I. THE PROJECT

1. DESCRIPTION

1.1 Title

FOSTERING TAX TRANSPARENCY IN ALBANIA

Subtitle

Italian Development Cooperation's support to the Automatic Exchange of Information Pilot Program for Albania under the auspices of the Global Forum for Tax Transparency and Exchange of Information

1.2 Location

Rome, Tirana

1.3 Cost of the Project and amount requested from MAECI / DGCS

Total cost of the Project	Amount requested to MAECI DGCS	% of requested grant
Euro 217.367,42	Euro 217.367,42	100%

1.4 Summary

Maximum 1 page [1]

Duration of the Project	*36* months
Partner(s), if any	*Agenzia delle Entrate- Italy*
Target group(s)	*AEOI working group at Tax Department of the Albanian Ministry of Finance*
Beneficiaries	*Members of the team established at the Albanian Ministry of Finance – Albanian population is an indirect beneficiary*
Expected results	E.R.1 Strengthened the legal and technical capabilities of the Albanian Tax Authorities required for an efficient management and monitoring of the AEOI implementation. E.R.2 Provided the Albanian Tax Authorities with consultancy on IT facilities and solutions necessary for the efficient management and

[1] The number of pages mentioned are maxima, and can be reduced

	monitoring of the AEOI implementation
Main activities	*Reviewing documents, advising, training (classes and on-the-job)*

1.5 Objectives

Maximum 1 page. Describe the objectives (Overall, Specific)to which the Project aims to contribute.

The overall objective of the project is to contribute to the adoption and implementation by Albania of the Automatic Exchange of Information (AEOI) on financial accounts for tax purposes, according to the common reporting standard (CRS).

This project (hereafter referred to as the Pilot Project) is part of a wider action launched late 2014 by the Global Forum on Transparency and Exchange of Information (abbr. GF) finalised to assist countries to implement the new CRS. Several Pilot Projects have been undertaken between 2015 and 2016 as a collaborative effort between the Pilot country and a developed country that has agreed to partner with the Pilot country, the Global Forum Secretariat, the World Bank Group and other organisations where relevant.

Albania is among the Countries which responded to the open invitation made by the GF with the aim to reach full implementation in accordance with the CRS.

Given the Italian Revenue Agency longstanding experience in the AEOI field, the Ministry engaged Agenzia delle Entrate to assist Albania in the CRS implementation process.At this regard, Italian Minister Pier Carlo Padoan on 29/10/2014 made a public statement regarding Italian commitment as Partner Country to the Pilot Project with Albania.In this context, Italy took the challenge to support the necessary steps for the uptake of the new standard. It was thus agreed that Italy, the Global Forum Secretariat and World Bank Group would partner with Albania to reach this commitment, by undertaking a Pilot Project.

As the project will be mainly based on a peer to peer knowledge transfer to support Albania to implement and benefit from AEOI in a timely manner, Italian contribution will consist mainly in transferring its longstanding experience in this field and will benefit from the recent implementation of the automatic exchange of information according to the bilateral Agreement with USA putting in place the 2009 US foreign account tax compliance Act (abbr. FATCA), from which CRS originates, and from the implementation of the CRS itself, as Italy committed to make the first exchange under CRS by September 2017.

Italian contribution to the Pilot Project would be in the form of supporting technical and ruling implementation of CRS, consulting and training Albanian tax officials (classes and on-the-job) so toallow Albanian Government to make the first automatic exchange of information according to the CRS by the end of September 2018.

The specific objective of this project is to strengthen the management and monitoring of the AEOI by providing technical assistance to the Albanian Ministry of Finance in the following areas:

(i) Confidentiality and data safeguards requirements
(ii) Primary and secondary legislation
(iii) Designing, realising and maintaining an appropriate ICT infrastructure
(iv) Managing automatic exchange of information.

1.6 Justification

Maximum 2 pages. Please provide the following information:

1.6.1 Relevance of the Project to the strategic priorities of the Government of the Republic of Albania, included in national strategies and updated sectoral and crosscutting strategies and the National Action Plan for Implementation of the Stabilization and Association Agreement (SAA), and priority areas identified by the Italian Development Cooperation in Albania;

Notwithstanding efforts to improve tax collection, which in 2014 resulted in an increase in revenues by 12.1% y-o-y, there are still weakness in tax compliance and administration in Albania. In a broader context, Albania needs to strengthen the effectiveness of its tax system and expand the existing tax base.

Co-operation between tax administrations in increasing tax transparency worldwide is critical in the fight against tax evasion. All over the world Jurisdictions have been standing united in addressing the issues of international tax avoidance and evasion by the empowerment of financial information exchange. The implementation of automatic exchange of information according to the CRS is a key aspect of this co-operation. In this context, general benefits of automatic exchange of information for Albania are multiple

- *It can provide timely information on non-compliance where tax has been evaded either on an investment return or the underlying capital sum.*
- *It can help detect cases of non-compliance even where tax administrations have had no previous indications of non-compliance.*
- *It has deterrent effects, increasing voluntary compliance and encouraging taxpayers to report all relevant information.*
- *It brings cultural change, educating taxpayers in their reporting obligations, increase tax revenues and thus leading to fairness – ensuring that all taxpayers pay their fair share of tax in the right place at the right time*

As one of the signatories of the Multilateral Competent Authorities Agreement (MCAA based on Article 6 of the Multilateral Convention for Mutual Administrative Assistance of Tax Matters) Albanian Government committed to implement the automatic exchange of information according to the CRS by 2018.

