



C(2005)2024

COMMISSION EUROPÉENNE

SECRÉTARIAT GÉNÉRAL

FDE

Bruxelles, le 29 juin 2005

NOTE POUR LES MEMBRES DE LA COMMISSION

E/1073/2005

NORMALE

Délai: MERCREDI 6 JUILLET 2005 - 11 H

Observations éventuelles : service des procédures écrites SG-A-2
Fax : 64316 - Tél.: 52362 / 52363

Objet : CARDS
- Albanie (programme d'action annuel 2005)

Proposition de M. REHN

Décision proposée :

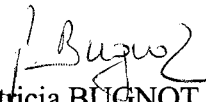
- approuver le projet de décision de la Commission établissant le programme d'action annuel 2005 concernant l'assistance communautaire en faveur de l'Albanie;
- ne pas publier au JO.

Commentaire :

Ce programme vise à aider l'Albanie à remplir les exigences futures d'un accord de stabilisation et d'association, à consolider sa démocratie, à renforcer l'Etat de droit, à développer son économie et à moderniser son administration et d'autres institutions publiques.

Le comité CARDS a émis, le 29 avril 2005, un avis favorable par 274 voix POUR. Le représentant italien s'est abstenu, regrettant que le texte soumis soit indisponible en langue italienne. Les représentants irlandais, chypriote, luxembourgeois et maltais étaient absents et non représentés.

Les incidences financières sont précisées dans la fiche d'accompagnement.


Patricia BUGNOT
Directeur du Greffe

Destinataires : MM. BARBASO, SILVA RODRIGUEZ, LOWE, MANSERVISI, VAN DER PAS, CAVACO SERVINHO, Mme QUINTIN, M. REICHENBACH, Mme DAY, MM. HANREICH, COLASANTI, FAULL, SCHENKEL, SCHAUB, BRÜENER, LANDABURU, MITSOS, MADELIN, VERRUE, CARL, LAMOUREUX, ROMERO REQUENA, PETITE

NOTE DU SECRETARIAT GENERAL**PREPARATION DU DOCUMENT**Direction générale responsable

ELARG Elargissement

Services Associéspour accord

AGRI	Agriculture et développement rural	: Accord
COMP	Concurrence	: Accord
DEV	Développement	: Accord
EAC	Education et Culture	: Accord
ECHO	Aide humanitaire	: Accord
ELARG	Aide humanitaire	: Accord
EMPL	Emploi, affaires sociales et égalité des chances	: Accord
ENTR	Entreprises et industrie	: Accord
ENV	Environnement	: Accord
ESTAT	Eurostat	: Accord
INFSO	Société de l'information et médias	: Accord
JLS	Justice, Liberté et Sécurité	: Accord
JRC	Centre commun de recherche	: Accord
MARKT	Marché intérieur et services	: Accord
OLAF	Office Européen de Lutte Anti-Fraude	: Accord
RELEX	Relations extérieures	: Accord
RTD	Recherche	: Accord
SANCO	Santé et protection des consommateurs	: Accord
SG	Secrétariat général	: Accord
TAXUD	Fiscalité et union douanière	: Accord
TRADE	Commerce	: Accord
TREN	Energie et Transports	: Accord
BUDG	Budget	: Accord

pour avis

SJ Service juridique : Avis favorable

Langue originale : EN

En cas de demande de corrigendum/suspension de cette procédure, les cabinets et/ou le Service juridique sont invités à envoyer leurs observations à la boîte fonctionnelle "SG A-2 ACCORDS CABINETS".

Dossier traité par Odile FOUBET - BERL 08/393 - 58297

Info-point PROCEDURE : SG/A/2 (52362- 52363)

Info-point NOTIFICATION : Christoforos MASTROGIANNIS (tél. 64741)

Info-point PUBLICATION : Valérie DELAUNOIS (tél : 98423)

This document is not supposed to be uploaded in the Comitology register nor transmitted to the European Parliament. The relevant document to be uploaded in the Comitology register and transmitted to the European Parliament is the corresponding overall voting result sheet

DG / [ER] / [D] / [1]

Brussels, [27/05/2005]

Name of the Committee [CARDS Committee]

1. Draft REGULATION/ DIRECTIVE / DECISION¹ of the Commission [CARDS Annual Action Programme for 2005 for Community Assistance to Albania

2. Legal basis [Regulation (EC) N° 2666/2000]

Co-decision: Yes []
No [x]

3. Form of adoption of the opinion

At the meeting [] Date [29/04/2005] Point [III] of the Committee agenda

By the written procedure having its deadline on [] Date [...]

