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**ANNEX:**  
**IPA National Programme for Albania under the Transition Assistance and Institution**  
**Building Component for 2008**

**1. IDENTIFICATION**

Beneficiary	Albania
CRIS number	2008/020116
Year	2008
Cost	EUR 60.917 million
Implementing Authority	European Commission  For projects number 1, 3, 14: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)  For projects number 5, 9: Austrian Development Agency (ADA)  For project number 12: United Nations Development Programme (UNDP)
Final date for concluding the financing agreements	At the latest by 31 December 2009
Final dates for contracting	Three years following the date of conclusion of the Financing Agreement.  These dates apply also to national co-financing
Final dates for execution	Two years following the end date for contracting.  These dates apply also to national co-financing
Sector Code	11110, 15110, 15120, 15130, 16320, 21020, 23010, 25020, 31110, 32130
Budget line concerned	22.0202
Programming Task Manager	Unit C1, DG Enlargement
Implementation Task Manager	Operational Sections, Delegation of the European Commission in Tirana

**2. PRIORITY AXES / PROJECTS**

**2.1. Priority axes**

The IPA 2008 programme for Albania focuses on the objectives identified in the Multi-Annual Planning Document (MIPD) 2008-2010. The 24 projects of the programme are grouped under 4 strategic priority axes. Assistance under this programme responds to the

recommendations of the 2007 Enlargement Strategy and Progress Report, the European Partnership priorities and will address the requirements under the SAA.

IPA 2008 will address key issues such as public administration reform and rule of law enforcement, in particular as regards good governance and anti-corruption measures. This reflects the increase of funds allocated to the area of political requirements under MIPD 2008-2010. Strengthening the administrative capacity in view of the implementation of the SAA is given a high priority to support the Albanian authorities in fulfilling the requirements of the SAA. There is a need to further support structural reforms in the country and to invest in related infrastructure, in particular in the area of regional development and acquis related infrastructure.

#### *2.1.1. Priority Axis 1 - Political Criteria*

31% of the overall budget for the 2008 programme should be allocated to this axis. IPA will support the current *public administration reform* through the institutions involved in the civil service management, mainly the Department of Public Administration (DoPA). In order to improve Albania's *administrative capacity*, assistance is given to the overall co-ordination structures to manage the SAA implementation process (Ministry of European Integration (MEI), Council of Ministers (CoM) and line ministries) strengthening as well the capacity of key institutions, in particular the Ministry of Public Works, Transport and Telecommunications. Further assistance to *good governance* is provided supporting anti-corruption measures and strengthening the public financial management, particularly Treasury system and public procurement. Under this heading IPA also contributes to the alignment of *customs* procedures with EU standards. Support to the *judiciary* is provided through the construction of a pre-trial detention centre in Shkodra. A Project Preparation Facility should assist the authorities for future programming and drafting exercises.

#### *2.1.2. Priority Axis 2 – Socio-economic Criteria*

26% of the overall budget for the 2008 programme should be allocated to this axis. Under this heading, there is a need to support further structural reforms in the country (i.e regional development type of activities) in terms of infrastructures. In order to contribute to the social and economic cohesion of the country, IPA will support the improvement of management and conditions of the *secondary and local roads* and the implementation of the National Education Strategy with special focus in *up-grading the Vocational Education and Training (VET) schools*. DG ELARG decided to transfer IPA funds from Component II to Component I to continue with a unilateral border *development programme for Kukes region*.

#### *2.1.3. Priority Axis 3 – Ability to assume the obligations of membership*

40% of the overall budget for the 2008 programme should be allocated to this axis. IPA will support Albania's approximation to EU standards, including administrative capacity and *compliance with SAA requirements* as regards copyrights, metrology, competition, state aid and civil aviation. Support will be provided to the Bank of Albania. As regards *sectoral policies*, IPA will support the development of a rural development strategy and related structures, monitoring control and surveillance system (fisheries), management system for environmental monitoring and control of animal diseases. Further assistance is foreseen in the area of transport: inter-urban trans-urban highways and port of Shengjin.

#### *2.1.4. Priority Axis 4 – Participation in Community Programmes*

2% of the overall budget for the 2008 programme should be allocated to this axis. Participation to the following Community Programmes is foreseen: CIP, FP7 and Europe for Citizens.

