of the official version written in French with the goal of having a wider distribution and in case of discrepancy between the French and the English, the French version shall prevail.

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List of acronyms

AA	Association Agreement
AT	Technical Assistance
CDMT	Medium- Term Expenditure Framework
CE	European Commission
CIA	Certified Internal Auditor
CMPF	Unit of modernisation of public finance
COSO	Committee of Sponsoring Organization
CP	Project leader
CRJ	Resident Twinning Adviser
DGFIP	General Directorate of public finance
DGT	General Directorate of Taxes
DGPP	General Directorate of Forecast and Policies
DUE	Delegation of European Union in Algeria
ECT	Short- term expert
ENPI	European Neighbourhood Policy Instrument
EM	Member state of European Union
EMP	Partner member state
EPP	Evaluation of public policies
FdR	Road map
GAR	Results based management
IANOR	Algerian standards Institute
IAS	International Accounting Standards
IEVP	European Neighbourhood and Partnership Instrument
IFAC	International federation of accountants
IFACI	French Institute of Audit and internal Control
IFRS	International Financial Reporting Standards
GIF	General Inspectorate of Finance
IGM	General Inspectorate of a Ministry
IIA	Institute of internal auditors
INTOSAI	International Organization of Supreme Audit Institutions
ENPI	European Neighbourhood Policy Instrument
IPSAS	International public sector accounting standards
ISA	International standards on auditing
ISC	Supreme audit institution
ISO	International Organization for Standardization
LF	Finance law
MdF	Ministry of Finance
MEGA	Model of Algerian General Balance
MSB	Modernisation of budget system
OLAF	European Anti-Fraud Office
SAAP/P3A-II	Support to the Association Agreement Programme Algeria - UE (SAAP/P3A)
PEV	European Neighbourhood Policy
PSMFP	Strategic Plan of Modernisation of Public Finance
PIN	National Indicative Programme
RADP	Popular and Democratic Republic of Algeria
SAAP	Support to the Association Agreement Programme Algeria - UE
SWOT	Strengths, Weaknesses, Opportunities, Threats
TAIEX	Technical Assistance and Information Exchange instrument
UE	European Union
PAO/UGP3A-II	Programme Administration Office for the association agreement PAO/UGP3A
W.P.	Working paper

1. Basic information

1.1 Programme

Support to the Association Agreement Programme Algeria -EU: SAAP/P3A-III

1.2 Reference twinning

DZ/23.

1.3 Title

Enhancing the capacities of the GIF in a view to a changeover to the management control and performance monitoring.

1.4 Sector

Public Finance management

1.5 Beneficiary country

Popular and Democratic Republic of Algeria.

2. Objectives

2.1 Overall objective

The overall objective of the twinning project is the support for the programme of modernisation of the public finance and the improvement of the use of Public Funds.

2.2 Specific objective

Enhancing the capacities of the GIF in a view to a changeover to the management control and performance monitoring.

2.3 Contribution to the implementation of the Association Agreement and to the action plan of the government

2.3.1. Contribution to the Association Agreement (AA)

Within the framework of Euro-Mediterranean partnership launched in November 1995, Algeria and European Union have concluded an Association Agreement (AA) on 22 April 2002, entered into force 1st September 2005. The AA has established a political dialogue framework and strengthened the cooperation in economic, social and cultural, commercial and justice as well as internal affairs fields. Moreover, the parties have obtained a road map which specifies the priority fields of cooperation.

Since 2004, with UE launch of the European Neighbourhood Policy, new instruments for the implementation of cooperation actions are accessible to Algeria, in particular twinning for the strengthening of the institutions.

In December 2007, a financing agreement of a support Program for the implementation of the AA (P3A-I) was signed, for an amount of ten million Euros, a Programme Management Unit (UGP) was created in 2008 under the responsibility of the national Director of the Programme, senior official of the Ministry of Trade. In March 2011, a new financing agreement of an amount of 30 million Euros was signed within the framework of P3A-II.

This twinning project is within the framework of P3A-III.

P3A is designed as an accompaniment tool in response to requests from the Algerian government for the implementation of the AA. It is a framework programme whose main resources are for the deployment of institutional twinning. As such, the Algerian government and public institutions have benefited from the expertise of their counterpart-partners of UE Member States for the implementation of the AA and the priorities of the road map on a cooperative basis.

The main objectives of P3A-III are:

- a reconciliation of the Algerian legislative and regulatory framework with that of the UE, in order to promote the reforms in the main fields covered by the AA;
- a strengthening of the partnership between the Algerian institutions and EU by the identification of new segments of economic, social and technical cooperation;
- a reinforcement of institutional capacities of the beneficiary Algerian administrations and their intervention capacities in their fields.

The objective to improve the expertise, audit, evaluation systems on the GIF is within the Association Agreement of Algeria- EU framework, in particular at the level of the technical implementation of articles 1, 47, 49 and 91 of the Agreement, namely:

Article 1 relates to human exchanges, in particular within the framework of the administrative procedures and the promotion of the cooperation in the economic, social, cultural and financial fields.

Article 47 aims at ensuring that:

- the parties agree to strengthen economic cooperation in their mutual interest and in the spirit of partnership that underlies this Agreement;;
- the economic cooperation supports the action of Algeria for its sustainable economic and social development;

- this economic cooperation is within the framework of the defined objectives by the Declaration of Barcelona.

Article 49 refers to the means and methods of achievement of an economic cooperation through, in particular:

- a regular economic dialogue between the two parts which covers all the fields of the macro-economic policy;
- the information exchanges and the communication actions;
- the actions of advice, expertise and training;
- the execution of joint actions;
- the technical, administrative and regulatory assistance;
- the actions of support for the partnership and for the direct investment by operators, especially private ones, as well as the privatisation programmes.

Article 91 relates to the implementation of a cooperation regarding the fight against corruption, in particular:

- by basing on the existing international legal instruments in this field, to fight against corruption in the international commercial transactions;
- by taking the effective practical measures against all forms of corruption, bribery and illicit activities of any nature in international commercial transactions practiced by individuals or legal entities;
- by providing mutual assistance in criminal investigations concerning corruption.

The cooperation will also aim at the technical assistance in the field of training of agents and magistrates in charge of the prevention and the fight against corruption and the support for the initiatives aiming at the organisation of the fight against this crime.

The Road map of the Association Agreement focuses also, in the sector of macroeconomic reforms, on:

- the modernization of the medium -term budgetary systems through the framework of the medium-term expenditure (CDMT); budgeting focused on the results; establishment of an integrated budgetary framework for the improvement of the budgetary management;
- the evaluation of public policies.

The implementation of institutional twinning project provides the opportunity to achieve adequate support to the GIF in its functions of control, audit, evaluation and expertise.

2.3.2. Contribution to a national policy

Institutional framework

In its programme introduced in 2012, the Algerian government devotes a significant chapter to the consolidation of the economic and financial spheres as well as the modernisation of the financial sector, in particular through its articles 14, 15, 57, and 58.

The article 14 aims at strengthening the moralisation of public life and strengthening trust between the State and the citizen; the Government intends to act at the general level:

- of setting up provisions capable of regulating the relationship between citizens and administrative structures of the State;
- of restraining the practices leading to the risk of arbitrariness;
- of strengthening the system of the fight against the corruption and grabbing of public assets.

Article 15 reaffirms the firm determination of Government to continue a relentless and resolute fight against corruption, in full respect of the principle of the presumption of innocence and ensuring the protection of State agents against all malicious attempts.

Article 57 provides under the control of public expenditure, the continuation of the implementation of the committed actions relating to:

- the evaluation and the monitoring of major projects initiated under the five-year plan 2010-2014;
- the conduct of retrospective evaluation studies of some great projects, in particular in terms of repercussions and impacts on the national, regional and local economy;
- the reinforcement of GIF intervention means to contribute for the security and the rationalisation of public expenditure.