4. Consultation in the framework of :²

Comitology (Decision 1999/468/CE of the Council) [] [Article 10 of Regulation (EC) N° 2666/2000]

Other [] [...]

5. Details concerning the consultation of the committee

VOTE	Member States																							Total (weighted votes) ³		
	BE (12)	CZ (12)	DK (7)	DE (29)	EE (4)	EL (12)	ES (27)	FR (29)	IE (7)	IT (29)	CY (4)	LV (4)	LT (7)	LU (4)	HU (12)	MT (3)	NL (13)	AT (10)	PL (27)	PT (12)	SI (4)	SK (7)	FI (7)		SE (10)	UK (29)
For	X	X	X	X	X	X	X	X				X	X		X		X	X	X	X	X	X	X	X	X	224
Against																										
Abstention										X																29
Not represented									X		X			X		X										18

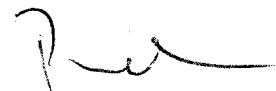
Result :

[X] FAVORABLE OPINION
[] UNFAVORABLE OPINION
[] NO OPINION

Comments⁴ [...]

Signature of the Chairman of the Committee or the competent Director (name+ date)

R Priebe



¹ Cross out the non applicable ones; fill in the title of the proposed act.

² To be precised.

³ The qualified majority is achieved with 232 votes FOR (out of the total of 321), expressed by a majority of the Member States (at least 13 delegations). In the framework of Comitology it is required under the management, regulatory and safeguard procedure. The opinions adopted under the advisory procedure require the simple majority only (majority of the Member States). Due to the lack of an express reference in Council Decision 1999/468/EC to the additional provision of Article 205(4) in the version of the Nice Treaty, the criterion of covering 62 % of the EU population does not apply in the voting of the Comitology committees

⁴ Point out in particular the cases where a Member state is represented by another one; mention the motivation for votes « against » and « abstentions ».



COMMISSION EUROPÉENNE

Enlargement Directorate-General

D - Financial Instruments
D4 - Western Balkans Programmes

Head Of Unit

Brussels, 29 April 2005
AIDCO/F2 AB/D

Flash Note

Subject: 31st Meeting of the CARDS Committee on 29 April 2005

The Meeting was chaired by **Mr Reinhard Priebe**, Director for the “Other Western Balkans”
DG ELARG/C

FOR OPINION

1. Action Programme 2005 for Albania (€ 44.2 M)

Favourable opinion: (BE, CZ, DK, DE, EE, EL, ES, FR, LV, LT, HU, NL, AT, PL,
PT, SI, SK, FI, SE, UK

Abstention: IT*

Absent: CY, IE, LU, MT

FOR INFORMATION

MS were informed concerning the new organisation on the basis of the new
organigramme of DG Enlargement/ELARG.

* While supporting the Commission on the content of the document submitted ‘For Opinion’,
the IT delegation declared that it had to abstain from voting because of a linguistic reservation,
the text being not available in Italian which is contrary to legal arrangements.

VISA: R. Priebe

DRAFT

FICHE D'IMPACT BUDGETAIRE

(cf. Article 16 des R.I.)

DOMAINE POLITIQUE: EXTERNAL RELATIONS

ACTIVITE: Relations with Western Balkans (CARDS)

DENOMINATION DE L'ACTION: CARDS PROGRAMME 2005 IN ALBANIA

1. LIGNE BUDGÉTAIRE CONCERNEE + INTITULÉ

220501 (CARDS)

2. BASE LEGALE

Council Regulation (EC) No. 2666/2000 of 5 December 2000² on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia repealing Regulation (EC) No 1628/96 and amending Regulations (EEC) No 3906/89 and No 1360/90, as amended by Council Regulation (EC) No 2415/2001, as well as Council Decision 99/311/EC, as amended by Council Decision 2000/460/EC.

