



P3A



Support to the Association Agreement Programme (SAAP/P3A)



Twinning Project Fiche

*Supporting the DG of Taxes for improving its
performance*

Beneficiary
Ministry of Finance DG of Taxes

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

AJT	Judiciary Agency of Treasury
AMECO	Programme for the Support of Economic Management
BOP	Programme Operational Budget
CDI	Taxes Office
CDMT	Medium- Term Expenditure Framework
CMPF	Unit of modernisation of public finance
COSO	Committee Of Sponsoring Organizations of the Tread way Commission
CPI	Proximity Center of Taxes
RTA	Resident Twinning Adviser
DAMF	Directorate of Administration, Means and Finance
DCX	Directorate of Litigation
DGB	DG of Budget
DGCP	DG of Public Accounting
DGE	Directorate of Major Entreprises
DGFP	DG of Public Services
DGT	DG of Taxes
DGPP	DG of Forecast and Policies
DIDF	Directorate of Information and Taxe Documentation
DIO	Directorate of Information and Organisation
DIW	Directorate of Taxes of Wilaya
DLRF	Directorate of Legislative and Tax Regulation
DORF	Directorate of Tax Operations and Recovery
DPB	Directorate of Budgetary Policies
DPF	Directorate of Tax Policies
DRI	Regional Directorate of Taxes
DRPC	Directorate of Public Relations and Communication
DRV	Directorate of Researches and Audit
ENI	National School of Taxes
GIF	General Inspectorate of Finance
IGSF	General Inspectorate of Public Finance
LOLF	Organic Law relating to Finance Law
MARA	Programme of Modernisation and Support for the Administrative Reforms
MEGA	Model of Algerian General Balance
MF	Ministry of Finance
SAAP/P3A	Support to the Association Agreement Programme Algeria-EU
MF	Ministry for Finances
PSMFP	Strategic Plan of Modernisation of Public Finance
HR	Human Resources
SIDGT	Information System of the DGT
TAIEX	Technical Assistance and Information Exchange
EU	European Union
PAO/UGP	Programme Administration Office

1. Basic information

1.1 Programme

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

1.2 Twinning number

DZ/22

1.3 Title

Supporting the DG of Taxes for improving its performance

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 public finance and the improvement of the use of Public Funds.

2.2 Specific objective

The specific objective of the project is to support the DG of Taxes (DGT) in the improvement of its performance.

2.3 Contribution to the implementation of the Association Agreement

2.3.1 Strategic Framework

The objective to support the DGT in its performances is within the economic, statistical and financial cooperation of the Association Agreement Algeria- European Union (EU). This twinning project represents, in particular, a concrete form of implementation of articles 1, 47, 49, 79 and 80 of the Agreement.

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

Article 79 concerns the implementation of a financial cooperation for the facilitation of the reforms aiming at the modernisation of the economy including the rural development, the upgrade of economic infrastructures, the promotion of the private investment and the creative activities of employment, the taking into account of the consequences on the Algerian economy of the progressive establishment of a free trade area, in particular under the upgrade and the reconversion of the industry, the support of the implemented policies in the social sectors.

Article 80 relates to the adaptation of the suitable instruments to support the development policies and those aiming at the liberalization of the Algerian economy within the framework of the Community instruments intended to support the programmes of structural adjustment in the Mediterranean countries; this is for the re-establishment of great financial balances and the creation of an economic environment favourable to the acceleration of the growth and the improvement of the good being of the Algerian population.

The Accompaniment Road map of the Association Agreement of 21 September 2008 focuses also, in the sector of macroeconomic reforms, on:

- the modernization of the medium -term budgetary systems:
 - framework of the medium-term expenditure;
 - budgeting focused on the results;

- establishment of an integrated budgetary framework for the improvement of the budgetary management;
- the simplification of the tax procedures and the diversification of sources tax revenue;
- the evaluation of budgetary policies.

The implementation of a twinning project involving a EU body having a tradition regarding tax policies offers the opportunity of concretising an adequate support for the DGT for the improvement of its performances, especially through strengthening of its human resources, the professionalization of its internal audit and the improvement of its recovery strategy.

2.3.2. Contribution to the government programme

In its programme introduced in 2012, the Algerian government devotes in its second chapter a significant part to the consolidation of the economic and financial spheres as well as the modernisation of the financial sector, in particular through the article 59 which provides under the reform and the modernisation of tax administration, the continuation and the completion of actions already undertaken in this sense, the setting up of the new organisational diagram of tax administration, the improvement of the services quality offered to taxpayers as well as the fight against fraud and tax avoidance.

The twinning project is in adequacy with the Government programme. Its implementation will contribute to achieve the target objectives concerning tax reform, in particular with regard to DGT. the support and the reinforcement of the capacities of this latter will allow: to develop its training sector and to set up structures of training in order to support the setting up of the new management and control; to improve tax audit and the litigation recovering; to modernise the human resources management basing on processes of management of performance, to internal audit and well defined audits.

3 PROJECT DESCRIPTION

3.1 General context and justification of Twinning

In Algeria, the Ministry of Finance (MF) is engaged in a programme of reforms and modernisation which affects all aspects of public finance and, among the others, a better control and the optimisation of expenses, the increase in the revenues regular tax (excluding hydrocarbons) by a good economic and financial regulation, the simplification of the procedures and the fight against various forms of fraud and tax avoidance.

Within this framework, the DGT has benefited from a preceding twinning project which aimed at the continuation of the process of improvement of the relations of the tax administration with taxpayers and which had four mandatory results:

- recommendations concerning the organisation of tax services and relations with taxpayers;
- improvement of the organisation and the procedures relating to indirect taxes;
- improvement of the tax audit procedures;
- alleviation of the litigations procedures and the reduction of time processing.

The repercussions of this twinning were very favourably appreciated. Moreover, recommendations were carried out at the end of the twinning project underlining, in particular, the need:

- to support the indirect taxes reform by an ambitious aspect of training to facilitate the setting up of the new suggested management and control and the creation of specialized services;
- to modernize the human resources management basing on processes of management by the performance, internal audit and well defined audit;
- to set up structures of effective continuous training taking into consideration their means and their method.

In addition, there is, in Algeria, a project of reform of the budgetary procedure aiming at substituting for the traditional logic of means, an approach by the objectives and the performance. Such an approach, implemented in many countries of the UE, leads ineluctably to the systematisation of management by the performance and the professionalization of risks control and the internal audit in general (audit and activity control) so that the commitments made by governments in respect of Parliament are respected.

Finally, it seemed necessary to improve tax collection.

3.2 Linked activities

3.2.1 Initiatives of the European Union

Within the framework of budgetary and tax policies, the Ministry of Finance with its various directorates whose DGT recently profited from programmes funded by the European Union, specially the programme of Modernisation and Assistance for the Administrative Reforms (MARA), the programme for the Support of Economic Management (AMECO) and PAO/P3A.

European Union supports achieved

AMECO Programme

MF benefited from a support within the framework of AMECO programme. 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.

MARA Programme

MARA programme took place over four years (2005 to 2008). This Programme was to modernise the administrations in charge of properties, customs and taxes.

Within the framework of this programme, the General Directorate of Taxes treated based on:

- the support for the establishment of new structures as Directorate of Major Enterprises, Taxes office (CDI) and Proximity Centres of Taxes (CPI);

- training of DGT agents to the human resources management (support for the implementation of the training activities to the DGT and to the definition of a management policy of human resources);
- training of the trainers and the constitution of teaching cases intended to trainers;
- organisation of tax legislation;
- internal and external communication including updating of the communication plan of the DGT.

P3A Programme

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 DG of Taxes (DGT) Z09/AA/FI/01 awarded 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 missions(s), 22 to 24 November 2009);
- Definition of implementation strategy of the accounting reform (Experts missions(s), 7 to 10 December, 2009);
- Support concerning budgetary policies (Experts missions(s), 10 to 12 January 2010);
- Tax investigations (Experts missions(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 missions(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 missions(s), 7 to 10 June 2011);
- Support for the development of the structures of the Directorate of Major Enterprises (Experts missions(s), 12 to 11 September, 2011);
- Training of technical analysts of money laundering (Experts missions(s) 18, and 19 December, 2011).

P3A -II

TAIEX requests

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

- Declaration of suspicion (Experts missions(s), 30 and 31 January, 2012);
- Organization 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 a computerized 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 DG of 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 DG. 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. The DGT will be particularly concerned by the work carried out by the Fiscal Lead Expert.

Other 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 General Directorate of forecast and policies 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 missions(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 missions(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" (DZ/19) was launched but was unsuccessful because there were no proposals. Its relaunching 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 the GIF which aims at contributing to the improvement of its performance in a vision of moving to management and performance monitoring through four mandatory results:

1. the activities of GIF are focused on the main risks for public finance and the deadlines allowing the GIF to exert well its duty of alert vis-a vis the decision-making centres are controlled; and the human resources are deployed in an optimal way;
2. GIF reinforced its institutional and technical capacity to audit public institutions including economic public Firms (EPE), banks, insurance companies and local communities;
3. GIF strengthened its capacity to evaluate and monitor the achievement of great projects in all their phases;
4. GIF improved its capacity to evaluate public policies.

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 project of twinning (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

In addition to these supports, the General Directorate of taxes has benefited from a technical assistance of French Government implemented by the Directorate General of public finance (DGFIP) under the process of modernisation undertaken by the Algerian tax authority. It concerns approximately 10 operations a year on major issues of organisation, the control and the management monitoring, tax audit and search, the user service and the internal audit.

3.3 Results

The implementation of the Twinning project must, in conclusion, allow to achieve four mandatory results and the specific objective. These four results are:

- Strengthening of human resources;
- improvement of management by the performance at all levels;
- professionnalisation of the internal audit;
- Improvement of the recovery.

Result 1: Human resources are reinforced.

The development within the DGT of a performance culture requires a taking into account of human resources in management.

Indeed, it is important, beyond the adduced and probably real rigidities of the statute of the public services, to link more modes of indemnity compensation, executives in particular, with their performance and the services one and to offer more varied and motivating career path.

This last point is likely to involve a more detailed classification of the positions based on their responsibilities and their issues (DGE's issue for example) but also by a practical assessment of the annual maintenance, distinct from the contract of performance which give executives at first, then all the agents, a visibility on the assessment of their way of being, their strengths and potential weaknesses and thus career opportunities that are given to them.