Moreover, Albania is candidate to access the European Union and AEOI according to the CRS is part of EU legislation. In fact, Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation enjoins Member States to automatically exchange financial information according to the CRS by the end of September 2017.

The initiative is also coherent with the agenda of the European Union in Albania, with specific reference to priorities set in the framework of the Instrument for Pre-accession Assistance (IPA) 2014-2020 programming. In particular, the project touches upon actions foreseen by the IPA Action Document 2016 on "Sector budget support for the fight against corruption in Albania", and the IPA Action Document 2014 on "Sector Reform Contract (SCR) for Public Finance Management (PFM)".

At the national level, the project will contribute to address priorities laid down by the latest national development strategy, referred to as National Strategy for Development and Integration (NSDI) 2015. In particular, the project is coherent with two NSDI pillars that are crucial to reach sustainable development outcomes in the country: i) "Good Governance, Democracy and the Rule of Law; ii) Growth Through Macro-Economic and Fiscal Stability ". Moreover, the initiative also entails direct linkages with six government priorities listed in the strategy document, and in particular with that related to the structural reform of the Albanian fiscal system.

The project will also be consistent with actions foreseen in the so-called National Economic Reform Programme (NERP) 2015-2017. Based on the reform program, the Albanian Government commits in the period 2015-2017 to "consolidate revenue management, reviewing tax policy and reforms the tax system and customs administration, with a view to increase the overall efficiency of revenue collection, reduce tax evasion and the weight of the informal economy".

Considering Albania's sectoral development strategies, the project will help to meet objectives underlying the Public Finance Management Strategy (PFMG) 2014-2020. Inside the "Efficient Execution of Budget" pillar, the PFMG 2014-2020 does sets as priority "the effective, efficient, transparent and proper management of revenues." A *number of actions are set to achieve such a priority, such as "the re-engineerization and computerization of tax administration" and "the implementation of processes strengthening the professional skills of personnel involved in taxation by continuing education". Trough ad-hoc interventions at the institutional and technical level, the project at hand will contribute to push those actions forward.*

As far as the programme of work of the Italian Development Cooperation is concerned, the project is designed and implemented in Albania, a priority country for the IDC, as stated in the Documento di Programmazione Triennale 2015-2017 (Annex 2). It also addresses priority lines of action provided for by the aforementioned programming document, such as the "data revolution" and the use of "statistical science as an institution-building instrument", for which the Development Cooperation intends to provide technical assistance related to "capacity building to statistical offices in developing modern information systems, based on advanced technologies and methods and equipped with internal governance schemes that encourage the most efficient use of data held by other public entities, based on effective quality control".

The program is relevant to the priorities agreed by the Italian and Albanian Governments in the bilateral Development Cooperation Protocol (DCP) 2014-2016, within the pillar "Good Governance, Democracy and Rule of Law". In this context, the intervention and its expected results are complementary to the Italian Development Cooperation's support to Albania's territorial reform, which aims inter alia to strengthen the autonomy of local authorities, in the form of greater fiscal and legislative decentralization. The program is also conducive to address cross-cutting issues the importance of which is stressed in the aforementioned Protocol, such as capacity-building at the local level and the rule of law.

With respect to Italy-funded ongoing initiatives, the project is synergistic with the initiative "Support to Anti-corruption Measures in Albania" - funded by the Italian Development Cooperation and implemented by the OSCE – that provides support to central and local Albanian institutions in promoting practices of good governance and anti-corruption. The project may also entail positive externalities for other IDC programs and projects under way, the beneficiaries of which may indirectly benefit from the overall improvement of the national taxation system. In this respect, specific reference is to be made to the area of private sector development, in which the Italian Cooperation promotes access to credit for Albanian small-and-medium-sized enterprises (SMEs) through a credit line and a guarantee fund, in the framework of the Programme for the Development of Albanian SMEs (PRODAPS, 2002-2004) and the Programme of Integrated Assistance for Albanian SMEs (IASME, 2010-2012).

1.6.2 Description of the target group(s) and beneficiaries and estimated number.

In October 2015 the Ministry of Finance of Albania formalized the creation of a high level project team headed by the Finance Deputy Minister to manage the implementation of AEOI in accordance with CRS.

At this stage, the members of the team represent the primary target group and the first beneficiaries of the Pilot project. This team - jointly with other officials of Albanian Tax administration - is responsible to follow the AEOI implementation process as a whole and to interact with Agenzia delle Entrate tax officials in the role of partner Country and with the other stakeholders involved in the Pilot project.

To perform part of the activity concerning assistance and consulting in IT requirements Agenzia delle Entrate will use SOGEI S.P.A. which is a Ministry of Economy and Finance's technological partner and consulting.