3. DONNÉES CHIFFRÉES GLOBALES DE L'EXERCICE (EN EUROS)

		CE	CP
Preliminary Budget 2005		€ 173,000,000	€ 230,000,000
Budgets supplémentaires			
Virements			
Total du crédit		€ 173,000,000	€ 230,000,000
Consommation au	11/02/2005	€ 0	€ 0
Solde disponible		€ 173,000,000	€ 230,000,000
Montant de l'action proposée		€ 44,200,000	€ 0

4. DESCRIPTION DE L'ACTION

Ce crédit est destiné à couvrir le financement ou la participation au financement d'actions d'assistance dans les secteurs suivants : stabilisation démocratique, développement social et économique, justice et affaires intérieures, renforcement des capacités administratives, environnement et ressources naturelles.

La proposition est engagée dans l'exercice 2005.

5. MODE DE CALCUL ADOPTE

Les prévisions ont été réalisées sur base de l'expérience acquise au cours des exercices précédents

6. ECHEANCIER DE PAIEMENTS (EN EUROS)

Ligne	Montant	Année 2005	Année 2006	Année 2007	Année 2008	Exercices ultérieurs
22 05 01	44,200,000	0	5,000,000	10,000,000	13,000,000	16,200,000
	Cumul. total	0	5,000,000	15,000,000	28,000,000	44,200,000

MEMORANDUM TO THE COMMISSION FROM MR REHN

The purpose of this Communication is to seek approval for the commitment of € 44.2 million to finance the Annual Programme for Albania in 2005, from budget line 220501, "Assistance for the countries of the Western Balkans".

The European Council meeting in Feira in March 2000, confirmed that its overall objective remained the fullest possible integration of the countries of the region into the political and economic mainstream of Europe and that the Stabilisation and Association Process was the centrepiece of its policy in the Balkans. Negotiations for a Stabilisation and Association Agreement with Albania started beginning of this year.

The legal basis for the utilisation of the credits on budget line 220501, Assistance for the countries of the Western Balkans and implementation by the European Commission is provided by:

Council Regulation (EC) No. 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia, as amended by Council Regulation (EC) No 2415/2001 of 10 December 2001.

The financing proposal attached is the result of discussions with representatives of the national authorities. The activities identified correspond to the main priorities identified by the authorities.

This programme will assist Albania in 1) implementing future requirements of a Stabilisation and Association Agreement. The programme will also assist Albania in 2) strengthening its democracy, 3) reinforcing rule of law, 4) developing the country's economy and 5) modernising the administration and other public institutions, including education. The programme consists of projects in the following priority areas:

- Democratic Stabilisation
- Good Governance and Institution Building
- Economic and Social Development
- Opening of Community Programmes

The programme will be implemented by the European Commission in co-ordination with the national and local authorities, other donors, particularly the EU Member States, as well as the regional and other national CARDS programmes. Decentralised implementation by Albania may be considered for the Local Community Development Programme, a project within the priority area of Economic and Social Development.

In accordance with Article 10(2) of Council Regulation (EC) No. 2666/2000, the CARDS Committee has been consulted and emitted a favourable opinion on 29 April 2005.

The Commission is invited to adopt the attached draft decision.