In addition, the commitment of the significant territorial reform that the deployment of CDI and CPI constitutes will have a sensitive impact on the responsibilities previously performed locally by a body consisting of inspectors and recipients. They should not feel that they have everything to lose with these reforms, they should, on the opposite, support the change.

The Twinning could be an opportunity to define the protective HR framework of the executives who would be guaranteed during a given period of exercise real responsibilities, a minimum of geographical changes for themselves and their families and maintain of their total compensation.

That would undoubtedly avoid situations where a recently established DCI is in competition with the old maintained transitorily structures; thus creating a certain organisational confusion.

These very sensitive developments of human resource management are very demanding for the services of which they are in charge, they pass through the continuation of the devolution of certain functions such as the

selection of senior executives and their proposed evaluation but also by the development of a unified information system, shared between central administration and whole or part of external services and compatible with initiatives which could be taken by the public services or the ministry of finance in connection with HR and payroll agents.

Finally, because they extremely affect the organisations and the working methods, these reforms should be based on a quality vocational training carried by experienced teaching staff. The definition of a stable and rewarding statute for the permanent teachers and a motivating remuneration for all trainers, permanent and part time, is a prerequisite.

Furthermore, the culture of performance should apply to the training this makes necessary the definition of a procedure of evaluation a posteriori of all the modules developed and probably also the trainers teaching skills. This also requires the planning of training activities which take more in account the individual and collective needs that are periodically recorded as well as by a data-processing assistance for the training management.

Indicators objectively verifiable (IOV)

Among the IOV the following points are retained:

- DGT has a renovated strategy of HR management and instruments for its implementation.
- DGT training system operates on the basis of census of the needs and evaluation of the trainings.
- DGT has the definition of an integrated information system of HR for its computerization.

Result 2: The management of performance is improved at every level

During the last years, considerable efforts have been made to promote within the DGT a performance management.

Thus, a working group was established to consider the development of a range of indicators likely to analyse the performance. First, more than one hundred indicators have been selected but the number has been gradually reduced.

It remains true that many believe that they are still too numerous and in the absence of data-processing tools, their collection is at the same time heavy and not very reliable, requiring monitoring and consolidation for the regional directorates of taxes and central directorates of the DGT.

In addition, in the context of the budgetary reform, these indicators deserve to be prioritised to reflect their strategic or operational nature and the need to prioritise a small number in support of the contract that would have concluded with the Parliament at the implementation of the budgetary reform.

After the adoption of the management indicators, first objectives contracts were signed with external services. However, this excellent initiative was short-lived, probably because of the absence of structures more or less dedicated only to ensure sustainability. However, this approach is absolutely essential in the context of the reform of the budgetary procedure which it is said that it could intervene gradually from 2015. Otherwise, the administration will not have the insurance that the commitments under the contract with the Parliament will arise spontaneously from the activity of its external services that would, in turn, received no framing at the level of performance to be achieved.

It is, therefore, essential that the central administration gets a dedicated structure according to methods which would be proposed by priority to the General manager within the framework of this twinning and whose the transverse activity of monitoring and evaluation of the activity on behalf of all the directorates of the central administration would be supported by a territorial structure of a strictly functional nature whose role would be to ensure the tasks of management monitoring, budgetary control and distribution of the means plus to coordinate the internal audit and the control of the risks but also the professional training, in accordance with the defined orientations at the national level in these three fields.

This functional body would be the representative of the General Manager of the external services and it would have in particular the role of negotiating, in agreement with the central services, the contracts of performance possibly multiannual but updated regularly with the territorial operational directorates. This is the way the collective effort would be distributed to achieve the national objectives of performance and of the use of means that would be followed with the greatest reactivity by the conditions of implementation of tasks and achievement of the objectives throughout the financial year.

It seems at this stage that this role would correspond well enough to that which had been entrusted in 2006 to the regional directorates of taxes before the practice of the central services lead them to marginalise these structures. However other options will be explored.

Indicators objectively verifiable (IOV)

Among the IOV the following points are retained:

- DGT has a strategy of the performance management.
- The reorganization conditions of the DGT structures on the basis of the performance management are gathered.
- Indicators of performance, scoreboards and renovated contracts of performance are established.
- A staffing periodic review is made.

Result 3: Internal audit is professionalized.

The internal audit constitutes with the control of management one of the elements of the mastery of the activity. By giving the reasonable insurance that the objectives of the organization will be achieved, it is an essential attribute of management by the performance and it must be developed in a parallel way.

Until then, the internal audit within the DGT was based on a relatively narrow and a bit dated meaning which consists of the achievement of verifying services and investigations for the benefit of the General Manager and the central administration. It is important now to expand this approach.

On the basis of a thorough analysis of the existing situation, risks and opportunities, a modern strategy of internal audit will be defined in order to describe the tasks, the means and the m of structuring of a systematic and diffuse practice of the internal audit in its dimension of auditing of work processes, control of the activity to prevent the dysfunctions and detect them very early. It will be also an essential source of census and risks analysis.

The Twinning will give the opportunity to promote a practice of diversified, widened and professionalised internal audit and to make its current dimension, a monitoring tool supporting effectively the management by performance.

For this purpose, a national structure of animation and coordination of the internal audit, of practice of the audit and investigations as well as of other tasks of supervision and evaluation entrusted by the General Manager should be made up, possibly on the basis of IGSF; and of the tools facilitating and encouraging the practice of internal audit of 1st level by the operational executives will be defined and developed.

A professionalized internal audit also means creating a body of listeners whose practice will meet the international standards and will be able to lead to a certification of their activity. That will result writing an audit charter, a deontological code and a practical guide of the listener also defining a methodology of intervention on the basis of referential. It will also ensure that SIDGT implementation will take into account all the needs for a quality internal audit by managing the selective accesses to various modules and producing audit trails.

finally, it will be necessary to build a strategy of risk control in order to describe the tasks, the means and the structuring of a systematic and diffuse practice, of the analysis and the risk control in all its components (finances, accounting, procedures, legislation, IT, protection of persons and goods, deontology, image, etc).

In addition, the risks control will be guarantor of a high accounting quality which will allow, at the proper time, the certification of the State accounts. For this purpose, a dedicated structure could be established, in an autonomous way or attached to the internal audit, in order to control, support and coordinate work of the business offices in the development of the tools of the risks control (organisation of the tasks, actors and controls, documentation, definition of control measures) and to put in coherence task of risks control entrusted to the territorial directorates.

For each significant risk, the more adapted means to overcome it or to circumvent it will be specified. This will imply to inform and update regularly, under the responsibility of the directorates of the central administration, the elementary work processes and jobs as has been committed from the context of the development of the DGT Information System (SIDGT).

The tools for systematic and professionalized risks control will be recorded and gradually developed within the framework then in the prolongation of the twinning.

Indicators objectively verifiable (IOV)

Among the IOV the following points are retained:

- DGT has a new policy of internal audit.
- A beginning of risks cartographies is developed.
- The practices of internal audit based on COSO¹ are introduced and systematised.

¹Committee Of Sponsoring Organizations of the Tread way Commission (Commission with non lucrative objective establishing the standard definition of internal audit)

Result 4: The recovery is improved.

Among the DGT tasks, litigation recovery is a significant element which is often criticised by the national Court of Auditors. It does not seem that Algeria is an exception to this rule.

The analysis of the problems showed a large variety of legislative, organisational, documentary, human and IT causes which justify that a global strategy of recovery is updated to take into account better the analysis of the risks, promote a quality chain including base activities, control and litigation as well as to reinforce the professionalism of the agents in charge of recovery litigation and the means available to them.

Concretely, it would certainly be necessary to report the prohibition to carry out a partial payment which is combined with impossibility to accept a declaration without a total payment, thus involving a difficulty of recovery and an operation of automatic determination of tax bases (source of dispute). It would also be necessary to remedy the legislative and statutory dispersion by recapitulating the applicable rules in a strong documentation embodying the recovery strategy.

In addition, it will remedy the tendency to defer in time commitment of litigation recovery measures in a selective way the training of the agents responsible for their implementation and probably by a creation of new accounting structures or integrated into certain revenues which would be in charge, within the DGE and in each directorate of wilaya, of the litigation recovery of the most significant and complex debts, in particular of those which result from an operation of tax control.

As underlined in human resources management and in many other areas, the strictly manual management of the accounting documents and the monitoring of the debts to be recovered constitute a serious handicap in the improvement of recovery.

Eventually, taking advantage of the already effective introduction of a double accounting then of the deployment of integrated implementation SIDGT, it will be necessary to define and document the procedure of assumption of responsibility of the debts to be recovered. Now, the system is purely non accounting, this facilitates the fast provision of a dedicated data-processing implementation after functional and technical analysis of the constraints and labelling of the best developed implementation to the local plan or in bodies responsible for the recovery (social bodies in particular).

Finally, it is worth to point out the unfavourable context mentioned further which create a less secured accountant statute and an egalitarian remuneration method of which badly rewards the initiatives of the most powerful receivers.

Indicators objectively verifiable (IOV)

Among the IOV the following points are retained:

- DGT has a recovery strategy defining a new legal framework and based on an updated guide.
- The quality chain of recovery based on connection fiches and the appointment of accountants responsible for the assumption and recovery of all the debts is established.
- a single data-processing implementation of assistance for the monitoring of debtors accounts and litigation recovery is used by all the litigation services.

3.4 Activities

Methodological remark:

The following activities are given as an indication; other activities that are necessary to achieve the expected results and objectives of this project may be considered provided they contribute to the achieving of the required results.

In addition the administrative performance should not be a concept but a measurable reality in order to check if the defined objectives have been achieved. Also for each activity corresponding to a desired result, it is necessary to establish indicators of result, measuring the execution of the principal missions and enabling to improve its implementation.

Nota bene

Concerning the activities which involve a revision or a configuration of information systems, it is useful to stress that the DGT has its own Directorate of Information and Organization (DIO) and acquired an integrated enterprise resource planning which is being set. For this reason, the DGT has material and human means to implement the concerned activities by the reinforcement of its information systems.

In addition to the activities related to Kick off and closure meetings of the twinning project, four huge groups of activities are proposed; each group of activity should achieve a mandatory result selected in the fiche.

A total of twenty two activities are proposed.

