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REPUBLIC
OF SERBIA

Synthesis Report

BETTER MANAGING SERBIA'S PUBLIC FINANCES TO IMPROVE EFFICIENCY



Co-funded by
the European Union



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CHAPTER 1. BACKGROUND AND APPROACH

Background

This note presents the analysis and results of a vertical functional review of the Serbian Ministry of Finance (MoF) conducted during the period March to May 2016. The review was carried out as one among several functional reviews under the Serbia Rightsizing and restructuring project financed by the EU (IPA grant).

The objective of the functional review was to support the MoF in its efforts to strengthen core public finance functions. The current structure and operations of the MoF and its underlying institutions have been analyzed and reform options for improvements in processes, organization, and systems provided. The longer term aim was to increase the sustainability of public sector reforms and improve the conditions for achieving fiscal discipline, and operational and allocative efficiency of public resource use in Serbia.

The review has focused on addressing six key questions:

- How are the core functions of the MoF performed? Do they need to be strengthened, and if so, how?
- Are there any functions that the MoF is not currently responsible for that should be brought into the Ministry?
- Are there any functions of the MoF that could be reallocated elsewhere in the government, or outsourced or abolished?
- Could the departments and units of the MoF be reorganized to achieve organizational goals more effectively and efficiently?
- Are there any overlaps between the functions carried out by the different organizational entities and units under the MoF; how are the interfaces between these entities and units managed?

- How can the management, policy coordination, and communications policies of the MoF be strengthened?

Based on discussions with the Finance Minister and experiences from previous functional reviews of Ministries of Finance in other countries, the review includes a more detailed business process review of five central business lines and two cross cutting areas as illustrated below. The Finance Minister has stressed the importance of supporting ongoing and planned efforts to streamline tax and customs administrations where a transformation of staff skills and qualifications will be inevitable for the coming years, including by getting rid of non-core functions. The Minister has also underlined the importance of better integration of ICT systems as an enabler of organizational reform and of strengthening the management of the central Ministry.

Table 1. Main public finance business lines analyzed during the functional review

Core public finance business processes	Cross-cutting business processes in support of public finance	
Macro-fiscal coordination and policy	ICT-organization and systems	HR, management and administration
Budget preparation		
Budget execution (including treasury, accounting policy, maintaining the public accounts, debt and cash management)		
Tax Administration		
Customs Administration		

For each of the core business lines, the review identifies the main performance issues and provides options for strengthening performance. The review also includes recent reform efforts and their results as well as current plans for further reform.

Conclusions of the functional review are based on a triangulation of data from a number of sources. The team has held discussions with officials, and reviewed previous diagnostics, legal documents, information on organization and staffing, as well as current strategies and reform plans. In addition, the team has conducted a survey of MoF staff and budget users to identify strengths and weaknesses of processes and organization. A comparison with MoFs in other countries of the region with a similar legacy and administrative tradition (Bulgaria, Croatia, Macedonia, Slovenia) has been conducted to identify relevant trends and patterns of organization. The review also uses some “good practice” examples of countries having gone through a number of the reforms to which the Serbian MoF aspires.

International reform trends in public finance provide a useful long-term direction for modernizing the Serbian MoF. Specific historical, cultural, legal, and administrative factors

are important in determining how the Ministry has evolved and will also play an important part in shaping the future of the organization. Nevertheless, there are clear common features of public finance functions, modes of organizations and exchange of reform trends across countries, and MoF organizations appear to be as much determined by the stage of reform they are at as by any specific national and institutional context. Among the most important international reform trends observed in good practice countries are:

- Moving away from detailed control over inputs and processing of budget modifications towards monitoring budget execution and program performance
- Spending more time developing policy options for achieving government objectives within given resource constraints
- Identifying and managing emerging trends and risks
- Broadly allowing more flexibility to spending ministries in allocating and managing their budgets
- Separating policy from operations to improve performance and accountability
- Responding to demands for raising data sharing and analysis capacity
- Increasing reliance on automated systems for transaction recording and control
- Moving towards a (voluntary) compliance policy in revenue administration based on customer service, risk management, performance orientation and use of information technology.

Approach

These reform trends have informed seven guiding principles which the team has kept in mind in reviewing the organization of the Serbian MoF (Box 1). These principles have been used as benchmarks in developing proposals on organizational restructuring.

Box 1. Guiding Principles for the Organization of a Finance Ministry

Principle 1: Unitary finance ministry

There should be a single finance ministry that is responsible for performing central finance functions. Where for political or institutional reasons it is necessary to divide such functions among two or more ministries or agencies, arrangements should be put in place to ensure effective coordination and cooperation among the ministries concerned.

Principle 2: Flexible bureaucracy

Finance ministries should develop a flexible bureaucratic structure that permits: (i) efficient decision-

Box 1. Guiding Principles for the Organization of a Finance Ministry

making cascading through different levels of the organization; (ii) effective and timely communications and coordination both vertically and horizontally within the organization; (iii) effective and timely communications and coordination with other parts of the government, and external stakeholders.

Principle 3: Agencies to manage specialized finance functions

Specialized finance functions such as revenue collection and debt management should be devolved to arms'-length agencies, whose operations and performance are monitored closely by the finance ministry. A precondition for establishing these agencies is that appropriate controls be in place to ensure that the financial management and performance of such agencies (internal controls, accounting and reporting, procurement, audit) are robust. Senior management of the finance ministry should have access to regular reports that monitor the agencies' operations and performance, enabling them to respond immediately to any issues that require the ministry's attention.

Principle 4: Devolution of transactional functions to line ministries

Finance ministries should progressively delegate responsibility for routine transactional functions such as payment processing, internal control and procurement to line ministries. As such devolution occurs, the finance ministry's role should switch to monitoring the line ministries' operations and performance, taking action where necessary to deal with unforeseen developments. Finance ministries should not devolve functions to line ministries until they are satisfied that the ministries concerned have sufficient capacity to undertake such tasks. Initially the finance ministry may also want to exercise control over the appointment of financial managers and accountants to positions in the line ministries.

Principle 5: Focus on core policy and regulatory functions

The corollary of Principles 3 and 4 is that finance ministries should build capability in the policy areas that are central to their mandate. Policy functions that are not related to public finance should generally be dealt with by other ministries. Communications and coordination between the finance ministry and specialized agencies should be reinforced to ensure that staff engaged in operational tasks can inform the policy decision-making process, and vice versa.

Principle 6: Exercise a strong role in agenda setting and shaping policy across the government

The finance ministry should build knowledge and skills to analyze cross-cutting policy issues relating to all sectors of the economy, e.g., agriculture, education, energy, environment, health, etc. This is essential if the ministry is to provide well-informed advice to the cabinet on the cost of new policy proposals, and the allocation of budget resources to the respective ministries. More generally, the ministry should play a key role in agenda setting and shaping policy across the government.

Principle 7: Consolidate new functions with existing departments

The finance ministry should refrain from creating specific structures outside existing departments to manage emerging issues (e.g., MTBFs, the management of PPPs, macro-fiscal forecasting, fiscal risks monitoring). New policy functions should be consolidated in existing departments to maximize synergies and communication within the organization.

Source: IMF Working Paper "Evolving Functions and Organization of Finance Ministries", November 2015



CHAPTER 2. STRATEGIC ISSUES AND OPTIONS ACROSS THE MINISTRY

Four main strategic and cross-cutting issues stand out from the functional review, which may provide direction for the formulation of a Ministry of Finance reform plan:

- Rebalancing activities of the central ministry to strengthen the focus on delivering analytical and policy relevant products
- Enhancing the core public finance functions while hiving off those functions that are not critical for delivering on the MoF's mandate
- Developing strategic HRM and ICT systems as core enablers of improved institutional and personal performance
- Reviewing the potential to rationalize the MoF administration through streamlining of regional networks and shared services

The Analytical and Policy-Shaping Role of the MoF

There is a need to rebalance activities of the Ministry to strengthen the focus on delivering analytical and policy relevant products. This is in line both with international trends of modernizing MoFs and with the reform path laid out in the Government PFM Reform action Plan for 2016-20 (PFMRP) and the broader public administration reform agenda. The further development of program budgeting and the Medium Term Budget Framework (MTBF) will require a stronger analytical foundation for budget formulation and fiscal planning. There is a great opportunity for the MoF to take advantage of its unique position as guardian of public finances to link such products to resource availability and medium term fiscal and expenditure planning. While such a rebalancing will require significant capacity building and resources, it will also necessitate a change of mind-set and perception of the role of the MoF, and a

stronger demand for analytical products from within the Ministry and among external stakeholders.

Among the options to strengthen the analytic and policy-shaping role of the MoF are:

- Enhancing the fiscal strategy and Economic Reform Program (ERP) with development of policy options and risk assessments
- Piloting spending reviews to strengthen the substantive scrutiny of budget proposals and improving the integration of the MTBF with the annual budget
- Strengthening the analytic and modelling capacity of the Macro-Fiscal Department, including through designing and implementing Bridge and DSGE models and econometrics training.
- Opening access to public finance data for other government agencies and external stakeholders and allowing internationally-accepted analytical fiscal modelling against such data.

Streamlining the Organization: Core and Non-Core Functions

The GoS should aim to harmonize core public finance functions or put them “under one roof”, where possible, to exploit synergies. Important public finance functions are currently placed outside the ministry, thereby adding demands on inter-ministerial coordination and hampering the ability of the ministry to take all public finance considerations into account when delivering on its mandate. Programming of public investment with IPA-funds is coordinated by the Serbia European Integration Office (SEIO) outside the ministry, which also maintains a “pipeline” of pre-selected public investment projects in four main infrastructure sectors based on a methodology for preliminary screening of project ideas and tracking of progress in developing the necessary project documentation. While the Minister of Finance is involved in the coordination through co-chairing the National Investment Committee (NIC), the current separation of duties should be revisited to better coordinate and prioritize public investment projects across financing sources and optimize the planning for - and use of - external financing. Given the overall division of responsibilities and the limited capacity of the MoF to take on additional budget formulation tasks for the short and medium term, MoF should focus on harmonizing PIM-procedures and establishing an operational interface between MoF and SEIO. SEIOs pipeline of pre-selected projects could feed into the planned MoF databank of investment projects. It would have to be considered how to expand the scope of SEIOs pipeline beyond the current four sectors and include other financing sources to maintain one single gateway for project identification.

The role of the MoF in defining the financing source for the capital investment projects should be addressed and properly defined. This is necessary to avoid having the “project sponsors” negotiating financing with external partners (i.e. non-budgetary financing sources

– mainly commercial or supranational banks) without coordinating with the MoF and without proper technical documentation in place for project implementation.

The role of the NIC should be revisited vis-à-vis other planned committees for PIM-coordination, review and decision making. First of all, the Government should decide whether NIC's role should be that of decision maker and selection of projects or that of coordinator. In case of the former, the committee should be linked to the Cabinet procedures, only consist of government entities, and the frequency of meetings increased and timing of meetings better aligned with the budget process.

The management of public assets should be seen as a core public finance function due to the potentially large effects on revenues and efficiency in public resource use. The strategic handling of the restructuring and privatization of Public Enterprises (PEs) currently sits with the Ministry of Economy (MoE), while the Directorate for State Property (DSP) is a semi-independent agency mapped to – but not under the control of – the Minister of Finance as it reports to the Government as a whole. For example, the creation of a stronger property management agency under the MoF could concentrate ownership and lead to the management of state property on a more commercial basis. Putting such functions “under one roof” in the MoF might therefore increase possibilities for achieving synergies in public finance.

Non-core functions should be merged or hived off as they risk diverting resources and management attention. The review has revealed some functions which are not core to the overall public finance mandate of the Ministry, but which nevertheless demand significant management attention and resources. A list of 22 non-core functions identified by The Tax Administration (STA) features enforced collection of a number of non-tax revenues that could be sourced out to a dedicated central public collection agency, local or regional authorities or even private collection agencies; and valuation tasks that could be conducted by a separate valuation organization. The Treasury administration (TRE) spends considerable resources on managing and administering the Agricultural Household Registry which is used for Agricultural subsidy payments.

There is also scope to create a leaner and more focused central MoF by streamlining the organizational responsibility for functions based on the type of activity involved. Among the public finance functions in the central ministry are some specialized administrative functions involving a high number of transactions, but which are less critical for shaping the policy agenda of the GoS. International good practice would suggest devolving such functions to subordinate agencies. This is partly to achieve a clearer division of labor allowing the central ministry to focus on supporting the minister on a daily basis and taking care of those functions that are critical for coordinating across the ministry and shaping the policy agenda of the Government; and partly from the realization that subordinate agencies might be better suited to handle large volume operational tasks by applying the proper management and quality assurance mechanisms. Such functions include the management of the execution of

EU-funds (the so-called National Fund), and the Sector for contracting of EU-funds (CFCU). Transferring the National Fund to the TRE and transforming the CFCU into a separate administration hold the potential to streamline the management of both EU funds and national funds and to improve the operational efficiency of important EU-related functions under the DIS framework.