DRAFT

COMMISSION DECISION
of [...] 2005

establishing the Annual Action Programme for 2005 for Community Assistance to Albania

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia, repealing Regulation (EC) No 1628/96 and amending Regulations (EEC) No 3906/89 and (EEC) No 1360/90 and Decisions 97/256/EC and 1999/311/EC¹, and in particular Article 4(1)(a) thereof,

Whereas:

- (1) According to Article 3 (1)(c) of Regulation (EC) No 2666/2000, Community assistance shall be provided through annual action programmes for each country receiving Community assistance
- (2) The measures have been identified as suitable for financing, based on the criteria enumerated in Article 2 of Council Regulation (EC) N° 2666/2000, both in terms of aims and content
- (3) The measures should be financed from Article 22.05.01 of the general budget of the European Union (Assistance for the countries of the Western Balkans), according to their nature and the relevant budgetary commentaries
- (4) The CARDS Committee referred to in Article 10(1) of the Council Regulation (EC) No 2666/2000 has given a favourable opinion,

HAS DECIDED AS FOLLOWS:

Sole Article

The Annual Action Programme for 2005 for Community Assistance to Albania, provided for in the Annex to this Decision, is approved for a maximum amount of EUR 44.2 million to be charged to the budget heading 22.05.01 of the 2005 General Budget of the European Communities (Assistance for the countries of the Western Balkans).

Done in Brussels, [...]

For the Commission
[...]

Member of the Commission

¹ OJ L306, 7.12.2000, p. 1. Regulation as amended by Regulation (EC) No 2257/2004 (OJ L 389, 30.12.2004, p1).

**ANNUAL ACTION PROGRAMME FOR ALBANIA
CARDS 2005**

1. Identification

Budget heading	22 05 01 Assistance for the Countries of the Western Balkans
Total cost	€ 44,200,000
Legal basis	Council Regulation 2666/2000 as amended by Council Regulation (EC) No. 2415/2001

2. Country update

Over past months, reform in Albania has in general been insufficient to address the many challenges facing the country. Of particular concern are issues central to the consolidation of rule of law, such as the fight against corruption and organised crime, and the judicial system. Whilst Albania can be credited with its generally constructive role in the region, the reduction of trafficking over the Adriatic, and the initialling of a Community Readmission Agreement, results in key areas such as the fight against corruption and organised crime, and the reform of the judicial system and public administration, have fallen short of expectations.

Real GDP growth in 2004 was estimated at 6.2%, up from 4.7% in 2002 and 6% in 2003. At the end of 2004, inflation reached 2.2%. Some progress has also been made as regards the privatisation of state-owned companies (the Savings Bank has been privatised in the last year), and a Law on the Restitution and Compensation of Property has been passed. However, political uncertainty, the lack of focus on reforms, as well as failure to push through much-needed infrastructure investments, has jeopardised sustainable economic growth and the country's ability to alleviate poverty. The Albanian economy remains informal to a considerable extent. Corruption, organized crime, and an inefficient administration continue to place barriers in the way of business. There is insufficient legal security and commercial laws are inadequate. Despite its achievement in establishing Free Trade Agreements (FTAs) with the countries of the region, Albania remains unable fully to implement its WTO schedule.

Albania remains a country afflicted by widespread poverty, particularly in rural areas, with, according to UN statistics, a substantial part of the population living on less than \$2 per day. Albania has a high rate of population growth largely due to its high birth rate (the highest in Europe). While remittances from abroad help to prop up the Albanian economy, the downside is the drain of educated and skilled workers (even if emigration is now on the wane). Almost half the population is between the ages of 5-29, placing much pressure on the demand for education and employment. Migration from the rural to the urban areas of Albania continues, with one third of the electorate now living in the Tirana region. Such sudden urbanisation has brought with it significant problems of social exclusion, and appears not to have been adequately reflected in social investment planning. Education expenditures as a proportion of the state budget are not rising fast enough to meet increased demand. The quality of education is not picking up, while vocational education and training struggles to play a significant role. The health sector is struggling to cope with a past legacy of lack of investment, the poor remuneration of doctors and nurses and poorly-equipped, decrepit hospitals and clinics.

3. Summary of the Action Programme

DEMOCRATIC STABILISATION

Albania is now rather stable, at least compared to the 1997-99 years of crisis. A consensual democratic culture and respect for the rule of law are lacking. In part at least responsibility for this state of affairs can be attributed to the poor state of development of civil society. While plenty of NGOs exist, they tend to lack advocacy skills and are not well networked, particularly outside Tirana. They undertake only limited service delivery and policy advocacy and are unable to make up for a low level of public social expenditure. They lack technical and management capacities and because of a limited ability to generate domestic financial support, they are still dependent on foreign funding to a considerable degree.