3.4.1 Kick off meeting and closure meeting

Activity 0.1: Kick off meeting

This meeting is organized 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 an inventory of the activities carried out, an inventory of the results as well as recommendations for the sustainability of the twinning results.

3.4.2 Activities of result 1

Seven activities are offered to carry out result 1.

Activity A.1.1: Define a strengthened management strategy of human resources

The DG of Taxes is within a process of reorganisation of its external services with the deployment of taxes centers and proximity centres of taxes and it plans, within the framework of next twinning, to re-examine the organisation and the attributions of its central services and regional and/or local ones. In addition, it carried out a process of decentralisation of certain decisions and wishes to deal with a management process by the performance.

These changes have very significant consequences in the organisation and in the management of human resources whose global coherence deserves to be reinforced through a strategic document, a communication and an action support.

Activity A.1.2: Better distribute the management tasks of HR within the DGT

The administrative effectiveness suggests that many procedures of HR management are no more concentrated at the level of the central administration but are assigned to territorial Directorates whose organisation and attributions will be an issue of this twinning.

Within this framework, the potential impact of this evolution on the commitment of the expenditure and the network of the directors, sometimes source of tension, will be carefully considered.

Activity A.1.3: Reinforce the management of the executives and other agents

The DG of Taxes is within a process of reorganisation of its external services with the deployment of taxes centers and proximity centres of taxes and this heavy operation will lead to a significant redeployment of the executives which should not be penalising.

In addition, a need to better taking into account of the way of working and the reached performance in the determination of careers, i.e. a compensation part of remuneration, constitutes the logical prolongation of the introduction of management by the performance and the modernisation of the human resources management relating to the executives.

In order to not be described as arbitrary, this evolution must be accompanied by a very great transparency guaranteed, in particular by the practice of an annual evaluation.

Activity A.1.4: Offer motivated statute and remuneration for the trainers

A quality professional training constitutes a considerable issue for the initial creation of common values and regularly updated and enhanced professional skills throughout the career. It is a

paramount accessory of any reform.

However, it seemed that the statute and the remuneration of the ensuring civil servants of the professional training within the Algerian General Directorate of taxes for its schools and its training centers in the course of career are fragile and less motivating seriously imperil the recruitment of qualified and committed trainers and, therefore, the capacity of tax administration to be ensured to collaborators a high level of proficiency.

Solutions enabling to offer to DGT civil servants a statute and remuneration which do not dissuade the most qualified trainers to bring their competition must be required.

ActivityA.1.5: Obtain effective instruments of training management

It is advisable to improve the global performance of the training by re-examining the methods of census of the needs and by regularly evaluating the real utility and the efficiency of the trainings by means of tools currently non available such as the delayed evaluation or the post-evaluation.

This will support for the establishment of a census system of the needs of training, as well as for the evaluation system a posteriori of the actions of professional training.

A functional analysis will allow the search for possible existing data-processing solutions or to adapt in order to support the activity of the DGT professional training.

Activity A1.6: Develop an integrated information system to strengthen the human resources management

The DGT human resources management is only partially supported by IT and is observed different approaches between the central administration and certain local Directorates.

The weight of HR management and the impact of the reforms to be carried out in this field call for the development of an integrated implementation which gathers, from a single data base, shared and updated permanently the essential activities of HR management and the agents payment.

A thorough analysis of the features which should fulfil a data processing implementation of HR is necessary to define it architecture. This activity will have to be concerned with the compatibility of the developed systems in parallel by various institutions and their interconnection based on an analysis made at ministerial and interministerial plans of computerization projects of the human resources management and of payroll as well as of public accounts.

Recommendations should be made for the administrative procedures to accompany the introduction of the implementation.

Activity A1.7: Organize a study visit

This is to identify a Directorate of taxes within a Member State institution in order to inquire methods of human resources management and the training management.

5 executives of the HR and are training management are concerned by this study visit.

3.4.3 Activities of result 2

Seven activities are proposed to achieve the result.

Activity A.2.1: Define a management strategy by the performance

DGT expresses the concern of developing in a systematic way a policy of management by the performance in order to anticipate the practices which will be, in the long term, imposed by the budgetary reform which will substitute logic of objectives for logic of means.

However, the practice of the contracts of performance under this approach could not be maintained because of having set up measures of accompaniment such as the adequacy of the distribution of means with the functions and issues, the closer taking into account of the performance in the human resources management and particularly regarding executive, as well as the establishment of a modernised practice of the internal audit taking into account a rise of the control of risks.

The complexity of these issues and their particularly significant nature, sometimes polemic, suppose to define a global strategy that takes into account all these aspects and is likely to generate unqualified support of the executives and the agents.

Activity A.2.2: Organise central services for better support the management by the performance

The DG of Taxes is organized on logic of very autonomous directorates and the activities of management by the performance (monitoring and evaluation of the activity, contractual relationships with territorial services in particular) are divided among more than ten structures without existence of a real service dedicated to the mastery of the management chain of the performance.

In addition, the essential connections between directorates of the central services should be better clarified in the regulations.

Such a situation does not enable to optimise the methods of management by the performance in a sustainable way.

Activity A.2.3: Renovate the organisation of the directorates of external services

The DG of Taxes has adopted a series of indicators of activity and has introduced an ambitious system of contracts of objectives between the central administration and the directors of wilaya. However, this demanding system could not be maintained for various reasons but, in particular, because of intermediary support structures that would be in charge of the control of management and the budgetary control at the territorial plan on behalf of the central administration.

In addition, the significant territorial reforms in progress and their impact on attributions of the directorates of wilaya justify a flattering of attributions of the regional directorates and of wilaya based on a clear separation of functional and operational activities.

Activity A.2.4: Create a renovated group of indicators of performance

The DG of Taxes has a series of indicators of ambitious activity but which does not based on a data collection supported by an information system.

As a result, the produced indicators require work of tedious, time-consuming development, involving controls and a compilation at various levels and, despite everything, a badly established reliability whereas a data base managed by the Directorate of Information and Tax Documentation (DIDF) could probably be better exploited.

In addition, in anticipation of the budgetary reform, a hierarchy of indicators will be carried out in order to distinguish the strategic indicators, those which have a particular significance within the framework of the contracts of performance and those which have more operational meanings.

Activity A.2.5: Introduce a sustainable procedure of contracts of performance and resources.

The DG of Taxes has expressed the desire to developing in a systematic way a policy of management by the performance planning, thus to anticipate the orientations which will be, in the long term, imposed by the budgetary reform that will substitute logic of objectives for logic of means.

The DGT current organisation does not support this ambition and the very convenient initiatives of the last years could not be maintained over a long period. The implementation of sustainable procedures is now required.

Activity A.2.6: Introduce an active management of employment for more efficiency.

The absence of procedures and tools of periodic review of jobs distribution between the different structures cannot ensure that their payrolls take into account their functions and tax issues. This does not support the optimisation of the DGT efficiency that will impose the management by performance.

Furthermore, better analysis tools would provide useful insights on the unique hierarchical structure of the DGT.

Activity A.2.7: Organise a study visit

This is to carry out a study visit in the partner country to study the method of performance management at the national and territorial levels and to learn from them.

5 executives of the technology management by the performance are concerned by this study visit.

3.4.4 Activities of result 3

Four activities are proposed to achieve result 3.

Activity A.3.1: Develop a new policy of internal audit.

The internal audit, resulting from a little old administrative practice, is concentrated on a dedicated structure (the general inspectorate of tax services) and is not regarded as and a systematic identification management tool of the risks to the DGT but rather as an instrument of auditing the operating methods.

Consequently, internal audit operations are relatively limited, dependent on the means which are reserved. As it stands, that could not obtain the reasonable insurance that the incurred risks will be overcome and that the DGT will be able to achieve its goals.

It is, thus, necessary to promote a diffuse and ambitious culture of internal audit and to obtain the instruments that will gradually enable to irrigate the whole DGT services within the framework of a note of a strategic nature.

Activity A.3.2: Introduce risks management to the DGT

There is not a systematic practice of census and risks analysis for their control within the framework of activities of guidance or internal audit.

This situation results in particular from the absence of documentation of the processes and the functions but also from an insufficient taking into account of risk in the variety of its dimension for a tax administration. Therefore, in the recent decree defining the attributions of the offices of the central administration, the term is used only once concerning tax control (office of statistics and syntheses).

It seems essential to promote without delay and to develop a culture of risk control.

Activity A.3.3: Structure the audit practice

The internal audit, resulting from a little old administrative practice, mainly consisted of services audit activities (general or partial). The audit practice is not clearly defined and a body of auditors, limited to ten positions, was recently created.

In a renovated practice of internal audit and in view of next entry into force of the budgetary reform substituting logic of the performance to logic of means, it is important to build the auditors' methodological tools basing on a new strategy of the internal audit within the framework of a redefined national structure.

Activity A. 3.4: Organize a study visit

This is to carry out a study visit in a Directorate within a Member State body to be informed about the way in which the internal audit is organised and to enquire audit practices.

5 executives of the internal audit process are concerned by this study visit.

3.4.5 Activities of result 4

Eight activities are proposed to achieve result 4.

Activity A.4.1: Define a recovery strategy

The Algerian Directorate General of Taxes expresses the need to improve tax recovery and wanted to include this term among those which would be selected for next twinning.

The variety of causes of problems and the need to ensure consistency between its different answers (legislative, procedural, didactic and pedagogical) should update the recovery strategy by adopting an approach of risks analysis, by promoting a chain of quality including base, control and litigation activities and by enhancing the professionalism of the agents in charge of litigation recovery and the available means.

Activity A.4.2: Enhance the regulation and the methodology

The measures of litigation recovery of the debts seem late because of the lack of control of a regulation under several legal and regulatory sources (code of taxes, code of civil procedure...) whose implementation remains exceptional.

This is a disturbance for the territorial services that are already reluctant to implement these complex and time-consuming procedures.

It seems then, necessary, after having redefined and published the DGT recovery strategy, to recapitulate and describe in a methodological document the different possibilities which are offered

to services, their hierarchically phasing, their legislative or regulatory sources, involved entities, various stages of the procedure, risks to be avoided and documents to be used.

Activity A.4.3: Create a quality flow for an improved recovery

The recovery quality is determined by an equal quality of base, control and litigation work forming a global chain of quality.

