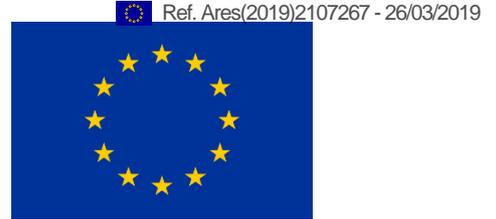




# P3A



## Support Programme to the Association Agreement Implementation (P3A)

### **Twinning Project Fiche**

**Project Title:** “Support to the Directorate General of Public Accounting for preparing the implementation of an accrual accounting system”

**Beneficiary administration:** Directorate General of Public Accounting (DGC), Ministry of Finance

Twinning ref: **DZ 17 ENI FI 01 19**

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**TWINNING INSTRUMENT**

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## Acronyms

AA	Algeria-EU Association Agreement
ATCI	Algerian interbank offsetting
BC	Beneficiary Country
CNC	National Accounting Council*
CTM	Common Twinning Manual
DGB	Directorate General of Budget*
DGC	Directorate General of Public Accounting*
DGCL	Directorate General Local authorities*
DGFIP	Directorate General Public finance*
DGI	Directorate General for taxation*
DGMNC	Directorate General for Accounting modernisation and standards
DPRA	Democratic and People's Republic of Algeria
DSI	IT delegation*
EC	European Commission
ENI	European Neighbourhood Instrument
EPA	Public Administrative Establishment*
EU	European Union
EUD	European Union Delegation
IFRS	International Financial Reporting Standards
IOV	Objectively Verifiable Indicator
IPSAS	International Public Sector Accounting Standards
LA	Local authority
LOLF	Organic law relative to the financial laws
MS	Member State
UGP/P3A	Project Management Unit supporting the Implementation of the Algeria-EU Association Agreement
PD	Twinning Project Director
PSMFP	Strategic plan for the modernisation of public finance*
ROM	Results Oriented Management
RTA	Resident Twinning Advisor
STE	Short Term Expert
SCF	Accounting and financial System*
SWOT	Strengths/Weaknesses/Opportunities/Threats
TAIEX	Technical Assistance and Information Exchange
	<b><i>NB: words followed by * mean that the French acronym has been kept</i></b>

**This fiche is a translation of the official version written in French with the goal of having a wider dissemination among Member States. In case of discrepancy between the French and the English versions, the French one shall prevail.**

## **1. Basic information**

### **1.1 Programme**

Programme of support to the implementation of the Algeria-EU Association Agreement: P3A-IV ENI/2016/039-593 & ENI/2017/040-250. Indirect management with ex-ante control.

For British applicants: Please be aware that eligibility criteria must be complied with for the entire duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article 12.2 of the General Conditions to the grant agreement.

### **1.2 Twinning Sector**

Finance, internal market and economic criteria (FI)

### **1.3 EU funded budget**

Maximum amount of the grant: € 1 100 000.

## **2 Objectives**

### **2.1 Overall objective**

Support the preparation of an accrual accounting system for Public Administrative Establishments (EPA) and local authorities in view of its implementation.

### **2.2 Specific objectives**

- Upgrading the "profession" and "transversal" skills of the Directorate General of Public Accounting (DGC)
- Design the accrual accounting system for the EPAs and local authorities and test it on pilot sites

### **2.3 Elements targeted in strategic documents**

#### **2.3.1 Strategic framework**

Within the framework of the Barcelona Process and the Euro-Mediterranean Partnership launched in November 1995, Algeria and the European Union signed an Association Agreement (AA) which enters into force on 1 September 2005. It forms the legal framework in which are governed the relations between parties in the field of economics, commercial, politic, social and cultural matters.

More specifically, this twinning project is part of the Economic Cooperation component, title V of the AA, Chapter1, articles 47 to 50 and 64 :

- Art. 47 : : on strengthening economic and social cooperation;
- Art. 49 : defining the means to be implemented in the field of cooperation: economic dialogue, exchange of information, consultancy, expertise and training, technical assistance, administrative and regulatory cooperation, support actions;
- Art. 50 : On regional cooperation;
- Art. 64 : aiming at the approximation of methodologies and the use of statistics, including on foreign trade, public finances and the balance of payments, demography, migration, transport and telecommunications, and generally on all areas covered.

Finally, it is part of Title VII, Financial Cooperation, particularly in Articles 79 and 80:

- Art 79: concerning facilitation of reforms aiming at the modernisation of the economy, the upgrading of economic infrastructures and the support of the policies implemented in the social sectors;
- Art. 80: focused on the restoration of major financial balances and the creation of an economic environment conducive to accelerating growth and improving the well-being of the Algerian population, and adapting instruments to support policy development.