In the field of social dialogue, trades unions have been seriously affected by liberalisation and the transition to democracy. Public trust in them is low and they are still perceived as linked to government. They lack the financial resources and skills necessary to cope with the challenges of economic transition.

There has been a traditional inclination on the part of successive Albanian governments to influence the media by applying financial, fiscal or other pressure. There is a need to draft, apply and consolidate a clear media policy, including if necessary through legislative change, in order to protect the media from any such pressure. Equally there is a need to improve the quality of journalism, including for that matter the coverage of European integration issues.

While anti-trafficking and border management are improving, with a consequent reduction in illegal migration/trafficking towards the EU across the Adriatic, on the domestic front there remains a neglected trafficking of women and minors, often linked to drugs trafficking. A gap exists as far as concerns the social reintegration of victims of trafficking, and public awareness measures need to be taken in the remote areas of Albania, where poverty and marginalisation are root causes of this phenomenon, to discourage trafficking and involvement in other forms of organised crime.

Cooperation related policy of beneficiary country

The Government of Albania has not discouraged the collaboration of donors with civil society organisations. Indeed, the Ministry of Labour and Social Affairs has signed a cooperation agreement with representatives of some 110 NGOs in the interest of the delivery of social services and poverty reduction.

The freedom of the media in Albania is guaranteed under the Constitution. There have been some efforts to approximate Albanian to European media legislation and standards. In particular a law on defamation is likely to be prepared in 2005, focusing on transparency, media ownership and relationship between the press and the public.

There is some concern that the stabilisation and association process fails to address some of the social challenges faced by the country. For example, there appears to be no overarching, central government policy for the social reintegration of trafficked women and children. At local level, on the contrary, there has been sporadic collaboration between a few municipalities and some civil society organisations, mainly on the initiative of NGOs.

Coherence with EC cooperation policy

One of the principal objectives of this programme is to increase participation in and the transparency of the stabilisation and association process, and the accountability of the Government for its policy of integration with the European Union. The underlying idea is to help ensure good governance, particularly in the areas covered by the stabilisation and association process and of most interest to civil society, and Albanian citizens in general.

In its particular emphasis on the question of trafficking, the project helps tackle one of the more shocking of the gender and children's rights issues facing Albania today.

This part of the Action Programme, in its explicit encouragement of citizen participation in the integration process with the EU, contributes to the general objective of Community policy of developing and consolidating democracy, as well as of seeking to ensure the enjoyment of human rights and fundamental freedoms by victims of trafficking and other disadvantaged groups.

Coherence with the NIP/MIP

The approach of this project is in line with paragraph 3.1.1. of the Multiannual Indicative Programme (MIP) 2005-06, which foresees support to NGOs and trade unions in becoming full members of policy and strategy planning at central and local level (including as participants in discussions of the Stabilisation and Association Process (SAp) and involvement in the European Integration Process); support for improvements in media policy; and the protection and enhancement of social and economic rights in Albania.

Identified projects

Project 1: Enhancing the role of civil society and the media in the European integration process, and in meeting social challenges

The overall objective of this project is to raise the level of involvement of civil society in the stabilisation and association process and in the socio-economic development of the country. Its specific objectives are as follows.

Component I: Support for civil society organisations – capacity-building and their greater involvement in the European policy debate

- To reinforce the management capacities of Albanian NGOs, trade unions and other civil society organisations
- To encourage their involvement in policy debate and policy-making, particularly in the context of the SAp and European integration

Component II: Support for the Albania media and its involvement in the European policy debate

- To consolidate Albanian media policy and to strengthen the capacities of the media to monitor the Government, particularly in its management of the SAp and European integration

Component III: A funding mechanism for the delivery of social services by civil society

- To encourage the involvement of NGOs in dealing with victims of trafficking and more generally in social service delivery, particularly in the poorer areas of Albania

GOOD GOVERNANCE AND INSTITUTION-BUILDING

Over the last three years the Albanian State Police has undergone serious reform. The completion of the logistical and management strategy of the Albanian Police as well as the implementation of the Police Strategy reform, the Law on the Ranks and, more recently, of the Prime Minister's Order on the New Structure of the Police, have all in one way or another sought to help ensure adequate structures, improve co-ordination, and set out more efficient working methods within the State Police. The way in which the Police are now organised is in line with models set by law enforcement agencies in EU Member States.