Article 58 which provides that within the framework of the control of the finance public, the Government will be harnessed, to continue the shares relating to the consolidation of the procedures of the internal audit and the development of a campaign against corruption.

3. General context and justification of the Twinning

3.1 General context

3.1.1. General context

The Project concerns the implementation, in most countries of the world, of a budgetary management focussed on results based on "internationally recognised" standards. This reform aims at getting public management closer to that of the private sector. These standards are those of COSO (I and II) regarding internal audit, those of IIA regarding the internal audit, ISAs published by IFAC for the external audit and those of INTOSAI for Supreme Audit Institution (ISC). Finally, standards accounting applied in public sector are formalized in IPSAS.

The European good practices, recommended by the European Commission advocate a system known as PIFC (*Public Internal Financial Control*) which is based on the following principles:

- financial and non-financial internal audit systems established in each institutional structure by the managers themselves and under their responsibilities;
- independent internal audit capacities within the same entities responsible for the evaluation and improvement of internal audit;
- external audit system (certification of accounts) completely independent (ISC);
- an organisation of prevention and fight against the fraud and corruption.

3.1.2. Policy of reform of Public finance management in Algeria

For several years, the Algerian economy has turned to the market economy. Intervening after a long period of managed economy, this choice involves many changes concerning all sectors. Consequently, the Algerian government has engaged in programmes of structural reforms. In the first stage, the legislative and institutional framework has been adapted by refocusing the administration on its sovereign functions of a policy definition by the outsourcing of direct management of economic entities. The second stage is characterised by the tendency to entrust regulatory missions to independent structures. However these regulatory authorities do not have the necessary means yet to fulfil their tasks.

3.1.3. Current situation in the sector of public finance

The objective of the Algerian government concerning the modernisation of public finance is the passage from a budgetary management system based on the means to a system based on performance (GAR). Such a system should ensure that the budgetary policy reflects the national and sectoral priorities and that the managers of public funds are responsible and judged for their performance. It should lead to a more effective and transparent management of public finance.

Number of activities is ongoing with external partners but also on internal resources. The most ambitious are the modernisation of budgetary systems (MSB) which began with the support of the World Bank in 2002 and should be restarted on own resources of MF.

Following the PEFA of 2010 (Public Expenditure and Financial Accountability) and taking into account the other external evaluations since 2003¹, recommendations for the modernisation of public finance were prepared². The main ones are:

- preparation [and implementation] of a strategic plan of modernisation of public finance achieved by a unit placed in "functional " position within the Office of the Minister of Finance;
- IT integration;
- planning and implementation of a training system of the civil servant and reform of the statute of the public services;
- modernisation of internal audits conducted by the General Inspectorate of Finance (GIF);
- modernisation of external audits performed by the Court of Accounts.

3.1.4. The Unit of modernisation of public finance

On the basis of the first PEFA recommendation, the Unit of support for the modernisation of public finance (CMFP) has been established at the level of the Office by decision of the Minister dated on 31-10 2011.

Its missions are:

- *“Development of the project of Ministry of Finance relating to a strategic plan of modernisation of public finance. Within this framework, it negotiates and formalises the commitments of structures and carries out a transparency and monitoring system on these commitments”;*

¹ CPAR Report on the system of procurement of public markets, the World Bank 2003, Report on the Observation of standards and codes, the IMF February 2005; Review of public finance, World Bank, August 2007; National report of self-evaluation governance, MAEP, September 2005, Questionnaire on the budgetary transparency, Open Budget Initiative 2010, Algeria, for a revival of the reforms of the budgetary system, the IMF, January 2013

² Algeria, Recommendations for the modernisation of public finance, provisional Report July 2010

- *The monitoring of the process of validation and adoption of the Strategic Plan of Modernization of Public Finance;*
- *The technical support for the achievement of modernisation actions in progress within the ministry and actions which will have been retained in the strategic plan "*

The ministerial decision under is underpinned by the principles of:

- **uniqueness** of modernisation programme of the Ministry which join all the actions of the structures whether financed or not on own resources;
- **transparency** of the programme actions.

It gathers representatives of the Ministry's structures. Its members are not only the link between the Unit and their structure of origin but also the agents of change within their structure and Ministry in general.

The objectives of the Unit are:

- **to coordinate** and ensure **the coherence** of modernisation activities of the Ministry;
- **to formalize** commitments of the structures within the contracts describing the actions, the objectives as well as timetable;
- **to follow** the performance of the activities.

3.1.5. The strategic plan of public finance modernisation (PSMFP)

The priority task of the Unit is the preparation and the monitoring of the implementation of the PSMFP which will be focused on six essential functions: four correspond to public finance and two are cross-functional. These are:

- *taxation and resources;*
- *preparation and the approval of finance law* including the preparation of the global and sectoral CDMT;
- *execution of finance law;*
- ***control of public finance and the evaluation of policies;***
- *integration of IT systems;*
- *human resources.*

This plan should be prepared by "lead experts" who, in each concerned field by the modernisation of public finance, will carry out the following three stages:

- a **diagnosis** stage noting the dysfunction and the detail of the ongoing reforms and suggesting measures to be taken to achieve the objectives of modernisation. (Diagnosis complements can be ordered). After consultation of structures and validation, the selected measures become the components of PSMFP project;
- a **dialogue** stage at all concerned levels to finalise the PSMFP;
- a **monitoring** stage of PSMFP implementation for the support of the modernisation Unit of public finance.

It is in the context presented above that the GIF should consolidate its processes and missions of audit (operation of systems of internal audit) and inspection (control of transactions).

For structuring the policy of control and internal audit of the State, several stages can be considered: the first is to adopt the rules framing the system and encourage the ministries to set it up; the second would suppose to extend the approach of risks mastery, today, initiated partially on the accounting function to the whole financial function, it is one of the twinning objectives; finally, the third stage would consist of generalising the control and internal audit

in the perimeter of the ministries tasks and other public entities; GIF being ensured strategic coordination and methodological guidelines.

In this respect, the twinning project is now in the second stage of control structuring of public finance and evaluation of public policies, in view of the transition to global and sectoral CDMT and in accordance with the recommendations from the conclusions of PEFA.

The introduction of CDMT requires the development of the evaluation instruments of performance. The search of performance by the administration and the complexity of its organisation impose a global approach of its risks mastery.

A final challenge of GIF is the development of an evaluation methodology of public policies.

3.1.6. Current situation of GIF

The audits of the Algerian public finance are ensured by GIF. As such, the controls carried out by GIF concern the internal audit.

The operational staff of GIF rises on 31/08/2014 to more than 160 inspectors.

An annual operational programme of control is established in the beginning of the year and is approved by the Minister of Finance. In addition to GIF specific programming, this programme integrates requests of Ministries and other mandated institutions. Audit operations can be also achieved outside the programme, upon notification of the mandated authorities.

As far as audit and investigation missions are concerned, they are carried out in an unexpected way on documents and on the spot.

At the end of the mission, findings and assessment report of the efficiency of the management of the controlled structure is established. This report includes, in addition to the proposals of organisational improvement and controlled structure management, recommendations concerning the improvement of legislative and regulatory provisions governing them.

The reports drawn up within the framework of the GIF intervention programme are subject to a contradictory procedure with the manager of the controlled structure.

On the basis of the performed work, GIF develops two (02) annual reports:

- A report establishing the results of its activities and summarising its findings, answers and general proposals to adapt the procedures in force, the regulation and legislation governing the activities under the control of GIF. This report is transmitted to the Minister of Finance.
- A special report, addressed to the Prime Minister, emphasizing the actions taken for the reports of GIF by the supervisory bodies.

GIF has notified during the three (03) last years on average 200 reports/year.

Distribution by nature of interventions

Management control	40%
Audits	10%
Evaluations	20%

Survey	20%
Legal expertises	10%

As indicated in the distribution of interventions, the GIF activities are at 80% of inspection or audit operations although its prerogatives were extended to the economic sector (EPE). Lack of sufficient capacities in the field of auditing, GIF cannot completely fulfil its missions of performance evaluation of the controlled structures. It is the same with the evaluation of public policies.