This sometimes depends on administrative practices to be improved but it can also be based on an adjustment of the legislative and regulatory framework in which it operates.

The work undertaken within the framework of the mission of identification has identified a certain number of issues that do not promote a good level of recovery:

- impossibility for a company to make a partial payment of its debt;
- impossibility in this case to accept the deposit of a declaration and the subsequent obligation to carry out an arbitrary assessment of less quality;
- absence of procedure of simplified rectification supporting the recovery as the deposit of rectifying declarations accompanied by a payment of the rights recalled against a mitigating of penalties;
- absence of an information sheet provided to the receiver by the auditor on all that could guide the recovery action or to implement precautionary procedures, in case of non recovery risk or insolvency organisation (legal mortgage, opinion with third party notification...);
- notification deadlines of the litigation decisions for the debts subject of a payment respite;
- extra accounting nature of the monitoring of debit accounts in the absence of a supported procedure.

Proposals should be carried out to remedy the mentioned insufficiencies in terms of debt assumption that are not subject to a spontaneous payment or to lead an amicable treatment of the rectifications.

Activity A.4.4: Structure litigation recovery to professionalise it

Taken in the constraints of a daily management and do not controlling the rules of litigation recovery, the basic territorial services are not sufficiently invested in the recovery action.

The degradation of the indicators of recovery of the unpaid debts assumes to professionalise all the activities relating to litigation recovery by creating, for example, in each wilaya an accounting job that would be responsible and the recovery of all the debts meeting precise and predefined criteria.

Activity A.4.5: Reinforce and secure the statute of the accountant

The recovery quality depends on the motivation and the involvement of heads of departments who are responsible.

However it seems that the statute of the accountant, the terms of reference of his/her pecuniary administrative responsibility, and sometimes penal, (but not exclusively) because of an inevitable rise of the Court of Accounts in the context of the budgetary reform, create a sense of unfavourable

feeling of insecurity to arouse vocations and to motivate the accounts executives.

In addition, and more largely the absence of incentive performance can lead to a less marked involvement.

On the basis of a very thorough legal analysis of the accountants statute and of the environment in which they carry out their activities, in consultation with the regulation and audit authorities, necessary adjustments to a greater legal, accounting and administrative security should be made, specifying the methods of commitment of the pecuniary responsibility and the legal protection measures in the cases of commitment of the penal responsibility.

Activity A.4.6: Computerise litigation recovery

Litigation recovery is based on paper and manual procedures that make difficult the accurate determination of certain old debts and the monitoring of their prescription in spite of the creation of personal files of receivable accounts.

There is not a national file of payment incidents of in the field of taxation which would anticipate a certain number of difficulties.

The provision of a dedicated information system without waiting the delivery of integrated implementation SIDGT would be an invaluable asset and would facilitate the professionalization of litigation.

Activity A.4.7: Renovate the control and litigations methods of indirect rights

Within the framework of the first twinning, the DGT was supported in the recasting of the code concerning the indirect rights.

In order to facilitate its adoption by the Parliament also to overcome certain empiricism in the current practices, it seems necessary to draw the conclusions regarding the procedures and the methods of treatment of the repressive litigation.

It will also be appropriate, within this renovated framework, to look further into the competence of the specialists in the indirect rights that will animate and support this very specific part of the DGT activity and to preserve the know-how of tax administration.

Activity A.4.8: Organize a study visit

It is a question of carrying out a study visit in a European body where the quality of tax recovery is recognized.

5 executives of the litigation recovery process are concerned by this study visit.

3.5 Contributions of the twin administration of the Member State

<i>The working week in Algeria begins Sunday and finishes Thursday.</i>

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,
- a strategic and operational overview to address the twinning objectives.
- ensured the management of a tax administrative structure and have a confirmed experience in conducting reforms.

Previous experience

The Project Leader must have:

- Taken part in the project management,
- Ensured the control and the implementation of at least one project.
- Held at least a control function in tax field.

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 (Cf. infra, 6.3).

The Project Leader must design, supervise, coordinate, guide and implement the twinning project. He/she must organise, with his/her Algerian Project Leader counterpart (Cf. infra, 6.2) 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 DGT 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.

Technical expertise

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

- Participated in the design, the establishment and the implementation of reforms in tax administration;
- Been involved in the process of internal audit and have accurate knowledge concerning litigation recovery.

Previous experience

The RTA must have a minimum of 5 years professional experience. He/she must have:

- A significant experience of teamwork in the design, implementation, monitoring and the evaluation of projects;
- Managed projects within his/her government.

The RTA must have a good command of the French language and the ability to communicate.

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 DGT 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 (Cf. infra, 6.2), partners in various beneficiary structures, short and medium- term experts, the two project leaders, respectively Algerian and Member State leaders; and with the Programme Administration Office for the Support to the Association Agreement (PAO/UGP3A).

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 PAO/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 experts' team and will inform the DGPP and the 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 (Cf. infra, 6.3), 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.

The RTA will actively participate and coordinate the activities carried out by short / medium- terms experts relating to:

- The establishment of committees, commissions and working groups needed to carry out the project;
- The execution of the inventories, technical assistance and the execution of the plans and directives necessary for a good implementation of the twinning;
- The organisation and running of awareness workshops, of work and training.

He/she will assist the project leader to submit the quarter and final project reports to the PAO/UGP (and submit a copy of these reports to 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 to implement with the RTA various activities on the basis of the provided conditions in this present fiche.

The general required profile of the STE is as follows:

- University degree of higher level or equivalent professional experience in the field of public finance, law, HR management, audit, information systems.
- A professional experience in the analysis of tax systems and/or in management by the performance and/or in the human resources management and/or in the design and practice of internal audit methods and/or in the litigation recovery.

The working language is French. Expenses of translation are eligible and planned in the twinning indicative budget for this purpose.

The STE have to support the beneficiary in the achievement of results by coaching and the contribution of the know-how in the target fields. They have also to run workshops of training and reinforcement of competences of the DGT executives and agents.

Moreover the STE must have specific professional qualifications in relation to the concerned fields of intervention according to the indicative table below:

Fields	Qualification
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Human resources management	<p>Knowledge of the organization of human resources within an administration.</p> <p>Experience in the organization and the distribution of missions in a tax administration, experience in the establishment of new work organizations, experience in the formulation of coordination strategies.</p>
Organisation	<p>Knowledge of the operation of a tax administration involving several stakeholders both inside and outside.</p> <p>Proven experience in the design and the implementation of the coordination mechanisms, experience in writing manuals of procedures, experience regarding organisation of the processes and the operations.</p>
Training management	<p>Knowledge of the profiles of trainings and trainers in the field of taxation.</p> <p>Experience in the setting-up and the monitoring of training plans, experience in the evaluation of the professional training.</p>
Management by the performance	<p>Knowledge of the tools and the methods of management by the performance.</p> <p>Experience in guidance and management control, experience in facilitation and coordination of performance management, experience in the establishment of a strategy of performance management.</p>
Indicators of management control	<p>Knowledge of management control and in definition of indicators of management control.</p> <p>Experience in the definition and the maintenance of the indicators of management control, experience in the methods of data-gathering and their analysis, experience in the establishment of the synthetic scoreboards.</p>
Taxation	<p>Knowledge and mastery of tax management and technical aspects.</p> <p>Experience in the coordination of tasks related to tax reforms, experience in reforms modernisation of public finance.</p>
Internal audit	<p>Knowledge regarding the setting up and implementation of internal audit plans.</p> <p>Experience concerning regulation of the systems and the techniques specific to the processes of tax management, experience in methodology and internal audit tools, experience as regards the establishment of audit procedures.</p> <p>Experience regarding organisation of the activities of risks control.</p>
Recovery	<p>Knowledge of organisation, management and control of the missions related to recovery, knowledge of the methods of litigation recovery.</p> <p>Experience in the formulation of recovery strategies, experience in regulation of recovery, experience in drafting procedures, and experience in quality audit.</p>
Tax legislation	<p>Technical and methodological knowledge of tax legislation practices, analysis IT knowledge, knowledge in the field of tax reforms.</p> <p>Experience in the formulation, the setting up and the implementation of tax reforms. Experience in the analysis of regulation texts, in the</p>

	production of legislative or regulatory proposals.
Analysis and formulation of tax policies	Knowledge concerning budget and tax policies, in economic and financial regulation, knowledge and mastery of the methodology and the tools of diagnosis and analysis of tax policies. Experience in the carrying out of budget and tax policies, experience in an activity of control which contributes to the definition of tax orientations, experience in the formulation of strategies related to taxation, experience in the implementation of budget and tax policies
Indirect rights	Knowledge of various mechanisms of operation of indirect rights, knowledge of mechanisms of control and repressive litigations of the indirect rights. Experience in the implementation of control mechanisms of the indirect rights. Experience in the management of the repressive litigations of the indirect rights.
Communication	Knowledge of the communication for public administrations. Experience of the communication in tax field, experience in the development of communication plans, experience in the development of communication tools.
Administrative reforms	Knowledge regarding institutional support, knowledge of public administrations reforms. Experience in reform of a tax administration, in particular in relation to budgetary reforms.
Information systems	Knowledge of the contents of financial and budgetary data bases, knowledge regarding design of the recommendations of architecture and data-processing infrastructures, Experience in the definition of the needs concerning data and information system, experience in the constitution and the basic update of financial and budgetary data, experience in the development of data-processing implementation.

4 INSTITUTIONAL FRAMEWORK

The Twinning project is part of the following institutional framework:

General Directorate of Taxes Ministry of Finance

Presentation of the DGT:

The DGT total staff is of 19 248 agents whose distribution is made as follows:

- Central administration: 538 (2, 80%)
- Regional structures: 555 (2, 88%)
- Local structures: 18 155 (94, 32%)

The decree n° 07-364 of 28 November 2007 has reorganised the central administration of the Ministry of Finance which comprises the General Directorate of Taxes. This structure is made up at the central level:

- of general manager assisted by four directors of studies, a general inspectorate of tax services;
- of eight directorates of central administration.

The general inspectorate of tax services (IGSF)

It is managed by a general inspector assisted by eight inspectors and eight in charge of inspection. It has the role of inspecting the external services, in particular the inspections responsible for the base and the revenues in charge of recovery as well as the new structures (DGE, CDI and CPI) which are gradually being introduced. However, the audit of management of these services is ensured in the field by senior inspectors' auditors who depend, at the hierarchical level, on regional inspections of the services and on the general inspectorate located at the central level.