In a wider perspective, the PP is oriented to implement AEOI on financial accounts for tax purposes in accordance with CRS and its mission is to improve tax transparency as a key aspect in the fight against tax evasion.

The implementation of the CRS has three key benefits: the detection of tax evasion; deterrence from future tax evasion; and enhancement of other transparency frameworks including increased focus on anti-money laundering and customer due diligence practices.

As a result of CRS implementation in Albania all Albanian citizens could potentially benefit from the project as it is expected that Albanian Tax Administration would be able to improve its capacity to detect tax evasion. Therefore,a sensible and general rise in Albanian tax revenues is foreseeable.

1.7 Detailed description of activities

Maximum 4 pages. Include the title and a detailed description of each activity to be undertaken to produce the results, justifying the choice of the activities and specifying where applicable the role of each partner in the activities.

Pilot Project documents drafted by the GF Secretariat already lay down each activity that is required in order to be in line with the roadmap drafted by the Secretariat for Albania to comply with its goal to make the first exchange by 2018. Some of them are of exclusive responsibility of Albania, some others require an activity is performed by Italy and basically aim at sharing Italian experience in implementing AEOI in general and CRS in particular.

The activities included in the project are structured in 6 phases.

Activities listed under phase 1,2,3,4,5 are expected to contribute to the achievement of expected result 1 (E.R.1), "Strengthened the legal and technical capabilities of the Albanian Tax Authorities required for an efficient management and monitoring of the AEOI implementation. Activities listed under phase 6 are expected to contribute to the achievement of expected result 2 (E.R.2), "Provided the Albanian Tax Authorities with consultancy on IT facilities and solutions necessary for the efficient management and monitoring of the AEOI implementation

The end of each phase is declared and documented in a special work-in-progress report shared and formally approved by the Albanian project team that will be used for monitoring purposes against selected indicators.

1) ANALYSIS, REVIEW AND ASSESSMENT OF CONFIDENTIALITY AND DATA SAFEGUARDS QUESTIONNAIRE - 177 effort days

Having committed to start automatic exchange of information according to the CRS in 2018, Albania is required to complete a questionnaire regarding the observance of confidentiality requirement and data safeguards in connection with the exchange of information for tax purposes and to submit it to the "Coordinating Body for the implementation of the Multilateral Convention for Mutual Assistance in Tax Matter" by the end of 2015. It will then send the questionnaire to an ad hoc group consisting of experts from different Jurisdictions (the assessment team), which will assess Albanian system responsiveness to a minimum set of requirements of confidentiality and data safeguards.

On the basis of its previous experience and of the current Italian legal and regulatory framework, Italian team will:

- *a) Review the draft questionnaire completed by Albanian Administration and provide feedback (in the form of suggestions and recommendations);*
- *b) Review Albanian responses to Italian team suggestions and recommendations;*
- *c) Provide support and advice to Albanian Administration in view of the assessment activity to be performed by Global Forum experts group, namely to:*
  - *i) respond to additional requests made by the assessment team;*
  - *ii) prepare of the on-site visit by the assessment team;*
  - *iii) evaluate and comment the final report prepared by the assessment team;*
  - *iv) evaluate and comment observations received on the final report once it has been sent to other Global Forum Jurisdictions;*
  - *v) address further possible criticalities.*

Albania starts this activity by December 2015 and will finish by March 2016.

The Italian assistance in performing this activity will involve a total number of 6 persons from the Revenue Agency:

In particular:

- *Activity sub 1.a will require a total amount of 54 effort-days shared as follows:*
- *Activity sub 1.b will require a total amount of 53 effort-days shared as follows:*
- *Activities sub 1.c will require a total amount of 70 effort-days shared as follows:*

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Moreover, to properly carry out activities under 1.c.iv at least 2 persons should be required to travel to Tirana for a maximum of 5 days stay.

To promote the proper execution of the activities, some pieces of Italian legislation and/or regulations will be translated into English.

To perform part of the activity concerning assistance and consulting in IT requirements under 1.b and 1.c.i - iii Agenzia delle Entrate will use SOGEI (Ministry of Economy and Finance's technological partner)services requiring 20 effort-days of consulting.

2) DRAFTING PRIMARY LEGISLATION - 100 effort days

In order to implement CRS obligations Albania is required to adopt an appropriate legal basis in place providing the relevant obligations to be complied with. To this end, the first step consists of writing primary legislation.

Italian team will be required to provide assistance to Albanian Administration as follows:

a) Giving advice in laying down the general framework, also with reference to choice among the several options provided for by the CRS, on the basis of Italian previous experience in the working groups which eventually adopted CRS and in writing its primary legislation;
b) Reviewing drafts of primary legislation prepared by Albanian Administration and providing feedback (in the form of suggestions and recommendations) on it;
c) Providing help and assistance to Albanian Administration before and after the consultation with the financial industry on the draft primary legislation.

Albania will complete the activity by June 2016.