Although GIF conducts its internal audit mission satisfactorily, it must define internal audit procedures in a uniform evaluation manuals and of internal audit implementation manuals referring to the standards of *Institute of Internal Audit* (IIA) supplementing the framework of existing reference to take into account of its specificities. GIF will bring to a number of these interlocutors, Parliament, the Court of Accounts, the European Commission, the international organisations, the insurance that it controls its operations.

Similarly, GIF must integrate the risk-based approach, able to identify the risks likely to compromise the achievement of objectives, to analyse these risks and ensure the monitoring of their management.

One of the GIF objectives is also the development of an evaluation methodology of public policies.

The twinning project is coherent with the intervention axes of government action plan. Thus, GIF will contribute to good governance and good financial management of public resources.

3.2 Linked activities

3.2.1. Initiatives of the European Union

Algeria and the European Union have target within the framework of National Indicative Programmes axes of cooperation aiming at supporting the Algerian economy in its transition.

This support of European Union results in funding several programmes and projects, some are closed, others are in course and others in preparation and which complement that of the support for the implementation of the AA.

European Union supports achieved

AMECO Programme

DGPP benefited from a support within the framework of AMECO programme- Support for the economy management- on the European funding. This programme of an amount of 20 million Euros was enclosed at the end of 2011. It aimed at improving the economic information and facilitating the decision-making concerning design and implementation of medium- term macroeconomic, sectoral and regional policies. Its part 3 intended to the improvement of the analysis capacities and modelling of the General Directorate of Forecast and policies (DGPP) by a support for the development of a calculable general balance model (MEGA, Model of Algerian general balance) and trainings of officials.

P3A Programme

SAAP/P3A Programme is in its third phase of financing. These phases are overlapping to ensure continuity in the implementation of the activities.

P3A -I (2008-2012)

Twinning Projects

P3A -I supported the Ministry of Finance by a twinning of Directorate General of Taxes (DGT) Z09/AA/FI/01 allocated to France and on the continuing of the process of improvement of tax administration relations with taxpayers. This project started at the end of January 2011 and was completed in July 2012.

TAIEX requests

Eleven TAIEX activities were carried out during the first phase of the P3A for the MF:

- Evaluation methods of the tax expenses (Experts mission(s), 22 to 24 November 2009);
- Definition of implementation strategy of the accounting reform (Experts mission(s), 7 to 10 December, 2009);
- Support concerning budgetary policies (Experts mission(s), 10 to 12 January 2010);
- Tax investigations (Experts mission(s), 11 to 14 January, 2010);
- Deepening of certain aspects of the budgetary reform (Study Visit(s), 18 to 22 January, 2010);
- Indirect taxes (Experts mission(s), 7 to 9 June, 2010);
- Contribution of notaries for the fight against money laundering (workshop(s), 22 and 23 November 2010);
- Modernization of accounting and financial management of the public institutions of an administrative nature (study visit(s), 6 to 10 December, 2010);
- Appropriation of the instruments of tax policy (Experts mission(s), 7 to 10 June 2011);
- Support for the development of the structures of the Directorate of Major Enterprises (Experts mission(s), 12 to 11 September, 2011);
- Training of technical analysts of money laundering (Experts mission(s) 18, and 19 December, 2011).

P3A –II

TAIEX requests

Since 2012, 5 TAIEX activities were organised for the MF:

- Declaration of suspicion (Experts mission(s), 30 and 31 January, 2012);
- Organisation and operation of a unit of financial information processing (workshop(s), 27 and 28 March, 2012);
- Support for the implementation of new attributions of the DG of Forecasts and Policy regarding definition, monitoring and evaluation of budgetary policies, Directorate of Budgetary policies (Study visit(s) 27 February - 2 March 2012);
- Exploitation of tax record (study visit(s), 3 to 7 March, 2014);
- Control and audit in an IT environment, (workshop(s), 11 to 14 June, 2014);

SIGMA

Algeria takes part in SIGMA programme with an evaluation by peers of the activities of the Court of Accounts and a support for the Directorate General of the Public Services.

European Union supports is on-going

P3A Programme

P3A-II (2012-2016)

Specific supports

Within the context of P3A-II, the Ministry of Finance has benefited from a specific support of 5 million Euros which funds a substantial technical assistance.

A main expert of Technical assistance (ATA) is full-time employed since April 2012 within the Unit of modernisation of public finance (CMFP) of the Ministry of Finance.

The support has as objective the development of the PSMFP and the monitoring of its implementation as well as the improvement of the manual of preparation of global and sectoral CDMT.

The development of the PSMFP is the specific action which plans the recruitment of 11 lead experts having a specialisation by the General Directorate. Three lead experts started their tasks which enabled them to identify the needs of concerned structures and to start to build a first draft of the specific plan to general Directorates to which they are connected. It is about fiscal lead experts, Information system and Public accounts. The selection of the lead experts, Properties, Budget, Public Operation and Control is underway. GIF will be particularly concerned by the work carried out by the Audit Lead Expert.

Specific actions

In addition, two other specific actions were launched. The first relates to a support for the model of Algerian general balance for the Directorate General of forecasts and policy and the second, is about the preparation of a master plan for the national Centre of IT and statistics and of a specifications for the redesign of Information system and automated management of Customs.

European Union supports to be set up

P3A Programme

P3A-II (2012-2016)

TAIEX requests

Five new actions were introduced and approved by the European Commission:

- Performance monitoring of public management (workshop(s), 2 days);
- E-banking, (workshop(s), 2 days);
- Fight against the laundering of capital (workshop(s), 2 days);
- Monitoring of the statistics relating to hydrocarbons sector (Experts mission(s), 5 days);
- Approach of control focused on identifying the risks of corruption and other related offences, (workshop(s), 2 days);
- Optimisation of the anchoring of accounting and financial systems and implementation of standards and modern audit methods (workshop(s), 2 days);
- Audit of a reinsurance and insurance company (Experts mission(s), 5 days)

P3A III (2014-2018)

Twinning projects

A call for proposal for a twinning project for the benefit of the DGPP concerning "supporting the functions of Forecasting, Monitoring and Evaluation of the DG of Forecasts and Policy (DGPP)" (DZ/19) was launched but was unsuccessful because there were no proposals. Its relaunch is planned in the coming months. The mandatory results are of number of four:

1. the mechanisms of evaluation of socio-economic performance of income taxes, direct taxes and parafiscal of a social nature are established;
2. the process of forecast and framing of the Finance law and the annual Budget is improved;
3. the process of medium- term financial planning is set up and updated annually;
4. the mechanisms enabling annual indexation of public services wages and pensions are established.

Two twinning project fiches are ready to be launched soon:

The first one is for the benefit of DGT which aims at contributing to the improvement of its performance in a vision of transition to a management and performance monitoring through four mandatory results:

The first one is for the benefit of the DGT having the objective to improve its performances through four obligatory results:

1. human resources are strengthened;
2. management of the performance is improved at all levels;
3. internal audit is professionalised;
4. recovery is improved.

The second one is for the benefit of the Court of Accounts whose project aims at enhancing by the professionalization of magistrates, work effectiveness of the Court for all its main missions (jurisdictional attributions, execution of the Finance law and management quality control) and to improve the compliance of its activity with the standards and the best European and international practices and retains 4 compulsory results, namely:

1. the Court of Accounts is equipped with essential means to the compliance of its operation and its activity to the international standards and to the best European and international practices;
2. the judicial office is restructured in a more efficient way and consumes less means;
3. the drafting of the Report of budgetary rules, being much more relevant and focused on the results, is faster and consumes less resources;
4. the control of quality and the management performance is developed in accordance with the standards and the best European and international practices.