Central directorates

They are eight and are as follows:

- Directorate of legislative and tax regulation (DLFR)
- Directorate of litigation (DCX)
- Directorate of tax operations and recovery (DOFR)
- Directorate of researches and audit (DRV)
- Directorate of information and documentation (DID)
- Directorate of information and organisation (DIO)
- Directorate of public relations and communication (DRPC)
- Directorate of administration, means and finance (DAMF)

The attributions of each one of these directorates are described in annexe III.

The twinning activities could lead to a modification of the institutional framework describes above by introducing a transverse service in charge of management by the performance.

External services

They were structured around 9 regional directorates and 54 directorates of wilaya.

The modernisation of its services has initially led the DGT to establish multi-purpose inspectorates, real single desk, and tax revenues in charge of the recovery of taxes and taxes of fiscal nature.

In recent years, a new phase of modernisation was to go further in the process of modernisation by gathering the management of the single tax file in more significant and more strongly controlled structures. They are:

- Directorate of Major Entreprises
- Taxes Office (taxpaying of medium size)
- Proximity Centers of Taxes (indebted of the single liable tax)

Information on this DGT administrative institution is made in annexe 3 of this twinning fiche.

Other public Institutions associated with certain Twinning activities

- The Unit of Modernisation of Public Finance, in its competences regarding monitoring and coordination of the reforms.
- The DGB, in its competences about the development of budget and the management of the budgetary reform.
- General Directorate of Public Services, in its competences concerning regulatory texts on the statutes and the administrative structures.
- General Directorate of Public Accounting, in its competences about the development of a double accounting and of accounting quality;
- General Directorate of Administration and Means of MF, in its competences regarding global management of resources.
- Ministry of Higher education, in its competences concerning the statute of senior teachers.
- Judicial agency of Treasury, in its competences relating to pecuniary questioning the responsibility of the accountants.

5 BUDGET

The indicative budget of this twinning project is: €1, 400, 000. 00 (one million four hundred thousand Euros).

6 IMPLEMENTATION ARRANGEMENTS

6.1 Project contracting authority

This twinning project is carried out within the framework of SAAP/P3A Programme which is agreed between the Algerian Government and the European Union in order to support the efforts of the administration and the Algerian public institutions involved in the implementation of the Association Agreement in all its aspects: economic, social, commercial and services.

SAAP/P3A programme provides support in the form of technical aid in the short and medium term, concerning public administrations twinning studies and conferences. The instrument of institutional twinning, derived from the programmes of transposition of the *acquis communautaire* and from the institutional strengthening in countries having recently adhered to EU or are candidates, constitutes the privileged tool for cooperation.

The supervisory authorities of the programme are the European Union and the Ministry of Trade, the national coordinating of the projects funded under the ENPI.

The management of this programme is ensured by a Programme Administration Office (PAO/UGP) which is under the National programme manager, senior official of the Ministry of Trade and headed by a director.

PAO/UGP ensures the administrative management of 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.

The PAO/UGP is situated in:

Palais des expositions Pins Maritimes - Mohammadia – Alger

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Tél. +213 21.21.94.02 / +213 21.21.94.01

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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

6.2 Main counterparts in the beneficiary country

The Project Leader

Mr Rachid BOUMAZOUZA will be the twinning project leader for the Algerian part. He will work in close collaboration with the Member State project leader and the RTA and his counterpart. He will regularly monitor the progress of the activities of the twinning project also he will provide all necessary support to ensure the good functioning of the project. He will co-chair the quarterly Steering committees of the twinning.

Address

Mr. Rachid BOUMAZOUZA

Direction Générale des Impôts

Ministère des Finances

Immeuble Ahmed FRANCIS, 16306 Ben Aknoun, Alger, Algérie

Function: head of studies and projects of the central administration

E-mail : rachid.boumazouza@mf.gov.dz

RTA counterpart

Mr. Chaabane LOUMI 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 the 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.

Address

Mr Chaabane LOUMI

Direction Générale des Impôts

Ministère des Finances

Immeuble Ahmed FRANCIS, 16306 Ben Aknoun, Alger, Algérie
Function: bureau chief within the legislation and tax regulations Directorate
E-mail : chaabane.loumi@mf.gov.dz

Material means

In accordance with section 5.13.4 of the Common Manual of Twinning (MCJ), DGT 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, the DGT 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.

7 IMPLEMENTATION SCHEDULE

7.1 Launching of the call for proposal

December 2014

7.2 Start of project activities

September 2015 (indicative)

7.3 Duration of the twinning project

The duration of the project will be 24 months. Its estimated date of completion is in September 2017.

8 SUSTAINABILIT OF THE PROJECT

The sustainability of the project is ensured, on one hand, by the political good-will of the DGT to be transformed into a real professionalized tax administration; and by the contributions of the activities of the twinning whose results and impact are of long term results, on the other hand.

▪ **Political good-will of the DGT**

The political good-will of the DGT is clearly displayed, through its efforts to develop means and tools to build capacity and to become more professionalise, that result in:

- The organisation of the DGT in specialized that are currently working to strengthen their working tools and instruments concerning recovery and risk control.
- The existence of senior executives trained and having experience in tax field.
- The current work undertaken for the development of management tools by the performance.
- The importance of the definition of twinning activities and objectives.
- The willingness to transform the DGT into a tax administration of reference concerning the implementation of tax policies within MF.

▪ **The contribution of the twinning**

The contribution of the twinning is also to ensure the efficiency of the planned scheme. Several actions can be quoted:

- The organization aspect, allowing to have a reinforced and professionalized human resources management.
- The management by the performance aspect, allowing to establish a sustainable strategy of management reinforced by indicators.
- The development of a policy of risks control and a renovated practice of the internal audit.
- The development of a recovery strategy, based on risks analysis and allowing to establish the bases of a stronger professionalization of the litigation recovery.
- The acquired experience during the period of twinning, bringing the accumulation of know-how;
- The operational nature of the project with the situation to establish the bases of a reformed and professionalized tax administration equipped with central services and of a territorial structure centred on functional attributions.

The introduction of management by the performance and internal audit best meeting the international standards and anticipating the deployment of the budgetary reform, the reinforcement of human resources management and litigation recovery are all activities whose perennial nature is ensured by the fact of the implementation of the best practices existing in these fields. The new established procedures undertaken throughout the project will ensure the long-term beneficial effects.

Lastly, according to any probability, it is worth noting that the sustainability of the project will be reinforced by the continuation of experience with the twin Institution after the end of the twinning.

9 CROSS-CUTTING ISSUES

The twinning project is completely within the transverse framework of the principles of the European Union.

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 the sex, by reference to the marital status or family.

The project does not have a direct incidence regarding the environment.

10 CONDITIONNALITY AND SEQUENCING

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

However, some activities to be performed under this project depend on a work of preparation, adaptation and validation that lies with the beneficiary party.

Therefore, the intervention of experts of the twin administration should be operated intermittently leaving at the beneficiary institution the necessary time to prepare, adapt and to validate. In this respect, it should be stressed that all strategic options must be taken in a first part of the twinning in order to inspire all the downstream activities.

The Beneficiary will be in charge of the expenses, in particular room renting, edition plus publication, achieving logo, acquisition of materials, in particular of necessary training for the implementation of various activities and not explicitly mentioned in the indicative twinning budget.

Finally, coordination between the different activities of each component is necessary for an adequate and coherent achievement of the project, especially as certain activities must follow a chronological order of implementation; while others can be carried out in parallel. This will be coordinated closely between the two twin administrations.

ANNEXES

Annexe 1: logical framework

Annexe 2: Schedule

Annexe 3: Organisation of the DGT structure

Annexe 1: Logical framework

Twinning acronym: <i>"Supporting the DG of Taxes for improving its performance "</i>	Reference: DZ/22	Duration of the Project: 24 months	Budget: 1, 400, 000.00 €	
General objective	Indicators objectively verifiable	Sources of verification		
Support for the programme of modernisation of public finance and improvement of the use of public funds	Tools of management control and mastery of the established and operational activity: <ul style="list-style-type: none">- structures dedicated to the management by the performance- units dedicated to risks control and internal audit	Activity reports of the Ministry of Finances		
Specific objective	Indicators objectively verifiable	Sources of verification	Assumptions	
Support for the DGT in the improvement of its performances	Central and territorial directorates equipped with effective instruments of strategic and operational control allowing them to monitor the activity with precision and reactivity: <ul style="list-style-type: none">- renovated scoreboards- new organisational structure- operational procedures and HR documented- new statutes of the trainers and the accountants	Interim and final reports of the twinning project Activity reports of the DGT Procedures manuals of the DGT	The DGT has set up a modern and reactive system of change management The DGT vision is shared and its ambitions are notoriously supported at all levels of the State	

Result	Indicators objectively verifiable	Sources of verification	Assumptions
RESULT 1: The human resources management is strengthened	- DGT has a renovated strategy of HR and tools management for its implementation	Interim and final reports of the twinning project	

Result	Indicators objectively verifiable	Sources of verification	Assumptions
	<ul style="list-style-type: none"> - The training system of the DGT operates on the basis of census of the needs and evaluation of the trainings - The DGT has the definition of an integrated information system of HR for its computerisation 	<p>Activity reports of the DGT</p> <p>Procedures manuals of the DGT</p>	
RESULT 2: The management of the performance is improved at every level	<ul style="list-style-type: none"> - The DGT has a strategy of performance management - The conditions for the reorganization of the DGT structures on the basis of a performance management are gathered - Indicators of performance, scoreboards and renovated performance contracts are set up - A periodic review of the staffing is carried out 	<p>Interim and final reports of the twinning project</p> <p>Activity reports of the DGT</p> <p>Information system of the DGT</p> <p>Procedures manuals of the DGT</p>	<p>The culture of the performance is diffused at all the DGT structure</p> <p>The vision on what should be the management by the performance is shared by hierarchy</p>
RESULT 3 The internal audit is professionalized	<ul style="list-style-type: none"> - DGT has a new policy of internal audit - A beginning of cartographies of risks is elaborate - The practices of internal audit based on COSO are introduced and systematized 	<p>Interim and final reports of the twinning project</p> <p>Activity reports of the DGT</p> <p>Risks library</p>	<p>The vision of the standards of internal audit is shared by the hierarchy</p> <p>The qualitative redeployment between means structures is shared and overcome</p>
RESULT 4 The recovery is improved	<ul style="list-style-type: none"> - DGT has a recovery strategy defining a new legal framework and based on updated guide - The quality chain of recovery based on connection fiches and the designation of responsible accountants and in charge of recovery of all debts is established - A unique data-processing implementation of assistance to the monitoring of the debit accounts and 	<p>Interim and final reports of the twinning project</p> <p>Activity reports of the DGT</p> <p>Collection of the committed actions after command</p> <p>Publication of the new code of the</p>	<p>The principles of double entry accounting inspire the evolution of the accounting procedures</p> <p>The will to give the accountants a reinforced and secure statute is shared by the hierarchy</p>