## 2.2. Description of projects grouped per priority axis

No.	Political Criteria	EC contribution EUR million	Project Description
1	Support to strengthen Albania's administrative capacity to manage and coordinate the <b>SAA implementation process</b>	2.0	<p><i>Project purpose:</i> To strengthen the MEI administrative capacity to manage the SAA implementation, to perform the NIPAC's responsibilities, to improve the legal coordination process and to ensure the sustainability of EU related reforms.</p> <p><i>Implementation:</i> one Delegation Agreement with Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ) to implement the project through indirect centralised management in accordance with (Article 54.2(c) of the Financial Regulation).</p>
2	Technical Assistance to <b>Ministry of Public Works, Transport and Telecommunications</b> (MPWTT)	1.0	<p><i>Project purpose:</i> To enhance the capacity of the MPWTT, Directorates and the Institute of Transport to plan and manage the implementation of transport related projects in the framework of the Albanian National Transport Plan.</p> <p><i>Implementation:</i> 1 service contract to be launched in the 1<sup>st</sup> quarter of 2009</p>
3	Support to <b>Civil Service Reform</b>	1.0	<p><i>Project purpose:</i> To further strengthen public sector governance by reinforcing the management capacity the Department of Public Administration (DoPA). This will be done by carrying out a functional assessment of DoPA management methods and skills, and implementing the recommendations.</p> <p><i>Implementation:</i> one Delegation Agreement with Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ) to implement the project through indirect centralised management in accordance with (Article 54.2(c) of the Financial Regulation).</p>
4	Support for the strengthening of the Albanian <b>Public Procurement, Concessions and Public Auctions</b> systems	1.5	<p><i>Project purpose:</i> To contribute to improvements in the effectiveness, efficiency and transparency of the public procurement, public auctions and concessions systems in Albania, with a view to approximate to EU Standards in this area as required by the SAA</p> <p><i>Implementation;</i> a Twinning contract (for an indicative maximum amount of EUR 1,000,000) and a supply contract (for an indicative maximum amount of EUR 500,000), to be launched in the 3<sup>rd</sup> quarter of 2009 and in the 1<sup>st</sup> quarter of 2011, respectively. As regards the twinning contract, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
5	Support and Expansion of the Albanian <b>Treasury System</b>	1.5	<p><i>Project purpose:</i> To strengthen the capacities of the Ministry of Finance (MoF), Line Ministries and Local Government Units to improve financial management of government resources and establish a countrywide network infrastructure between the MoF (TDO), line</p>

			<p>Ministries and Local Government</p> <p><i>Implementation</i> : one Delegation Agreement with the Austrian Development Agency (ADA) to implement the project through indirect centralised management in accordance with (Article 54.2(c) of the Financial Regulation)</p>
6	Support to the Penitentiary Infrastructure	5.5	<p><i>Project purpose:</i> to further improve the existing capacities of the penitentiary and pre-trial detention facilities in Albania. After completion of detailed design and costs estimations of six pre-trial detention centres in Albania foreseen under CARDS 2005 programme, IPA's assistance will help to finalize the construction works of detention and pre-detention of Shkodra and/or Berat, and/or any other equivalent centre according to the Master Plan priorities, including the provision of furniture and equipment, in accordance with EU and international standards.</p> <p><i>Implementation:</i> Two supply contracts (for an indicative maximum total value of EUR 1,000,000) one service contract (for an indicative maximum amount of EUR 350,000) and two works contracts (for an indicative maximum total value of EUR 5,150,000). The service contract and one works contract are expected to be launched in the 1<sup>st</sup> quarter of 2009. The remaining works contract and the two supply contracts are expected to be launched in the 3<sup>rd</sup> quarter of 2010.</p>
7	Support to the alignment of Customs Procedures with EU Standards	3.5	<p><i>Project purpose:</i> To modernize the control and monitoring of customs systems based on the EU standards and practice through: implementation of best managerial, operational models recommended from EU blueprints and WCO safe standards, enhancement of human resource capacities, use of specialized equipment providing secure movement of goods and passengers, facilitation of trade by the introduction of simplified procedures.</p> <p><i>Implementation:</i> a twinning contract (for an indicative maximum amount of EUR 2,000,000) and a supply contract (for an indicative maximum amount of EUR 1,500,000) to be launched in the 4<sup>th</sup> and 3<sup>rd</sup> quarter of 2009, respectively. As regards the twinning contract, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
8	Project against Corruption in Albania.	2.0	<p><i>Project purpose:</i> The purpose of this project is to support the Albanian government in strengthening its anti-corruption measures as set in its Anti-corruption Strategy (2007-2013) and assist in implementing the recommendations issued by the Group of States against Corruption (GRECO) and Select Expert Committee on Money-laundering and Terrorism Financing (MONEYVVL) and European Partnership commitments. Through a pilot component, the project will assist the Albanian authorities to prevent and control corruption within the education system.</p>