The objective of strengthening the capacity of the Directorate General of Public Accounting (DGC) in the preparation of the implementation of accrual accounting falls under Article 1 of the Association Agreement between Algeria and the EU: "to promote cooperation in the economic, social, cultural and financial fields".

The DGC twinning project is a result of the European Union's willingness to provide Algeria with significant support for its economic and financial reform efforts. Through the targeted results, it will also feed into the regular dialogue between the two parties in all areas of macroeconomic policy and public finance. The road map of the Association Agreement (AA) also focuses on those relating to public finances in the structural reforms component.

### 2.3.2 Contribution to the implementation of the Government Action Plan

In its action plan presented in 2015, the Algerian Government set itself the objective of creating the necessary conditions for the sustainable integration of a knowledge-based economy into the Algerian economy. The Government plans to focus on:

- pursue efforts to integrate the economy into the regional and international environment and to give priority to the national productive sphere to achieve the fundamental objective of a gradual exit from hydrocarbon dependency;
- qualitatively support the formation of human capital to enhance the efficiency of the Algerian economy;
- accelerate decentralisation by strengthening local authorities and improve tools for foresight and analysis of territorial development.

In modernisation of the economic and financial sphere, the Government plans in particular to:

- pursue prospective studies to deepen and refine the country's development vision;
- set up a system for monitoring international economic and financial trends;
- develop macroeconomic and financial framework instruments.

One of the objectives of the Algerian Government for the modernisation of public finance of the State and the EPA is based on the transition from a means-based budget management system to a performance-based system. Such a system must ensure that the accounting policy reflects national and sectoral priorities and that managers of public funds are empowered and evaluated on their performance.

In addition, for all public bodies, the Algerian Government has also included in its programme the transition from public cash accounting to accrual accounting based on the same principles as the business accounting system. It aims at developing a more efficient and transparent management of public finances.

In terms of accounting, the transition from cash accounting to accrual accounting provides a vision of wealth and financial position in line with international standards. It allows a dynamic and enriched presentation of the public action via an income statement, a balance sheet and its appendix.

The project of public accrual accounting is thus a major component of the strategic plan of modernisation of the overall public finance.

The twinning project fits in perfectly with the Government's programme and will contribute to achieving the objectives outlined above.

Building capacity of the DGC will establish, within the Ministry of Finance, the foundations of an organisation that will become the benchmark for accrual accounting in the public sector in liaison with the National Accounting Council (CNC) in charge for the Ministry of Finance of the overall Financial and Accounting System (SCF).

### **3. Project description**

#### **3.1 Background and justification**

##### **The Beneficiary Institution: Directorate General of Public Accounting**

In application of the provisions of article 6 of the executive decree n ° 07-364 of 28 November 2007 modified by the decree n ° 17-325 of 8 November 2017, the General Directorate of Accounting has for mission to:

- . develop accounting rules and procedures;
- . undertake any action, study or research aimed at developing and modernizing Treasury services and standardizing accounting systems;
- . centralise, consolidate and produce financial, accounting and budgetary information;
- . ensure the direct participation of the Treasury in the ATCI system (Algerian interbank offsetting) and to offer new payment services;
- . design and manage the Treasury information system;
- . to animate and evaluate the activity of its external services;
- . to initiate and propose any law or regulation within its area of competence.

The DGC also includes an inspection of accounting services.

Its staff includes 15,802 agents in central services (3.1%) and deconcentrated (96.89%). The Minister of Finance is represented as Chairman of the National Accounting Council (CNC) by the Director General of Accounting. DGC's strategic project is to move from cash-based accounting to accrual accounting for all public bodies (state, public administrative establishments and local governments).

##### **✓ Challenges of the DGC**

In early 2018, an essential component of this strategic plan was finalised. The draft organic law on finance laws that underpins the budget reform and accounting reform was presented to Parliament. The DGC is responsible for preparing the implementing texts, which will

ultimately provide the legal framework accompanying the implementation of the accrual accounting. In addition, an accounting standardisation work was carried out for the State and was undertaken for the EPAs and the LAs.

The implementation of accrual accounting in public bodies is a challenge facing the DGC. On the one hand, this implementation is part of a deep reform movement aimed at providing Algeria with state-of-the-art accounting and financial instruments. On the other hand, it is a reform that involves an unprecedented cultural and organisational change that goes beyond the sphere of the public accountant.