Result	Indicators objectively verifiable	Sources of verification	Assumptions
	litigation recovery is used by all the litigation services	indirect rights	

Activities	Tasks	Available	Assumptions
RESULT 1: The human resources management is reinforced			
A.1.1 Define a reinforced management strategy of human resources <i>Concerned structures:</i> DAMF, DRPC DGE, DRI, DIW	<ul style="list-style-type: none"> - Establish an inventory of methods and instruments of HR management - Support the development of a reinforced management strategy of human resources - Establish a plan and robust communication tools 	Study report Strategic document External and internal communication Plans Communication tools	The DGT vision of a modern HR management, based on a culture of performance and effectiveness is shared by its external partners (DGFP, DGB...)
A.1.2 Better distribute the tasks of HR management within the DGT <i>Concerned structures:</i> DAMF, DIO DGE, DRI, DIW, CDI DGFP, DGB	<ul style="list-style-type: none"> - review certain procedures of HR management within a decentralized framework - Write an opinion on the impact of the reorganisations 	Recommendations for the adoption of general rules of distribution decrees or orders drafts Procedures fiches	The vision of the DGT regarding HR management is shared by its external partners The association of executives and agents to the process of change and an active communication enable to overcome the resistance to change
A.1.3 Reinforce the management of executives and other agents <i>Concerned structures:</i> DAMF DGFP, DGB	<ul style="list-style-type: none"> - Make a comparative study of the methods of remuneration - Support the development of a fiche describing the measures of accompaniment - Develop procedures fiche of evaluation. - review the executive decree of 29/11/2010 	Fiche of executives evaluation procedure Executive decree draft of 29/11/2010 Document on the career path Study report on accompaniment	

Activities	Tasks	Available	Assumptions
		measures	
A.1.4 Offer motivated statute and remuneration to trainers <i>Concerned structures:</i> DAMF, DRI DGFP, DGB	<ul style="list-style-type: none"> - Achieve a comparative study of the statute and teachers remuneration - Explore the solutions to provide a motivated statute to permanent teachers and part time trainers - Adapt the regulation determining the new statute of the DGT teachers 	Study report Proposals fiche Draft of secondary legislation rules	Pedagogical staff is stable and motivated
A1.5 Obtain effective instruments the training management <i>Concerned structures:</i> DAMF, DIO	<ul style="list-style-type: none"> - Set up a census system of the needs and evaluation of the training - Propose a solution in order to support the activity of continuous training 	Instruments of census of professional training needs Evaluation fiche a posteriori of trainings Report of functional analysis for a data-processing implementation	The computer tool is part of the guidelines of the master plan of the Ministry of Finance
A.1.6 Develop an integrated information system to strengthen the human resources management <i>Concerned structures:</i> DAMF, DIO DGFP, DGB, DGCP	<ul style="list-style-type: none"> - Carry out a functional analysis of HR management needs - Analyze the projects of computerization of human resources management and of salary - Prepare the deployment 	Functional analysis fiche Analysis report of GHR IT projects Administrative procedures of deployment	The obligation of interfacing, at the proper time, with a State accounting implementation is taken into account at the studies stage
A.1.7 Organise a study visit <i>Participants:</i> 5 involved executives in the process of raining management	<ul style="list-style-type: none"> - Identify a European body - Ensure the organisation and the monitoring of the study visit 	Visit report 5 trained executives for the training management	A European structure is identified and commits to receive the DGT executives
Result 2 The management of performance is improved at every level			
A.2.1 Define a management strategy by the performance	<ul style="list-style-type: none"> - Make a thoroughly inventory on the management by the performance - Support for the establishment of a 	Inventory report	

Activities	Tasks	Available	Assumptions
Concerned structures: DOFR, IGSF, DAMF DIO, DRPC	strategic on the performance management - Carry out communication actions	Fiche defining the strategic to monitor Communication Module on global management by the performance	
A.2.2 Organise the central services for better supporting the management by the performance Concerned structures: DIO, DOFR, IGSF, DAMF, DIDF, DGFP	- Achieve an inventory on the organisation of the central administration - Review the rules regulating the central administration of the Ministry of Finance and the DGT	Inventory report with recommendations Decrees or orders drafts	The political support for the reform can overcome the difficulty to grow the administrative structures
A.2.3 Renovate the organisation of the directorates of external services Concerned structures: DIO, DOFR, IGSF, DAMF DRI, DIW DGFP	- Analyze the DRI and DIW organisation - Define the roles to a strictly functional territorial structure - Review the rules governing the external services	Recommendations of reorganisation Drafts of revision of the secondary legislation rules governing the external services	The resistance to change is overcome
A.2.4 Create a renovated group of indicators of performance Concerned structures: IGSF, DOFR, DRV, DCX, DIO, DIDF DRI, DIW	- Review the indicators of performance - Define the scoreboards - Evaluate SIDGT implementation	Collection of strategic indicators, contract and operational guidance Scoreboards functional Analysis of SIDGT implementation	
A.2.5 Introduce a sustainable procedure of contracts of performance and means Concerned structures:	- Analyze the impact of the management strategy by the performance - Establish a procedure for the determination and the monitoring of performance contracts - Prepare the development of a	Impact study Instruction draft of relating to performance contracts Functional analysis for an	

Activities	Tasks	Available	Assumptions
IGSF, DOFR, DRV, DCX, DIO, DIDF DRI, DIW	simulation instrument	implementation to the preparation of performance contracts	
A.2.6 Introduce an active management of employment for more efficiency <i>Concerned structures:</i> DOFR, DAMF, DIDF, DRI, DIW	<ul style="list-style-type: none"> - Define an evaluation method of tasks and appreciation of tax issues - Carry out a test operation to measure the impact of employments redeployment - Develop a periodic distribution method of employments 	Methodological fiche Evaluation report and recommendations Periodic administrative procedure of distribution of employments	
To 2.7 Organize a study visit <i>Participants:</i> 5 involved executives in the process of management by the performance	<ul style="list-style-type: none"> - Identify a European body - Ensure the organisation and the monitoring of the study visit 	Visit report 5 trained executives for the management by the performance	A European structure is identified and commits to receive the executives.
RESULT 3			
The internal audit is professionalized			
A.3.1 Develop a new policy of internal audit <i>Concerned structures:</i> IGSF, DRPC, DIO, DOFR DGFP, DGB	<ul style="list-style-type: none"> - Make an inventory and define the strategic lines - Develop a plan and instruments of communication - Study the impact of the new strategy of internal audit - Adapt the organisations and attributions - Prepare the development of implementation of monitoring and documentation of the operations - Develop internal audit instruments of 1st level 	Audit of situation of internal audit Strategic document Plan of communication Report on the impact of the new strategy Drafts of regulatory documents functional analysis Five methodological fiches of internal audit of 1 st level	The computer tool is part of the guidelines of the master plan of the Ministry of Finance

Activities	Tasks	Available	Assumptions
A.3.2 Introduce risks mastery within the DGT <i>Concerned structures:</i> IGSF, DOFR, DAMF, DRV, DCX, DIDF, DLRF	<ul style="list-style-type: none"> - Define the strategic lines (concepts, structures and connections) - Develop a plan and instruments of communication - Study the impact of the new policy of risks mastery - Adapt the secondary legislation rules to take into account risks mastery 	Inventory and strategic document Communication plan Decree or orders drafts Cartography of processes, employment and main risks Glossary, of referential and methodological fiches	The vision of an internal audit mainly based on risks mastery is understood and approved by external partners
A.3.3 Structure the practice of the audit <i>Concerned structures:</i> IGSF, DRPC DRI	<ul style="list-style-type: none"> - Make an inventory and define a policy of the audit - Write framework document on the practice of the audit - Develop a training module of the auditors and organize an action-test of training - Develop pilot methodological tools for an audit topic - Prepare the adaptation of SIDGT implementation 	Inventory Instruction on the audit policy at the DGT Modulate of the auditor training Methodological fiche for the audit execution functional Analysis of SIDGT implementation	
A. 3.4 Organize a study visit <i>Participants:</i> 5 involved executives in the process of the internal audit	<ul style="list-style-type: none"> - Identify a European body - Ensure the organization and the monitoring of the study visit 	Visit Report 5 trained executives for the risks mastery	A European structure is identified and commits to receive the executives
Result 4 The recovery is improved			

Activities	Tasks	Available	Assumptions
A.4.1 Define a strategy of recovery Concerned structures: DOFR, DCX, DVR	<ul style="list-style-type: none"> - Make a thorough inventory of the recovery situation in all its dimensions - Define a global strategy of recovery 	Inventory report Strategic instruction on recovery	
A.4.2 Enhance the regulation and methodology Concerned structures: DOFR, DCX, DAMF	<ul style="list-style-type: none"> - Analyze the legal and administrative framework - Develop adaptations of the secondary legislation rules - Develop adapted printed papers form - Gather the legislative or regulatory measures in a single code - Review the guide of litigation recovery - Develop a training module and achieve a training test 	Analysis report of the present situation Drafts of complementary rules Set of new printed papers form New legal guide litigation recovery General and updated guide on litigation recovery procedures Training module	
A.4.3 Create a quality chain for an improved recovery Concerned structures: DOFR, DCX, DVR, DIDF IGSF	<ul style="list-style-type: none"> - Achieve a thorough cross-sectional study - Review the procedures of litigation payment - Develop solutions of amiable processing of rectifications - Develop connection fiches between base services, control and recovery - Carry out an audit analyzing the connections to be implemented in case of suspension of payment 	Document of analysis of the global quality chain Instructions for certain types of partial payment and amiable processing Instruction describing a fiche system of connection Audit report	The principles of double-entry accounting are applicable to the coverage of unpaid debts
A.4.4 Structure litigation recovery to professionalise it Concerned Structures: DOFR, DIO, DAMF, DCX, DIDF	<ul style="list-style-type: none"> - Define structure's operation's methods dedicated to litigation recovery - Define the dimensioning of structures of specialized recovery - Prepare the secondary legislation rules predicting the creation of new 	Instruction describing the administrative framework of operation of a specialized service Table of employment to be assigned to	