Main options to streamline the organization of the MoF through organizational changes are included in table 2:

Table 2. Main Organizational Change Options

Organizational option	Transfer from	Transfer to
Enhanced synergy of core public finance functions		
Place the State Property Directorate under closer MoF supervision	Semi-independent agency	Administration under MoF
Harmonize public-investment-management procedures and operational interfaces and revisit institutional responsibilities	(remain)	(remain)
Merging or hiving off noncore functions		
Transfer enforced collection of nontax revenue	STA	Dedicated collection agency; local/regional authority
Transfer valuation tasks	STA	Dedicated valuation agency
Reassign the function for management and administration of the Agricultural Household Registry	TRE	Ministry of Agriculture
Transfer activities related to the Law on Political Financing	MoF (Budget Sector)	Ministry of Public Administration (tasks related to integrity plans could alternatively be taken over by the country's anticorruption agency)
Streamlining organizational responsibilities for public finance functions		
Transform the Sector for Contracting of EU Funds into a separate administration	MoF central	Separate administration
Transfer the National Fund	MoF central	TRE
Consolidate the provision of information and communications technology (ICT) support for MoF, the PDA, and the Budget Sector under appropriate resource-transfer and service-level agreements	MoF Central	TRE (ICT Sector)

HRM and ICT as Strategic Enablers

International trends of modernizing MoFs build on the need to develop organizational structures and decision making processes and an increasing reliance on data sharing and automation. HRM and ICT system development are therefore strategic enablers for improved institutional and personal performance.

Strategic HRM must however take its starting point in addressing a number of HR issues and constraints:

- **The skills mix in the tax and customs administrations needs to change in response to changing business needs.** Significant changes in the tax-related functions can be anticipated, driven both by the requirements of EU accession and the more general desire to move from a compliance and rules based culture towards one based on risk management, performance orientation and use of information technology. In Customs, EU accession will bring about significant changes in functions and the skills required by Customs staff.
- **Although the labor market situation in Serbia means that the MoF does not have a problem recruiting staff at entry level there are certain skill areas where there are marked problems in recruitment and retention.** This problem is particularly acute in the Macro-Fiscal Sector, the Budget Sector, the Public Debt Administration (PDA), in Tax and customs Administrations with respect to high level auditors and tax lawyers for international tax issues and in EU related functions. Severe recruitment and retention issues exist in ICT across all MoF Administrations.
- **The MoF and its administrations have very little flexibility to offer improved terms and conditions to people with scarce skills within the Civil Service Law.** It is however not advised that the Ministry of Finance advocates a loosening of wage controls as a solution to its retention problems. This could open a “Pandora’s Box” of other special cases, potentially undermining hard won progress in controlling the wage bill. Within the existing rules, the Ministry faces the prospect of actively recruiting staff at a junior level, training them and then replacing them after a period of a few years.
- **Across the MoF and its subordinate administrations there is a problem with an ageing workforce.** This is the result of a hiring boom followed by long period of recruitment freezes and downsizing efforts, plus some loss of skilled staff to the private sector. As a result, there are very few people in the 20-29 age group and a large bulge in the 50-59 age group. The problem is most acute in the Tax Administration (STA) with an average age of around 53, but is also serious in Customs (CAS).
- **Too many detailed HRM decisions are referred to the Minister and senior management.** For example, all new appointments to the MoF, even down to the lowest level, have to be personally approved by the Minister. Assistant Minister and Directors

should also be encouraged to take a bigger role in staff development and making HR decisions, supported by training.

- **HRM functions in the MoF and the seven main subordinate administrations are essentially limited to traditional personnel management functions.**

The HRM functions across the MoF and its main administrations should be upgraded to enable HR to play a more strategic and supportive role in modernizing their functions. The MoF and subordinate Administrations should make use of a larger set of HRM tools. Managing the transition to different type of organization and addressing structural HR issues will require a long term strategic approach. The main elements of such an approach would include the development of HR strategies linked to overall departmental objectives; the devolution from HR units of responsibility for day-to-day personnel matters to line managers, and; greater professionalization of the personnel function. These directions are consistent with the government's Public Administration Reform Action Plan 2015-16, which supports improvements in HRM policies and functions and a more strategic approach to HRM across the whole of government.

Additional options for developing HRM include:

- Senior and middle managers should receive training to play a bigger role in performance and development of their own staff. Also, more decision making responsibilities should be devolved to this level, for example recruitment.
- Recruitment efforts should be accelerated to fill current vacancies in MoF through external recruitment and internal transfers.
- The whole package of incentives to enable MoF to attract and retain scarce skills, especially at the mid-career level, should be reviewed. This is a complex problem that needs to be addressed at a government-wide level as part of public administration reforms. A first step would be to obtain evidence of comparable salaries and other benefits in other institutions including in the public sector (e.g. the National Audit Office and the Central Bank). options for a more strategic approach to managing recruitment freezes could be analysed to accommodate the need for recruitment in critical areas such as: risk analysis specialists, high-level auditors, tax lawyers, senior economists and ICT specialists.
- Staff skills should be strengthened through recruitment and improved technical training to meet changing needs. Options for improving technical training include developing PFM training within a government academy (Dutch model), or training and accreditation of staff by independent external professional associations and institutes (UK model).

Considering the mission critical role of ICT in the entire public finance function, a number of critical issues stand out:

- The complement of ICT staff positions – particularly for highly specialized disciplines – needs to be reassessed across all MoF administrations; compensation levels need to be revisited to attract and retain senior candidates; and training needs to be raised to international certification standards.
- All administrations face a major systems modernization agenda to be executed under severe resource constraints and operational workload:
 - The PDA and the Budget Sector need to complete development and deployment of their core information systems for debt management and budget formulation.
 - The CAS must develop an entire new ICT systems architecture to prepare for EU accession.
 - The STA must stabilize the operation of a major new integrated suite of administration systems (IIS) recently deployed, finish and deploy the critical collections module and develop new systems for (i) data exchanges with CAS; (ii) integration with EU; (iii) compliance risk analysis; (iv) performance measurement and (v) document management
 - The TRE is confronted with a large ICT systems improvement agenda to (i) address known systems integration and functional gaps; (ii) support implementation of the PFMRP; (iii) achieve direct compliance with the E-Government Strategy and; (iv) leverage new technologies for long-term enhancement of PFM function.
- Several administrations need to rationalize their functional ICT portfolio and either shed unfunded mandates or resource them adequately.
- ICT governance standards are uneven across MoF administrations with a consequent disparity in strategic planning, budgeting, operational risk and data sharing capacity. A high-level institutional mechanism is lacking to pursue data sharing and promote initiatives of common benefit to the PFM function.
- The MoF is facing several challenges in getting meaningful reports to support its decision-making. Reports are delayed due to manual consolidation, limited automated data exchange between the multiple systems and data insufficiency. By the time reports are available, the data is outdated by several weeks. Cross-administrations reports are even more difficult and time-consuming to consolidate, as the respective systems do not have a common digital platform to share data. To address these issues, the functional review recommends (see below) creating a Public Finance Corporate Information Council to coordinate data sharing and management led by a corporate CIO function and, once the business and data needs are identified, the implementation of a Corporate Information Platform or a data warehouse.

- Strong, corporate-level leadership and determined follow up by MoF administrations are needed for the MoF to take its due leadership position with respect to GoS's E-Government Strategy¹. The MoF administrations are arguably the ICT leaders in the GoS and therefore will have a commensurate impact on the advancement or delay of e-Government. Admittedly the E-Government Strategy is relatively new and requires stronger governance and funding. Nevertheless, there are already several areas where the MoF at large must act energetically to avoid falling behind.
- High incidence of software development contracting problems result in vendor lock-in and high lifecycle costs. In some measure this is attributable to rigidities in the procurement guidelines of different funding organizations. However, given the preference for building instead of buying software across the MoF administrations, there is an urgent need to issue comprehensive software procurement and contract management guidelines.
- Clear operational risk arises from uneven quality standards, disaster recovery facilities and business continuity planning. At present actual observed standards are different and informal. For example, disaster recovery facilities are in some cases non-existent (CAS and PDA). There is a need to ensure that similar quality standards are observed to guarantee the reliability of ICT services for the PFM function at the TRE, STA, CAS and AISRB data centres.

The following are key options to address the cross-cutting ICT-related issues identified above:

- Create a corporate ICT coordination mechanism through an Information Council, appointment of a Chief Information Officer (CIO), and advancement of a high-priority ICT governance and data sharing agenda, including activities required under the E-Government Strategy.
- Strengthen coordination and exchange of information through development of a corporate information platform or data warehouse.
- Hire expert consultants for 1.5 years to provide temporary support for current ICT reforms and complementary recommendations of this functional review.
- Formulate an ICT HRM strategy including skills, staffing levels, training and compensation requirements. Consider for this purpose the long-term staffing impact of build-versus-buy software procurement policies.
- Conduct formal COBIT assessments in all administrations as a baseline for coordination of ICT strategies and data sharing.

¹ Serbia's E-Government Strategy 2015-2018 and Action Plan 2016-2018.

Rationalization through Streamlining of Regional Networks and Shared Services

The regional networks of the STA, CAS and TRE will come under increasing pressure in the coming years to consolidate activities and provide for more efficient operations. This pressure is a result of a multitude of external factors, including the imperative to right-size the Serbian public sector, prepare for EU-accession and utilize options for automation. For the STA, the 2016-20 transformation plan (TATP) includes a target to reduce regional offices to about 40 by utilizing options for further automation and a transformation to risk-based collection methods. EU accession will have significant consequences for the CAS network as Serbia will become part of the EU customs area, thereby reducing the need for border presence, and require the transformation of ICT systems to EU-standards. A reduction in staffing needs of about two-thirds is a likely scenario which will further add pressure to reduce the number of regional offices. In the TRE, the option to transfer responsibility related to agricultural payments will reduce the scope of work in branch offices. Current fee structures tend to favor using the local treasury offices for payment operations while alternatives in many cases exist to use commercial banks and options for on-line payment requests are gaining ground. Finally, some operations with no apparent rationale for local presence could be centralized in the TRE headquarters in order to better utilize economies of scale.

Precise options for rationalizing the regional networks will require more detailed study. For the STA this should be addressed within an implementation and change management plan; for the CAS, a revised strategy for 2016 onwards taking into account the likely consequences of an EU-accession; for the TRE, a separate review of options should be conducted taking into account the following scenarios:

- Reducing the coverage of the TRE network based on availability of alternative options for payment operations. The feasibility of this option can be strengthened by requiring all public entities to use on-line payments and by incentivizing on-line payments and payments through commercial banks for private persons;
- Co-locating services across MoF administrations in one local office. Further efficiency gains could be achieved by opening these facilities to other Ministries (e.g. Ministry of Agriculture (MoA)), thereby enabling non-core functions, such as processing of agricultural subsidies, to be transferred to the responsible ministries with minimal disruption to services.

Most support services in the MoF and subordinate administrations are carried out by the individual entities thereby passing up opportunities for consolidating services in fewer units to professionalize tasks and reduce costs and operational risks. This is exacerbated by the current fragmentation between the various entities in the MoF, where there are known

difficulties in coordinating across organizational boundaries. For this reason, it is not realistic to go “head on” into establishing fully fledged shared service arrangements.

The functional review identifies a few options to start in the small and further develop the idea of shared services across the ministry:

- Options to combine support functions of the CAS and the STA in a shared service arrangement should be analysed.
- The option should be considered to consolidate at the Treasury ICT Sector the provision of ICT support for the MoF General Secretariat, the PDA and the Budget Sector under appropriate resource transfer and service level agreements. Similarly, development of cloud computing services could be considered for the same and other government agencies whether at the TRE or the AJSRB data centres.



CHAPTER 3. MAIN ISSUES AND OPTIONS IN CORE BUSINESS LINES

In addition to the strategic and cross cutting issues mentioned above, the functional review has identified a number of business process improvement options in each of the five core business lines.

Macroeconomic and Macro-fiscal Coordination

The macroeconomic and macro-fiscal coordination function is relatively well run within the current constraints, but in need of improving analytical capacities for enhancing the fiscal strategy as well as addressing a fragile staffing situation. The following options have been identified:

- **Analytical work on revenue collection and fiscal expenditure, broken down by economic categories, should be fully synchronized.** The Macro-Fiscal Sector (MFS) monitors the revenue side and provides revenue estimates and corresponding analytics, while the Budget Sector monitors execution of the expenditure side, but does not share analytics with the MFS. Better coordination between the Budget Sector and the MFS would pave the way for unifying analytics both on the revenue and the expenditure side.
- **Risk analysis and planning should be improved by linking identification of risks with policy measures.** There is no sufficiently developed sensitivity analysis of the budgetary projections to alternative scenarios and risks, and potential implications for the budget execution. The risk analysis should identify policy measures, which would automatically be taken in order to reduce the adverse effects. Particularly, alternative projections of the public debt and macroeconomic variables crucial for servicing it should be extended beyond the three-year horizon set by the Fiscal Strategy.
- **A central data base should be created that could be accessed in a secure way from any place of work at any time.** This will facilitate automatic collection of fiscal data and

processing them according to pre-defined rules. In that case staff in the MFS will save time currently spent on manually compiling fiscal excel tables, and free up time for analytical work.