This challenge involves preparing the future accounting system of the EPAs and LAs on the basis of two ambitions:

(1) Understanding to better design:

On the basis of the gains made by the investments already made by the DGC, in particular for the State, it is essential that the increase in the competences of its teams ensures a relevant assets for accounting standards. At present, these standards are still reserved for specialists whose number is limited, whereas accrual public accounting is called upon to spread among all public bodies.

The DGC must therefore exercise a leading role, sharing its reform objectives with the various stakeholders, while taking into account their expectations.

To this end, the DGC must benefit from a reinforcement of its capacities, both in terms of skills and in terms of the human resources to be mobilised in order to master the whole of the conception, the definition and the preparation of the implementation of a accrual public accounting system.

(1) Set a framework to better define the accounting system:

The accrual accounting rules are based on accounting standards set by reference to international standards (IFRS and IPSAS) that each country must decline. These standards are based on concepts that make it possible to identify transactions and events to be taken into consideration as well as the methods of their accounting translation and presentation in financial statements (income statement, balance sheet and annexes).

As a matter of principle, the accrual accounting of public entities includes the rules applicable to companies, unless specific issues of public administration. Recognition of the existence of such specificities, likely to lead to the issuance of ad hoc normative provisions, requires precisely characterising these specificities and establishing a conceptual justification of their accounting consequences.

✓ ***Twinning contribution***

From this perspective, this twinning project will be an essential step in a longer-term project, which at its end will allow all local authorities and all EPAs to have their accounts maintained according to accrual accounting standards.

The support provided by the twinning will enable the DGC to:

- strengthen the capacity of its teams to equip them with the necessary skills to design and manage such a project,
- define the accrual accounting system of EPAs and local authorities, benefiting from practical training, workshops on methods and tools, and exchange of experiences and good practices,

- ensure the coherence and convergence of the accounting systems of public bodies,
- experiment this system on pilot sites,
- evaluate this experiment in order to validate the definitive model,
- prepare in the best conditions the subsequent deployment-dissemination of the accounting reform.

It will then be up to the DGC, according to means to be defined, to finalise the preparation of the implementation, based on the results obtained from the twinning, to design and carry out the deployment of the accounting reform in all the EPAs and in the all local authorities.

It will also be its responsibility to support the new accounting system through communication and support actions for stakeholders, whether they contribute to the functioning of the system or benefit from financial and accounting restructuring.

At the scale of Algeria, it is a long-term, multi-annual work, whose programming must be part of the strategic plan of the DGC.

### ✓ *Evaluation of the DGC's capacity for ownership of the twinning*

The experts mandated by the P3A consider that the taking over of this project by the DGC relies on several assets:

- a desire expressed by its Director General to modernise the accounting management of public bodies in Algeria,
- a dynamic commitment of its teams to this project, marked by the will to participate in an ambitious project and to invest new fields of competences,
- investments already made at State Level (accounting standards, conceptual framework) and for capacity building (management accounting for authorizing officers),
- a partnership of trust between the DGC and the CNC, whose role will be essential in the finalisation of the accounting frameworks,
- a firm will of the DGC to cooperate and benefit from the contribution of the European Union through the present twinning.

The appropriation capacity of the DGC is therefore undeniable, provided that:

- it benefits from a very significant increase in competences: the twinning aims to train within the DGC the core of skills needed and to allow it to disseminate the knowledge acquired.
- the DGC organizes itself without waiting for twinning in project mode, with a full-time dedicated team to pilot the reform. This dedicated team must be operational and will have to work closely with the twinning experts and steering committee.
- the DGC put in place its own strategic governance of the reform so as to be in a position to make the necessary arbitrations for the twinning process.
- the DGC ensures the mobilisation of the human resources necessary for the preparation and implementation of the accounting reform.

## 3.2 Ongoing reforms

The main reform is the one recently started by the Directorate General of Budget (DGB) which has lead the new Organic Law on Public Finance Laws (LOLF). The law has been published in the Gazette no 53 dated 02 September 2018 under reference Organic Law 18-15.

The Law defines the new budgetary management based on performance and constitutes the legal basis for the introduction of accrual accounting for the State and the EPA.

In view of their financial autonomy, and in view of increasing own resources, EPAs as local authorities need an adapted framework of their accrual accounting system, while ensuring coherency and convergence with the State's system.

### 3.3 Linked activities

DGC strategic plan has been supported by P3A and is a strong component of the Strategic Plan for Modernisation of Public Finance (PSMFP) in Algeria. This strategic plan was approved by the Minister of Finance who transmitted it to the representative of the European Union in Algiers on March 2016.

A consultation is underway with the support of the European Union of the REFIN programme, in order to benefit from the design of an information system in charge of ensuring the implementation of the LOLF.