The Albanian State Police is moving into new Headquarters, separated from the Ministry of Public Order, in an attempt to minimise the risk of political influence. Police resources, however, are still managed by the Ministry, a situation that seriously limits police autonomy and which may easily lead to political interference in the work of the police. With Community and other donor assistance, specialised police officers are now trained in the fight against terrorism and the use of special equipment. A new training curriculum for these specialised officers has been developed, which has led to a real improvement in the quality of the training.

Still, the Police suffer from a lack of essential equipment, often unserviceable infrastructure, the need for further specialisation, etc., a chronic lack of resources, persistent corruption, and the organised crime that plagues Albania. Police officers in general remain poorly trained. Most police premises are also inadequate to purpose or in bad condition. Police training, organisation and management needs also to be substantially enhanced, as well as cooperation between police and prosecutors.

Thus the State Police are as yet unable to satisfactorily guarantee consistent enforcement of the law, in accordance with international standards. Indeed, other key law enforcement agencies, such as the financial intelligence unit (FIU) of the Ministry of Finance are also seriously underperforming. In addition to meeting their need for technical and material support, cooperation and trust among all agencies involved in the fight against organised crime needs to be enhanced. As far as concerns the General Prosecutor's Office in particular, a new stress is being placed on its duty to investigate and to evaluate cases. However, only limited assistance has been provided so far.

Despite some limited improvements, the Albanian judicial system remains weak. The professional capacities of judicial personnel at all levels and in various institutions are generally insufficient, and infrastructure and equipment inadequate. Penitentiary facilities are particularly inadequate, and the conditions in which inmates are kept often appalling. All pre-trial detention facilities are overcrowded by up to 100%; most are in dilapidated condition; all cells are overcrowded; there are no windows in most cells; there are no cells with toilets and running water; there is no cell furniture. Pre-trial detention can last up to two years.

A number of amendments to existing laws have addressed issues like magistrate salaries and court organisation, including the High Council of Justice, but the capacity of the HCJ to effectively inspect the judges' activities remains limited. There is a more general need to strengthen the level of competence of judges and prosecutors.

In general terms, the balance of power, or the operation of checks and balances between the executive and the Parliament, is not ideal, and nor is the Government relationship with its citizens.

In order to respond to the Copenhagen Criteria agreed at the European Council in 1993, the Regulations of the Parliament are currently being revised with the participation of the entire political spectrum and with the assistance of the OSCE.

In terms of the functioning of the executive, the present-day Government of Albania is operating with a severely disadvantaged civil service. Salary levels are low, and in general insufficient to maintain a family. This makes it difficult to recruit, motivate and retain good officials. Despite recent attempts at reform, recruitment, appointment and promotion procedures are not transparent. Corruption and nepotism are therefore still problems. Offices are generally extremely basic, and in general ill-equipped. Civil servants require significant training input and evolutionary changes in administrative culture need to occur over a sustained period.

The Government is ostensibly committed to several strategies and policies: the National Strategy for Socio-Economic Development, the MDGs, the European Partnership and its associated National Action Plan, the Anti-Corruption Plan, the Government Action Plan, the Public Investment Programme, as well as various national sector strategies. They remain, however, to be integrated into a single, coherent whole, fully in line with and prioritised according to the medium term economic framework, and therefore fully and properly budgeted. There is an urgent need to rationalise both strategy and planning functions. The integration of the SAP framework into an overarching strategy needs to be encouraged. Under present circumstances, scarce donor resources, and indeed public investment in general, is not optimised.

On policy preparation, SIGMA has reported that the focus of Ministry preparation is overly legalistic, with insufficient concern for policy development, including consultation and impact assessments.