- **In the medium term, analytical capacity should be improved by acquiring the use of modern dynamic general equilibrium models for short-term and longer-term forecasting.** Such models would be the basis for providing policy options and sensitivity analysis of different policy scenarios needed to supplement the Fiscal Strategy and the Economic Reform Program (ERP). Both two policy documents are instrumental for safeguard of fiscal sustainability of the country and facilitate the EU integration. However, no modern analytical tools will be properly used unless new highly qualified professional are hired to work with them.
- **Increased technical and analytical requirements due to the EU integration puts pressure on a small number of staff in the MFS, which is not offset by appropriate rewards.** Retaining staff appears to be an issue as well as recruitment of experienced, highly qualified professionals have never applied for a job in the MFS. The new public sector wage system provides an opportunity for reviewing remuneration mechanism and incentive schemes in all line ministries, including the MFS as well. In the meantime, the MFS needs to increase personnel up to the limit set by the Systematization Act and improve professional qualification of the workforce.

Budget Formulation

The Budget formulation function is facing a complex and demanding reform agenda while subject to a number of organizational constraints. The current organization and processes of the Budget Sector of the MoF are designed based on past and current requirements but are not a good match for the future.

Short term options for business process improvement and ICT target the further development of a more policy based budget. These options are formulated to underpin and further enable the implementation of program budgeting and the MTBF as envisaged in the PFM reform program:

- A detailed plan for further development of program budgeting and MTBF should be developed. This plan, which could feed into the Government's post-election strategy, should include a sequenced plan for regulatory changes, guidelines and capacity building efforts as well as ICT-system changes.
- Detailed guidelines developed with the IMF with respect to costing of baselines and new initiatives under the MTBF should be disseminated to budget beneficiaries and implement for 2018 budget process

- Spending reviews should be piloted to enhance analytical capacity and institutionalize budget analytical work as an integral part of the budget preparation cycle.

Short term options also include:

- Developing and disseminating detailed guidelines to assist line ministries in providing financial impact assessments on new and revised legislation and regulation.
- Developing and disseminating a comprehensive PIM guideline. As systematic and centralized guidance to line ministries is currently non-existent, the guideline would fill an important gap by covering all aspects of project preparation, monitoring and implementation.
- Finalizing the functional and technical requirements for the upcoming PIM information system as soon as possible. An initial step is to clarify the desired objectives, scope and functionality of the system, including whether it should include support for project management and other decentralized processes in line ministries and how it would link up with monitoring and reporting of performance information more broadly. Technical assistance is already available for this work through a Bank administered trust fund.
- Budget formulation functionality for IBBs should be added to the planned new Budget Formulation System. This is important to safeguard the ICT support of the budget formulation function and support the desired expansion of the budget coverage to include IBBs and various funds.

Some short term suggestions can be made to make the Budget Sector leaner to allow a heightened focus on core budget formulation activities:

- A dedicated team should be established to coordinate budget formulation reforms. In collaboration with the more permanent units of the Sector, such a team should have the responsibility to lead activities related to formulation and maintenance of a detailed reform roadmap; preparation of guidelines and changes to regulation; dissemination and training of budget users; management of pilot programs, and; coordination with the overall PFM reform Program. The reform coordination team could be formalized as a group reporting to the Assistant Minister, but more important than the formal organizational arrangement is the management attention from assistant minister and state secretary in charge for which appropriate process arrangements would have to be established.
- A plan for recruitment should be formulated as soon as possible to allow an acceleration of hiring up to the limit set by the Systematization Act.

In the medium term, there is scope to simplify the budget appropriation structure and make virement rules simpler and more strategic without compromising the effectiveness of expenditure control. Instead of separately appropriating funds for all economic categories

on the expenditure side within each organizational unit, appropriations could be separated into strategic categories. In parallel, virement rules could be simplified. These changes would require an amendment to the BSL, but would potentially relieve the Budget sector of a considerable burden of reviewing budget modifications with little or no budget significance.

A few front-runner organizations should be identified for piloting of more flexibility in budget management. The front-runner organizations should be identified based on consistently good performance against a set of financial management benchmarks. Relaxed controls could be piloted for these organizations to allow for more flexibility in budget management. Areas for more flexibility could include decentralized salary budgets within sub-ceilings, and simplification of virement rules.

The organization of the Budget Sector should reflect the increasing demand for qualified scrutiny of budget proposals coming from different policy areas. With the organization by sector-/policy area as the guiding principle, options could include establishing 3-4 units divided by groups of policy areas within which the responsibility for most of the regular budget preparation functions in a given policy area should be mainstreamed, including spending reviews, scrutiny of budget proposals, review of draft legal acts and budget modifications and monitoring of execution, while separate units should be retained for capital spending evaluation and local government finance. The policy based units should further be supported by coordinating units for aggregate budget ceilings and fiscal policy. Issues related to the budget system and drafting of the annual budget law, BSL, and all other legal drafts within the jurisdiction of the Budget Sector could be consolidated into one budget system/legal support unit. Another option which requires less organizational and business process flow adjustment is an upgrade of the existing Budget Analysis Unit of the Sector in terms of human resources and capacities.

Budget Execution, Treasury and Debt Operations

Modernization of business processes in budget execution and treasury operations is closely linked with upgrading of ICT systems, in particular the FMIS. An enhanced FMIS is needed in order to support and enable implementation of planned reforms with respect to integration of IBBs in the FMIS and transition to accrual accounting and financial reporting. Accurate information on arrears is vital for the credibility of budget formulation and budget execution processes and there is an apparent lack of discipline among budget users in reporting accurate and timely information in this regard. A number of options should be considered to improve budget execution controls and enhance the FMIS:

- Regulations should be updated and the FMIS modified to introduce ex-ante commitment controls in order to prevent accumulation of arrears. Information on multi-annual contracts/commitments also ought to be registered and monitored.

- A strategy and action plan to upgrade or purchase integrated ICT systems to meet PFM RP and E-Government objectives should be developed (see Annex V, Section D).
- TRE ICT systems should be interfaced with the new budget formulation system as necessary to produce consolidated performance reports on the program budget.
- A comprehensive needs-based training plan should be designed and implemented for roll-out of the FMIS and appropriate staffing for its implementation ensured.
- Monitoring and reporting of arrears should be fully consolidated within the TRE.

The Budget Accounting and Reporting sector needs strengthening considering the planned transition to accrual accounting and financial reporting. This will involve substantial training needs, implementation capacity and changes to the legislative and methodological framework. A unit for methodology and standards could be established within the sector to champion transition to accrual accounting.

In-year financial planning would benefit from a more analytical approach in determining the monthly payment quotas and an integrated process of planning revenue and expenditures. The current process does not seem to link well the amounts of forecasted revenue and debt financing. The TRE should seek TA to improve cash management and liquidity planning so that planned payments are based on forecasted inflows.

Information on non-financial assets provided to the TRE by the DSP is deficient resulting in unreliable annual financial statements (the final account). There is an imminent need to improve information in the asset register to improve the quality of financial reporting and to enable efficient asset management.

Functions which support budget execution need further strengthening both at the level of the “central” MoF and the Treasury. Internal audit and financial management and control should be strengthened. Strengthening of the Budget Inspection Department should be facilitated through a clarified legal basis and mandate, improved methodology, and coordination with other authorities dealing with irregularities to avoid overlap. The work of the Central Harmonization Unit should be refocused to strategic tasks of developing methodologies and standards related to IA and FMC, in order to efficiently coordinate further development of the government-wide PIFC framework. The ministry-wide internal audit function should be consolidated within the central MoF. Consolidation could represent an organizational change through locating a central unit within the central MoF (subject to compliance with prevailing regulation) with different groups covering areas such as budget execution, and revenue administration. Alternatively, the function could be consolidated without repositioning current internal audit units in administrations, by sharing resources and creating joint audit teams, and cross-functional quality control.

The PDA faces severe issues with HR and ICT support. The number of staff is low compared to peer debt administrations. The huge volume of public debt in Serbia, the variety of debt

instruments used, and the lack of a comprehensive ICT debt management system result in PDA managers being heavily involved in day-to-day work and in addressing operational risks. PDA is one of the smallest administrations in the GoS and needs more qualified staff. However, current compensation and training policies make it difficult to attract and especially to retain skilled debt management professionals as well as crucial ICT-support staff, who are highly transferable to the private sector.

The PDA needs to put in place appropriate debt management and risk management software to ensure efficient debt management, reduce reliance on manual operations, and reduce operational risk. However, the decision whether building or buying a software solution to these problems is itself a complex project that the PDA should only confront with specialized external support. Options to strengthen the support functions in PDA include conducting training needs and workload analyses; reassigning non-essential staff to open room for the more advanced resources needed in the middle and back offices; seeking TA for specialized staff training; formulating a new PDA ICT Strategy; and preparing and implementing a project to deploy a new Debt Management System.

Procedures should be formalized to establish meaningful linkages between the planning of revenues and expenditures. The procedures should integrate work and secure effective communication channels between the PDA, the TRE and the MFS of the MoF in order to enhance in-year financial planning and liquidity management.

Tax Administration

The plan for the modernization of the STA, the Tax Administration Transformation Program for 2015-2020 (TATP), is comprehensive in the application of a modern and internationally widely accepted compliance approach, but appears to lack focus on implementation and change management issues. Plans to reduce the network of local/regional tax offices to around 40 are in an advanced stage of development. A detailed roadmap should be developed that takes into account the interdependencies between the field office network, ICT development in general, document management, transfer of non-core functions, compliance management and HRM. It should also be considered to manage LTO upgrading and transformation of STA as two separate programs – or at least two separate projects – within the transformation program in order to make sure that complexity of the transformation program does not stall reform of the LTO.

A major objective of the reform of audit is the separation of the selection of taxpayers for audit from the implementation of audits. The number of field audits is relatively high in relation to the number of taxpayers. There is no clear risk-based approach. High priority should be given to the recent (re)start of the establishment within STA HQ and LTO of systematic risk analysis. The current lack of a randomized selection as part of the audit

selection process in the STA is problematic for a number of reasons. Random selection of a small share of audits would allow the STA to assess the performance of its risk indicators.

While development of taxpayer services has started, there is room for raising awareness of the requirements involved in building a state of the art taxpayer services organization. A structured plan should be developed for moving taxpayer services out of the local offices to centralized call centers and finally to the internet. In the transition taxpayer service points could be maintained at the locations of all or most of the local offices that are to be closed. These service points can provide on-the-ground, real-time support for taxpayers who need help with such issues as registration, return filing, and tax computation. Reaching out to newly registered businesses can be important for improving tax compliance at an early stage of business operations. Taxpayer surveys are another important tool to ensure a proper design and better targeting of service and information programs.

Under the current HRM practices, both the MoF and the LTO find it difficult to develop sufficient technical capacity in the area of Base Erosion and Profit shifting (BEPS). Short-term TA should be sought for BEPS issues such as transfer pricing and thin capitalization. In the long run, the establishment of a dedicated ‘International Tax and Transfer Pricing Team’ in the STA could be envisaged.

Labor market competition from tax advisory firms, chartered accountants and management and ICT consultancies that pay substantially higher salaries and offer better career perspectives exacerbate recruitment and retention issues. HRM policies should be developed to make tax related positions in the MoF, STA and LTO more attractive to young professionals. Recent recruitments have been halted by the overall government hiring freeze, thus aggravating issues with an aging workforce. The abovementioned analysis of options for a more strategic approach to managing the hiring freezes could consider the cases of scarcity of risk analysis specialists, high-level auditors and tax lawyers.

The high frequency of legislative changes and inconsistent interpretation of laws impose a burden on both the STA and private businesses. A program to further improve quality and clarity of tax legislation and streamline the system of bylaws and interpretations, clarifications and rulings should be developed.

The single court dealing with all tax disputes is insufficient. It would be advisable to relieve the GAC of a considerable caseload by creating a small number of first instance courts (perhaps starting at the current dislocations of the GAC) to hear tax cases. Within 4 to 7 years it should be considered to establish a small number of first instance tax courts that will function as gatekeeper to the General Administrative Court.

Customs Administration

EU accession will imply transformation to a paperless, fully automated customs environment, based on multi-layered risk management techniques in combination with full use of the latest control concepts. Considerable ICT efforts are needed, and it appears the CAS management does not expect to be able to finalize the upgrading of ICT-systems in time. Non-compliance with accession requirements could become an obstacle to accession.

Implementation of the relatively modern legislation of the CAS lags behind European modern standards. Control procedures are outdated and still mainly paper based with only a limited degree of automation, and modern control techniques are not fully exploited.

There seems to be no coherent post EU-accession vision and strategy for the customs area. A strategic plan is still under development for the year 2016 onwards, including underlying plans for ICT and HR. One of the focus areas should be the accession to the EU and the development of a vision on how to deal with the consequences for the national budget, revenue collection, customs tasks, organization and procedures, as well as ICT and staffing.

Cooperation between the CAS and the STA should be enhanced. The control processes in both administrations would benefit from mutual sharing of information and intelligence. Coordination and cooperation could be further facilitated by consolidating all revenue policy and administration under one State Secretary for revenue, who is (politically) responsible for both tax and customs policy and administration. It is not necessary or even desirable to merge the two administrations and this typically presents challenges as the products and organizational cultures are different in nature.