A twinning project (DZ/15) whose call for proposal was unsuccessful was initiated for the benefit of the Services of the Secretary of State for Prospective and Statistics (SEPS). Following the cabinet reshuffle of September 2013, the SEPS services were attached to the Ministry of finance and create its General Directorate of Prospective (DGP). Following the confirmation of DGP attributions regarding publication of the note of economic situation, the project fiche is being updated and should keep the same objective i.e. to reinforce the DGP capacities concerning analysis and forecast of the economic situation for the creation of an observatory of the economic situation.

SIGMA

Discussions are underway to carry out a peer review of the GIF.

3.2.2. Other initiatives

A funding of the World Bank was originally the project of Modernisation of budgetary systems. Its interventions of technical assistance are now focusing on other fields.

The African Bank of development has four operations of technical assistance in the course of execution:

- Project of technical assistance to the national equipment fund for the development;
- Project of development of electronic banking;
- Project of modernisation of collaboration and communication systems of the ministry of Finance;
- Reinforcement programme of the capacities of the ministry of Finance.

3.3 Results

At the end of the twinning, the following mandatory results (four) must be achieved:

Result R1	GIF activities are centred on main risks for public finance and the deadlines enabling GIF to operate well its alarm duty vis-a vis the decision-making centres, are controlled and human resources are deployed in an optimal way.
Result R2	GIF strengthened its institutional and technical capacities to audit public bodies including Economic public Enterprises (EPE), banks, insurance companies and local authorities.
Result R3	GIF strengthened its capacity to evaluate and control the achievement of major projects in all their phases.
Result R4	GIF improved its capacity to evaluate public policies.

3.4 Activities

It is worth noting that the twinning activities are exposed as indicative. The Member States preserve the flexibility to bring their added value and propose means which seem to be the best adapted to achieve the activities in an optimal way. Only the twinning results remain intangible.

Kick off meeting and closure meeting

In addition to the activities related to kick off meeting and closure meeting of the twinning project, four major groups of activities are suggested; each group of activity must reach a mandatory result defined in the fiche.

On the whole, fifteen activities are proposed with a mobilisation of 545 men /day. It should be noted that the presented activities are as indicative; it can be considered other activities to achieve the required results. It is the same for the number of men / day.

Activity 0.1: Kick off meeting

This meeting is organised in order to contribute to the internal mobilisation of all actors of the project and to their awareness on the role of their contribution in various planned activities.

The meeting is also a support of visibility to the twinning project. It will be held on a half-day and will be organised in the presence of high level representatives in both Algerian side and Member State partner's one; its achievement should be in the first three months of the implementation of the project.

Activity 0.2: closure meeting

This meeting is planned during the last month of the implementation of the twinning project in order to present a balance sheet of the activities carried out, the results as well as recommendations for the sustainability of the twinning results.

Note: From the perspective of an economy of scale, both the meetings A.0.1 & A.0.2 could be held in the same weeks as, respectively, the first and the last steering committees.

Result 1: The activities of GIF are centred on main risks for public finance and the deadlines enabling GIF to operate well its alarm duty vis à vis the decision-making centres, are controlled and human resources are deployed in an optimal way

It is about prioritizing the identified risks at each attribution of GIF and to integrate them within a more general cartography of risks related to the management of public finance and, in particular, to the budgetary procedure. This intervention implies that the GIF resources are better deployed in order to respond effectively to cartography and that GIF rights of communication are extended to relevant data bases and that the unity has a system of data processing adapted to the processing of main risks.

Activity A.1.1. Support GIF for the adaptation of its structures in accordance with its new practices

The activity consists of including the supports for the preparation of GIF modernisation plan in the work of design of the modernisation plan of public finance management.

Activity A.1.2. Support GIF for prioritising the structures, according to levels of budgetary risk identification and to optimise its staff

It is about identifying 20% of budgetary entities (central, regional, local) and public enterprises representing 80% of budgetary risk and/or fiduciary risk, in order to optimise the costs of intervention and GIF human resources staff, by concentrating its audits on main risks.

Activity A.1.3. Support GIF for the achievement of cartography of entities' risks concerned by its field of intervention

"Pareto" analysis must allow GIF to reframe risks cartography on the target entities representing main inherent risks and control. The annual work plan can be objectively justified and concentrate its interventions on the target entities. This mission of internal audit involves a reinforcement of capacities of evaluation of internal audits applied by the target entities.

It is about strengthening GIF capacities concerning evaluation of internal audits of the target entities of revenue and expenditure chains and proceeding to a comparison of procedures, in

force in these entities, with standards and good international practices of internal audit
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Activity A.1.4. Support GIF for the consolidation of its right of communication in a vision of permanent update of its database

The implementation of GIF internal auditors' attributions involves the application of procedures and standards aiming at a preparatory phase of audit missions. This preliminary work of analysis and compilation requires permanent update of data concerning the target entities. A reinforcement of the right of communication must enable GIF to quickly obtain necessary information for the proper conduct of its missions by reaching directly the bases of the target entities.

The support should focus on the analysis of current legal characteristics of communication law within the legislative and regulatory framework of MF and GIF (e.g. Treasury privilege, etc.). Following the legal analysis, it would be useful to propose the necessary amendments to extensions of data bases deemed essential for the effectiveness of GIF interventions. In case of impossibility of extension or clarification of GIF right of communication, it will be advisable to define protocols of data exchange with concerned entities and to determine relevant information to identify the potential risks at the level of target entities.

Activity A.1.5. Support GIF for the improvement of its information system

GIF has an obsolete and unsuited information system to its new attributions. The main support should focus on the preparation of GIF general organisation manual including, inter alia:

- Unit vision;
- Unit missions;
- Attributions and definition of interventions scope;
- GIF audit charter;
- Ethics code;
- Organic framework presenting organisation chart, table of employment, qualification and competences of agents, fiches of function and fiches of tasks related to audit standards, etc...
- guide of access to repertories of reference frames and methodological documents of data base;
- user guide of financial and accounting audit software;
- user guide of performance audit software;
- guide of sources of permanent training;
- audit manual;
- policy of audit documentation management (physical and digital archive/electronic);
- Intranet development to strengthen GIF team spirit and its policy of communication.

Activity A.1.6. Support GIF for the design and use of data base

The preparatory phase of audit missions requires a preliminary compilation of reliable information on the entity submitted to auditing or evaluation; this preliminary work is framed by precise standards. GIF must have an informative data base presenting, inter alia, repertories of reference frames by types of activities, repertories of methodological and normative instruments and repertories of specific data relating to target entities. The supports should focus on the creation of this data base, on the validation of the user guide of the basis

(which is an integral part of GIF general organisation manual) and on agents training for the basis use.

Activity A.1.7. Organise a study visit

It is about organising a study visit in order to inquire information systems

3.4.2. Result 2: GIF strengthened its institutional and technical capacity to audit public bodies including Economic Public Enterprises (EPE), banks, insurance companies and local authorities.

GIF legal framework revised in 2008 covers evaluation tasks of internal audit in all public bodies. The trend to the development of internal audit professionalized task is, now, common in most of the developed countries governments. The Algerian government cannot stay away from this.

Internal audit is defined as a process implemented by an organisation as a whole to provide a reasonable insurance on the achievement of its objectives. By targeting audit activities on the operations presenting the highest risks, the internalisation of audit makes enables to make it more effective and to sensitise officials on the operations concerned by its issues. Internal audit is in turn, a function which allows to ensure the effectiveness of the risk management system in an organization.

By integrating internal audit to their missions, GIF will have instruments and methods to improve its position.

A.2.1. Adoption of risk-based approach in GIF interventions

The implementation of GIF internal audit attributions implies the reinforcement of Unit capacities regarding internal audit applied by target entities.

Supports should emphasise on the development of a uniform manual of audit/evaluation of internal audit which would concentrate all the auditing standards of audit by target entities and all the panoply of risk analysis instruments. It should be noted that this manual represents the chapter 'audit methods of internal audit' of GIF general manual of internal audit.

After validation of the guide, training sessions on the use of the manual should be organised.

It would be very useful also to write a small uniform framework of assistance for the identification and implementation of internal audit for all entities concerned by the management of public finance.