In addition, in order to strengthen its staff's skills, the DGC benefits from a bilateral cooperation programme with the French DGFIP, under the binding Memorandum of Understanding which has been renewed for the years 2017/2019. This programme focuses on training and support to the creation of the Treasury School.

### 3.4 List of applicable Union acquis/standards:

- Directive of 8 November 2011 on compulsory criteria applicable to budgetary frameworks of Euro Zone countries (directive 2011/85/UE).
- Article 338 of Treaty of Rome (2012/C326/01) on establishing macroeconomic statistics on public administrations.
- Treaty on Stability, Coordination and Governance in the Monetary and Economic Union e (TSCG) which sets up more budgetary discipline in the Euro Zone (or Fiscal Stability Treaty) of 2 March 2012.

- Council Decision of 26 May 2014 related to the system of EU own resources (2014/335/UE, Euratom) (JO L 168 du 7.6.2014, p. 105) :

<https://eur-lex.europa.eu/legal-content/FR/TXT/?qid=1549287059275&uri=CELEX:32014D0335>

- Council Regulation (UE, Euratom) n° 609/2014 dated 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (JO L 168 du 7.6.2014, p. 39)

Latest consolidated version:

<https://eur-lex.europa.eu/legal-content/FR/TXT/?qid=1549285274035&uri=CELEX:02014R0609-20161001>

- Articles 101 to 105 of European Parliament and Council Regulation (EU) n° 952/2013 dated 9 October 2013 laying down the Union Customs Code. Latest consolidated version:

<https://eur-lex.europa.eu/legal-content/FR/TXT/?qid=1549287320252&uri=CELEX:02013R0952-20161224>

### 3.5 Components and Results per components

At the end of the twinning project, the following 3 results will have to be achieved:

- **Result 1 (R1): The institutional, functional and organisational capacities of the Directorate General of Public Accounting (DGC) are strengthened;**
  - **Result 2 (R2): the accrual accounting system is set-up for Public Administrative Establishments (EPA) and local authorities;**
  - **Result 3 (R3). The accounting system is tested on pilot sites.**
- **Result 1 (R1): The institutional, functional and organisational capacities of the DGC are strengthened**
    - The inventory / diagnosis is established
    - The "professions" and "transverse" skills of the DGC are upgraded.

The field of accrual accounting has already been introduced to the DGC teams. But the work started is still limited because of the complexity of the project. Further capacity building is still needed to build upon the future accrual accounting system for all public bodies.

Since 2017, the DGC has been gaining momentum, notably by being a member of the working group led by the Directorate General of Budget regarding the preparation of the LOLF. Two working groups were created concerning the accrual accounting of EPAs and local authorities.

At the start of the twinning project, it is essential to share with the MS expert (s) the progress of all the works DGC has already undertaken, the evaluation of the deliverables produced, and the organisation put in place.

On the basis of this analysis, with a diagnosis and recommendations, the DGC will be able to take the necessary measures with the support of the Member State, to upgrade the competences of its teams responsible for the design and implementation of the new accounting reform.

This upgrading in skills will be set-up into a training plan for the key reform players and future trainers. This training plan will have to be conceived in a running way in order to usefully support the realisation of the activities planned within the framework of the twinning. The training activities aim at upgrading the skills of the DGC's staff in the institutional fields (scope of competence of the DGC, legal framework of the reform, etc.), functional (related professional subjects accounting ...) and organisational (operation in project mode, project management in all its components ...). This capacity building will go through priority training for managers who will then be trainers. The number of beneficiaries and the content of the "priority" courses will be determined at the beginning of the twinning. At least 80% of the identified beneficiaries will have to be trained during the twinning.

An operational action plan will also be defined for the duration of the twinning.

- **Result 2 (R2): the accrual accounting system is defined for EPAs and LAs**

The R1 result is a prerequisite to the design of the accrual accounting system for EPAs and LAs, as it brings the conditions for an optimal support of the MS experts to the DGC staff.

Result 2 contributes to the elaboration of the basis of the accounting doctrine for the Algerian public sector. Several points of attention related to the context are to be taken into account:

- The articulation of general accounts with budget accounts for each type of public body,
- Regular verification of the consistency and convergence of accounting standards, between the State, EPAs and LAs,
- The response provided for the information system that will accompany the implementation of the new accounting system.
- The conditions for the DGC to apply internal accounting control for EPAs and LAs

The deliverables expected from result 2 are to be produced according to a sequence that corresponds to the different stages of the system's construction and meets the expectations of the beneficiary.