			<i>Implementation:</i> Direct grant to the CoE, in view of both its technical competence and the specific characteristics of the project, in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation.
9	<b>Project Facility Preparation</b>	<b>1.0</b>	<p><i>Project purpose:</i> The purpose of the PPF is to ensure that the Albanian authorities submit good quality project proposals to the European Commission for the implementation of European Partnership (EP) and the Stabilisation and Association Agreement (SAA) and to support effective implementation of these projects in Albania.</p> <p><i>Implementation:</i> one Delegation Agreement with the Austrian Development Agency (ADA) to implement the project through indirect centralised management in accordance with (Article 54.2(c) of the Financial Regulation)</p>
	<b><i>Economic Criteria</i></b>		
10	Improvement of management and conditions of the <b>secondary and local roads</b>	<b>8.0</b>	<p><i>Project purpose:</i> To improve access to essential services and economic markets, in the form of reduced user costs, for the resident population in the hinterland of the improved secondary and local roads.</p> <p><i>Implementation:</i> 4 works contracts, each for an indicative amount of EUR 1,000,000, EUR 1,400,000, EUR 2,400,000 and EUR 2,500,000, all of them to be launched during the 2<sup>nd</sup> quarter of 2009. Finally a service contract for the supervision of the works will be launched during the 1<sup>st</sup> quarter of 2009, for an indicative maximum amount of EUR 700,000.</p>
11	Strengthening the <b>Vocational Education and Training (VET)</b> in Albania	<b>7.0</b>	<p><i>Project purpose:</i> To improve quality of learning conditions for students in VET schools, and to provide better education and training opportunities for the poor communities/areas.</p> <p><i>Implementation:</i> 1 service contract for the preparation of the technical designs, for an indicative amount of EUR 350,000, to be launched in the 1<sup>st</sup> quarter of 2009; 5 works contracts for the constructions of new VET schools, to be launched in the 1<sup>st</sup> quarter of 2010 for an indicative maximum amount of EUR 910,000 (4 of them) and EUR 430,000 (1 of them); 4 works contracts for the rehabilitation of existing VET schools, to be launched in the 1<sup>st</sup> quarter of 2010, for an indicative maximum amount of EUR 320,000 (1 of them), EUR 280,000 (2 of them) and EUR 400,000 (1 of them); 1 service contract for the supervision of the works contracts, for an indicative maximum amount of EUR 350,000, to be launched in the 4<sup>th</sup> quarter of 2009; and a service contract to support the implementation of VET reform priorities, for an indicative maximum amount of EUR 950,000, to be launched in the 1<sup>st</sup> quarter of 2009.</p>
12	<b>Kukes Region</b> Tourism and Environment	<b>1.017</b>	<i>Project purpose:</i> The purpose of the project stems from the Region's geographic opportunity and potential for

	Promotion - KRTEP		<p>developing cross-border initiatives with the bordering Kosovo<sup>1</sup>, as planned in the EC MIPD 2007-2009.</p> <p>As the conditions for IPA Component II to support joint cross-border programmes, as defined in Article 91 of the IPA Implementing Regulation with Kosovo are presently not met, the present project proposes, based on the exception provided by Article 91 to finance a unilateral development programme in Albania for 2007 and 2008 in the Kukes Region bordering Kosovo.</p> <p><i>Implementation:</i> Joint management with the United Nations Development Programme (UNDP) in accordance with Art. 53 (d) of the Financial Regulation and Article 43 of its Implementing Rules.</p>
	<i>Ability to assume the obligations of membership</i>		
13	Strengthening of national <b>metrology infrastructure</b> and achievement of international recognition	<b>3.0</b>	<p><i>Project purpose:</i> To reinforce the metrology system in Albania fulfilling of the conditions for full membership in EURAMET, through strengthening and upgrading of metrological infrastructure and aligning of the Albanian metrology practices with these of EU members; increasing of technical competence of DPM</p> <p><i>Implementation:</i> 1 Twinning contract for an indicative maximum amount of EUR 1,000,000, to be launched in 1<sup>st</sup> quarter of 2009; a supply contract, for an indicative maximum amount of EUR 2,000,000 to be launched in 3<sup>rd</sup> quarter of 2010</p> <p>As regards the twinning contract, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
14	Capacity building for implementing the <b>rural development</b> strategy	<b>2.0</b>	<p><i>Project purpose:</i> To establish and strengthen the institutional and administrative capacities in the Ministry of Agriculture, Food and Consumer Protection to design, develop and implement the right policies and the appropriate supporting means for the development of agriculture and rural areas in the frame of EU pre-accession assistance programmes for the implementation of IPARD.</p> <p><i>Implementation:</i> one Delegation Agreement with Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ) to implement the project through indirect centralised management in accordance with (Article 54.2(c) of the Financial Regulation).</p>
15	Support for the Albanian <b>Competition</b> Authority	<b>1.5</b>	<p><i>Project purpose:</i> to increase and strengthen the efficiency and effectiveness of administrative</p>