Main options and recommendations for the CAS include:

- An in-depth analysis of expected changes resulting from EU-accession should urgently be prepared and shared with stakeholders. The analysis should serve as the basis for the overall strategic plan for 2016 onwards, and the underlying ICT plans, investment plans, HR plan, development of process changes and implementation plans.
- A coherent strategy on the interdependencies of the main control elements – risk management, traditional controls and post-clearance audit – should be developed including desired intensity of controls and the overall use of risk management and post-clearance audit. A risk management committee should be established with responsibility for management of risk profiles and effectiveness of the risk management systems.
- The organization of several customs-related functions and sectors should be revisited, including the feasibility of bringing the tax and the customs administration under one state secretary for revenue

- Staffing needs should be reviewed as the role of risk management and post-clearance audit becomes vital for the move to the European standards.

Medium and longer term options and recommendations include:

- To improve the public perception of impartiality, the Appeals Commission of the CAS should be hosted within the central MoF either directly under the Minister within the Customs System and Policy Sector or under the State Secretary responsible for customs.
- Cooperation between the CAS and STA could be further enhanced by sharing “customer” information.
- Interim solutions should be considered to automate procedures on import and export until 2020, when fully automated procedures must be in place. An interim solution could be to replace the paper documentation accompanying the declaration by scanned copies.



CHAPTER 4. REFORM MANAGEMENT

The options and recommendations of the functional review constitute a major short and medium term reform agenda for strengthening the MoF in fulfilling its mandate. It is recommended that the MoF carefully reviews the options and recommendations, and, once approved, tracks their implementation. An appropriate organizational set-up for monitoring and advising on the process should be considered.

To assist the MoF in managing the implementation, the tables in the annex summarize all the suggested reform actions for the short (less than one year) and medium term (more than one year), respectively. The tables summarize the options and organize them by:

- Organization
- Type of intervention, i.e. whether they concern business process improvement, organizational change, legal & regulatory change, policy & strategy development, ICT-systems improvements, capacity development or HRM
- Responsibility for the actions (who will lead and who will join)
- Start time and duration
- Requirements in terms of decisions or prior actions needed in order for a given action to be effective, including any other actions in the plan
- Cost estimates where applicable
- Links to Public Administration (PA) reform plans.

Managing the Reform

Institutionalization of the implementation plan through establishing effective consultation and coordination mechanisms is a prerequisite for a successful reform. Any reform effort requires a clear strategy, a political champion supported by a capable reform team and well-

established consultation and coordination mechanisms to ensure a high level of coordination among all relevant stakeholders.

High-level political leadership is crucial. Starting and maintaining an institutional reform process requires the continuous pro-active engagement of the senior management. In this case, the implementation plan should be formally endorsed and first reform activities be launched by the Minister of Finance. Continued political leadership is required to maintain the reform process and to guide involved stakeholders through critical junctures, incl. conflicting opinions on reform details, as well as anxiety – and potentially even obstruction – by affected staff or other stakeholders.

A Reform Steering Committee comprising senior officials across the Ministry should be established. Even after the implementation plan has been approved, decisions on how to implement specific aspects of the plan will have to be taken on a continuous basis. This could be facilitated by establishing a reform committee to lead the necessary dialogue and decision-making on reform priorities and to oversee their implementation. The Committee could be chaired by a representative from the MoF senior management, e.g. a State Secretary, and comprise senior officials from the all the affected administrations. The reform steering committee should coordinate closely with the bodies overseeing reform implementation under the PAR umbrella and some overlap of key persons could be beneficial.

In addition, there is a need for continuous technical support. While the steering committee would provide high-level leadership and ensure consultation across administrations as well as coordination with the PAR, a dedicated group of experienced mid-level officers is required to spearhead and monitor new initiatives, make suggestions and provide technical support to the steering committee, guide specific areas of reform through both organizational and procedural change processes and organize capacity-building.

It will be of particular importance for the Steering Committee and technical support group to consider financing and sequencing of activities related to the significant ICT modernization agenda. It is evident that the envisaged ministry-wide upgrade and integration of ICT will require significant investment. The Steering committee should therefore map out the corresponding financing needs, seek out funding options and liaise with The World Bank, EU and other potential donors as necessary. While planning for investment financing is crucial, it would be important to properly sequence the activities related to ICT on the basis of the implementation plan. In particular, the Steering Committee should make sure that development strategies are formulated for the relevant areas of ICT modernization and the necessary regulatory, organizational, capacity and business process changes are given full consideration prior to any investments in hardware or software.

While dedicated technical reform support is essential, it is not advisable to create an additional, separate organizational unit for this purpose. Reform support should ideally be embedded in existing functional departments and units that are most closely associated with

the reform content, in order to ensure ownership by the primary stakeholders of the reform and avoid a disconnect between reform initiatives and day-to-day operations. Besides, creating a separate organizational unit would increase the span of managerial control in the central Ministry and add to the coordination challenge.

A well-designed communication strategy could further facilitate the implementation plan.

Every reform inevitably results in change, which may be welcomed by some stakeholders and rejected by others. Different factors may foster a general tendency to maintain the status quo. For example, staff might personally benefit from existing procedures or be afraid of reforms resulting in increased workload. A well-designed communication campaign providing information about objectives, timelines and potential reform benefits, as well as the consequences of doing nothing, could help to address potential anxieties among stakeholders and to prepare the ground for change. Box 2 below provides further ideas for the design of a communication plan.

Box 2. Design of a Communication Plan in Support of Administrative Reforms

The starting point for the development of a communication strategy in support of a change process is the definition of clear reform objectives. The type and scope of required communication largely depends on the type and scope of the envisioned change. Based on the reform objectives and strategy, the main stakeholders of the reform should be identified. Following a stakeholder analysis, which helps to determine the importance of each stakeholder for the reform in terms of its level of interest in and influence on the reform, specific target audiences should be identified and core messages be developed. Depending on the target audience and the level of available resources, a range of communication tools and channels should then be selected to communicate the core messages to the key stakeholders. The effect of communication activities should be constantly monitored, for example by measuring the changes in people's attitude towards ongoing reform. Below is an illustration of the main steps in developing a communication strategy.

Steps in Developing a Communication Strategy



A reform monitoring mechanism should be established. Once the implementation plan has been endorsed, a corresponding monitoring plan should be formulated. The plan should specify how progress towards achieving reform objectives will be measured and by whom.

This would involve formulation of indicators for the expected results, as well as corresponding means of verification. The task of monitoring reform progress could be assigned to the technical support group mentioned above. In most cases, monitoring progress should be straight forward, since the implementation plan already defines time-bound activities. In some instances, it might be required to break down actions into individual steps and define deadlines by when respective steps should have been taken. The group responsible for monitoring should regularly inform the Steering Committee about the progress and identified challenges and bottlenecks.

APPENDIX: IMPLEMENTATION PLAN FOR IMPROVING FUNCTIONS AND ORGANIZATION IN THE MINISTRY OF FINANCE

Short Term Options

No.	Option																								
ST.I	CUSTOMS ADMINISTRATION																								
ST.I.1	Finalize the overall strategic plan for 2016 onwards with key performance indicators and with focus on accession																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Business process improvement</td> </tr> <tr> <td>Estimated start date</td> <td>Nov-16</td> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Bureau of the Director General; Customs System and Policy Sector; All Heads of Divisions</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Analyze the consequences of accession on operations, procedures, HR, headquarters, legislation, ICT and organization</td> </tr> </table>	Type of intervention	Business process improvement			Estimated start date	Nov-16	Estimated duration	6 months	Responsibility	Bureau of the Director General; Customs System and Policy Sector; All Heads of Divisions			Requirements	Analyze the consequences of accession on operations, procedures, HR, headquarters, legislation, ICT and organization										
Type of intervention	Business process improvement																								
Estimated start date	Nov-16	Estimated duration	6 months																						
Responsibility	Bureau of the Director General; Customs System and Policy Sector; All Heads of Divisions																								
Requirements	Analyze the consequences of accession on operations, procedures, HR, headquarters, legislation, ICT and organization																								
ST.I.2	Update the ICT Strategy, using overall key performance indicators and EU Accession requirements.																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Policy & strategy; ICT systems</td> </tr> <tr> <td>Estimated start date</td> <td>Apr-17</td> <td>Estimated duration</td> <td>4 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Head of ICT Division, Bureau of the Director General, All Heads of Divisions, Ad-hoc consultant team</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Rapid contracting of consultants; overall strategy for the CAS finalized</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">Estimated costs of consultants: \$67,200</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">E-Govt. Strategy, Objective 1, Activity 9.1.1.13, Objective 2, Activity 9.1.2.4</td> </tr> </table>	Type of intervention	Policy & strategy; ICT systems			Estimated start date	Apr-17	Estimated duration	4 months	Responsibility	Head of ICT Division, Bureau of the Director General, All Heads of Divisions, Ad-hoc consultant team			Requirements	Rapid contracting of consultants; overall strategy for the CAS finalized			Cost estimate	Estimated costs of consultants: \$67,200			Link to PA reform plans	E-Govt. Strategy, Objective 1, Activity 9.1.1.13, Objective 2, Activity 9.1.2.4		
Type of intervention	Policy & strategy; ICT systems																								
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Cost estimate	Estimated costs of consultants: \$67,200																								
Link to PA reform plans	E-Govt. Strategy, Objective 1, Activity 9.1.1.13, Objective 2, Activity 9.1.2.4																								
ST.I.3	Update HRM strategy with a view to accession																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Capacity development</td> </tr> <tr> <td>Estimated start date</td> <td>Apr-17</td> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Head of Human Resource and General Affairs Division; Heads of technical divisions</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Overall strategy for the CAS finalized</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PAR Objective 2, Measure 2.2</td> </tr> </table>	Type of intervention	Capacity development			Estimated start date	Apr-17	Estimated duration	6 months	Responsibility	Head of Human Resource and General Affairs Division; Heads of technical divisions			Requirements	Overall strategy for the CAS finalized			Link to PA reform plans	PAR Objective 2, Measure 2.2						
Type of intervention	Capacity development																								
Estimated start date	Apr-17	Estimated duration	6 months																						
Responsibility	Head of Human Resource and General Affairs Division; Heads of technical divisions																								
Requirements	Overall strategy for the CAS finalized																								
Link to PA reform plans	PAR Objective 2, Measure 2.2																								
ST.I.4	Develop an alternative plan for modernization of customs if accession is delayed beyond 2020, including design of intermediate paperless customs procedures and redefined customs controls																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Policy & strategy</td> </tr> <tr> <td>Estimated start date</td> <td>Nov-16</td> <td>Estimated duration</td> <td>6 months</td> </tr> </table>	Type of intervention	Policy & strategy			Estimated start date	Nov-16	Estimated duration	6 months																
Type of intervention	Policy & strategy																								
Estimated start date	Nov-16	Estimated duration	6 months																						

No.	Option			
	Responsibility	Bureau of the Director General; Heads of Technical Divisions; Head of ICT division; Representatives of Customs offices		
	Requirements	Guidance from Minister about expected date of accession.		
	Link to PA reform plans	E-Govt Strategy, Objective 2, Activities 9.1.2.2-3; Objective 3, Activities 9.1.3.8-9		
ST.I.5	Make stop-gap infrastructure investments and provisional disaster recovery arrangements for CAS			
	Type of intervention	ICT systems		
	Estimated start date	Dec-16	Estimated duration	3 months
	Responsibility	Head of ICT Division		
	Requirements	Model corporate ICT services agreement with resource transfer and service level provisions developed by CIO office		
	Cost estimate	Costs to be estimated by CAS ICT Division		
ST.I.6	Establish working group to review options for the future organizational responsibility of excise taxation			
	Type of intervention	Organizational change		
	Estimated start date	Nov-16	Estimated duration	3 months
	Responsibility	Head of the CAS; Head of the STA		
	Requirements	Establishment of a working group of both Administrations		
ST.I.7	Develop a compliance management strategy for the main control elements – risk management, traditional controls and post-clearance audit			
	Type of intervention	Business process improvement		
	Estimated start date	Nov-16	Estimated duration	4 months
	Responsibility	Head of Customs Affairs and Customs Procedures Division; Head of Enforcement Division; Head of the Tariff Affairs Division; Head of Risk Management Department; Head of Post-Clearance Audit Department		
	Requirements	Cooperation with other ministries and organizations for whom customs carries out controls		
	Link to PA reform plans	PFM RP Measure 7, activity 3		
ST.I.8	Establish a risk management committee			
	Type of intervention	Business process improvement		
	Estimated start date	Nov-16		
	Responsibility	Head of the Enforcement Division; Head of the Risk management Department		
	Requirements	Cooperation with Customs Affairs and Customs Procedures, Tariff Affairs Division, Customs Offices, Enforcement Departments		
	Link to PA reform plans	PFM RP Measure 7, activity 3		
ST.I.9	Review staffing needs for risk management and PCA			
	Type of intervention	Business process improvement		