Result 2 activities are at the heart of the objectives pursued by twinning. On the one hand, because they relate to the profession framework of the public accountants whose purpose is the production of reliable and sincere accounts. On the other hand, the completion of such a reform project is based on a long-term investment for which the DGC must be equipped in various cross-cutting areas, such as management change or risk management.

The internal accounting control is an innovative technic whose objective is to ensure the quality of the accounts produced by the public accountants. In this respect, the twinning project should enable the DGC to master the concepts and methods of an efficient internal accounting control.

The meeting of all these criteria has to be measured or evaluated in order to consider that the general framework of the new accounting system is ready to be implemented.

### ▪ **Result 3 (R3): experimentation on pilot sites**

In complement to result 2 deliverables, the conditions under which an experiment on a limited number of pilot sites can be conducted, should be set-up. This experiment of a few months will be evaluated to make recommendations for:

- improving the deliverables of result 2 if necessary
- specifying the remainder to be done, conditions and recommendations for deploying the new accounting system
- outlining the post-twinning DGC action plan.

This twinning project is a founding step in the accounting reform of the EPAs and LAs. But the scale of the reform will require further steps, thus a continuation of the DGC's investment, after the twinning and until the full roll-out of the reform. The experimentation planned in the twinning is intended to ensure the relevance of the options that have been taken with the support of the Member State. The evaluation of the experiment will therefore be validated, reviewed and adapted through possible options. These findings, in the form of operational recommendations, are intended to measure DGC's ability and readiness to refine and further develop its reforms action plan.

## **3.6 Means/Input from the Member State Partner Administration (s)**

### **3.6.1 Profile and tasks of the Project Director**

The Project Director must be a high-ranking officer of the MS Administration or assimilated agent or an assimilated agent high-ranking enough to ensure an operational dialogue at

political level. S/he will devote a portion of his/her time to conceiving, supervising and coordinating the overall thrust of the project.

S/he will have:

- A university degree or an equivalent professional experience of 8 years
- Minimum 3 years of specific experience in the field of public finance

The MS Project Director is responsible of activities assigned to his/her administration in the workplan and should be able to dedicate to the project at least 3 days per month, with an on-site visit at least every 3 months to participate in the Project Steering Committees.

The Project Director should conceive, supervise, coordinate, pilot and implement the twinning project. S/he will organise in cooperation with the BC Project Director, the quarterly Steering Committee meetings, that they will chair jointly. The Steering Committee allows each quarter to evaluate the project's progress towards mandatory results.

S/he will be responsible in coordination with the the BC Project Director to submit quarterly and final reports to the UGP P3A and to the EU Delegation in Algeria.

### 3.6.2 Profile and tasks of the Resident Twinning Advisor (RTA)

The RTA is a civil servant (or retired since less than 2 years), or equivalent staff from a mandated body. He/she is in charge of the day-to-day implementation of the Twinning project.

S/he will have:

- A university degree or an equivalent professional experience of 8 years
- Minimum 3 years of specific experience in the field of public finance

The RTA must have at least 3 years of experience in conducting projects in a public finance and/or public accounting environment. Previous experience in managing international/EU projects would be an asset.

In particular, in liaison with the BC Project Director s/he:

- Ensures the smooth execution of the work plan and project activities in accordance with expected results and time;
- Coordinates and mobilise short-term experts and ensures the good quality of the work provided;
- Organises the launch, mid-term and closing conferences of the project and prepares the visibility documents in compliance with the EU rules;
- Ensures the proper management of twinning activities, personnel and logistics;
- Provides the necessary information to prepare the documents as requested in the Twinning Manual (to be jointly countersigned by the MS and BC Project Directors), i.e. side letters, contract amendments, payment requests, financial documentation for budget follow-up;
- Provides technical advice to DGC as part of a predetermined work plan;
- Participates and ensures the quality of the inception, quarterly and final reports;
- Organise and attend the steering committees with the BC Project Director.

### 3.6.3 Profile and tasks of Component Leaders

For each of the 3 results a Component Leader will be nominated. This Key Expert will follow from start to end the activities of his/her component during the whole duration of the twinning. S/he will intervene through a series of short-duration missions organised in coordination with the RTA. S/he will ensure planning, programming, organisation and

follow-up of activities, management of teams of experts and ensure reporting of his/her component.

S/he will have:

- A university degree or an equivalent professional experience of 8 years
- Minimum 3 years of specific experience in the field of public finance

For each mandatory result, component leaders should be high-ranking civil servants or assimilated agents, available enough to ensure proper coordination and deliverables. Their professional experience should allow to support in a pertinent and operational way the component activities.