The assistance in performing this activity will involve **3** *persons during the first half of 2016 and it will finish once the draft primary legislation will be sent to Albanian Council of Ministers and then to the Albanian Parliament.*

- *Activity sub 2.a will require 20 effort-days*
- *Activitysub 2.b will require 60 effort-days*
- *Activitysub 2.c will require 20 effort-days*

In order to properly carry out these activities, 2 persons will be required to travel to Tirana for a maximum of 5 days stay.

To perform part of the activity concerning assistance and consulting in IT requirements under 2.a – 2.c, translation of documents from Italian to English will be required.

3) DRAFTING SECONDARY LEGISLATION (REGULATIONS AND GUIDANCE)–140 effort days

After completing the work on drafting primary legislation, Albanian Administration is required to start work on the drafting of secondary legislation implementing CRS (i.e. (regulations and guidance), which will entail a broad set of requirements (e.g. due diligence for tax purposes, channel of communication between financial institution and tax Administration, format of data to be sent, etc.…)

Italian team will be required to provide assistance to Albanian Administration as follows:

a) Giving advice in laying down the general framework on the basis of Italian previous experience in the working groups which eventually adopted CRS and in writing its primary legislation;
b) Reviewing drafts of regulations and guidance prepared by Albanian Administration and providing feedback (in the form of suggestions and recommendations) on it;
c) Providing help and assistance to Albanian Administration before and after the consultation with the financial industry on the draft secondary legislation.

Albania will complete the activity by October 2016.

The whole activity will involve 3 persons during the second half of 2016.

- *Activity sub 2.a will require 30 effort-days.*
- *Activity sub 2.b will require 80 effort-days.*
- *Activity sub 2.c will require 30 effort-days.*

In order to properly carry out these activities, 2 persons will be required to travel to Tirana for a maximum of 5 days stay.

To perform part of the activity concerning assistance and consulting in IT requirements under 2.a – 2.c, translation of documents from Italian to English will be required.

To perform part of the activity concerning IT requirements and impact of drafting secondary legislation under 1.b and 1.c.i – iii, Agenzia delle Entrate will use SOGEI services requiring 20 effort-days of consulting.

4) *TRAINING SESSION: MANAGING AUTOMATIC EXCHANGE OF INFORMATION– 20 effort days*

Italian team will organize a specialized training session on specific aspects of the AEOI and on the CRS domestic implementation processes. The training activity will take the form of a work visit to Agenzia delle Entrate Central Directorates in Rome, responsible for functional processes connected with the implementation AEOI. The visit will take place during the second semester of 2016 for a maximum of a 5 days stay.

The training session focuses on:

- *Agenzia delle Entrate organization connected to the management of exchange of information flows*
- *Issues of Automatic exchange of information*
- *Automatic exchange of information under the CRS*
- *Use of a testing environment of Italian IT applications for managing CRS data*

To optimize the training efficacy, the Italian team:

1) *Plans all activities and modules of the training session*
2) *Projects the training actions joining all available learning tools (traditional, e-learning, blended)*
3) *Defines training articulation, with phases, methodologies (class or on the job), items, issues, deliverables supports, and self-evaluation tests*
4) *Delivers the training and learning modules*

This activity as a whole involves a total number of 7 persons

Activity sub 1-3) will require a total amount of 10 effort-days for 2 persons.

Activity sub 4) will require 10 effort-days for 5 persons

For IT aspects of AEOI management and the development of testing environment of Italian IT applications Agenzia delle Entrate will use SOGEI services requiring 10 effort-days of consulting in system development and maintenance.

People attending the work visit will be provided with a copy of all materials (1500 printed pages) used during the visit and stationery.

5) *SPONTANEOUS SENDING OF INFORMATION– 10 effort days*

Italian project team will provide spontaneously a data flow to Albanian tax officials.

The test goal is to:

- *verify the observance of confidentiality requirement and data safeguards in connection with the exchange of information for tax purposes allow Albanian Tax officials to have a wide picture of what kind of information is exchanged by AEOI and possible criticalities that may arise from the current managing of financial data for tax purposes.*

After receiving data, Albania will report to Italian team possible criticalities experienced.

In order to help Albanian team to overcome all possible criticalities, the Italian project team will provide Albanian officials with any assistance and support requested.

This activity will be performed in September 2016, involves a total number of 1 person and requires a total amount of 10 effort-days.

For data inquiry and extraction and use of IT transmission systems Agenzia delle Entrate will use SOGEI services requiring 5 effort-days of assistance.

6) *TECHNOLOGY SOLUTIONS: FUNCTIONAL AND IT REQUIREMENTS ANALYSIS, PLANNING, DEVELOPMENT, INSTALLATION – 30 effort days*

It is an ongoing and on-demand activity which consists in the availability of Agenzia delle Entrate officials to support and to provide their advice, on the basis of their experience in implementing the CRS, to Albanian Administration with reference to the technological solutions and architecture needed to put in place an automatic exchange of financial data in accordance with the CRS.