No.	Option			
	Estimated start date	Mar-17	Estimated duration	5 months
	Responsibility	Head of HR and General Affairs Division; Head of Customs Affairs and Procedures Division; Head of Risk management Department; Head of the PCA Department		
	Requirements	Finalization of outcome development control philosophy		
	Link to PA reform plans	PFM RP Measure 7, activity 3		
ST.II TAX ADMINISTRATION				
ST.II.1	Review business cases for the future organizational responsibility for each of the 20 non-core functions identified by the STA			
	Type of intervention	Legislative & regulatory change; organizational change		
	Estimated start date	Nov-16	Estimated duration	4 months
	Responsibility	Working party, chaired by State-Secretary Members: - Head of STA Transformation Division - PM Cabinet - Dep. Head of MoF Budget Sector		
	Requirements	World Bank TA for International references		
	Link to PA reform plans	PAR Objective 1, Measure 1.1		
ST.II.2	Separate selection of taxpayers for audit from actual audit			
	Type of intervention	Legislative & regulatory change; organizational change		
	Estimated start date	Jun-17		
	Responsibility	Director of STA; Director LTO; IMF is already providing TA		
	Requirements	Hiring professional staff; Continued development of risk management system		
	Link to PA reform plans	PAR Objective 4, Measure 4.3		
ST.II.3	Develop implementation roadmap for TATP 2016-2020			
	Type of intervention	Policy & strategy; Business process improvement		
	Estimated start date	Mar-17	Estimated duration	6 months
	Responsibility	Director STA and Head of Transformation Division		
	Requirements	Close cooperation with IMF resident advisor; high level change management expertise either from WB or IMF, IOTA or from the private sector		
	Link to PA reform plans	PAR Objective 1, Measure 1.1; PFM RP Measure 7, activity 1		
ST.II.4	Manage the upgrading of LTO separately from the STA transformation			
	Type of intervention	Business process Improvement		
	Estimated start date	Nov-16		
	Responsibility	Director STA, Head of transformation Division, Head of LTO		
	Link to PA reform plans	PAR Objective 1, Measure 1.1; PFM RP Measure 7, activity 1		

No.	Option																				
ST.II.5	Develop systematic risk analysis within the newly established risk management units in STA HQ and LTO																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Capacity development</td> </tr> <tr> <td>Estimated start date</td> <td>Feb-17</td> <td>Estimated duration</td> <td>2 years</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Dep. Director STA; Director LTO</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Successful hiring of risk specialists; (IMF) technical assistance</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PAR Objective 4, Measure 4.3; PFM RP Measure 7 – activity 7</td> </tr> </table>	Type of intervention	Capacity development			Estimated start date	Feb-17	Estimated duration	2 years	Responsibility	Dep. Director STA; Director LTO			Requirements	Successful hiring of risk specialists; (IMF) technical assistance			Link to PA reform plans	PAR Objective 4, Measure 4.3; PFM RP Measure 7 – activity 7		
Type of intervention	Capacity development																				
Estimated start date	Feb-17	Estimated duration	2 years																		
Responsibility	Dep. Director STA; Director LTO																				
Requirements	Successful hiring of risk specialists; (IMF) technical assistance																				
Link to PA reform plans	PAR Objective 4, Measure 4.3; PFM RP Measure 7 – activity 7																				
ST.II.6	Revisit the scope of Transfer Pricing legislation																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Legislative & regulatory change</td> </tr> <tr> <td>Estimated start date</td> <td>Mar-17</td> <td>Estimated duration</td> <td>1 year</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Head of MoF Tax Sector; Head of LTO</td> </tr> <tr> <td>Requirements</td> <td colspan="3">WB or OECD TA</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PAR Objective 1, Measure 1.3</td> </tr> </table>	Type of intervention	Legislative & regulatory change			Estimated start date	Mar-17	Estimated duration	1 year	Responsibility	Head of MoF Tax Sector; Head of LTO			Requirements	WB or OECD TA			Link to PA reform plans	PAR Objective 1, Measure 1.3		
Type of intervention	Legislative & regulatory change																				
Estimated start date	Mar-17	Estimated duration	1 year																		
Responsibility	Head of MoF Tax Sector; Head of LTO																				
Requirements	WB or OECD TA																				
Link to PA reform plans	PAR Objective 1, Measure 1.3																				
ST.II.7	Develop methods and training for BEPS issues																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Capacity development</td> </tr> <tr> <td>Estimated start date</td> <td>Jun-17</td> <td>Estimated duration</td> <td>1 year</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Head of LTO; Head of MoF Tax Sector</td> </tr> <tr> <td>Requirements</td> <td colspan="3">WB or OECD TA</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PAR Objective 4, Measure 4.3</td> </tr> </table>	Type of intervention	Capacity development			Estimated start date	Jun-17	Estimated duration	1 year	Responsibility	Head of LTO; Head of MoF Tax Sector			Requirements	WB or OECD TA			Link to PA reform plans	PAR Objective 4, Measure 4.3		
Type of intervention	Capacity development																				
Estimated start date	Jun-17	Estimated duration	1 year																		
Responsibility	Head of LTO; Head of MoF Tax Sector																				
Requirements	WB or OECD TA																				
Link to PA reform plans	PAR Objective 4, Measure 4.3																				
ST.II.8	Complete and deploy new Collections Module for Integrated Tax Administration Systems (IIS)																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">ICT systems</td> </tr> <tr> <td>Estimated start date</td> <td>Oct-16</td> <td>Estimated duration</td> <td>1 year</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">STA ICT Sector Director; Contractor Team</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">Already funded under capital budget</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 7, activity 5</td> </tr> </table>	Type of intervention	ICT systems			Estimated start date	Oct-16	Estimated duration	1 year	Responsibility	STA ICT Sector Director; Contractor Team			Cost estimate	Already funded under capital budget			Link to PA reform plans	PFM RP Measure 7, activity 5		
Type of intervention	ICT systems																				
Estimated start date	Oct-16	Estimated duration	1 year																		
Responsibility	STA ICT Sector Director; Contractor Team																				
Cost estimate	Already funded under capital budget																				
Link to PA reform plans	PFM RP Measure 7, activity 5																				
ST.III	BUDGET FORMULATION																				
ST.III.1	Develop a detailed plan for further development of program budgeting and MTBF based on PFMRP																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Business Process Improvement</td> </tr> <tr> <td>Estimated start date</td> <td>Jan -17</td> <td>Estimated duration</td> <td>4 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">MoF Budget sector with TA from USAID; line ministries (DBBs);</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">EUR 50,000</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 3, activity 1</td> </tr> </table>	Type of intervention	Business Process Improvement			Estimated start date	Jan -17	Estimated duration	4 months	Responsibility	MoF Budget sector with TA from USAID; line ministries (DBBs);			Cost estimate	EUR 50,000			Link to PA reform plans	PFM RP Measure 3, activity 1		
Type of intervention	Business Process Improvement																				
Estimated start date	Jan -17	Estimated duration	4 months																		
Responsibility	MoF Budget sector with TA from USAID; line ministries (DBBs);																				
Cost estimate	EUR 50,000																				
Link to PA reform plans	PFM RP Measure 3, activity 1																				
ST.III.2	Pilot spending reviews to enhance analytical capacity of Budget Sector																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Business process improvement</td> </tr> <tr> <td>Estimated start date</td> <td>Jan -17</td> <td>Estimated duration</td> <td>9 months</td> </tr> </table>	Type of intervention	Business process improvement			Estimated start date	Jan -17	Estimated duration	9 months												
Type of intervention	Business process improvement																				
Estimated start date	Jan -17	Estimated duration	9 months																		

No.	Option	
	Responsibility	MoF, Budget Sector with TA from GIZ; relevant line ministries
	Requirements	Detailed plan for further development of program budgeting and MTBF finalized
	Link to PA reform plans	PFM RP Measure 6, activity 1
ST.III.3	Communicate and implement the Methodology for costing of baselines for 2018 budget process	
	Type of intervention	Business process improvement; Capacity-building
	Estimated start date	Apr-17
	Estimated duration	9 months
	Responsibility	MoF, Budget Sector with TA from IMF; Line ministries (DBBs)
	Requirements	Detailed plan for further development of program budgeting and MTBF finalized
	Link to PA reform plans	PFM RP Measure 5, activity 1,3
ST.III.4	Develop detailed guidelines for financial and budgetary impact assessment of new regulations and conduct a series of workshops for budget beneficiaries	
	Type of intervention	Capacity-building
	Estimated start date	Jan-17
	Estimated duration	4 months
	Responsibility	MoF Budget Sector
	Cost estimate	USAID financing already available.
ST.III.5	Move activities related to political financing to MPALSG	
	Type of intervention	Organizational change
	Estimated start date	Jan 17
	Responsibility	State Secretary MoF; Budget Sector; General Secretariat
	Requirements	Included in Law on Ministries; Amendment of Law on Political Financing
ST.III.6	Finalize functional and technical requirements for PIM information system	
	Type of intervention	ICT systems
	Estimated start date	Oct-16
	Estimated duration	6 months
	Responsibility	MoF Budget Sector with Bank TA
	Requirements	PIM Bylaw finalized and procedures harmonized
	Cost estimate	Report on functional requirements already funded through Bank TA
	Link to PA reform plans	PFM RP Measure 4, activity 1; E-Govt. Strategy, Objective 4, Activity 9.1.4.13
ST.III.7	Develop guideline for implementation of PIM bylaw and harmonization of PIM-procedures	
	Type of intervention	Business process improvement
	Estimated start date	Dec-16
	Estimated duration	6 months
	Responsibility	MoF Budget Sector; working group for PIM Bylaw
	Requirements	PIM Bylaw finalized
	Cost estimate	USAID has provided initial support
	Link to PA reform plans	PFM RP Measure 4, activity 1

No.	Option			
ST.III.8	Accelerate hiring up to Systematization Act and consider reclassification of positions			
	Type of intervention	HR-development		
	Estimated start date	Oct-16	Estimated duration	3 months
	Responsibility	MoF state secretary; Budget Sector; General secretariat		
	Link to PA reform plans	PFM RP Measure 6, activity 1		
ST.III.9	Establish a dedicated team in Budget sector to coordinate budget formulation reforms			
	Type of intervention	Organizational change; business process improvement		
	Estimated start date	Oct-16		
	Responsibility	MoF state secretary; Budget Sector;		
	Requirements	Potential change to Systematization Act		
	Link to PA reform plans	PFM RP Measure 6, activity 1		
ST.IV	MACRO-FISCAL PLANNING AND COORDINATION			
ST.IV.1	Further develop analysis of fiscal revenue and expenditure by economic categories			
	Type of intervention	Capacity development; ICT-systems; Business process improvement		
	Estimated start date	Nov-16	Estimated duration	12 months
	Responsibility	MoF Macro-fiscal Sector		
	Link to PA reform plans	PFM RP Measure 1, activity 1		
ST.IV.2	Improve risk identification and assessment			
	Type of intervention	Capacity development; Business process improvement		
	Estimated start date	Nov-16	Estimated duration	6 months
	Responsibility	MoF Macro-fiscal Sector		
	Link to PA reform plans	PFM RP Measure 1, activity 1		
ST.IV.3	Harmonize methodology for compiling fiscal deficit data with Statistical Office within EDP (Excess Deficit Procedure) system			
	Type of intervention	ICT-systems; Business process improvement		
	Estimated start date	Nov-16	Estimated duration	12 months
	Responsibility	Statistical Office; Treasury Administration		
	Requirements	Protocols agreed for data transfer between Statistical Office and Treasury		
ST.IV.4	Develop protocols for transferring data from Treasury to Macro-Fiscal within EDP system			
	Type of intervention	Capacity development; Business process improvement; ICT-systems		
	Estimated start date	Nov-16	Estimated duration	12 months
	Responsibility	MoF Macro-fiscal Sector; Statistical Office; Treasury Administration with Bank TA		
	Requirements	Develop a corporate PFM Information Platform (PFM-CIP), starting with a pilot version built on already-owned technology		

No.	Option		
ST.IV.4	Design and implement the bridge model for now casting		
	Type of intervention	Capacity development; ICT-systems; Business process improvement	
	Estimated start date	Nov-16	Estimated duration 12 months
	Responsibility	MoF Macro-fiscal Sector; Statistical Office with Bank TA	
	Link to PA reform plans	PFM RP Measure 1, activity 1	
ST.IV.5	Design and implement a training plan in econometrics		
	Type of intervention	Capacity development	
	Estimated start date	Jan-17	Estimated duration 2 months
	Responsibility	MoF Macro-fiscal Sector; Government HRM Service with Bank TA	
	Link to PA reform plans	PFM RP Measure 1, activity 2	
ST.IV.6	Recruit additional staff up to the limit set by the Systematization Act (one mathematician and one experienced macroeconomist, at least)		
	Type of intervention	Capacity development; Legislative & regulatory change	
	Estimated start date	Oct-16	Estimated duration 6 months
	Responsibility	MoF; Government HRM Service	
	Requirements	Systematization Act amended	
ST.V	BUDGET EXECUTION – TREASURY ADMINISTRATION		
ST.V.1	Analyze potential efficiency gains from restructuring the local and regional treasury network, including scope and coverage of individual Treasury offices, and methodologies for payment operations		
	Type of intervention	Organizational change; Business process improvement	
	Estimated start date	Jan-17	Estimated duration 9 months
	Responsibility	Treasury Administration; MoF	
ST.V.2	Improve regulation and methodological guidance on in-year cash management and liquidity planning to improve and integrate revenue forecasting, determination of payments quotas and analysis of financing gaps		
	Type of intervention	Legislative and regulatory change; Business process improvement	
	Estimated start date	Jan-17	Estimated duration 8 months
	Responsibility	Treasury Administration; MoF (MFS); Public Debt Administration; technical assistance providers	
	Cost estimate	EUR 100,000	
	Link to PA reform plans	PFM RP Measure 8, activity 1	
ST.V.3	Design and implement a comprehensive needs-based training plan for extended roll-out of the FMIS and ensure appropriate staffing for implementation		
	Type of intervention	Capacity Development	
	Estimated start date	Nov-16	Estimated duration Implementation ongoing for the duration of FMIS extended roll out