<sup>1</sup> Kosovo under UNSCR 1244/99



	and <b>State Aid</b> Department		<p>capacities in the fields of competition and state aid and to ensure the approximation of legislation in those fields with the new legal framework introduced within the European Union legislation.</p> <p><i>Implementation:</i> a Twinning contract, for an indicative maximum amount of EUR 1,000,000, to be launched in the 1<sup>st</sup> quarter of 2009, and a service contract, for an indicative maximum amount of EUR 500,000, to be launched in the 2<sup>nd</sup> quarter of 2009.</p> <p>As regards the twinning contract, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
16	Strengthening and enforcement of the capacities of <b>Albanian Copyright Office</b> and other state institutions involved in the process of respecting and protecting copyright	<b>0.8</b>	<p><i>Project purpose:</i> Strengthening and enforcement of the capacities of the Albanian Copyright Office and Regional Copyright Offices and their partners, in the chain of the institutions which have responsibilities and commitments in the process of respecting and protecting copyright</p> <p><i>Implementation:</i> a Twinning contract, for an indicative amount of EUR 800,000 to be launched in the 1<sup>st</sup> quarter of 2009. The essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
17	Strengthening the institutional capacity of the <b>Albanian Central Bank</b> particularly in the areas of banking supervision, statistics, payment systems and the implementation of monetary policy	<b>1.0</b>	<p><i>Project purpose:</i> To prepare the central bank (the Bank of Albania – BoA) for a smooth rapprochement to the European System of Central Banks (ESCB) and help ensure an approximation of the Bank’s legal and regulatory framework to the EU <i>acquis communautaire</i> as well as of its practices to the standards prevailing in the ESCB</p> <p><i>Implementation:</i> 1 Twinning contract, for an indicative maximum amount of EUR 1,000,000, to be launched in the 3<sup>rd</sup> quarter of 2009.</p> <p>As regards the twinning contract, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
18	Improving public protection against <b>zoonotic diseases</b>	<b>5.7</b>	<p><i>Project purpose:</i> Establish the institutional and administrative basis to design and implement the appropriate measures conducive to the eradication of main zoonotic diseases in the country. Reduce the incidence rate and economic loss caused by zoonotic diseases in the country.</p> <p><i>Implementation:</i> one service contract for an indicative maximum amount of 3,900,000 to be launched in the 2<sup>nd</sup> quarter of 2009 and a supply contract for an indicative amount of 1,800,000 to be launched in the 2<sup>nd</sup> quarter of 2010</p>
19	Support/Twinning to <b>Albanian Civil Aviation</b>	<b>1.0</b>	<p><i>Project purpose:</i> To improve the high level air transport structure, responsible for national civil aviation setting a complete legal framework in</p>

	<b>Safety Management</b>		<p>compliance with EU legislation and ECAA obligations, and ensuring its effective implementation and civil aviation administrative organization with its sectors security, safety, air traffic management.</p> <p><i>Implementation:</i> a twinning contract, for an indicative maximum amount of EUR 1,000,000, to be launched in the 2<sup>nd</sup> quarter of 2009. The essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.</p>
20	Pre-feasibility/feasibility studies and detailed design for strategic inter-urban and trans-urban <b>highway routes in Albania</b>	<b>2.5</b>	<p><i>Project purpose:</i> To contribute towards improving the standard of the road system in Albania by providing detailed road design services and feasibility studies in compliance with international standards. This will facilitate financing of the construction of these sections by the IFIs.</p> <p><i>Implementation:</i> 3 Service contracts: 2 of them for an indicative maximum amount of EUR 1,000,000 each, to be launched in the 1<sup>st</sup> quarter of 2009 and 4<sup>th</sup> quarter of 2009; the remaining service contract, for an indicative maximum amount of EUR 500,000 is expected to be launched in the 4<sup>th</sup> quarter of 2010.</p>
21	Improving of Albanian <b>Maritime Sector</b>	<b>3.1</b>	<p><i>Project purpose:</i> To support the construction of the new quay and the operating square and other facilities in the Port of Shengjini, according to the Master Plan for the development of this Port</p> <p><i>Implementation:</i> three works contract, for an indicative maximum amount of EUR 1,100,000 (one of them) , to be launched in the 1st quarter of 2009., for an indicative maximum amount of EUR 1,500,000 (second contract) to be launched in the 2nd quarter of 2009, for an indicative maximum amount of EUR 500,000 (third contract) to be launched in the 2nd quarter of 2009</p>
22	Establishing and Strengthening of <b>Monitoring Control and Surveillance system in fisheries (MCS)</b>	<b>2.0</b>	<p><i>Project purpose:</i> To contribute to the establishment of a central national system of water area surveillance in the framework of European Common Fisheries Policies (CFP)</p> <p><i>Implementation:</i> 1 service contract and 1 supply contract, each for an indicative maximum amount of EUR 1,000,000 and to be launched in the 2<sup>nd</sup> and 4<sup>th</sup> quarter of 2009.</p>
23	Consolidation of the <b>Environmental Monitoring</b> system in Albania	<b>2.0</b>	<p><i>Project purpose:</i> Improvement of environmental data quality through expansion and consolidation of a sustainable, integrated and effective environmental monitoring system capable of using the environmental norms and directives of EU as a general reference framework</p> <p><i>Implementation:</i> 1 service contract for an indicative maximum amount of EUR 1,100,000 and 1 supply contract, for an indicative maximum amount of EUR 900,000 to be launched in the 2<sup>nd</sup> and 1<sup>st</sup> quarter of 2010.</p>