Activities	Tasks	Available	Assumptions
DGFP, DGB	accounting jobs	the new specialized accounting structures Drafts of secondary legislation rules	
A.4.5 Reinforce and secure the statute of the accountant <i>Concerned structures:</i> DOFR, DCX, DAMF Court of Auditors, DGB, AJT Ministry of Justice	<ul style="list-style-type: none"> - Analyze the statute of the public accountant and the terms of reference of his/her responsibility - Adapt the rules reviewing the statute of the public accountant - Establish legal protection measures in case of criminalisation of a quality accountant 	Report on the statute of the public accountant Draft of rules on the statute of the accountant Instruction describing the rules of protection of public accountants	The need of increasing the statute of the accountant is shared by external interlocutors
A.4.6 Computerize litigation recovery <i>Concerned structures:</i> DOFR, DIO Local designer selected	<ul style="list-style-type: none"> - Achieve a functional analysis for implementation of assistance for the monitoring of litigation recovery - Determine the conditions of migration to SIDGT execution - Identify and evaluate potential implementation of the internal species developed - Accompany to the use of the selected operations 	functional analysis List of operations labelled User guide and training module	
A.4.7 Renovate the control and litigation methods of the indirect rights <i>Concerned structures:</i> DOFR, DCX, DAMF, DRPC	<ul style="list-style-type: none"> - Achieve an impact study of the implementation of the future code of the indirect rights - Update procedure codes of the indirect rights - Adapt the procedures to the new processing and control systems of the repressive litigation - Accompany the agents - Develop communication plans and tools in the direction of users and judiciary 	Impact study draft of the impacted secondary legislation rules Instruction describing the new rules of control and processing Training module of the agents	

Activities	Tasks	Available	Assumptions
		Plans and tools of communication	
A.4.8 Organize a study visit Participants: 5 involved executives in the process of litigation recovery	<ul style="list-style-type: none"> - Identify a European body - Organize and ensure the monitoring of the study visit 	visit report 5 trained executives for litigation recovery	A European structure is identified and commits to receive the executives

Annexe 2: Schedule

Month of the project	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
RTA Arrival in Algeria	X																										
Result 1 human resources are reinforced																											
A. 1.1 Define a strategy of HR management																											
A. 1.2 Distribute the tasks of management																											
A. 1.3 Reinforce the management of the executives																											
A. 1.4 Provide a motivating statute																											
A.1.5 Obtain training management tools																											
A.1.6 Develop an information system																											
A. 1.7 study Visits										X																	
Result 2 the management of the performance is improved at every level																											
A. 2.1 Define performance management strategy																											
A. 2.2 Organize the central services																											
A. 2.3 Renovate the external organization																											
A. 2.4 Create renovated group of indicators																											
A.2.5 Introduce procedures contracts performance																											
A.2.6 active management of employment																											
A.2.7 Study visits		X																									
Result 3 the internal audit is professionalized																											
A. 3.1 Develop policy of internal audit																											
A. 3.2 Introduce risks mastery																											
A. 3.3 Structure the practice of the audit																											
A. 3.4 Study visits																											
Result 4 the recovery is improved																											
A. 4.1 define a recovery strategy																											
A. 4.2 Reinforce the regulation																											
A. 4.3 Create quality chain																											
A. 4.4 Structure litigation recovery																											
A. 4.5 Reinforce the statute of the accountant																											
A. 4.6 Computerize litigation recovery																											

[illegible]

Annexe 3: Organisation of the DGT structures

At the central level:

a- **Directorate of legislation and regulation (DLR) which consists of four sub directorates:**

- The sub directorate of legislation, regulation and tax procedures;
- The sub directorate of tax studies;
- The sub directorate of international tax relations;
- The sub directorate of tax incentives and specific tax systems.

The activities of each of these sub directorates are described hereafter:

a.1. The sub directorate of legislation, regulation and tax procedures is in charge of the development, in accordance with tax policy, drafts of the legislative and regulatory rules of fiscal and parafiscal to be presented in the finance laws subject to government approval then Parliament.

It develops circulars and notes relating to the legislative tax provisions to the services for their implementation.

a.2. The sub directorate of tax studies is responsible for achieving all the necessary studies for the implementation of tax policy and parafiscal, monitoring the experiences in the field of tax of other countries in order to make comparative studies. It should also analyze and evaluate the legislative and regulatory system relating to oil and mining activities.

a.3. The sub directorate of the international tax relations is in charge of participating in the study, preparation and negotiations of the conventions and international tax agreements projects and to monitor their implementation once their ratification occurred in all aspects including diplomatic or consular privileges and immunities in terms of taxation.

It takes part, in addition, to the drafting of the legislative and regulatory rules concerning the intervention of the foreign companies and non resident persons in Algeria.

a.4. The sub directorate of tax incentives and specific tax systems is in charge of identifying and monitoring the exemptions and tax advantages granted in particular to the investors and participating in the drafting of the legislative and regulatory rules having a link with specific tax systems.

b- **Directorate of the litigation (DC.) which comprises four sub directorates:**

- The sub directorate of litigation of the income tax;
- The sub directorate of VAT litigation;
- The sub directorate of administrative and judicial litigation;
- The sub directorate of appeal committees.

b.1. The sub directorate of litigation of the income tax should monitor the implementation of tax legislation and regulation in the processing of the litigation issues subject to external services in the field of its competence (income tax). It gives an assent for the litigation cases resulting from the accounting audit and the thorough audit of the overall tax situations (VASFE) as well as of the litigation appeal introduced by taxpayers of the Directorate of Major Enterprises (DGE).

b.2. The sub directorate of VAT litigation aims at monitoring the implementation of the legislation and tax regulation in the process of the litigation cases submitted to external services within the field of its competence (VAT). It monitors and deals with VAT refund; in addition, it follows-up the authorisations of VAT exemption delivered by external services.

b.3. The sub directorate of administrative and judicial litigation is in charge of monitoring judicial litigation, developing the procedures relating to the deposit and the follow-up of the claims for tax evasion and evaluating their results. It also ensures the good implementation of internal appeals of all rights and taxes under the jurisdiction of the Tax Administration.

b.4. The sub directorate of appeal committees is responsible for the monitoring and conduct the litigation submitted to the examination of appeal central committee and for the preparation of the meetings of this committee of which it ensures the secretariat. In addition, it centralises and analyses the decisions from other committees to ensure their conformity with legal and regulatory provisions.

C- Directorate of tax operations and recovery (DOFR) that includes four sub directorates:

- The sub directorate of recovery
- The sub directorate of tax evaluations
- The sub directorate of statistics and syntheses
- The sub directorate of guarantee and special procedures

c.1. The sub directorate of recovery should define the management methods of the roles and other perceptions, explain recovery procedures, monitor the auditing of the tax liabilities, deal with the requests regarding recovery and finally to follow-up the evolution and the level of the tax revenues.

c.2. The sub directorate of tax evaluations is responsible for ensuring the implementation by the external services of legislative and regulatory provisions, tax procedures, for monitoring the results of tasks related to the census and the control of the declarations, for supervising and controlling the granted tax advantages and for establishing indicators of management.

c.3. The sub directorate of statistics and syntheses is in charge of the process of statistical data, establishment of tax revenues forecast and to monitor their periodically achievement.

c.4. The sub directorate of the guarantee and special procedures aims at supervising the implementation by the external services the legislation and the regulation relating to precious metals, fuel, wine, alcohol as well as those relating to registration fees and stamp.

D- Directorate of research and audit (DRV) that consists of four sub directorates:

- The sub directorate of research and tax investigation
- The sub directorate of tax audit
- The sub directorate of programming
- The sub directorate of fight against the fraud

d.1. The sub directorate of research and tax investigations should collect and exploit tax information, ensure the implementation of the right of communication and access by the external services, programme and carry out any investigation, inquires or researches related to the monitoring of tax situation concerning taxpayers.

d.2. The sub directorate of tax audit is in charge of monitoring of the activities of accounting audit services at both regional and local levels, ensuring the compliance with the rules of procedure relating thereto; and of defining the implementation conditions of audit on documents and its monitoring.

d.3. The sub directorate of programming aims at designing the suitable instruments for a better selection of files to be subject of accounting audit, of thorough audit of tax situation concerning taxpayer, of control of real estate transactions and on documents. As such, it carries out the establishment of accounting audit programmes of which it follows-up the execution.

d.4. The sub directorate of fight against fraud is responsible for the coordination of actions that are within the framework of fight against the fraud and tax avoidance, the harmonisation and standardisation of techniques, the management of fraudsters file; and finally for the initiation and coordination, in collaboration with other administrations, the actions to isolate the phenomenon of tax evasion.

E- Directorate of information and documentation (DID) that includes three sub directorates:

- The sub directorate of information research and documentation
- The sub directorate of process and information analysis
- The sub directorate of organisation of information circuit

e.1. The sub directorate of information research and documentation is in charge of the information collection to local services and providing the interface with other services: the national center of IT and statistics of Customs, the national office of statistics, the national center of trade register and social security funds.

e.2. The sub directorate of process and information analysis should consolidate the information relating to asset formation and income of any corporation body or natural person registered (having a tax identification number delivered by tax administration).

e.3. The sub directorate of organisation of information circuit aims at setting up the circuits of information and ensuring its protection and safety.

F- Directorate of IT and organisation (DIO) which comprises three sub directorates:

- The sub directorate of organisation and methods
- The sub directorate of development of IT systems
- The sub directorate of implementation of IT systems

f.1. The sub directorate of organisation and methods is in charge of making studies in order to modernize the organisation, attributions and the competence of tax services plus updating the nomenclature of printed papers used by taxpayers and their monitoring.

f.2. The sub directorate of development of IT systems is responsible for the design and the implementation of the DGT IT master plan, for the process of the appropriate software and application of the standards.

f.3. The sub directorate of implementation of IT systems should monitor IT implementation and the maintenance of the infrastructure supported by a technical assistance to the decentralised services.