The activity of consulting is structured in the following tasks:

1. *IT architecture planning and building;*
2. *Network configuration;*
3. *System and transmission protocols development;*
4. *System and transmission protocol test.*

This activity will start in 2016 and it will finish by the end of 2017. It could be expected that some marginal tasks will be prolonged at least to the first quarter of 2018.

The Italian assistance in performing functional tasks of this activity involves a total number of 1 person and requires a total amount of 20 effort-days shared.

To perform all the tasks concerning assistance and consulting in IT issues of AEOI Agenzia delle Entrate will use SOGEI services for 90 effort-days.

In order to properly carry out this activity 2 system technicians from Albania could be sent to Rome for a maximum of 5 days. The Italian team assistance in in this case involve a total number of 1 person.

The activity as a whole will require a total amount of 5 effort-days.

1.8 Methodology

Maximum 2 pages. Detailed description of:

1.8.1 Methods of implementation and reasons for the proposed methodology, including any proposed innovation.

The Pilot Project is mainly based on a peer to peer knowledge transfers of partner Country to facilitate the implementation of CRS in the Pilot Country.

As a partner Country, Italy supports Albania in all implementation processes of CRS and its contribution consists mainly on transferring its longstanding experience in the field of AEOI as consolidated in the FATCA project.

The Italian contribution is in the form of revision of documents, giving advice and training Albanian tax officials (classes and on-the-job) in order to transfer knowledge and allow Albanian Government to make the first automatic exchange of information according to the CRS by the end of September 2018.

Before starting the Pilot Project, The Italian team framed a specific methodology of implementation structured as follows:

- *Ongoing activity of support and assistance in Technology solutions development*
- *Analysis, review and assessment of confidentiality and data safeguards questionnaire*
- *Drafting primary and secondary legislation*
- *Training session*
- *System test and outcomes assessment*

All these activities are progressively processed in different phases to facilitate Albanian Government in all CRS implementation procedures.

- *Although it is last list, phase n. 6 (TECHNOLOGY SOLUTIONS: PLANNING, ANALYSIS OF FUNCTIONAL REQUIREMENTS, DEVELOPMENT, INSTALLATION), it is a group of ongoing activities placed side by side as a relevant support and in service of all other activities and phases of the project. It is oriented to transfer Italian expertise and consulting in the best IT architecture planning and building, in the optimal network configuration, in the most efficacy development of system and transmission protocols. So all of its activities are expected to finish with the end of the Pilot Project and the test of optimal working of Albanian AEOI processes.*
- *phase n. 1 ANALYSIS, REVIEW AND ASSESSMENT OF CONFIDENTIALITY AND DATA SAFEGUARDS QUESTIONNAIRE is the fundamental foreword to settle the right sequence of next phases, activities and tasks of the Pilot Project.*
- *phase n. 2 (DRAFTING PRIMARY LEGISLATION) and n. 3 (DRAFTING SECONDARY LEGISLATION: REGULATIONS AND GUIDANCE) are oriented to provide Albanian tax officials with all the Italian best practices, expertise and consulting in order to draft the optimal legal framework and regulations about AEOI according with CRS. Both phases are interested by technological requirements of information and tools used to perform the AEOI in accordance with CRS.*
- *phase n. 4 (TRAINING SESSION: MANAGING AUTOMATIC EXCHANGE OF INFORMATION) is oriented to show to Albanian tax officials all specific aspects of the AEOI experience in Italy, the multiple and critic issues connected with CRS domestic implementation process. The use and of a testing environment of Italian IT applications for managing CRS data is a relevant part of this training sessionoriented to provide Albanian tax officials with a realistic simulation of functional and technological procedures adopted by Italy to implement AEOI in accordance with the CRS. The location of this training session at phase n. 4 is due to the advanced level of implementation requested to Albanian tax officials to appreciate the comparison of operational experience in the CRS implementation processes.*
- *phase n. 5 (IMPLEMENTATION TEST AND OUTCOMES ASSESSMENT: SPONTANEOUS SENDING OF INFORMATION AND DATA FLOW MANAGEMENT) is oriented to wide picture of what kind of information is exchanged by AEOI and possible criticalities that may arise from the current managing of financial data for tax purposes. Possible criticalities will be referred and solved with the Italian team support.*

The choice of this methodology is based on the role of Italy and its mission in the PP in the Albanian CRS implementation process and enjoys the wide experience gained in this sector by Agenzia delle Entrate after the FATCA and CRS project domestic implementation.

It is the outcome of a special project planning process built by Agenzia delle Entrate in order to accomplish its mission in the PP, and with the contribution of all managers and working teams already involved in the FATCA and CRS project implementation.

1.8.2 Where the Project is the continuation of a previous project/action, explain how the Project is intended to build on the results of this previous project/action (best practices).

N/A

1.8.3 Where the Project is part of a larger programme, explain how it fits or is coordinated with this programme.

Italian action is part of the Pilot Project headed by the Global Forum whose aim is to let the Albanian Tax Administration put in place what is needed to be able to automatically exchange financial information by September 2018.

The Pilot Project has already started.