	<b>Participation in community programmes</b>		
24	Support for participation to <b>Community Programmes</b> : in particular CIP, Europe for Citizens, FP 7	<b>1.3</b>	<p><i>Project purpose:</i> The purpose of the project is (1) to co-finance the costs of the "entry-tickets" which the beneficiary country has to pay for the participation in Community Programmes, and (2) to strengthen the capacity of the relevant administrative bodies to ensure proper participation of the beneficiary in Community Programmes</p> <p><i>Implementation:</i> in accordance with the Framework Agreement of 22 November 2004 on the participation of Albania in Community Programmes, the Commission will reimburse part of eligible costs actually incurred by the government of Albania for its participation in these Community Programmes.</p>
<b>TOTAL</b>		<b>60.917</b>	

Projects under the IPA Multi-Beneficiary Programme 2008 will be funded from the national budget for the areas of education (Tempus: EUR 1 million) and Nuclear Safety (EUR 200 000).

### **2.3. Overview of past and on-going assistance (EU/ IFI /Bilateral) including lessons learned and donor coordination**

#### *2.3.1. Past and on-going assistance*

Between 2001 and 2006 Albania benefited from around EUR 330 million of CARDS assistance. CARDS assistance targeted four broad reform priorities: justice and home affairs (about 40% of the funding), administrative capacity building (about 20%), economic and social development (about 35%), and democratic stabilisation (about 5%).

Under CARDS, the management of EC projects has been transferred to the EC Delegation in Tirana. The EC Delegation works in close cooperation with the Albanian Ministry of European Integration.

The support provided through CARDS 2005/2006 and IPA 2007 is currently being implemented and there is a pipeline of projects in the areas of good governance and institution building, rule of law, civil society, education, employment, European standards, regional development, transport, environment, agriculture, rural development, SMEs, statistics and taxation.

The IPA 2007 national programme addresses under the political criteria: police reform, decentralised management of the assistance, and penitentiary infrastructure. Under the economic criteria, the national programme 2007 addresses SME development and the priority axis on European Standards included projects on statistics, water supply and sewerage systems and taxation. The total allocation of the 2007 national programme is EUR 49.2 million.

Albania also benefited from the regional activities under CARDS, which supported actions of common interest for the Western Balkan region in the fields of infrastructure, institution

building and cross-border cooperation in conjunction with Interreg activities. Under IPA regional activities are covered by the Multi-beneficiary programme as regards public administration reform, justice and home affairs, civil society, youth, education, research, infrastructure, internal market and nuclear safety.

<b>EC Assistance to Albania (1991-2007) in million Euro</b>	
IPA	61
CARDS	330
Phare	635
Macro-financial assistance	150
ECHO	142
EIDHR	5
<b>Total</b>	<b>1323</b>

### 2.3.2. *Lessons learned*

The interim evaluations (Phare 1999-2002) and the ex-post evaluation (Phare 1999-2001) of EU pre-accession assistance have identified some lessons that can be drawn for future assistance. Experiences with the implementation of CARDS and IPA assistance as well as recent DG ELARG evaluation reports - more specifically, the evaluation report for public administration reform, suggest that IPA assistance needs to consider the following lessons learned:

- **Local ownership** is essential for the effective targeting of assistance and achieving the expected results. Significant efforts have been undertaken to involve Albania's institutions in the planning and programming process for EC assistance. The Ministry for European Integration (MEI) benefited from substantial institution and capacity building support. The introduction of the function of Senior Programme Officers (SPO) within the European Integration units in line ministries and the leading role of the MEI in the programming process should provide the framework for the identification of the assistance needs.
- The **absorption capacity** of the authorities needs to be ensured. This depends on project maturity, adequate staffing in the relevant institutions and the mobilisation of the civil society and a political consensus on key reform activities.
- **Timely planning** of future assistance is essential to address key areas. Given the delays in the implementation of CARDS and IPA assistance, it needs to be ensured that projects do not become obsolete because of late implementation.
- The **link between EC assistance and sectoral strategies and action plans** of the Albanian institutions needs to be ensured. The aim is to design assistance in relation to the Albania strategic plans, which should address the requirements of the EU integration process.

- Particular attention must be paid to the preparedness and **maturity of the projects** to be selected.

### 2.3.3. Donor Coordination

Since November 2005, the Government of Albania is involved in the process of donor coordination through the Integrated Planning System (IPS), which aims at ensuring that core policy and financial processes function in a coherent, efficient and integrated manner. Assistance to this mechanism is foreseen under IPA 2007. The Albanian Government also expects to improve donor coordination and align international assistance with national priorities through the Department of Strategy and Donor Coordination (DSDC) under the Council of Ministers. The Minister of European Integration has been appointed as National IPA Co-ordinator.

The Delegation of the European Commission, in its role as head of the Donor Technical Secretariat (DTS), has facilitated coordination hosting project data of all donors since 2003. For the last two years this role was undertaken by the World Bank. As from 1<sup>st</sup> April 2008 the EC will be again leading the DTS.

Beside the EC assistance, several other donors are active in key areas of assistance. Support to the public administration reform is mainly provided by Austria, Germany, Netherlands, Sweden, and the United States. In the sector of rule of law and security, assistance is provided by France, Italy, Sweden, Council of Europe, Organisation for Security and Co-operation in Europe (OSCE), and Norway. Economic development is promoted by Austria, France, Italy, Spain, and UK. Education, employment and health are supported by Austria, the Czech Republic, France, Italy, and the United Nations. Assistance to European Standards (including food safety, energy, agriculture, and environment) is provided by Austria, Germany, the Czech Republic, Italy, Japan, and USAID. Investments in infrastructure projects (including roads, railway, waterways and air transport) are mainly provided by Austria, the Czech Republic, Germany, Italy, and Switzerland.

## 2.4. Cross cutting issues

The major cross cutting issues to be tackled in Albania are:

- **Civil Society** is supported from previous CARDS 2005/2006 programmes (currently under implementation) and the European Initiative for Democracy and Human Rights (EIDHR). Civil Society should be properly consulted by the government during the decision making process.
- **Environmental impact assessment** is compulsory concerning new legislation and financing proposals for investments.
- **Equal opportunities and non-discrimination** will be respected as regarding gender at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- **Minority and vulnerable groups' concerns** will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development.

- **Good governance and fight against corruption:** Specific action instruments for the good governance, with particular attention to fight against corruption, will be incorporated on a horizontal basis.

## 2.5. Conditions

The programme includes the following conditionalities:

- The projects fiches are formally approved by exchange of letter between the Commission and the government of Albania.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order that the EC financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will formally endorse the design and tender documents, including terms of reference.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

## 2.6. Benchmarks

	N (2008) (indicative)		N+1 (2009) (cumulative, indicative)		N+2 (2010) (cumulative, indicative)		N+3 (2011) (cumulative, indicative)	
	EU	NF*	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched	1	0	23	1	42	3	43	4
Number of calls for proposals launched	0	0	4		4		4	

\* For parallel national co-financing

## 2.7. Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

The preparations for the Decentralised Implementation System need to be based on previous experience with decentralised management under Phare. The Albanian authorities decided in 2007 to stop working with the previous decentralised set up under Phare for the Local Community Development Programme and instead started preparations for the full

decentralisation of the EU funds. The capacities previously developed in the Programme Management Units under Phare need to be integrated in the new set-up of DIS structures in Albania. Sigma assistance during 2008 in this area will be given follow-up with IPA 2007 project.