No.	Option		
	Responsibility	Treasury Administration; Government HR Service	
	Link to PA reform plans	PFM RP Measure 16, activity 1-2; E-Govt. Strategy, Objective 5, Activity 9.1.5.1	
ST.V.4	Reorganize the Sector for Budgetary Accounting and Reporting to respond to the reform needs of the transition to accrual accounting and financial reporting, e.g. establish a unit for methodology and standards to champion the reform		
	Type of intervention	Organizational Change	
	Estimated start date	Nov-16	Estimated duration 4 months
	Responsibility	Treasury Administration	
	Link to PA reform plans	PFM RP Measure 17	
ST.V.5	Fully consolidate the monitoring and reporting of arrears within the TRE		
	Type of intervention	Legislative & regulatory change; Business process improvement	
	Estimated start date	Oct-16	Estimated duration 4 months
	Responsibility	Treasury Administration; MoF; Macro-Fiscal Sector	
	Link to PA reform plans	PFM RP Measure 16, activity 7-9	
ST.V.6	Formulate a new, comprehensive ICT strategy and action plan addressing the requirements of the PFMRP and the large, current ICT improvement agenda (see Main Report, Table 13)		
	Type of intervention	Policy & Strategy; ICT-systems	
	Estimated start date	Nov-16	Estimated duration 9 months
	Responsibility	Head of TRE's ICT Sector; Ad-hoc consultant team; Representatives from BBs	
	Requirements	No objection from PFM Information Council (PFMIC)	
	Link to PA reform plans	E-Govt. Strategy, Objective 1, Activity 9.1.1.13; Objective 2, Activities 9.1.2.2-4; Objective 3, Activities 9.1.3.8-9	
ST.V.7	Update regulations and modify Treasury FMIS to introduce ex-ante commitment controls and ensure accurate data on incurred commitments by budget beneficiaries		
	Type of intervention	Legislative & regulatory change; ICT Systems	
	Estimated start date	Jan-17	Estimated duration 9 months
	Responsibility	Head of Budget Execution Sector; Head of TRE's Sector for Public Payments; Head of TRE's ICT Sector	
	Requirements	Legislative basis to invalidate contracts lacking commitment number.	
	Link to PA reform plans	PFM RP Measure 8, activity 2	
ST.VI	BUDGET EXECUTION – CENTRAL MINISTRY OF FINANCE		
ST.VI.1	Functional consolidation of the ministry-wide internal audit function		
	Type of intervention	Business process improvement; Organizational change	
	Estimated start date	Dec-16	Estimated duration 4 months
	Responsibility	MoF; TRE; STA; CAS	

No.	Option		
	Requirements	Signing of performance agreement of the IA function between MoF and the concerned administrations	
	Link to PA reform plans	PFM RP Measure 13, activity 1-2; E-Govt. Strategy, Objective 4, Activity 9.1.4.14	
ST.VI.2	Facilitate strengthening of the Budget Inspection Unit through clarified legal basis and mandate, improved methodology, number of inspectors aligned with the legal mandate, and coordination with other authorities dealing with irregularities to avoid overlap		
	Type of intervention	Capacity development; legislative & regulatory change	
	Estimated start date	Nov-16	
	Responsibility	MoF; technical assistance providers	
	Link to PA reform plans	PFM RP Measure 15, activity 1-2	
ST.VII BUDGET EXECUTION – PUBLIC DEBT ADMINISTRATION			
ST.VII.1	Analyze training needs and workload and reassign non-essential staff in order to make room for the more advanced resources needed in the PDA front, middle and back office.		
	Type of intervention	Capacity Development; HRM	
	Estimated start date	Oct-16	Estimated duration 4 months
	Responsibility	PDA HR and management	
	Link to PA reform plans	PFM RP Measure 9, activity 7	
ST.VII.2	Seek TA to conduct training of civil servants in the PDA		
	Type of intervention	Capacity Development	
	Estimated start date	Oct-16	Estimated duration 12 months
	Responsibility	MoF; PDA	
	Link to PA reform plans	PFM RP Measure 9, activity 7; E-Govt. Strategy, Objective 5, Activity 9.1.5.1	
ST.VII.3	Revise strategy and project design for development of new Debt Management System		
	Type of intervention	Business process Improvement; ICT Systems	
	Estimated start date	Oct-16	Estimated duration 12 months
	Responsibility	PDA Mgmt. & ICT staff; WB TREA Advisor; Temporary ICT Consultants (starting in 2017); Software development contractor	
	Cost estimate	SIDA funding; Temporary ICT Consultants (see Table 13); SECO grant (WB TREA)	
	Link to PA reform plans	PFM RP Measure 9, activity 1	
ST.VIII CROSS-CUTTING ORGANIZATIONAL ISSUES			
ST.VIII.1	Fill vacant State Secretary positions and reassign functions between them		
	Type of intervention	Organizational change	
	Estimated start date	Oct-16	Estimated duration 3 months
	Responsibility	Minister of Finance; State Secretaries	
	Requirements	Selection and appointment	

No.	Option												
ST.VIII.2	Analyze options to strengthen secretariat function; map out the scope, functions and job-descriptions of a strengthened secretariat												
	<table border="1"> <tr> <td>Type of intervention</td> <td>Organizational change</td> </tr> <tr> <td>Estimated start date</td> <td>Nov-16</td> </tr> <tr> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td>Minister of Finance; State Secretaries; Secretary General</td> </tr> <tr> <td>Requirements</td> <td>Analyze legal and institutional constraints; Potential Bank TA</td> </tr> </table>	Type of intervention	Organizational change	Estimated start date	Nov-16	Estimated duration	6 months	Responsibility	Minister of Finance; State Secretaries; Secretary General	Requirements	Analyze legal and institutional constraints; Potential Bank TA		
Type of intervention	Organizational change												
Estimated start date	Nov-16												
Estimated duration	6 months												
Responsibility	Minister of Finance; State Secretaries; Secretary General												
Requirements	Analyze legal and institutional constraints; Potential Bank TA												
ST.VIII.3	Establish standing committees, task forces etc. for internal coordination												
	<table border="1"> <tr> <td>Type of intervention</td> <td>Organizational change</td> </tr> <tr> <td>Estimated start date</td> <td>Apr-17</td> </tr> <tr> <td>Estimated duration</td> <td>3 months</td> </tr> <tr> <td>Responsibility</td> <td>Minister of Finance; MoF State Secretaries; Secretary General</td> </tr> <tr> <td>Requirements</td> <td>Administrative decision; Scope and mandate of Secretariat function clarified</td> </tr> </table>	Type of intervention	Organizational change	Estimated start date	Apr-17	Estimated duration	3 months	Responsibility	Minister of Finance; MoF State Secretaries; Secretary General	Requirements	Administrative decision; Scope and mandate of Secretariat function clarified		
Type of intervention	Organizational change												
Estimated start date	Apr-17												
Estimated duration	3 months												
Responsibility	Minister of Finance; MoF State Secretaries; Secretary General												
Requirements	Administrative decision; Scope and mandate of Secretariat function clarified												
ST.VIII.4	Set up MoF intranet and appoint part-time staff to run it												
	<table border="1"> <tr> <td>Type of intervention</td> <td>Organizational change; business process improvement</td> </tr> <tr> <td>Estimated start date</td> <td>Nov-16</td> </tr> <tr> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td>MoF Secretary General, Information Department</td> </tr> <tr> <td>Requirements</td> <td>Short term contract for initial set-up. Appointment of staff.</td> </tr> <tr> <td>Cost estimate</td> <td>EUR 20,000</td> </tr> </table>	Type of intervention	Organizational change; business process improvement	Estimated start date	Nov-16	Estimated duration	6 months	Responsibility	MoF Secretary General, Information Department	Requirements	Short term contract for initial set-up. Appointment of staff.	Cost estimate	EUR 20,000
Type of intervention	Organizational change; business process improvement												
Estimated start date	Nov-16												
Estimated duration	6 months												
Responsibility	MoF Secretary General, Information Department												
Requirements	Short term contract for initial set-up. Appointment of staff.												
Cost estimate	EUR 20,000												
ST.VIII.5	Initiate a joint MoF study on rationalization of networks of local offices, including options for co-locating services provided by other ministries in multi-functional service centers												
	<table border="1"> <tr> <td>Type of intervention</td> <td>Organizational change; policy & strategy</td> </tr> <tr> <td>Estimated start date</td> <td>Jan-17</td> </tr> <tr> <td>Estimated duration</td> <td>9 months</td> </tr> <tr> <td>Responsibility</td> <td>Minister; State Secretaries; Heads of TRE, STA and the CAS</td> </tr> <tr> <td>Requirements</td> <td>Appoint task team; Consultant Study</td> </tr> <tr> <td>Cost estimate</td> <td>EUR 150,000</td> </tr> </table>	Type of intervention	Organizational change; policy & strategy	Estimated start date	Jan-17	Estimated duration	9 months	Responsibility	Minister; State Secretaries; Heads of TRE, STA and the CAS	Requirements	Appoint task team; Consultant Study	Cost estimate	EUR 150,000
Type of intervention	Organizational change; policy & strategy												
Estimated start date	Jan-17												
Estimated duration	9 months												
Responsibility	Minister; State Secretaries; Heads of TRE, STA and the CAS												
Requirements	Appoint task team; Consultant Study												
Cost estimate	EUR 150,000												
ST.VIII.6	Establish a risk management unit to coordinate management of fiscal risk												
	<table border="1"> <tr> <td>Type of intervention</td> <td>Organizational change</td> </tr> <tr> <td>Estimated start date</td> <td>Dec-16</td> </tr> <tr> <td>Responsibility</td> <td>Minister; State Secretaries; Ass. Ministers for Macro-fiscal and Budget sectors.</td> </tr> <tr> <td>Requirements</td> <td>Terms of reference and work plan to be agreed, including division of labor with existing risk management work in Macro-fiscal and Budget Sectors</td> </tr> </table>	Type of intervention	Organizational change	Estimated start date	Dec-16	Responsibility	Minister; State Secretaries; Ass. Ministers for Macro-fiscal and Budget sectors.	Requirements	Terms of reference and work plan to be agreed, including division of labor with existing risk management work in Macro-fiscal and Budget Sectors				
Type of intervention	Organizational change												
Estimated start date	Dec-16												
Responsibility	Minister; State Secretaries; Ass. Ministers for Macro-fiscal and Budget sectors.												
Requirements	Terms of reference and work plan to be agreed, including division of labor with existing risk management work in Macro-fiscal and Budget Sectors												
ST.IX	CROSS-CUTTING HRM ISSUES												
ST.IX.1	Establish task team to accelerate recruitment efforts to fill current vacancies across the ministry												
	<table border="1"> <tr> <td>Type of intervention</td> <td>HRM</td> </tr> <tr> <td>Estimated start date</td> <td>Oct-16</td> </tr> <tr> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td>MoF HR; MPALSG</td> </tr> </table>	Type of intervention	HRM	Estimated start date	Oct-16	Estimated duration	6 months	Responsibility	MoF HR; MPALSG				
Type of intervention	HRM												
Estimated start date	Oct-16												
Estimated duration	6 months												
Responsibility	MoF HR; MPALSG												