G- Directorate of public relations and communication (DRPC) which comprises three sub directorates:

- The sub directorate of public relations and communication
- The sub directorate of publications of tax nature
- The sub directorate of tax requests

g.1. The sub directorate of public relations and communication is in charge of development and dissemination of information and opinion to taxpayers, of making studies to improve the relations between the administration and taxpayers and to develop the relationship between the associations representing taxpayers.

g.2. The sub directorate of publications of tax nature should diffuse documentation to the services and public.

g.3. The sub directorate of tax requests aims at ensuring the implementation of tax rules in dealing with the mail addressed to tax administration by taxpayers and the preparation of interpretative notes to the services.

H- Directorate of the administration of means and finance includes five sub directorates:

- The sub directorate of the staff
- The sub directorate of the budget
- The sub directorate of means
- The sub directorate of training
- The sub directorate of infrastructures

h.1. The sub directorate of the staff is in charge of the staff management of the central administration and supervising this by external services.

h.2. The sub directorate of the budget is responsible for the development and the implementation of the budget of the tax services and to manage financial and materials means of the DGT central structures.

h.3. The sub directorate of means is in charge of the management of the properties and real estate assets of external services, the printed papers, documentation and archives.

h.4. The sub directorate of training should participate in the definition of the staff training programmes and implement them.

h.5. The sub directorate of infrastructures aims at proposing the real estate policy of tax administration, ensuring the control of work and the monitoring of the DGT infrastructures' projects, as well as ensuring the exploitation, maintenance and the security of goods and the staff.

I- Directorate of major enterprises (DGE), provided by regulation, defined by article 32 of the finance law for 2002 and became operational in January 2006. It is made up of five sub directorates which are as follows:

- The sub directorate of hydrocarbons tax;
- The sub directorate of management;
- The sub directorate of control and file;
- The sub directorate of litigation;

-The sub directorate of means.

It also comprises:

- a proceeds for tax recovery;
- a reception and information service of taxpayers;
- IT service.

The Directorate of major enterprises should manage the files of legal persons or group of rights whose turnover exceeds 100 million dinars, in terms of base, recovery, control and tax litigation and taxes borne by the aforesaid people or entities.

In the current phase, the DGE defined two limits from the perspective of files management of the enterprises; the first is related to the importance of the turnover (+100 million DA), the second one is of territorial type since only the enterprises activating in Algiers come under its jurisdiction. Moreover it deals with the files of oil and foreign companies, i.e. the companies that operate in Algeria temporarily and this, whatever the place of their establishment. They are not the companies whose capital is of foreign origin but of Algerian right statute, which are within the normal eligibility field of DGE.

This structure manages 1600 companies today. But beyond the ordinary management of tax files, this structure has an extra work which consists of the delivery by its services certificates of exemption and franchise to companies that are active for a sector or companies benefiting from the exemption or VAT exemption. Sixty thousand (60 000) certificates are issued each year for a total amount of approximately 130 billion DA, which encumbers the activity of the DGE.

In addition, it is planned the opening of regional offices in order to establish a certain proximity to the benefit of the enterprises distant from Algiers and which could deal with the two repetitive aspects, namely the monthly declaration and the payment of taxes.

J- The national school of taxes (ENI)

This school is in charge of ensuring the training of agents and executives management of tax administration concerning recycling and improvement.

K- Laboratories of finance

Their mission consists of the analysis, on request of the concerned services, the products submitted in general to indirect taxes and to customs duties.

L- Service of alcohols

This service is responsible for buying ethyl alcohol and ensuring its sale to the users such as the manufacturers of alcoholic drinks and perfumes.

Since the intervention of the suitable provisions of complementary finance law for 2008 (article 20 amending article 73 of the code of the indirect taxes), the monopoly exerted hitherto of this service is deleted. Now, the importation, production and sale of alcohol aforementioned are opened to any person or entity subject to an approval issued by tax administration after underwriting specifications. The conditions for carrying out the activity, the procedures of delivery of approval and the terms of the specifications are fixed by order of the Minister of Finance. This rule is being developed by the services of the General Directorate of Taxes.

Regional level

It should include four regional entities:

- Regional directorates
- Regional inspectorates of tax services
- Regional offices of the regional services of research and audit
- Regional centers of information and documentation

a- Regional directorates

There are nine (09) and are in charge of ensuring the representation of the general directorate of taxes at the regional level by ensuring the execution of the programmes and the implementation of the instructions and decisions from the central administration. In this context, they should manage, guide, coordinate, evaluate and control the activity of directorates of taxes of wilaya.

The missions for which these regional directorates are responsible are as follow:

- Ensure the compliance with the instruments, methods, standards and procedures of intervention of tax services of the area;
- Establish periodically to the balance-sheets and syntheses of the activities of tax services of their region;
- Make adaptation proposals of tax legislation;
- Participate in training actions, improvement and recycling of the agents;
- Ensure proper operation of the services of the region;
- Approve purchases system of exemption the debtors who are eligible by law.

b- Regional inspectorates of tax services

These inspectorates, nine (09), are organised as brigades, a brigade by region. They are in charge of coordinating the activities of main inspectors who ensure the management of base inspectorates and tax revenues in charge of the recovery of taxes.

c- Regional offices of the regional services of research and audit

These regional offices, three (03), aim at achieving programmes of investigation, research, audit and control of activities defined by central administration. They are also in charge of all investigations ordered by the Minister of Finance, the general manager of taxes and all proper authorities in relation to concerned institutions and services.

d- Regional centers of information and documentation

These centers, three (03), have as an essential competence the coordination of research programmes, the collection and the process of local economic and financial information, on one hand and the exploitation of primitive matrices, issuing roles and warnings concerning duties and taxes in their jurisdiction, on the other hand. Furthermore, they are in charge of a number of tasks such as the production of sheets of results, the edition of titles of perception, the production of statistical documents and the production of indicators within the framework of the process of management by objective.

e- Regional revenues of stamp

These regional revenues are in charge of the order, storage and distribution of stamps in favour of tax revenue and P and T.

Local level

At this level, one notes the directions of taxes of wilaya as well as the basic services which are the multi-purpose inspectorates of the base and taxes revenues as it exists today, tax centers (CDI), and proximity centers (CPI) whose installation is progressively made as the completion of the construction of the corresponding sites.

a- Directorates of taxes of wilaya

These directorates, fifty four (54) are in charge of ensuring all attributions related on the base, recovering and tax control plus taxes within their district. They are also qualified as regards litigation and, for this reason; they are in charge of the instruction of the claims at their level as well as organising the appeals to appeal commissions of direct taxes and VAT; and finally monitoring the evolution of legal actions concerning base litigation.

In addition they include in their organisation a reception and information service to ensure the reception and the information of taxpayers, disseminate information and the opinions on tax implementation.

The directorates of taxes of wilaya ensure supervisory authority on basic services which are the multi-purpose inspectorates, tax centers (CDI) and proximity centers (CPI).

b- Basic services

Current situation

It should be noted that currently and in spite of achievement and commissioning objectives of CDI and CPI, the basic services are mainly represented by multi-purpose inspectorates of base and by revenues concerning tax recovery.

a.1. Base services

These services are organised in inspectorates which are 727 spread over the entire national territory. They are in particular in charge of the management of the single tax file. They ensure research, collection, tax exploitation and declarations control, the emission of roles and the status of products and the implementation of operations of registration.

These inspectorates include four (04) services responsible for:

- Taxation of non eligible companies to the DGE and free professions
- Taxation of individual incomes
- Real estate taxation
- On field interventions of agents.

It should also include the specialised inspectorates which are as follow:

- The inspectorate of the guarantee in charge of the base and the control of precious metals (jewels)
- The inspectorate of registration, stamp, successions and files, in charge of the management of all cases submitted to rights.

a- Recovery services

These services are organised in tax revenues which are 480 distributed over national territory. These revenues deal with the roles and the revenues orders and carry out the perception of taxes, planned rights and taxes.

b- tax Centers (CDI)

The general directorate of taxes planned, within the framework of its programme of modernisation of its services for a better performance of its action and better facilitating the task to taxpayers, to create centers of taxes (CDI). Concretely this creation meets the need to improve the management and control of the companies of average importance, of individuals concerned with real or simplified system as well as taxpayers having free profession.

The CDI constitutes the unique unit representing the administration to taxpayers. It deals, under the authority of the head of the center, with registration work, monitoring of declaratory obligations and payment, the accounting of revenues, control and action in recovery.

CDI Types

Three types of CDI are planned, classified according to the importance of the managed files:

CDI type1: It will manage more than 8 000 files

CDI type2: It will manage between 4 000 and 8 000 files.

CDI type3: It will manage less than 4 000 files.

If the number of files at the level of CDI increases, other CDI can be established according to the importance of the files.

CDI organisation

The center of taxes (CDI) is managed by a head of center, it is made up:

- of three (03) main services:
 - Main service of management of files which includes:
 - Tax service
 - Tax service of the sector of building and public works
 - Tax service of trade sector
 - Tax service relating to provisions of services
 - Tax service of free professions
 - The main service of control and research which comprises:
 - Service of files and stepping
 - Service of research of taxable product
 - Service of interventions
 - Service of control
 - Main service of litigation which includes:
 - Service of claims
 - Service of judicial litigation appeal committees
 - Service of notifications and scheduling
- of two (02) other services:
 - Service of reception and information
 - Service of means and IT

- of a revenue which comprises:
 - Service of funds
 - Service of accounting.

The number of CDI planned is 65 of which fourteen (14) are in service. Intended to replace the multi-purpose inspectorates, these CDI deal, progressively, with their starting, transferred tax files.

c- Centers of proximity

These centers are in charge of the management of tax files in particular of the taxpayers concerned with single lump tax (IFU) and those carrying on an agricultural activity.

They are qualified regarding the base, recovery, control and litigation for all taxes of taxpayers' category depending on their field of activity.

The number of planned CPI is 250. Intended to replace the multi-purpose inspectorates, these CPI will deal, progressively with their starting, tax files which will be transferred.

Taking into account the preliminary property dimension of the file, no CPI is operational to date.