### 3. BUDGET

#### 3.1. Indicative budget table (amounts in 000 EUR)

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
<b>Priority Axis 1: Political Criteria</b>	<b>10.920</b>	<b>10.765</b>	<b>99%</b>	<b>155</b>	<b>1%</b>	<b>9.235</b>	<b>8.235</b>	<b>89%</b>	<b>1.000</b>	<b>11%</b>	<b>20.155</b>	<b>19.000</b>	<b>31%</b>
Project 01: SAA implementation process	1.850	1.850	100%	000	0%	150	150	100%	000	0%	2.000	2.000	
Project 02: Capacity building of the MPWTT	1.000	1.000	100%	000	0%	000	000	0%	000	0%	1.000	1.000	
Project 03: Civil Service Reform	900	0.900	100%	000	0%	100	100	100%	000	0%	1.000	1.000	
Project 04: Public Procurement	1.000	1.000	100%	000	0%	500	500	100%	000	0%	1.500	1.500	
Project 05: Albanian Treasury System	1.040	1.015	98%	25	2%	485	485	100%	000	0%	1.525	1.500	
Project 06: Penitentiary Infrastructure	000	0.000	0%	000	0%	6.500	5.500	85%	1.000	15%	6.500	5.500	



Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
Project 07: Customs procedures	2.000	2.000	100%	000	0%	1.500	1.500	100%	000	0%	3.500	3.500	
Project 08: Anti-corruption activities	2.130	2.000	94%	130	6%	000	000	0%	000	0%	2.130	2.000	
Project 9: Project Preparation Facility	1.000	1.000	100%	000	0%	000	000	0%	000	0%	1.000	1.000	
<b>Priority Axis: Economic Criteria</b>	<b>1.450</b>	<b>1.394</b>	<b>96%</b>	<b>56</b>	<b>4%</b>	<b>16.567</b>	<b>14.623</b>	<b>88%</b>	<b>1.944</b>	<b>12%</b>	<b>18.017.</b>	<b>16.017</b>	<b>26%</b>
Project 10: Secondary and local roads	000	000	0%	000	0%	8.880	8.000	90%	880	10%	8.880	8.000	
Project 11: Vocational Education and Training	950	950	100%	000	0%	7.050	6.050	86%	1.000	14%	8.000	7.000	
Project 12: Kukes Regional Development	500	444	89%	56	11%	637	573	90%	64	10%	1.137	1.017	
<b>Priority Axis: Ability to assume the obligations of membership</b>	<b>14.427</b>	<b>13.100</b>	<b>91%</b>	<b>1.327</b>	<b>9%</b>	<b>13.140</b>	<b>11.500</b>	<b>88%</b>	<b>1.640</b>	<b>12%</b>	<b>27.567</b>	<b>24.600</b>	<b>40%</b>
Project 13: Metrology	1.000	1.000	100%	000	0%	2.400	2.000	83%	400	17%	3.400	3.000	

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
Infrastructure													
Project 14: Rural Development	1.800	1.800	100%	000	0%	200	200	100%	000	0%	2.000	2.000	
Project 15: Competition and State Aid	1.500	1.500	100%	000	0%	000	000	0%	000	0%	1.500	1.500	
Project 16: Albanian Copyrights Office	800	800	100%	000	0%	000	000	0%	000	0%	800	800	
Project 17: Albanian Central Bank	1.000	1.000	100%	000	0%	240	0.000	0%	240	100%	1.240	1.000	
Project 18: Protection against zoonotic diseases	5.227	3.900	75%	1.327	25%	2.300	1.800	78%	500	22%	7.527	5.700	
Project 19: Civil Aviation Safety	1.000	1.000	100%	000	0%	000	000	0%	000	0%	1.000	1.000	
Project 20: Highway routes in Albania	000	000	0%	000	0%	2.500	2.500	100%	000	0%	2.500	2.500	
Project 21: Albanian Maritime Sector	000	000	0%	000	0%	3.600	3.100	86%	500	14%	3.600	3.100	

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
Project 22: MCS system in fisheries	1.000	1.000	100%	000	0%	1.000	1.000	100%	000	0%	2.000	2.000	
Project 23: Environmental Monitoring	1.100	1.100	100%	000	0%	900	900	100%	000	0%	2.000	2.000	
<b>Priority Axis: Community programmes</b>	<b>1.430<sup>2</sup></b>	1.300	91%	130 <sup>3</sup>	9%	000	000	0%	000	0%	1.430 <sup>2</sup>	<b>1.300</b>	2%
Project 24: Community Programmes	1.430 <sup>2</sup>	1.300	91%	130 <sup>3</sup>	9%	000	000	0%	000	0%	1430 <sup>2</sup>	1.300	
<b>TOTAL</b>	<b>28.227<sup>4</sup></b>	26.559	94%	1.668 <sup>5</sup>	6%	38.942	34.358	88%	4.584	12%	67.169 <sup>6</sup>	<b>60.917</b>	100%

\* public and private, national and/or international contributions

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- 2 €1.430.470  
3 €130.470  
4 €28.227.470  
5 €1.668.470  
6 €67.169.470

### **3.2. Principle of Co-Financing applying to the projects funded under the programme**

The Community contribution, which represents 90.69 % of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used.