No.	Option			
	Requirements	Administrative action		
ST.IX.2	Establish a working group to formulate ministry-wide HR policies and strategies for the medium term as a basis for agency specific HR strategies and training and action plans			
	Type of intervention	HRM		
	Estimated start date	Dec-16	Estimated duration	9 months
	Responsibility	MoF HR; Heads of HR departments in Administrations		
ST.IX.3	HRM training of senior and mid-level managers to enhance their role in HRM			
	Type of intervention	HRM		
	Estimated start date	Aug-17	Estimated duration	3 months
	Responsibility	MoF HR; MPALSG		
	Requirements	Training program based on ministry-wide HR policy and strategy		
	Link to PA reform plans	PAR Objective 2, Measure 2.2.4		
ST.IX.4	Analyze options for a more strategic approach to managing recruitment freezes in order to accommodate the need for recruitment in critical areas: risk analysis specialists, high-level auditors, tax lawyers, sr. economists and ICT specialists			
	Type of intervention	HRM; Legislative & regulatory change		
	Estimated start date	Feb-17		
	Responsibility	MPALSG		
	Link to PA reform plans	PAR Objective 2, Measure 2.2		
ST.X	CROSS-CUTTING ICT ISSUES			
ST.X.1	Appoint a corporate CIO to lead PFMIC and to develop common ICT governance standards and instruments for PFM			
	Type of intervention	Organizational change; Business process improvement		
	Estimated start date	Oct-16	Estimated duration	1 months
	Responsibility	Minister of Finance		
ST.X.2	Establish a PFM Information Council (PFMIC) to adopt ICT governance standards and instruments for PFM.			
	Type of intervention	Organizational change; Business process improvement		
	Estimated start date	Oct-16	Estimated duration	1 month
	Responsibility	Minister of Finance; Heads of Administrations as members of PFMIC; Other members tbd.		
	Requirements	Hiring of temporary support consultants		
	Cost estimate	TBD by temporary consultant team (see table 13) EUR 81,000 for COBIT assessments		
	Link to PA reform plans	PAR Objective 1, Measure 1.4.2; E-Govt. Strategy, Objective 1, Activity 9.1.1.13; Objective 2, Activities 9.1.2.3-4; Objective 3, Activities 9.1.3.8-9		

No.	Option																				
ST.X.3	Establish task team to formulate functional requirements for a PFM Information Platform (PFM-CIP)																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Business process Improvement; ICT-systems</td> </tr> <tr> <td>Estimated start date</td> <td>Oct-16</td> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Minister of Finance; CIO; Representatives of ICT-Sectors in TRE, CAS, STA and PDA</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Bank TA is planned</td> </tr> </table>	Type of intervention	Business process Improvement; ICT-systems			Estimated start date	Oct-16	Estimated duration	6 months	Responsibility	Minister of Finance; CIO; Representatives of ICT-Sectors in TRE, CAS, STA and PDA			Requirements	Bank TA is planned						
Type of intervention	Business process Improvement; ICT-systems																				
Estimated start date	Oct-16	Estimated duration	6 months																		
Responsibility	Minister of Finance; CIO; Representatives of ICT-Sectors in TRE, CAS, STA and PDA																				
Requirements	Bank TA is planned																				
ST.X.4	Develop corporate data model and data dictionary for the MoF																				
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Responsibility	CIO; ICT staff from all Administrations; Temporary consultant team																				
Requirements	CIO Appointment; Expedient hiring of temporary consultants																				
Link to PA reform plans	PAR Objective 1, Measure 1.4.2; Objective 5, Measure 5.1.1, E-Govt. Strategy, Objective 2, Activity 9.1.2.2																				
ST.X.5	Review major ICT system development contracts in all administrations, recommend risk mitigation measures and quality standard for systems procurement strategies																				
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Responsibility	CIO; ICT staff from all Administrations; Temporary consultant team																				
Requirements	CIO Appointment; Expedient hiring of temporary consultants																				
ST.X.6	Adopt a common, Integrated Quality Management system (IQMS) for the MoF and its ascribed administrations.																				
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Business Process Improvement</td> </tr> <tr> <td>Estimated start date</td> <td>Jun-17</td> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">CIO; All Heads of ICT; Temporary consultant team</td> </tr> <tr> <td>Requirements</td> <td colspan="3">CIO Appointment; Expedient hiring of temporary consultants</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">E-Govt. Strategy, Objective 3, Activity 9.1.3.2</td> </tr> </table>	Type of intervention	Business Process Improvement			Estimated start date	Jun-17	Estimated duration	6 months	Responsibility	CIO; All Heads of ICT; Temporary consultant team			Requirements	CIO Appointment; Expedient hiring of temporary consultants			Link to PA reform plans	E-Govt. Strategy, Objective 3, Activity 9.1.3.2		
Type of intervention	Business Process Improvement																				
Estimated start date	Jun-17	Estimated duration	6 months																		
Responsibility	CIO; All Heads of ICT; Temporary consultant team																				
Requirements	CIO Appointment; Expedient hiring of temporary consultants																				
Link to PA reform plans	E-Govt. Strategy, Objective 3, Activity 9.1.3.2																				
ST.X.7	Conduct COBIT Audits and develop follow up action plan																				
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Type of intervention	Capacity building																				
Estimated start date	Jan-17	Estimated duration	8 months																		
Responsibility	CIO; Heads of ICT Sectors at TRE, CAS and STA; Ad-hoc consultant team																				
Requirements	CIO Appointment; Expedient hiring of temporary consultants																				
Cost estimate	EUR 32,400 X 3																				

Medium Term Options

No.	Option																								
ST.I	CUSTOMS ADMINISTRATION																								
MT.I.1	Move the Appeals Commission from the CAS to the Central Ministry																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Organizational change</td> </tr> <tr> <td>Estimated start date</td> <td>Jan-17</td> <td>Estimated duration</td> <td>12 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Finance Minister; MoF State Secretary</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Analysis of Law on Public Administration</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 7, activity 4</td> </tr> </table>	Type of intervention	Organizational change			Estimated start date	Jan-17	Estimated duration	12 months	Responsibility	Finance Minister; MoF State Secretary			Requirements	Analysis of Law on Public Administration			Link to PA reform plans	PFM RP Measure 7, activity 4						
Type of intervention	Organizational change																								
Estimated start date	Jan-17	Estimated duration	12 months																						
Responsibility	Finance Minister; MoF State Secretary																								
Requirements	Analysis of Law on Public Administration																								
Link to PA reform plans	PFM RP Measure 7, activity 4																								
MT.I.2	Place responsibility of revenue management and administration under one state secretary																								
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Type of intervention	Organizational change																								
Estimated start date	Jan-17	Estimated duration	6 months																						
Responsibility	Finance Minister; State Secretaries responsible for the CAS and STA																								
Requirements	Analysis of Law on Public Administration;																								
MT.I.3	Analyze options to combine support functions of the CAS and the STA in a shared service arrangement																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Organizational change</td> </tr> <tr> <td>Estimated start date</td> <td>Jul-17</td> <td>Estimated duration</td> <td>6 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Responsible State Secretary for Revenue; Director Generals of the CAS and STA</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Decision on study into one State Secretary for Revenue</td> </tr> </table>	Type of intervention	Organizational change			Estimated start date	Jul-17	Estimated duration	6 months	Responsibility	Responsible State Secretary for Revenue; Director Generals of the CAS and STA			Requirements	Decision on study into one State Secretary for Revenue										
Type of intervention	Organizational change																								
Estimated start date	Jul-17	Estimated duration	6 months																						
Responsibility	Responsible State Secretary for Revenue; Director Generals of the CAS and STA																								
Requirements	Decision on study into one State Secretary for Revenue																								
MT.I.4	Integrate all electronic risk analysis systems in one system for risk analysis, serving both the declaration processes as well as pre-arrival and pre-departure processes.																								
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Type of intervention	Business process improvement; ICT-systems																								
Estimated start date	Jul-17	Estimated duration	3 months																						
Responsibility	Head of Risk Management Department, head of ICT department																								
Requirements	Aligning systems for risk management, data, profiles,																								
Cost estimate	Internal costs CAS, ICT-development costs																								
Link to PA reform plans	PFM RP Measure 7, activity 3; PAR Objective 4, Measure 4.2.2.																								
MT.I.5	Development of an automated client profile system for risk management CAS and STA																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Business process improvement</td> </tr> <tr> <td>Estimated start date</td> <td>Jul-17</td> <td>Estimated duration</td> <td>2 years</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">Director generals CAS and STA; Heads of ITC and Risk Management Departments of CAS and STA</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">Systems development costs</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 7, activity 3</td> </tr> </table>	Type of intervention	Business process improvement			Estimated start date	Jul-17	Estimated duration	2 years	Responsibility	Director generals CAS and STA; Heads of ITC and Risk Management Departments of CAS and STA			Cost estimate	Systems development costs			Link to PA reform plans	PFM RP Measure 7, activity 3						
Type of intervention	Business process improvement																								
Estimated start date	Jul-17	Estimated duration	2 years																						
Responsibility	Director generals CAS and STA; Heads of ITC and Risk Management Departments of CAS and STA																								
Cost estimate	Systems development costs																								
Link to PA reform plans	PFM RP Measure 7, activity 3																								

No.	Option		
MT.I.6	Develop a new suite of Customs Administration ICT systems according to EU standards		
	Type of intervention	ICT Systems	
	Estimated start date	Sept-17	Estimated duration 48 months
	Responsibility	CAS ICT Sector staff; Software providers	
	Requirements	Major new investment funding required; Multiple, large system development contracts	
	Link to PA reform plans	PAR Objective 1, Measure 1.4.2-3	
MT.I.7	Modernize CAS ICT Infrastructure		
	Type of intervention	ICT Systems	
	Estimated start date	Jan-18	Estimated duration 12 months
	Responsibility	CAS ICT Sector staff; ICT Infrastructure providers	
	Requirements	Major new investment funding required; Large procurement of technology	
MT.II	TAX ADMINISTRATION		
MT.II.1	Establish dedicated “International Tax and Transfer Pricing Team” in STA		
	Type of intervention	Organizational Change; Capacity development	
	Estimated start date	Jan-18	
	Responsibility	Director of STA, Head of LTO	
	Requirements	Successful hiring of high level auditors and tax lawyers	
	Link to PA reform plans	PAR Objective 4, Measure 4.3	
MT.II.2	Develop and implement dedicated HRM policies for tax professional positions in MoF, STA and LTO		
	Type of intervention	Legislative and regulatory change	
	Estimated start date	Nov-16	Estimated duration 36 months
	Responsibility	MoF; MPALSG; Director of STA	
	Requirements	WB TA	
	Link to PA reform plans	PAR Objective 2, Measure 2.2 & 2.3	
MT.II.3	Develop and implement a long term structured Taxpayer Service Plan		
	Type of intervention	Business process improvement; Organizational change	
	Estimated start date	Jan-17	Estimated duration 36 months
	Responsibility	Director of STA; Head of Division for Education, Communication, c.a.; Head of Transformation Division	
	Requirements	IOTA, WB and/or OECD TA	
	Link to PA reform plans	PAR Objective 4, Measure 4.2; PFM RP Measure 7, activity 1	
MT.II.4	Consider establishing a second instance for tax jurisdiction within the court system		
	Type of intervention	Legislative & regulatory change; Organizational change	
	Estimated start date	Jan-18	Estimated duration 60 months

No.	Option	
	Responsibility	Minister of Justice; President of GAC
	Link to PA reform plans	PAR Objective 1, Measure 1.1
MT.II.5	Improve quality of tax legislation and develop system of interpretations, clarifications and rulings.	
	Type of intervention	Legislative & regulatory change; Business process improvement
	Estimated start date	Jan-18
	Estimated duration	36 months
	Responsibility	State-Secretary; Head of MoF Tax Sector; Dep. Head of STA
	Requirements	WB, IMF and/ or IOTA TA
	Link to PA reform plans	PAR Objective 1, Measure 1.3; Objective 4, Measure 4.1; PFM RP Measure 7, activity 2
MT.III BUDGET FORMULATION		
MT.III.1	Pilot a simplification of budget appropriation structure and more strategic virement rules based on BBs meeting specific financial management benchmarks	
	Type of intervention	Legal & regulatory Change; Business process improvement
	Estimated start date	Oct-17
	Estimated duration	12 months
	Responsibility	MoF state secretary; Budget Sector
	Requirements	Pilots identified through financial management benchmarks
MT.III.2	Spending reviews institutionalized in budget preparation work	
	Type of intervention	Business process improvement
	Estimated start date	Jun-17
	Responsibility	MoF state secretary; Budget Sector with TA from GIZ
	Requirements	Piloting finalized and evaluated
	Link to PA reform plans	PFM RP Measure 6, activity 1
MT.III.3	Harmonization of PIM procedures, operational interfaces and revisiting of institutional responsibilities	
	Type of intervention	Business process improvement; Organizational change
	Estimated start date	Jun-17
	Responsibility	MoF; SEIO
	Requirements	Reflected in PIM Bylaw; Discussion with EU officials to ensure compliance with EU-procedures
	Link to PA reform plans	PAR Objective 4, Measure 4.2.2; PFM RP Measure 4, activity 1
MT.III.4	Dedicate staff resources in the Budget Sector to closely follow restructuring and privatization agenda led by the MoE and to manage MoFs various interests related to PEs.	
	Type of intervention	Organizational change
	Estimated start date	Jun-17
	Responsibility	MoF State Secretary and Budget sector