A. 2.2. Improve normative framework of GIF interventions

The work on improving of the normative framework is the subject of this activity to register, in fine, in the outputs of activities A.1.5- Ethical Code and audit charter (*general organisation manual*), A.1.6-reference frame of internal audit (*data base*), A.2.1- Risks analysis (*manual of audit /evaluation of internal audits*).

The logistic supports should focus on GIF potential role on ex-ante evaluation of draft laws and regulations.

A.2.3. Carry out a training on internal audit directed certification CIA

The twinning programme contains many seminars of permanent training in accounting audit and audit of performance. It is desirable that the efforts of GIF agents are rewarded by obtaining an international certification very sought by the Institute of Internal Auditor. The project should organise specific sessions of preparation of inspectors interested in the exams of internal audit certification in public sector.

A.2.4. training finance inspectors to the use of audit software

The majority of private and public auditors use dedicated software that facilitates the processing of W.P., standards consultation, filling questionnaires, checklists and audit printed as well as the preparation of reports.
The support should focus on the preparation of training sessions to the use of software selected by GIF.

A.2.5. Carry out a training focused on performance audit

The support should emphasise on the identification of instruments of audit/evaluation of project performance and management, their provision in data base (Cf. activity A.1.6) and the organisation of sessions of trainers training.

A.2.6. Study visits

The organisation of immersions missions within an internal audit unit of EU Member State seems hardly feasible, but desirable; failing that, two short period study visits to some EU Member States will be organised.

3.4.3. Result 3: GIF strengthened its capacity to evaluate and control the achievement of major projects in all their phases

Evaluations should assess a project situation, anticipate malfunctions causes, evaluate project potential on the achievement of its objectives, measure the risks of not achieving the objectives, measure resistances that could impact the project results, etc. In all cases, the project assessments constitute a key factor of a project success, as well as trust between stakeholders, provided that we agree to, when, a priori, everything seems to function for the best even if evaluations are useful when problems occur, they have the most impact when they are made upstream.

This activity must enable GIF to develop a strong expertise based on its competences in management of project and audits, in order to quickly evaluate the status of a project and to make the adequate recommendations.

A. 3.1. Support GIF to prepare systemic framework of audit and evaluation of major projects.

It is very likely that during "Pareto" analyses (Cf. activity A.1.2) major projects appear in the classification of target entities. Supports should then focus on audit and evaluation instruments of target entities of major projects, as well as on audit reference frames of public markets.

Activity A.3.2: organise a study visit

It is about organising a study visit to inquire a methodology of major projects evaluation in the form of workshops concerning experience exchange.

3.4.4. Result 4: GIF improved its capacity to evaluate public policies.

The evaluation of public policies implementation is another aspect which was added to GIF prerogatives. This is for GIF to evaluate the level of achievement the objectives of public policies carried out by the State in the economic and social fields as well as to evaluate the conditions of management of financial means.

The quality of the evaluation depends on its reproducibility and objectivity, ensured by the independence (relative to the designers of the evaluated policy) and the competence of evaluators.

In order to professionalise GIF teams in monitoring, measurement and evaluation of public policies, experience exchange workshops will be organised on EPP concepts and methodologies, definition, choice and implementation of programme indicators, on drafting the specifications also on the organisation of an evaluation mission.

A.4.1. Development of a methodology of evaluation of public policies, adapted to the Algerian context

The support should focus on the conceptualisation of evaluation which must be at the same time management instrument, decision-making assistance and a vector of communication, valorisation plus analysis of public action.

The conference should emphasise on the requirement of report and monitoring, at the same time factor of comprehension and internal progress (development of the strategy and guidance of governmental action) and a factor of knowledge and recognition of action of each ministry (institutional communication and information on public management). The European Commission specifies that the evaluation underlies the following issues:

- **effectiveness** of the policy (objective/results report);
- **relevance** of the policy (objective/report economic and social needs);
- **efficiency** of the policy (results/ report implemented means) ;
- **usefulness** of the policy (results/ report economic and social needs);
- **coherence** (objective/means report and report to other internal or external public policies);

At the end of conceptualisation conference, it is advisable to develop an evaluation guide of public policies adapted to the Algerian context and to the persistence of old practices of information retention from sectoral ministries.

A.4.2. Support GIF for the mastery of EPP instruments

Supports relating to the mastery of evaluation instruments of public policies should focus on the procedures of the instruments and frameworks of evaluation integrated in the informative database (Cf. A.1.6). It will be about creating trainers' agents able to direct the inspectors towards the choice of approaches, available instruments and methodologies. It would be also useful to organise workshops of experiences exchanges on one or more files of policy evaluation, being achieved in Algeria.

A.4.3. Workshops of EPP experience exchange

Workshops of experience exchange will be organised on EPP concepts and methodologies, on the definition and the choice plus the implementation of programme indicators, on the organisation of an evaluation mission and on drafting the evaluation specifications.

Activity A.4.4. Organise a study visit

It is about organising a study visit to inquire an evaluation methodology of public policies

3.5 Contributions of the twin administration of the Member State

3.5.1 Profile and tasks of the project Leader

The Project Leader of the Member State must be a senior civil servant within the twin administration, able to lead a political dialogue and to provide the necessary solutions to the problems and difficulties encountered during the implementation of the twinning project; his/her level of responsibility must enable him/her to ask for short-term experts to support the effective implementation of planned activities.

Academic

The Project Leader must be graduated of a higher education, or equivalent.

Capacity of management

The project Leader must have:

- an autonomy and a sufficient authority to carry out his/her mission in a good way and, in particular, to contact and deal with EU administrations or with private providers according to the needs of his/her mission,
- ensured the management of an administrative structure implied if possible in the fields of public accounts, audit, evaluation and risks analysis.

Previous experience

The Project Leader must have:

- Taken part in the project management,
- Ensured the control and the implementation of at least one project.

Tasks of the Project Leader

The Project Leader is responsible for the assigned activities to his/her government in the work plan, and must be available for the project at least three days a month, with a field visit at least every three months.

The Project Leader must design, supervise, coordinate, guide and implement the twinning project. He/she must organise, with his/her Algerian Project Leader counterpart Steering committee meetings that will be jointly headed. The Steering committee, held every quarter, will provide an update on the evolution of the project in relation to the expected results.

He/she will be in charge, in coordination with the Algerian Project Leader of submitting the project quarter reports and final reports to the PAO/UGP (and to submit a copy of these reports to the Delegation of the European Union in Algeria).

3.5.2 Profile and tasks of the Resident Twinning Adviser (RTA)

The RTA, the civil servant expert or expert of a mandated body of the Member State assigned to work in Algeria all over the duration of the twinning as a full-time expert, is the twinning interface. He/she is in charge of ensuring the implementation of the twinning project. He/she is also responsible for providing technical advises and daily assisting GIF and all beneficiary institutions / bodies within the predetermined work plan.

Training

The RTA must be graduated of higher education (university or school), in public finance or equivalent. He/she must have a good command of French language.

The RTA, unique expert of the Member State to work over the period of full-time twinning in Algeria, is the twinning interface. He/she is in charge of ensuring the implementation of the twinning project. He/she has also should provide technical advises and daily assisting GIF within the predetermined work plan. He/she will coordinate activities carried out by short-term experts.

Technical expertise

The RTA must prove a compelling experience in public finance management. He/she must have:

- Participated in the achievement, if possible run, performances audit missions of institutional structures and/or public bodies;
- Been involved in the evaluation of public policies and/or risks-based programming of audit activities concerning institutional structures and/or public bodies.

The RTA has a good knowledge of legislative and regulatory environment of public finance governance, different types of work organisation concerning structuring of control and public internal audit; and various inspection tasks of internal audit (including accountant and finance), performance and public action evaluation.

Previous experience in the implementation of EU acquis and project management would be an asset.

The RTA must have a good command of the French language.