In the case of grants, final grant beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the project, both for investment and institution building projects, and a minimum of 5% of the eligible expenditure in case of twinning.

Overall, co-financing is foreseen for 11 out of 24 projects and amounts to 5.7 % for priority axis 1 – political criteria, 11.1 % for priority axis 2 – economic criteria, 10.76 % for priority axis 3 – ability to assume the obligations of membership and 9.12 % for priority axis 4- participation in community programmes..

Under priority axis 1 – political criteria, there is 1 % co-financing for institution-building and 11 % co-financing for investments. Under priority axis 2 – economic criteria, a co-financing rate of 12 % is foreseen for the investment part and a co-financing rate of 4 % is attributed to institution-building which constitutes only a small part of the activities under this priority axis (EUR 1.45 million of EUR 18.017 million). Under the third priority axis, co-financing for institution-building amounts to 9 % and for investments co-financing amounts to 12 %. Under priority axis four, co-financing for institution building amounts to 9.12 %. Under this priority axis there is no investment foreseen.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Method of implementation**

The programme will be implemented through three different management modes: centralised management, indirect centralised and joint management, in accordance with Article 53a, Article 54 and Article 53d of the Financial Regulation<sup>7</sup> and the corresponding provisions of the Implementing Rules<sup>8</sup>, respectively. The programme will be implemented by the European Commission Delegation in Tirana.

Based on both, the added value that the Commission may draw from the established expertise of the Member State public-sector bodies Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and the Austrian Development Agency (ADA) in implementing institution building projects in Albania, and the long term continuity of their activities in this country, it is appropriate to delegate to GTZ and ADA the implementation of the following projects through indirect centralized management, in accordance with Article 54.2(c) of the Financial Regulation:

GTZ: Support to strengthen Albania's administrative capacity to manage and coordinate the SAA implementation process (Project number 1), Support to Civil Service Reform (Project number 3) and Capacity building for implementing the rural development strategy (Project number 14).

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<sup>7</sup> OJ L 248, 16.9.2002, p.1.

<sup>8</sup> OJ L 357, 31.12.2002, p. 1.

ADA: Support and Expansion of the Albanian Treasury System (Project number 5) and Project Preparation Facility (Project number 9).

According to audits executed in 2008 by the Commission, GTZ and ADA comply with the criteria provided for in Article 56 of the Financial Regulation.

The contractual framework to be signed with GTZ and ADA will fully observe the conditions laid down in Article 56 of the Financial Regulation and Articles 38, 39 and 41 of its Implementing Rules. To this end, the standard model for European Community Delegation Agreement for indirect method of implementation published in the AIDCO website (version 2008) will be used. The Commission and the United Nations Development Programme (UNDP) have jointly elaborated the Project "Kukes Region Tourism and Environment Promotion" project number 12. Both entities have also assessed its feasibility and defined the implementation arrangements, in accordance within Article 53d of the Financial Regulation. Therefore, this Project will be implemented through joint management.

The contractual framework to be signed with the UNDP will fully observe the conditions laid down in Article 53d of the Financial Regulation and Article 43 of its Implementing Rules. For the UNDP, the standard Contribution Agreement for International Organizations published in the AIDCO website (revised version of 2007) will thus supplement the Financial and Administrative Framework Agreement signed in April 2003 between the European Commission and the United Nations Organization.

#### **4.2. General rules for procurement and grant award procedures**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>9</sup> at the date of the initiation of the procurement or grant award procedure.

#### **4.3. Implementation Principles for Twinning Projects**

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

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<sup>9</sup> Current address: [http://europa.eu.int/comm/europeaid/tender/gestion/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm)

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address: <http://europa.eu.int/comm/enlargement/pas/twinning/index.htm>

#### **4.4. Environmental Impact Assessment and Nature Conservation**

All investments shall be carried out in compliance with the relevant Community environmental legislation.

In particular, an Environmental Impact Assessment in line with EU standards shall be carried out for the projects if appropriate<sup>10</sup>.

An appropriate nature conservation assessment shall be made for any project, equivalent to that provided for in Art. 6 of the Habitats Directive<sup>11</sup>, that is likely to affect sites of nature conservation importance.

### **5. MONITORING AND EVALUATION**

#### **5.1. Monitoring**

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisation(s) concerned

#### **5.2. Evaluation**

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

### **6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an

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<sup>10</sup> Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive).

<sup>11</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992)

outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>12</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

## **7. LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>13</sup>, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>12</sup> OJ L 292; 15.11.1996; p. 2

<sup>13</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.