### 3.6.4 Profile and tasks of other short-term experts

The Member State will mobilise a team of short-term experts (STE). The requested general profile of ECTs is as follows:

- A university degree or an equivalent professional experience of 8 years
- Minimum 3 years of specific experience in the fields mentioned in the table below
- Have pedagogical qualities to ensure the sharing of experience, transfer of technical skills and decision support.

<b>Areas</b>
Human Resource Management
Public administration organisation
Modernisation of the administration
Training Management
Project management
Risk Management and Quality Planning
Public accounting professions in accrual accounting, applied to the EPAs and LAs.
Accounting quality and audit
Cross-cutting areas: communication, change management
IFRS and IPSAS accounting standardisation
Process engineering
Information system

## 4. Budget

The maximum budget available for this Twinning Grant is € 1 100 000.

## 5. Implementation Arrangements

### 5.1 Implementing Agency responsible for tendering and contracting

The « Unité de Gestion du Programme (UGP) - Programme Management Unit-ensure the administrative management of all P3A activities, twinning projects included in the respect of EU procedures and in close coordination with the Delegation of the European Union. To this end, UGP ensures the P3A funds management.

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Any request of clarification related to the present twinning fiche should be exclusively addressed to the UGP and by e-mail only

## 5.2 Institutional Framework

The beneficiary institution is the Directorate General of Public Accounting (DGC), Ministry of Finance.

In application of the provisions of article 6 of the executive decree n ° 07-364 of November 28th, 2007, the Directorate General of Accounting (DGC) is entitled to:

- develop accounting rules and procedures;
- undertake any action, study or research aimed at developing and modernising Treasury services and standardising accounting systems;
- centralise, consolidate and produce financial, accounting and budgetary information;
- ensure the direct participation of the Public Treasury in the ATCI system and to offer new payment services
- design and manage the Treasury information system;
- animate and evaluate the activity of its external services;
- initiate and propose any law or regulation within its area of competence.

It is composed of six (6) departments:

- The Regulations and Budget Execution Department;
- Accounting Modernisation and Standardisation Department;
- Accounting and Financial Consolidation Department;
- IT Department;
- The Payment Instruments Department;
- The Department of means and finances, in relation with the central structures of the ministry, in charge of resources and human resources.

The DGC has an inspection of accounting services. The Director General of Accounting is assisted by two deputy directors (Director of Studies), he represents the Minister in his capacity as Chairman of the CNC.

DGC staff involved in the implementation of accrual accounting at central level, EPAs and LAs level as of 15/07/2017.

	CENTRAL ADMINISTRATIO N	DECONCENTRATED SERVICES			TOTAL DECONCENTRATED SERVICES	TOTAL
		Head quarters	TW, TC et TP	TC, TCHU, EPH et EPSP		
<b>Highest functions</b>	55	12			12	<b>67</b>
<b>Highest positions</b>	1		50		50	<b>51</b>
<b>Executive agent</b>	226	336	2758	3085	6179	<b>6405</b>
<b>Other agents</b>	51	114	837	1221	2172	<b>2223</b>

<b>Middle management</b>	58	126	1188	2042	3356	<b>3414</b>
<b>Enforcement agents</b>	68	75	402	418	895	<b>963</b>
<b>Total civil servants</b>	404	663	5238	6763	12664	<b>13068</b>
<b>Total on contract</b>	32	121	695	1831	2647	<b>2679</b>
<b>TOTAL</b>	<b>491</b>	<b>784</b>	<b>5926</b>	<b>8601</b>	<b>15311</b>	<b>15802</b>

### Accounting agencies staffing.

According to the Accounting Inspection Services, the number of EPAs by sector and by region is 9036 establishments including 7041 for the National Education. The Accounting Officers are mostly appointed by the Ministry of Finance. Others are approved by the DRT (Regional Labour Department) with the agreement of the Treasurer of Wilaya. For a minority of the EPAs, the accounts are kept by the treasurers of Wilaya.

### Other partner institutions

The DGC is the direct beneficiary of the twinning project but other numerous stakeholders are involved in public accounting:

- The other directorates of the Ministry, especially the DGB (EPA, IT system, public expenses, budget) and the DGI (taxation),
- The National Accounting Council (CNC)
- The Ministry of the Interior, Directorate General of Local Authorities,
- The Court of Auditors in its jurisdictional role,
- All the ministries that supervise EPAs.

## **5.3 Counterparts in the Beneficiary Country**

The Directorate General of Public Accounting (DGC) is the beneficiary and is responsible for the twinning project implementation. It therefore ensures preparation, implementation and follow-up of twinning activities. To this end, the DGC will put at disposal of the project necessary human and material means for the success of the twinning.