No.	Option																								
MT.III.5	Strengthen Sector/Policy area focus of Budget sector organization, e.g. by creating a Budget analysis Division with enhanced capacity and resources																								
	<table border="1"> <tr> <td>Type of intervention</td> <td>Organizational change</td> </tr> <tr> <td>Estimated start date</td> <td>Jun-18</td> </tr> <tr> <td>Responsibility</td> <td>MoF state secretary; Budget Sector;</td> </tr> <tr> <td>Requirements</td> <td>Staffing and capacity for Budget Analysis increased; Spending review methodology implemented;</td> </tr> <tr> <td>Link to PA reform plans</td> <td>PFM RP Measure 6, activity 1</td> </tr> </table>	Type of intervention	Organizational change	Estimated start date	Jun-18	Responsibility	MoF state secretary; Budget Sector;	Requirements	Staffing and capacity for Budget Analysis increased; Spending review methodology implemented;	Link to PA reform plans	PFM RP Measure 6, activity 1														
Type of intervention	Organizational change																								
Estimated start date	Jun-18																								
Responsibility	MoF state secretary; Budget Sector;																								
Requirements	Staffing and capacity for Budget Analysis increased; Spending review methodology implemented;																								
Link to PA reform plans	PFM RP Measure 6, activity 1																								
MT.IV MACRO-FISCAL PLANNING AND COORDINATION																									
MT.IV.1	Design and implement a recurrent training plan for advanced modeling and forecasting																								
	<table border="1"> <tr> <td>Type of intervention</td> <td>Capacity development</td> </tr> <tr> <td>Estimated start date</td> <td>Nov-16</td> <td>Estimated duration</td> <td>3x2 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">MoF Macro-fiscal Sector; Government HRM Service</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 1, activity 1</td> </tr> </table>	Type of intervention	Capacity development	Estimated start date	Nov-16	Estimated duration	3x2 months	Responsibility	MoF Macro-fiscal Sector; Government HRM Service			Link to PA reform plans	PFM RP Measure 1, activity 1												
Type of intervention	Capacity development																								
Estimated start date	Nov-16	Estimated duration	3x2 months																						
Responsibility	MoF Macro-fiscal Sector; Government HRM Service																								
Link to PA reform plans	PFM RP Measure 1, activity 1																								
MT.IV.2	Design a DSGE model for elaborating policy options																								
	<table border="1"> <tr> <td>Type of intervention</td> <td>Capacity development</td> </tr> <tr> <td>Estimated start date</td> <td>Nov-16</td> <td>Estimated duration</td> <td>24 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">MoF Macro-Fiscal Sector; Statistical Office</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Appropriate staff hired within the limits set by the Systematization Act</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">Training cost</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 1, activity 1</td> </tr> </table>	Type of intervention	Capacity development	Estimated start date	Nov-16	Estimated duration	24 months	Responsibility	MoF Macro-Fiscal Sector; Statistical Office			Requirements	Appropriate staff hired within the limits set by the Systematization Act			Cost estimate	Training cost			Link to PA reform plans	PFM RP Measure 1, activity 1				
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Requirements	Appropriate staff hired within the limits set by the Systematization Act																								
Cost estimate	Training cost																								
Link to PA reform plans	PFM RP Measure 1, activity 1																								
MT.IV.3	Implement a proper sensitivity analysis in the ERP																								
	<table border="1"> <tr> <td>Type of intervention</td> <td>Capacity development</td> </tr> <tr> <td>Estimated start date</td> <td>Sep-17</td> <td>Estimated duration</td> <td>12 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">MoF Macro-Fiscal Sector</td> </tr> <tr> <td>Requirements</td> <td colspan="3">A DSGE model implemented</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">Training cost</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 1, activity 1</td> </tr> </table>	Type of intervention	Capacity development	Estimated start date	Sep-17	Estimated duration	12 months	Responsibility	MoF Macro-Fiscal Sector			Requirements	A DSGE model implemented			Cost estimate	Training cost			Link to PA reform plans	PFM RP Measure 1, activity 1				
Type of intervention	Capacity development																								
Estimated start date	Sep-17	Estimated duration	12 months																						
Responsibility	MoF Macro-Fiscal Sector																								
Requirements	A DSGE model implemented																								
Cost estimate	Training cost																								
Link to PA reform plans	PFM RP Measure 1, activity 1																								
MT.IV.4	Design a system and procedure for analyzing fiscal sustainability and macroeconomic imbalances																								
	<table border="1"> <tr> <td>Type of intervention</td> <td colspan="3">Legislative & regulatory change; Capacity development; ICT-systems</td> </tr> <tr> <td>Estimated start date</td> <td>Jan-17</td> <td>Estimated duration</td> <td>24 months</td> </tr> <tr> <td>Responsibility</td> <td colspan="3">MoF Macro-Fiscal Sector; Statistical Office and National Bank of Serbia.</td> </tr> <tr> <td>Requirements</td> <td colspan="3">Negotiation on Chapter 17 on Fiscal and Monetary Policy closed</td> </tr> <tr> <td>Cost estimate</td> <td colspan="3">Training cost</td> </tr> <tr> <td>Link to PA reform plans</td> <td colspan="3">PFM RP Measure 1, activity 2</td> </tr> </table>	Type of intervention	Legislative & regulatory change; Capacity development; ICT-systems			Estimated start date	Jan-17	Estimated duration	24 months	Responsibility	MoF Macro-Fiscal Sector; Statistical Office and National Bank of Serbia.			Requirements	Negotiation on Chapter 17 on Fiscal and Monetary Policy closed			Cost estimate	Training cost			Link to PA reform plans	PFM RP Measure 1, activity 2		
Type of intervention	Legislative & regulatory change; Capacity development; ICT-systems																								
Estimated start date	Jan-17	Estimated duration	24 months																						
Responsibility	MoF Macro-Fiscal Sector; Statistical Office and National Bank of Serbia.																								
Requirements	Negotiation on Chapter 17 on Fiscal and Monetary Policy closed																								
Cost estimate	Training cost																								
Link to PA reform plans	PFM RP Measure 1, activity 2																								

No.	Option		
MT.IV.5	Establish dedicated unit for management of EU-budget ("own EU resources")		
	Type of intervention	Organizational change	
	Estimated start date	Jan-18	Estimated duration 24 months
	Responsibility	MoF	
	Requirements	Closing negotiation on Chapter 33 on Financial and Budgetary Provisions	
	Link to PA reform plans	PFM RP Measure 1, activity 2	
MT.V	BUDGET EXECUTION – TREASURY ADMINISTRATION		
MT.V.1	Set up the processes and ICT support for collecting and using non-financial performance information		
	Type of intervention	Capacity Development; Business process improvement; ICT systems	
	Estimated start date	Jan-17	Estimated duration 9 months
	Responsibility	MoF; TRE ICT Sector	
	Link to PA reform plans	PAR Objective 4, Result 4.2.2; PFM RP Measure 16, activity 1	
MT.V.2	Reassign the function for management and administration of the Agricultural Household Registry to the Ministry of Agriculture		
	Type of intervention	Legislative & regulatory change; Organizational change	
	Estimated start date	Jan-17	Estimated duration 12 months
	Responsibility	Finance Minister; TRE; Ministry of Agriculture	
	Requirements	Included in Law on Ministries	
MT.V.3	Conduct strategic re-assigning of staff duties to core functions after hiving-off non-core functions		
	Type of intervention	Organizational change	
	Estimated start date	Jan-18	Estimated duration 18 months
	Responsibility	TRE	
	Requirements	Non-core functions hived off (e.g. register of agriculture household transferred to Ministry of Agriculture)	
MT V.4	Conduct a combined business process, accounting practices and accounting systems assessment study across a sample of BBs		
	Type of intervention	Business process improvement; ICT Systems	
	Estimated start date	Oct-17	Estimated duration 2 months
	Responsibility	Budget Accounting and Reporting Department; Contractor	
	Requirements	Strong involvement of TRE ICT Sector staff	
	Cost estimate	TBD	
	Link to PA reform plans	PFMRP Result 16.1	
MT.V.5	Develop an integrated Government Financial Management Information System (GFMIS) in accordance with strategy/action plan		
	Type of intervention	Business process improvement; ICT Systems	
	Estimated start date	Jan-18	Estimated duration 60 - 72 months

No.	Option	
	Responsibility	TRE ICT Sector staff; Software development contractor(s)
	Requirements	Major new investment funding needed; Procurement during 2018; Development & deployment afterwards
	Link to PA reform plans	PAR Objective 4, Measure 4.2.2
MT.VI BUDGET EXECUTION - PUBLIC DEBT ADMINISTRATION		
MT.VI.1	Formulate new PDA ICT Strategy	
	Type of intervention	Policy & Strategy; Business process improvement; ICT-systems
	Estimated start date	Oct-17
	Estimated duration	4 months
	Responsibility	PDA Management; Temporary Consultant Team; WB TREA Advisor
	Requirements	No objection from PFM Information Council (PFMIC)
	Cost estimate	EUR 48,000
	Link to PA reform plans	PFM RP Measure 9, activity 1; E-Govt. Strategy, Objective 1, Activity 9.1.1.13; Objective 2, Activities 9.1.2.2-4; Objective 3, Activities 9.1.3.8-9
MT.VII BUDGET EXECUTION – CENTRAL MINISTRY		
MT.VII.1	Transform the Sector for Financing and Contracting of EU Funds (CFCU) into a separate Administration within the MoF	
	Type of intervention	Organizational change; legislative & regulatory change
	Estimated start date	Dec-16
	Estimated duration	24 months
	Responsibility	MoF; GoS
	Requirements	Prior consultation with the EC to see whether the planned changes in the MCS are acceptable.
MT.VII.2	Transfer the National Fund (NF) to the TRE	
	Type of intervention	Organizational change
	Estimated start date	Dec-16
	Estimated duration	24 months
	Responsibility	MoF; TRE
	Requirements	Prior consultation with the EC, to see whether the planned changes in the MCS are acceptable.
MT.VIII CROSS-CUTTING ORGANIZATIONAL ISSUES		
MT.VIII.1	Review options to place the State Property Directorate under closer MOF supervision, e.g. as an Administration under the MoF	
	Type of intervention	Organizational change
	Estimated start date	Nov-16
	Estimated duration	12 months
	Responsibility	MoF; Prime Minister
	Requirements	Included in the Law on Ministries
	Link to PA reform plans	PAR Objective 1, Measure 1.1.1
MT.VIII.2	Appointment of senior non-political civil servants	
	Type of intervention	Organizational change

No.	Option			
	Estimated start date	Jan-17	Estimated duration	60 - 72 months
	Responsibility	MPALSG		
	Requirements	New civil service law		
	Link to PA reform plans	PAR Objective 2, Measure 2.2.1		
MT.IX CROSS-CUTTING HRM ISSUES				
MT.IX.1	Review incentives to attract and retain scarce skills, especially at the mid-career level			
	Type of intervention	HRM		
	Estimated start date	Jan-17	Estimated duration	24 months
	Responsibility	MoF in coordination with MPALSG		
	Requirements	Changes in respect to civil service pay regulations		
	Link to PA reform plans	PAR Objective 2, Measure 2.1.2		
MT.IX.2	Develop PFM professionalization strategy and action plan			
	Type of intervention	HRM		
	Estimated start date	Jan-17	Estimated duration	12 months
	Responsibility	MoF in coordination with MPALSG and educational/professional bodies		
	Requirements	Build on MPALSG proposals for professional academies		
	Cost estimate	EUR 200,000		
	Link to PA reform plans	PAR Objective 2, Measure 2.3.1		
MT.IX.3	Upgrade HRM Function to broaden the use of HRM tools and better support line managers in HRM			
	Type of intervention	HRM		
	Estimated start date	Nov-16	Estimated duration	24 months
	Responsibility	Finance Minister; MoF HR Department		
	Requirements	Build on analysis to strengthen Secretariat function		
	Cost estimate	EUR 75,000		
	Link to PA reform plans	PAR Objective 2, Measure 2.2.3		
MT.X CROSS-CUTTING ICT ISSUES				
MT.X.1	Hire expert consultants for 1.5 years to provide temporary support to current ICT reforms and complementary recommendations of this study			
	Type of intervention	Business process improvement		
	Estimated start date	Jan-17	Estimated duration	18 months
	Responsibility	CIO; All Heads of ICT		
	Requirements	Heads of ICT must decide on skill profile for consultants		
	Cost estimate	EUR 1,064,400 (See Table 13)		

No.	Option			
MT.X.2	Develop a corporate PFM Information Platform (PFM-CIP), starting with a pilot version built on already-owned technology			
	Type of intervention	ICT systems		
	Estimated start date	Jan-17	Estimated duration	18 months
	Responsibility	CIO; All ICT Heads; Temporary consultant team		
	Requirements	Hiring of temporary support consultants below		
MT.X.3	Develop operational version of the Corporate Information Platform (PFM-CIP) system			
	Type of intervention	ICT systems		
	Estimated start date	Jan-18	Estimated duration	24 months
	Responsibility	CIO; All Heads of ICT; Software development contractor		
	Requirements	Successful operation of the pilot systems initiated in 2016; Appropriate investment funding		
MT.X.4	Consolidate at the Treasury ICT Sector the provision of ICT support for MOF, the PDA and the Budget Sector under appropriate resource transfer and service level agreements			
	Type of intervention	Business process improvement; Organizational change		
	Estimated start date	Jun-17	Estimated duration	12 months
	Responsibility	MoF CIO; TRE ICT Sector Mgmt.; Budget Sector ICT Unit; PDA ICT Mgmt.; MoF ICT support Unit		
	Requirements	Model ICT Services agreement prepared by CIO Office		