Tasks of the RTA

The RTA must support for the implementation of various project components. He/she supports the different beneficiary structures in the management and the implementation of the project. His/her tasks consist of:

- Daily work with different GIF partners for the implementation of the project and the coordination of various interventions of the experts;
- Ensuring the continuity of the implementation of the project with his/her main counterparts, partners in various GIF structures, short- term experts, the two project leaders, respectively Algerian and Member State leaders; and with the Programme Administration Office to the Support of the Association Agreement: PAO/UGP-SAAP/P3A. II.

The RTA will assist the counterparts and correspondents in defining the detailed content of the Twinning project activities (in particular those requiring a preliminary work of expertise) and will provide information on the profiles of the Member State experts who will be responsible for their implementation.

The RTA will be responsible for the logistics of the project in relation to the UGP and will ensure, in particular, the good preparation and organisation of study visits that will be carried out by the beneficiaries in the European Union.

The RTA will ensure the administrative management of the project, in particular, of the short-term experts' team and will inform the Algerian Project leader of the EMP about the Twinning progress. He/she will monitor budget implementation and the schedule of the operations. He/she will have a crucial involvement in the development, implementation, planning and monitoring of the activities.

He/she has to organise the quarter meetings of the Steering Committee which will be jointly headed by both project leaders. This steering committee will allow to review the progress of the project in relation to the expected results. He/she will assist the project manager to submit project quarterly reports to the PAO/UGP (and a copy of these reports to the DEU in Algeria).

Duration of the mission of the RTA

The mission of the RTA will be carried out over a full-time period of 24 months in Algeria (Algiers). During this period the RTA will ensure the management of the project and achieve the assigned tasks.

3.5.3 Profile and tasks of the RTA assistant

The RTA will be assisted by a full-time assistant who will be locally recruited, after the attribution of the project and will be paid on the twinning contract budget, in accordance with the standard rules. At this stage, his/her CV should not belong to the proposal of the Member State.

3.5.4 Profile and tasks of main short-term experts (STE)

The Member State will engage short- term experts' team (STE) to implement with the RTA various activities on the basis of the provided conditions in this fiche.

The required profile of main STE is as follows:

A preliminary experience in similar projects would be an advantage, same for a professional experience in Algeria or in Maghreb countries.

In addition to these elements, for each result, experts having thorough knowledge in each activity so as to ensure the good achievement of each result would be required, they must have the following advantages:

Result 1

R1. GIF activities are centred on main risks for public finance and the deadlines enabling GIF to operate well its alarm duty Vis à Vis the decision-making centres are controlled and human resources are deployed in an optimal way.

Short- term experts' team in charge of ensuring the achievement of planned activities under result R1 indicator must be trained of civil servants with a proven experience in:

- Analysis of budgetary and fiduciary risks;
- Internal and budgetary/financial audit;
- Evaluation of public entities;
- Management of public data base;
- Right of communication;
- Statistics;
- Scientific management of administrative work;
- Training in methods of accounting/financial audit and performance;

Result 2

R2. GIF strengthened its institutional and technical capacities to audit public bodies Including Economic Public Enterprises (EPE), banks, insurance, companies and local authorities.

Experts likely to intervene on R2 indicator should be confirmed auditors in accounting, financial audit and of performance, CIA certified if possible.

Result 3

R.3. GIF strengthened its capacity to evaluate and control the achievement of major projects in all their phases

Experts likely to intervene on R3 indicator should be confirmed economists in major project management and /or building and public works engineers.

Result 4

R4- GIF improved its capacity to evaluate public policies.

Experts likely to intervene on R4 indicator should be confirmed economists in ex ante and ex post evaluation of public policies.

4. Institutional framework

4.1 Beneficiary institutions

MF and more particularly the General Inspectorate of Finance (GIF) is the direct beneficiary of this twinning project.

Internal audit of Algerian public finance is ensured by the General Inspectorate of Finance (GIF), specific service of MF.

Legislative and regulatory framework

- Decree No.80 53 of 1 March 1980 establishing GIF;
- Decree No.08-272 of 6 September 2008 on GIF attributions;
- Decree No.08-273 of 6 September 2008 on GIF central organisation;
- Decree No.08-274 of 6 September 2008 on organisation of GIF regional structures;
- Ordinance No.08-01 of 28 February 2008 supplementing ordinance No.01-04 of 20 August 2001 on organisation, management and privatisation of economic public enterprises;
- Executive decree No.09-96 of 22 February 2009 establishing the conditions and methods of control and audit of public enterprises management;
- Decree N°.10-28 of January 2010, on special status of GIF civil servants.

GIF intervention field

Attributions of the General Inspectorate of Finance are acting on:

- State services;
- local authorities;
- institutions, bodies and institutions subject to rules of public accounts;
- public institutions of commercial and industrial nature (EPIC);
- social security bodies under general and obligatory system as well as all bodies with social and cultural vocation benefiting from the assistance of State or public bodies;
- Other public institutions whatever their legal statutes may be;
- use of funds collected on the occasion of solidarity campaigns by bodies or associations, whatever their legal status may be, which require public donations to support, in particular, humanitarian, social, scientific, educational, cultural and sport causes;
- other legal persons benefiting from State financial assistance, a local authority or public body as participation or grant, loan, advance or guarantee;
- audit and control of economic public enterprises management at the request of authorities or bodies representing the State shareholder.

GIF interventions Purpose

The interventions of the GIF relate to:

- The performance evaluation of budgetary systems;
- The economic and financial evaluation of sectoral global activity or branch or economic entity;
- The audit, studies, surveys or expertises of economic, financial and accounting nature;
- The evaluation of management and operating conditions of public services by concessionary enterprises, whatever their statute may be;
- The evaluation of implementation conditions of public policies as well as related results;
- The economic and financial studies and analyses to assess the effectiveness, efficiency of the administration and financial management and other public means;
- Comparative and evolutionary studies of sectoral or inter sectoral sets;
- Evaluation of the implementation of legislative, regulatory and organisational measures from the point of view of their coherence and their adaptation to identified objectives;
- Determination of achievements compared to identified objectives;

- Identification of insufficiencies and constraints of management and analyse their causes.

5. Budget

The maximum budget of this twinning project is 1, 400, 000 Euros.

6 Implementation arrangements

6.1 Project contracting authority

The Programme Administration Office (PAO/UGP) ensures the administrative management of all SAAP/P3A activities, including the twinning projects, in accordance with the community procedures and in close collaboration with the EU Delegation in Algeria. It ensures, as such, the management of the funds of the programme.

PAO/UGP is situated in:

Palais des expositions Pins Maritimes - Mohammadia – Alger
Unité de Gestion du Programme P3A
Tél. +213 21.21.94.02 / +213 21.21.94.01
Fax. +213 21.21.04.12
Internet site: www.p3a-algerie.org

Person in charge of the Programme: **Said BENMERAD**
Director of the Programme
Inspector at General Inspectorate – Ministry of Trade
E-Mail: said.benmerad@p3a-algerie.org

Any request for clarification on these terms of reference should be sent exclusively to PAO/UGP-P3A and by email only.

6.2 Main counterparts in the beneficiary country

GIF is the beneficiary, responsible for the implementation of the project. It ensures, as such, the preparation, implementation and monitoring of project activities. To this end, GIF will provide necessary material and human means for the successful implementation of the twinning.

GIF is situated :

Ministère des finances
Immeuble Ahmed Francis
Djenane El Malki
Ben Aknoun – Alger - Algérie
Www : www.mf.gov.dz

Human means

Project leader

Mrs Dalila MANA, Director of studies within GIF, will be the twinning project leader for the Algerian party. She will work in close cooperation with the project leader of the Member State and the RTA plus his/her counterpart. She will regularly monitor the progress of

twinning activities and will bring the necessary support to ensure the good operation of the project. She will co- chair the quarterly steering committees of the twinning.