### **5.3.1 Contact person**

M. FERRAD Badis  
 Directeur d'études (Deputy director)  
 Direction Générale de la Comptabilité  
 Ministère des Finances  
 Immeuble Ahmed FRANCIS  
 16306 BEN AKNOUN - ALGER  
 Site web <http://www.mf-dgc.gov.dz>

### **5.3.2 BC Project Director**

M. FERRAD Badis, Director of Studies will be nominated as BC Project Director. He will work in close collaboration with the MS Project Director, the MS and BC RTAs. He will ensure regular project's monitoring and will support at all times the good breakdown of the project. He will co-chair the quarterly Steering Committees.

#### 5.3.2 RTA counterpart

M. RIGHI Yacine, Deputy-director of Public Finance Statistics will be the RTA counterpart. As such his/her main contact person during the whole project duration.

He will be in charge of day-to-day coordination with the RTA of activities related to the Algerian counterpart and will ensure links with BC officers and/or working groups and MS short-term experts.

## 6. Duration of the Project

24 months

## 7. Management and reporting

### 7.1 Language

The official language of the project is the one used as contract language under the instrument (English / French). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

### 7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements via-à-vis the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

### 7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements via-à-vis the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

## 8. Sustainability

The project will directly provide substantial support for strengthening the institutional and technical capacity of the Directorate General of Accounting, which should enable the DGC to carry out the following missions in a sustainable manner:

- . development of rules and procedures related to public accounting;
- . actions of all kinds aimed at developing and modernising Treasury services and standardising accounting systems;
- . centralisation, consolidation and production of public accounts and financial data, accounting and budgetary information;
- . design and management of the Treasury information system;

- . animation and evaluation of the activity of the external services;
- . ability to propose any law or regulation within its area of competence.

## 9. Crosscutting issues

### **Gender mainstreaming**

Algeria fully subscribes to gender issues as defined in the Millennium Goals. Access to public services without differentiation or discrimination between men and women is a fundamental principle that is also applied in the administration, and particularly in the Ministry of Finance and the DGC. This twinning project is gender neutral.

### **Good governance and the rule of law**

As a whole, the twinning project is in line with the values and principles included in the AA signed between the EU and Algeria. The DGC is linked to these issues to the extent that the public accounts are factors of transparency and information of citizens.

### **Environment**

Algeria is very sensitive to environmental issues. The evolution of organisations and accounting processes contributes to sustainable development by simplifying and dematerializing procedures.

## 10. Conditionality and sequencing

There are no conditionality or specific requirements on sequencing, except those mentioned in the fiche.

A twinning project must not be a one-way technical assistance from a Member State to a Beneficiary Country.

It must contribute to introduce and share best European practices in matter of community legislation.

The MS proposal must include activities which will reach to completion of mandatory results.

Activities will be further developed with twinning partners at the moment of elaboration of the running workplan, keeping in mind that the final list of activities will be decided in cooperation with the Member State. Components are closely linked and must be sequenced consequently.

Other EU initiatives, activities or events (TAIEX, SIGMA, P3A and other programmes) must be taken into account.

In addition to component activities and quarterly meetings (SC), horizontal activities must be organised to ensure project's visibility (Opening seminar, mid-term conference, closing seminar ...).

## 11. Indicators for performance measurement

- **OVI 1:** The "state of the art / diagnosis and recommendations" report has been integrated into the DGC Strategic Plan after two months of submitting this deliverable.
- **OVI 2:** At least 80% of the DGC officers involved in accrual accounting reform have been trained; 20% of them are trained as trainers
- **OVI 3:** at mid-term twinning implementation, the overall framework of the accrual accounting system is ready to be implemented for EPAs and Las. At the end of the project it is adopted. At least 3 pilot sites are selected.
- **OVI 4:** The conditions for the DGC to apply internal accounting control for EPAs and LAs are met at the mid-term of twinning implementation. A specific group of at least 4 people in charge is nominated and trained at the end of the project. Tools for internal control are set up and validated.
- **OVI 5:** The system is tested on at least 3 pilot sites in the last 6 months of the project. The findings of the experiment allow DGC to continue the implementation of the accrual accounting system in the EPAs and LAs

## 12. Facilities available

The beneficiary will take in charge expenses for namely room renting, training, editing and printing, visual marketing, and equipment necessary for the smooth realisation of activities and which are not mentioned explicitly in the twinning budget. The beneficiary will put at disposal of the RTA and assistants a fully equipped office (hardware and software) as well as offices and meeting rooms for short-term experts.