In particular, a first on-site visit has already taken place in March 2015. Moreover, Italian Revenue Agency has already sent to Albania available pieces of information regarding the implementation of FATCA and CRS. Finally, in October 2015 a representative of the Revenue Agency participated to the training event organized by the Global Forum in Tirana.

See attached Milestones of the Pilot Project.

1.8.4 Description of the role and participation in the Project of the various actors (local partner, target groups, local authorities, etc.), and the reasons for which these roles have been assigned to them.

Global Forum, World Bank

Italy: Italian Finance Department, Agenzia delle Entrate, Sogei, The Minister for Foreign Affairs and International Cooperation, Italian Embassy in Tirana.

Albania: Ministry of Finance

1.8.5 Team proposed for the Project implementation (by function: there is no need to include the names of individuals here).

BODY	OFFICE	TEAM MEMBERS	ROLE
ITALIAN SIDE			
AGENZIA DELLE ENTRATE		*tax official experts in exchange of information*	*assistance, consulting, advice in process AEOI implementation*
		tax official experts in confidentiality and data safeguards requirements	*assistance, consulting, advice in AEOI technological requirements implementation*

		tax official experts in project planning and training management	*project planning, budgeting, financing, training project management*
MINISTERO DELL'ECONOMIA E DELLE FINANZE	*Dipartimento delle finanze*	*fiscal official expert in international relations*	*remote facilitator for PP*
MINISTERO DEGLI ESTERI	*Development Cooperation Office in Tirana*	*foreign affairs officials experts in international relations*	*on site facilitator for PP*
	Ambasciata italiana a Tirana	*experts in international relations*	*representative of Italian Government*
ABANIAN SIDE			
MINISTRY OF FINANCE	*General Tax Directorate*	*tax official experts responsible for AEOI implementation*	*Interaction with Italian team*
ATTORNEY-GENERAL'S DEPARTMENT			*representative of office interest*
ANTI-MONEY LAUNDERING AUTHORITY			*representative of Authority interest*
FINANCIAL SUPERVISION AUTHORITY			*representative of Authority interest*
DATA PROTECTION AUTHORITY			*representative of Authority interest*
PRIME MINISTER'S OFFICE			*representative of Albanian Government*
FINANCIAL INDUSTRY			*representative of Financial sector*

1.8.6 Complementary with other projects/programmes, if any.

N/A

1.8.7 Networking and/or partnerships supporting the proposed Project, if applicable.

The Global Forum Secretariat will be responsible for facilitating the Pilot Project and will take care of the development of the relationships with an important stakeholder of the project: the financial sector.

The financial sector in Albania is composed of different activities including banking, insurance and reinsurance activities; stock exchange related activities and the administration of investment and pension funds. As of May

2014 there were16 banks registered in Albania. The total value of assets in the Albanian banking sector is ALL 1 243 billion (EUR 8.9 billion) as at 31 May 2014.

In considering the division of labour, it is worth noting that the World Bank has pledged to assist in the consolidation phase, namely by providing finance for hardware necessary to the relevant IT infrastructure.

1.9 Duration and action plan

The duration of the Project is 36 months.

2. EXPECTED RESULTS

2.1 Expected impact on target groups/beneficiaries

Maximum 1 page. Indicate how the Project will improve:

a) the situation of target groups/beneficiaries;

b) the social and/or economic conditions of the direct beneficiaries;

c) the technical and management capacities of any partners, where applicable.

The project will allow target group (Albanian project team headed by the Finance Deputy Minister) to be aware of the functioning of the automatic exchange of information and how to correctly implement such exchange according to an international standard, namely the CRS.

As the main beneficiary of this project the target group has to receive from Italian team every kind of assistance and support to manage the process of automatic exchange of information for tax purposes with other Countries as a whole and to be conscious of all legal, functional and technical requirements of CRS and of all implementation procedures of AEOI in Albania.

It is expected that a more expert Albanian project team in AEOI managing process will make Albanian tax officials more skilful in the use of financial information to fight international tax evasion.

2.2 Concrete outputs and outcomes

Maximum 1 page. Be specific and quantify outputs and outcomes as much as possible.

As a result of a specific and structured methodology of implementation each phase of the project has its connected outputs and outcomes summarized as follows:

Phase	*Action*	Output	Outcome
PROJECT PLANNING	- *Planning*	- *Pilot project plan*	*n. 1 kick off report: sharing the plan*
ANALYSIS, REVIEW AND ASSESSMENT OF CONFIDENTIALITY AND DATA SAFEGUARDS QUESTIONNAIRE	- *Analysis* - *Review* - *Assessment*	- *Checklist of Albanian draft* - *Discrepancies list* - *Proposals list for Albanian project team*	- *n. 1 consulting report* - *n. 1 Phase 1 report*
DRAFTING PRIMARY LEGISLATION	- *Analysis* - *Review* - *Assessment*	- *Checklist of Albanian legislation draft* - *Legal and technical criticalities list* - *Proposals list for Albanian project team*	- *A consulting report for each legislation act requested* - *n. 1 Phase 2 report*
DRAFTING SECONDARY LEGISLATION	- *Analysis*	- *Checklist of Albanian legislation draft*	- *A consulting report for*