RTA counterpart

Mr. Amer KOCEILA , inspector within GIF, will be the main counterpart of the RTA and his main referent during the twinning. He will be, in particular, responsible for daily coordinating with the RTA the Algerian twinning actions and will ensure the link between the Algerian executives or working groups and key- experts of the Member State. He is likely to be consulted for all planned activities of the twinning.

The project leader and the counterpart of the RTA will engage all human resources within the Algerian government, necessary to carry out jointly with the RTA and the experts of the Member State the activities defined in accordance with the established schedule.

Material means

In accordance with section 5.13.3 of the Common Manual of Twinning (MCJ), GIF will provide all the professional infrastructure necessary to experts seconded by the Member State and will, especially, provide the RTA and his/her assistant offices nearby, adequately equipped for the entire duration of the twinning. These offices will be available as soon as the RTA arrives.

Similarly, GIF will provide necessary means to allow the short- term experts (STE) achieve their missions under the best material conditions.

6.3 Twinning Steering committee

A Steering committee of the project will be held quarterly for the coordination of the project and its regular monitoring. Its composition will be defined in the twinning contract in accordance with the provisions of the MCJ. The Steering committee will monitor the implementation, the coordination of various activities of the twinning and the validation of the quarterly and final reports.

The two project leaders, Algerian and EMP, will be responsible for the organisation of the Steering committees.

Other elements of implementation: working language and rhythm of work

The official language of the project will be French. All the official communications concerning the project, included reports, will be written in French and steering committees will be held in this same language.

Expenses of translation are eligible and planned in the twinning indicative budget for this purpose (Cf. Section 5, supra).

The working week in Algeria begins Sunday morning and finishes Thursday evening.

7. Implementation schedule

- 7.1 Launching of the call for proposal**
December 2014 (code)
- 7.2 Start of project activities**
September 2015 (code)
- 7.3 Duration of the twinning project**
24 months
- 7.4 Duration of the implementation period (legal period)**
24 + 3 months

8. Sustainability of the project

The sustainability of the project is ensured by the process of dynamic improvement already observed within the beneficiary structure and will be supported by the contributions of the twinning actions. Indeed, several factors can be identified:

- the political good-will of the Algerian authorities is clearly displayed in particular at the level of the Official Authorities (MF);
- the Directorate and the executives are also highly motivated and look forward to the completion of the twinning;
- the recent decisions at both the MF and at GIF give priority to the establishment of the system of internal audit and effective audit.

Contribution of the twinning

The contribution of the twinning is also to ensure the efficiency of the planned system.

Several actions can be quoted:

- the training aspect of 4 results used to share the experience and to develop competences of GIF executives;
- the reinforcement of the use of instruments and proven methodologies, guaranteeing the strengthening of the accompaniment of GIF staff;
- the acquired experience during the period of the twinning, bringing the accumulation of know-how and thus contributing to consolidate GIF in the achievement of its priority tasks.

9. Cross-cutting issues

Equality gender

The principle of integration takes into account Equal Opportunities dimension in any issue as a fundamental factor of State of right reinforcement for all ((art. 10 of Lisbon Treaty).

In its phase of development, establishment and implementation, the project with the experts commit, in accordance with the principle of the equality of women and men, to combat any

form of discrimination and inequality based on sex, by reference to the marital status or family and to develop instruments and strategies based on an integrated approach of gender dimension.

Good governance and transparency

The Twinning will affect the level of good governance, twinning activities promoting the quality of financial internal audit.

Sustainable development

Not applicable within the framework of this twinning.

10. Conditionality and sequencing

At the level of GIF, the twinning project is not subject to specific prerequisites to start.

Annexes

- Logical framework matrix
- Schedule

Annexe 1: Logical framework matrix

Twinning acronym: GIF	Reference: DZ/23	Duration of the Project: 24 months	Budget: 1, 4 M
General objective	Indicators objectively verifiable	Sources of verification	
Support the programme of modernisation of public administration and improve the use of public funds	<ul style="list-style-type: none"> • Improvement of PEFA indicators • GIF role in the audit of public funds use is strengthened 	<ul style="list-style-type: none"> • PEFA and other reports of international bodies (public expenditure review) • GIF activity report 	
Specific objective	Indicators objectively verifiable	Sources of verification	Assumptions
Contribute to the improvement of GIF performance considering its attributions and in a transition vision to management and performance control	<ul style="list-style-type: none"> • GIF inspectors have acquired the necessary expertise for their interventions • GIF intervention methodologies have been modernised and strengthened in terms of identification and risks analysis 	<ul style="list-style-type: none"> • Annual activity report 	The Government continues its commitments in the reform of public finance management Appropriation of mechanisms and audit instruments

Results	Indicators objectively verifiable	Sources of verification	Assumptions
R1. GIF activities are centred on main risks for public finance and the deadlines enabling GIF to operate well its alarm duty vis-a vis the decision – making centers are controlled and human resources are deployed in an optimal way.	<ul style="list-style-type: none"> • The cartography of risks for public finance is established taking into account GIF missions • GIF resources are deployed to respond effectively to cartography. • GIF has access to relevant data bases and has a system of processing data relating to main risks 	<ul style="list-style-type: none"> • Consolidation reports by component 	<p>GIF is committed in modernisation of these working methods</p> <p>availability of necessary data to the cartography of risks</p> <p>Mastery of instruments of risks evaluation</p>
R2. GIF strengthened its institutional and technical capacities to audit public bodies including Economic Public Enterprises (EPE), banks, insurance companies and local authorities	<ul style="list-style-type: none"> • The inherent expertise to specificities and to entities operation under GIF control is improved in a significant way • The methodology and the development of standards supported by international standards and practices related to the control of economic and financial sphere are controlled • The audit methodological guides are developed for each type of entity subject to GIF control • The GIF executives receive specific and continuous training 	<ul style="list-style-type: none"> • GIF reports • Manuals and guides of available procedures • Report of training course 	<p>Mastery of established process</p>
R3. GIF strengthened its capacity to evaluate and control the achievement of major projects in all their phases.	<ul style="list-style-type: none"> • GIF acquired audit experience of major projects design, study, implementation and exploitation • GIF has the capacity to evaluate projects relevance, their costs and service quality • Audit and specific evaluation methodological guides to major projects are available • GIF executives receive specific and continuous training 	<ul style="list-style-type: none"> • Missions report • Training report 	

Results	Indicators objectively verifiable	Sources of verification	Assumptions
R.4 GIF improved its capacity to evaluate public policies in all their phases.	<ul style="list-style-type: none"> GIF controls the methodology and the evaluation approach of public policies (EPP) GIF controls main EPP instruments and techniques in particular the evaluation of performance indicators, techniques of collection and information processing plus statistical methods 	<ul style="list-style-type: none"> Evaluation report Activity report 	

Activities to be developed	Tasks	available	Assumptions
RESULT 1: GIF activities are centred on main risks for public finance and the deadlines enabling GIF to operate well its alarm duty vis-a vis the decision – making centers are controlled and human resources are deployed in an optimal way.			
A.1.1. Support GIF for the adaptation of its structures in adequacy with its new practices	<ul style="list-style-type: none"> ➤ Identify new needs induced by new audit practices as regards GIF structures organisation ➤ Exploitation of recommendations and suggestion of improvement of its organisation ➤ Analyze preparation conditions of GIF strategic plan in the context of a revision of the organisation and a compliance of regulatory framework 	<ul style="list-style-type: none"> ➤ Report and recommendations ➤ Report ➤ SWOT matrix of GIF strategic plan development 	GIF closely cooperates with the Unit of public finance reform management
A.1.2. Support GIF for prioritising structures to be controlled according to levels of budgetary risk identification and to optimise its staff	<ul style="list-style-type: none"> ➤ Assist GIF to identify central and territorial structures presenting the highest budgetary risks incurred by all entities in particular by the implementation of Pareto law ➤ Support the GIF has to build the matrix consolidated of the high-risk structures priority ➤ Supplement the general matrix by quantifying 	<ul style="list-style-type: none"> ➤ Matrix "classification 80/20 ➤ Matrix of consolidated fiduciary risk ➤ General matrix of the high-risk priority structures ➤ General framework of GIF staff, justified by identified 	GIF expresses its willingness to have instruments of risks analysis