## Annex: Logical framework

<p><b>Twinning Acronym: « DGC»</b>  <b>Twinning Title:</b> Support to the Directorate of General of Public Accounting (DGC) for preparing the implementation of an accrual accounting system</p>	<p><b>Reference : DZ 17 ENI FI 01 19</b></p>	<p><b>Project duration : 24 months</b></p>	<p><b>Budget : € 1 100 000</b></p>
Overall Objective	Objectively Verifiable Indicators	Sources of verification	
<p>Support the development and preparing the implementation of an accrual accounting system for EPAs and LAs.</p>	<p>The General Accounting Department (DGC) is prepared to implement the accrual accounting. The professional skills of DGC teams are strengthened.</p>	<ul style="list-style-type: none"> <li>- Quarterly reports, inception and final reports.</li> <li>- Training plan for DGC managers and trainers</li> </ul>	
Specific objectives	Objectively Verifiable Indicators	Sources of verification	Hypothesis and risks
<ul style="list-style-type: none"> <li>- Upgrading the "profession" and "transversal" skills of the DGC</li> <li>- Design the accrual accounting system for the EPAs and LAs</li> <li>- Experiment implementation at pilot sites</li> </ul>	<ul style="list-style-type: none"> <li>- The DGC possesses the necessary skills to exercise all the professions related to accrual accounting with EPAs and local authorities.</li> <li>- Degree of progress in setting up the new accounting system</li> <li>- Positive experimentation in pilot sites</li> </ul>	<ul style="list-style-type: none"> <li>- Training delivery and evaluation</li> <li>- Standards, norms, processes available for EPAs and LAs.</li> <li>- Components 1-2-3 reports</li> </ul>	<ul style="list-style-type: none"> <li>- Provision by the DGC of the studies carried out before the twinning</li> <li>- Consistency with State norms and standards to be verified</li> </ul>

Results	Objectively Verifiable Indicators	Sources of verification	Hypotheses and risks
<p><b>Result 1: The institutional, functional and organisational capacities of the DGC are strengthened</b></p>	<ul style="list-style-type: none"> <li>▪ <b>OVI 1:</b> The "state of the art / diagnosis and recommendations" report has been integrated into the DGC Strategic Plan within two months of submitting this deliverable.</li> <li>▪ <b>OVI 2:</b> At least 80% of the DGC officers involved in "priority" training have been trained at the end of the project; at least 20% of them are trained as trainers at the end of Year 1; 75% of trained staff is satisfied by training at the end of the project.</li> </ul>	<ul style="list-style-type: none"> <li>- Audit report and recommendations</li> <li>- DGC Strategic Plan Updated</li> <li>- Training programmes and training evaluations</li> <li>- List of trainees and trained trainers</li> </ul>	<p>Availability of data.</p> <p>Availability and willingness of staff to participate to training</p>
<p><b>Result 2: the accrual accounting system is defined for EPAs and local authorities</b></p>	<ul style="list-style-type: none"> <li>▪ <b>OVI 3:</b> at mid-term twinning implementation, the overall framework of the accrual accounting system is ready to be implemented for EPAs and Las. AT the end of the project it is adopted. At least 3 pilot sites are identified at the end of year 1.</li> <li>▪ <b>OVI 4:</b> The conditions for the DGC to apply internal accounting control for EPAs and LAs are met at the mid-term twinning implementation. In the first 6 months of the project, a dedicated team of at least 4 people is nominated. At the end of the project the team will be trained at 100% with a satisfactory level of 75% at least. Internal control tools are set up and validated.</li> </ul>	<ul style="list-style-type: none"> <li>- Draft standards applied to EPAs and Las</li> <li>- Public accounting conceptual framework</li> <li>- Accounting Plan for EPAs and LAS</li> <li>- Draft Internal Control Guide</li> <li>- List of Control team</li> <li>- List of Pilot sites</li> </ul>	<ul style="list-style-type: none"> <li>- Risk of substantial delays before implementing the new accounting system.</li> <li>- Impact of provisional and possible solutions for the information system</li> </ul>
<p><b>Result 3: The accounting system is tested on pilot sites</b></p>	<ul style="list-style-type: none"> <li>▪ <b>OVI 5:</b> The system is tested in at least 3 pilot sites in the last 6 months of the project. The findings of the experiment allow DGC to continue the implementation of the accrual accounting system in the EPAs and LAs</li> </ul>	<ul style="list-style-type: none"> <li>- Pilot evaluation reports</li> <li>- Report and recommendations to continue the implementation of the accounting reform</li> </ul>	<ul style="list-style-type: none"> <li>- Mobilisation of EPAs and LAs</li> <li>- Provisional information system being operational</li> </ul>