(REGULATIONS AND GUIDANCE)	- *Review* - *Assessment*	- *Legal and technical criticalities list* - *Proposals list for Albanian project team*	*each regulation act requested* - *n. 1 Phase 3 report*
TRAINING SESSION	- *Planning* - *Delivering*	- *Training project* - *Training session*	- *N. 1 training programme* - *Delivery of 5 days training* - *Working material set for each trainee (including presentations of the training session and all references and documentation connected with the implementation plan of AEOI)* - *n. 1 Phase 4 report*
SPONTANEOUS SENDING	- *Planning* - *Assessment*	- *Criticalities list* - *Proposals list for Albanian project team*	- *n. 1 consulting Report* - *n. 1 Phase 5 report*
TECHNOLOGY SOLUTIONS: FUNCTIONAL AND IT REQUIREMENTS ANALYSIS, PLANNING, DEVELOPMENT, INSTALLATION	- *analysis* - *planning* - *development* - *installation*	- *Checklist of functional and it requirements* - *action plan* - *IT solution assistance for development and installation* - *Test planning* - *Criticalities list* - *Proposals list for Albanian project team*	- *A report for each consulting or assistance action requested (on demand)* - *n. 1 test plan* - *n. 1 Test executing documentation* - *n. 1 consulting Report* - *n. 1 Phase 6 report*
CLOSING	- *Final reporting*	- *Summarize actions and results in supporting Albania in CRS implementation* - Time, costs and targets list	- *n. 1 final report: lesson learned*

2.3 Multiplier effects

Maximum 1 page. Describe any multiplier effect of the Project outputs and outcomes.

N/A

2.4 Sustainability

Maximum 3 pages. Please distinguish between the following dimensions of the sustainability:

a) The financial aspect (how will activities be financed when the grant ends?)

b) Institutional level (how will the activities continue to be in place at the end of the Project?)

c) At policy level, where applicable (what will be the structural impact of the Project?)

The sustainability of the initiative is mainly ensured by institutional and economic aspects. The project ensures a strong ownership of the Albanian institutions, which are called in the adoption of the CRS standards by 2018, as agreed in the Multilateral Competent Authority Agreement (MCAA).The Ministry of Finance, in particular, has formally requested technical assistance to Italy for juridical, fiscal and IT assistance for the use of sensitive data. With this in mind, Italy has already announced its support to the Albanian authorities on the matter in *several international fora, as latterly reaffirmed in the G20 held in Ankara and in the third international conference on Financing for Development held in July 2015 in Addis Ababa.*

With reference to the economic sustainability, the initiative allows a more efficient use of the national economic resources. The project, in fact, will provide the Albanian authorities with additional public resources, as it intends to detect tax evasions, disincentive fiscal fraud, reinforce custom system and combat money laundering,

2.5 Logical Framework of the Project

Please, fill the following Log Frame Matrix (maximum 3 pages).

Logical Framework of the Project

Overall Objective: *What is the overall broader objective, to which the project will contribute?*	***Indicators of progress:*** *What are the key indicators related to the wider objective?*	***HOW INDICATORS WILL BE MEASURED:*** *What are the sources of information on these indicators?*	
The overall objective of the project is to contribute to the adoption and implementation by Albania of the Automatic Exchange of Information (AEOI) for tax purposes according to the common reporting standard (CRS).	First exchange of information through the AEOI by September 2018	Official Gazette of the Republic of Albania Report of the first exchange of information	
Specific Project Objective/s: *What are the specific objectives, which the project shall achieve?*	***Indicators of progress:*** *What are the quantitative and qualitative indicators showing whether and to what extent the project's specific objectives are achieved?*	**How indicators will be measured:** *What are the sources of information that exist and can be collected? What are the methods required to get this information?*	**Assumptions & risks:** *What are the factors and conditions not under the direct control of the project, which are necessary to achieve these objectives? What risks have to be considered?*
Strengthen management and monitoring of the AEOI by providing technical assistance to the Albanian Ministry of Finance in the following areas: - Confidentiality and data safeguards requirements - Primary and secondary legislation - Designing, realising and maintaining an appropriate ICT infrastructure - Managing automatic exchange of information.	The AEOI legislative and technical package (skilled personnel, technology, legislation) is available and ready to use by the Albanian Tax Authorities	Semi-annual progressive reports made by Agenzia delle Entrate project team, shared and formally approved by the Albanian project team.	The Albanian Parliament adopts the primary and secondary legislations needed to implement CRS. Albania is highly committed at each level (mainly political and administrative) to implement the AEOI in accordance with CRS