Activities to be developed	Tasks	available	Assumptions
	GIF staff necessary to a thorough verification of internal audit applied by priority structures, at the high risk	risks	
A.1.3. support GIF for the achievement of cartography of entities risks concerned by its field of intervention	<ul style="list-style-type: none"> ➤ Training of inspectors for the evaluation of internal audit ➤ Evaluation of internal audit state of target entities by risks matrix 	<ul style="list-style-type: none"> ➤ 90 inspectors of GIF trained for the analysis of the effectiveness and efficiency of internal audits ➤ Diagnosis of the situation of internal audit of target entities of GIF field of intervention : 1 central administration – 1 local administration - 1 EPIC – 1 EPA – 1 EPE 	Capacity of assimilation and control of new evaluation methods
A.1.4. Support GIF for the consolidation of its right of communication in a vision of permanent update of its data base.	<ul style="list-style-type: none"> ➤ Analyze the right of communication within the legislative and regulatory framework of the MF and GIF ➤ Define protocols of data exchange with concerned entities and determine relevant information allowing to identify potential risks at the level of audited entities ➤ Propose the necessary amendments to the extensions of communication considered and justified to be essential to the effectiveness of GIF interventions 	<ul style="list-style-type: none"> ➤ Analysis report ➤ Protocols of developed data exchanges ➤ amendment suggestions 	

Activities to be developed	Tasks	available	Assumptions
A.1.5. Support GIF for the improvement of its information system.	<ul style="list-style-type: none"> ➤ Evaluation of the existing information system ➤ Support GIF to adapt its information system to its new practices ➤ Organize a conference on changes conduct 	<ul style="list-style-type: none"> ➤ Organisation and operation guide of GIF ➤ Report on guide digitalisation in data base ➤ Report and teaching materials of the conference 	
A.1.6. Support GIF for the design and use of data base.	<ul style="list-style-type: none"> ➤ Development of data base project ➤ Support GIF in the administration and creation of data base 	<ul style="list-style-type: none"> ➤ Report and Specifications 	
A.1.7. Study Visit	<ul style="list-style-type: none"> ➤ 1 study visit of an information system of a similar body 	<ul style="list-style-type: none"> ➤ Report of study visit 	
RESULT 2: GIF strengthened its institutional and technical capacities to audit public bodies including Economic Public Enterprises (EPE), banks, insurance companies and local authorities.			
A.2.1. Adoption of risk-based approach in GIF interventions	<ul style="list-style-type: none"> ➤ Support GIF in the development of a uniform manual of evaluation of internal audit as well as a manual of identification and implementation of internal audit. ➤ Training of GIF inspectors to risk-based approach, including in particular: <ul style="list-style-type: none"> - a training on practical procedures knowledge of internal audit system: risks cartography, control activities, risks management, processes and procedures, planning of missions and assistance to the development of audit fiches 	<ul style="list-style-type: none"> ➤ Manual of internal audit evaluation ➤ Uniform manual of internal audit identification and implementation ➤ 90 trained people to risk analysis 	In the group of 90 trained people, a selection will be made to ensure the continuous training and the sustainability of the project
A.2.2. Improve	<ul style="list-style-type: none"> ➤ Support GIF for the deontological code 	<ul style="list-style-type: none"> ➤ Deontological Code 	

Activities to be developed	Tasks	available	Assumptions
normative framework of GIF interventions	standardisation ➤ Support GIF to have an audit charter ➤ Support GIF to the collection and the exploitation of internal audit referential ➤ Support GIF to adapt a guide of risk analysis to the Algerian context ➤ Support GIF to participate in the process of preliminary evaluation of the impact of laws and regulations	➤ Audit Charter ➤ Data base and referential Guide of risk analysis ➤ Preliminary evaluation guide of the impact of laws and regulations	
A.2.3. Carry out a training on internal audit directed certification CIA	➤ Organise a conference of CIA presentation (certification in internal audit) ➤ Develop a training planning ➤ Prepare inspectors to CIA	➤ Report of information conference ➤ Planning of the training ➤ 90 inspectors prepared to CIA	Inspectors show their determination to obtain IIA certification
A.2.4. training finance inspectors to the use of audit software	➤ Organise a training in the form of exchange of experience	➤ 30 trained inspectors	The issue of software acquisition is resolved
A.2.5. Carry out a training focused on performance audit	➤ Strengthen GIF expertise on audit of performance	➤ 30 trained inspectors	
A.2.6. Study visits	➤ 2 study visits in 2 European countries	➤ Reports of study visits	
RESULT 3: GIF strengthened its capacity to evaluate and control the achievement of major projects in all their phases			
A.3.1. Support GIF to prepare systemic framework of audit and evaluation of major projects	➤ Conference of the management of major projects ➤ Support GIF to write the manual of risk analysis related to the achievement of major projects ➤ Support GIF to acquire standardised methods of impact evaluation of major projects ➤ Organise training of trainers courses on evaluation of achievement costs of major	➤ Documents of formation ➤ Uniform manual of analysis of the risks and the audits internal for great projects ➤ Methodological Pilot guide of impact and effects analysis of major projects in the sector of <i>public works</i>	

Activities to be developed	Tasks	available	Assumptions
	<p>projects</p> <ul style="list-style-type: none"> ➤ Conference of presentation of methodological pilot guide of impact and effects analysis of major projects in the study sector ➤ Workshops on impact analysis methodology of major projects from pilot guide and its adaptation to the impact analysis of other projects 	<ul style="list-style-type: none"> ➤ 15 trainers trained to audit and achievement evaluation of great projects ➤ <i>Conference and workshop of impact analysis</i> ➤ <i>Report of workshops</i> ➤ <i>Pilot guide will be available on GIF site handed to participants in electronic form (USB, DVD etc.)</i> 	
A.3.2. Study visit	<ul style="list-style-type: none"> ➤ 1 study visit in the form of experience exchange on the evaluation of major projects 	<ul style="list-style-type: none"> ➤ Report of a study visit 	
RESULT 4: GIF improved its capacity to evaluate public policies			
A.4.1 Development of a methodology of evaluation of public policies, adapted to the Algerian context	<ul style="list-style-type: none"> ➤ Conference on the practice of evaluation of public policies (comparison of various models) ➤ Support GIF in awareness of institutional environment and the practice of evaluation of public policies in Algeria ➤ Development of EPP guide of specific to GIF taking into account the Algerian context 	<ul style="list-style-type: none"> ➤ Conference report ➤ Diagnosis report on evaluation practice of public policies in Algeria. ➤ Evaluation guide of public policies. 	
A.4.2. Support GIF for the mastery of EPP instruments	<ul style="list-style-type: none"> ➤ Training to the techniques of information collection and exploitation ➤ Training to statistical methods in particular modelling ➤ Training to the development and to evaluation of performance indicators ➤ Organisation of workshops on guidance of evaluation missions of public policies 	<ul style="list-style-type: none"> ➤ 90 inspectors trained to the use of evaluation instruments of public policies ➤ Report of workshops of experience exchange restitution 	

Activities to be developed	Tasks	available	Assumptions
A.4.3. Workshops of EPP experience exchange	<p>➤ Organisation of workshops of experience exchange of evaluation missions of service policies provided by:</p> <ul style="list-style-type: none"> • a public body classified risk • an EPE classified high risk • an exploitation concession of State infrastructure • a public/private partnership 	<p>➤ Report of workshops of experience exchange restitution</p>	
A.4.4. Study visit	<p>➤ 1 study visit in the form of experience exchange workshops</p>	<p>➤ Report of study visit</p>	

Annexe 2: Estimated schedule of the Twinning

[illegible]

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Final report of expenses audit [N+2]																										X	
Balance payment by DUE (or recovery)																											X
Departure of the RTA – end of mission																								X	X		