Expected results: Outputs (tangible) and Outcomes (intangible): • *Please provide the list of concrete DELIVERABLES - outputs/outcomes leading to the specific objective/s.:*	**Indicators of progress:** *What are the indicators to measure whether and to what extent the project achieves the envisaged results and effects?*	**How indicators will be measured:** *What are the sources of information on these indicators?*	**Assumptions & risks:** *What external factors and conditions must be realised to obtain the expected outcomes and results on schedule?*
E.R.1 Strengthened the legal and technical capabilities of the Albanian Tax Authorities required for an efficient management and monitoring of the AEOI implementation.	**1.1** Questionnaire on confidentiality and data safeguards, on the draft primary legislation, on the secondary legislation is duly fulfilled and submitted to the GF according to the project milestones **1.2** Training session on specific aspects of the AEOI and CRS domestic implementation delivered to the Albanian Working Group according to the project milestones **1.3** Final versions of the primary and secondary legislations drafted according to the project milestones **1.4** Spontaneous sending of data from Italy to Albania	Semi-annual progress reports made by Agenzia delle Entrate project team, shared and formally approved by the Albanian project team. Formal correspondence and/or documentation between Italian and Albanian authorities related to the implementation of the initiative List of participants of the training session	Full commitment of beneficiaries in providing to the Italian Authorities data and information necessary to the provision of the TA The Albanian Tax Administration and Agenzia delle Entrate timely meets the Milestones of the Pilot Project The Albanian Tax Administration regularly provide information to Agenzia delle Entrate on the project implementation progress Full commitment of beneficiaries in adopting the provided solutions The Albanian Tax Administration adopts adequate IT facilities and solutions that are necessary to carry out AEOI activity according to the international standard.
E.R.2 Provided the Albanian Tax Authorities with consultancy on IT facilities and solutions necessary for the efficient management and monitoring of the AEOI implementation	**2.1** The IT architecture for the implementation of the AEOI is duly designed and operative **2.2** The transmission protocols for AEOI management are drafted and operative 2.3 Test on the automatic exchange of information successfully passed according to the project milestones		

Activities: *What are the key activities to be carried out (**<u>grouped by outputs/outcomes</u>**) and in what sequence in order to produce the expected results?* 1. Project planning 2. Analysis, review and assessment of confidentiality and data safeguards questionnaire 3. Drafting primary legislation 4. Drafting secondary legislation (regulations and guidance) 5. Training session: "Managing Automatic Exchange of Information" 6. System test and outcomes assessment 7. Technology solutions: functional and IT requirements analysis, planning, development, installation (*ongoing phase which starts with the project kick off and ends with the system test*) 8. Closing	***Inputs:*** *What inputs are required to implement these activities, e.g. staff time, equipment, mobilities, publications etc.?* - 500 effort-day of Italian tax officials as detailed in activities description - 145 effort-day of SOGEI services in IT assistance and consulting as detailed in activity description - 500 page of translation from Italian to English - 19.500 paper prints and photocopies - 15 Stationery items (one per trainee) - 5 Coffee break (one per trainee)		
			Pre-conditions: *What pre-conditions are required before the project starts?* The recently-appointed Ministry of Finance confirms the implementation of the AEOI as a political priority The political, economic and social context in Albania allows the implementation of activities

2.6 Monitoring and evaluation

Progress towards the achievement of the expected results will be timely assessed, according to a detailed monitoring plan that will be shared with relevant stakeholders at kick-off. The monitoring plan will indicate baselines, target and recorded values for each indicator. A preliminary list of indicators for each result is provided below:

Expected results	Indicators of progress	Sources of information
E.R.1 Strengthened the legal and technical capabilities of the Albanian Tax Authorities required for an efficient management and monitoring of the AEOI implementation.	**1.1** Questionnaire on confidentiality and data safeguards, on the draft primary legislation, on the secondary legislation is duly fulfilled and submitted to the GF according to the project milestones **1.2** Training session on specific aspects of the AEOI and CRS domestic implementation delivered to the Albanian Working Group according to the project milestones **1.3** Final versions of the primary and secondary legislations drafted according to the project milestones **1.4** Spontaneous sending of data from Italy to Albania information	Semi-annual progress reports made by Agenzia delle Entrate project team, shared and formally approved by the Albanian project team. Formal correspondence and/or documentation between Italian and Albanian authorities related to the implementation of the initiative List of participants of the training sessions
E.R.2 Provided the Albanian Tax Authorities with consultancy on IT facilities and solutions necessary for the efficient management and monitoring of the AEOI implementation	**2.1** The IT architecture for the implementation of the AEOI is duly designed and operative **2.2** The transmission protocols for AEOI management are drafted and operative 2.3 Test on the automatic exchange of information successfully passed according to the project milestones	

A final evaluation will be conducted at project completion by an accredited independent body proposed by the Italian Agency for Development Cooperation/Agenzia delle Entrate, in agreement with Albanian Tax Authorities. A mid-term evaluation may also be conducted during implementation.

3. BUDGET PLAN OF THE GRANT REQUIRED TO MAECI/DGCS

Fill in Annex D to the Guidelines for Call of Proposals to provide the overall budget breakdown of the Project.

Applicants shall indicate the entire budget in Euro by detailing all costs including co-financing from the Applicant's or partners' own resources (e.g. wages, social security charges, rent and any other recurrent and capital costs) and specifying sources of finance in pre-set forms included in Annex D.

Note that the eligible costs must be detailed and based on real costs, not lump sums (except for subsistence costs such as per diem).