Implementation of SAP measures is proceeding, though at a slower pace than expected. The Government claims now that its focus is on implementation. A European Partnership National Action Plan has been developed as a comprehensive effort to identify the priority measures it will be necessary to take to accomplish the objectives of the SAP. The Ministry of European Integration has strengthened its coordination function and is assisting implementing ministries and agencies in defining a more effective process of policy formulation and strategic planning in line with the SAP priorities.

In terms of public finance management, some improvements have been made. Reforms of the tax system and the modernisation of revenue administration have consolidated the resource framework. With the introduction of medium term expenditure framework (MTEF) the Government has refined its planning of public expenditure. In parallel efforts are being made to strengthen the internal and external audit functions.

The Albanian Government has approved a National Strategy on Information and Communication Technology Development which includes e-government initiatives. The strategy foresees the use of information technologies in public administration activities as a tool of good governance, enhancing efficiency and transparency in government activities and information/service delivery to the public.

Albania requires administrative capacity-building across every Government function, central, regional and local. The decentralisation reform process has started to gather speed. There is

now a legal framework, but the question is whether the Government has the ability to translate legislation into regulation and procedure and to guarantee the efficient and effective transfer of power from the centre to the local administration. Presently local authorities are finding it difficult to perform the functions assigned to them, although the drafting of a law 'On the finances of local government' is a priority for 2005. The study on the reorganisation of the territorial administrative division as well as the drafting and approval of the draft law 'On criteria and conditions to be met in restructuring the territorial administrative division in the Republic of Albania' will also be of great importance. The Government has developed a training strategy for local government and has established a Training Agency for Local Government Authorities.

The National Statistical Office (INSTAT) intends to develop improved national and regional data collection and production. Although it has recently published statistical indicators by region, a further development of regional statistical breakdown is required as well as an improved data production and dissemination at national level. The capacities of the statistical office at national and regional levels needs to be enhanced to be able to provide data that is accurate, reliable and timely and compiled in accordance with international/European standards so as to meet the needs of its customers.

The Albanian Customs Service and the General Directorate of Taxation are making progress with upgrading their administrative and operational capacity in line with the guidelines set out in the EU Customs and Taxation Blueprints. It is however important to continue with the implementation of a long term strategic business plan. Fight against corruption and organised crime remain a key priority of the country in the frame of an inter-agencies approach (OCI) in close liaison with the PAMECA II mission.

Cooperation-related policy of beneficiary country

The Government is due to take the decision to implement an Integrated Planning System – a wholesale reform of the way the Government of Albania manages domestic and foreign public investment - in recognition of the need to bring about fundamental changes to organisation, ways of working and behaviour at the centre of Government. As the Integrated Planning System is progressively put in place, donor investments should gradually become better directed, more efficient and more effective. Over the course of 2005 the Government is due to review its medium-term development strategy. A reinforced planning system should integrate the current plethora of strategies and policies, into a single, coherent whole, fully in line with the medium term economic framework, and therefore fully and properly budgeted. It should be ready, at least in draft form, at some point in 2006. One challenge will be to ensure that the new strategy properly reflect the European imperative.

The Government's current National Strategy for Social and Economic Development (NSSD) Progress Report, dated 8th May 2003, underlines that the judicial sector remains a high priority. It also outlines that without significant investment in judicial infrastructure, the impact of government actions and donor support for JHA reform will be minimised.

The Ministry of Public Order has been set ambitious challenges under Albania's national Action Plan for the European Partnership. Meeting these challenges will depend on the availability not just of domestic resources, but also on the technical assistance and material support provided by the CARDS programme and by other donors.

Civil service reform in Albania commenced in 1999 with the approval of the law 'On the Status of the Civil Servant'. The European Partnership includes specific public administration reform actions as short-and medium term priorities for Albania's preparation for further integration with the European Union. Several chapters of the draft stabilisation and association agreement relate to public administration reform. The Partnership also includes seeks to ensure that in the medium-term local administrations are in a position to implement decentralised policies. Under the Partnership the legal and sub-legal framework for fiscal decentralisation should be completed over the period 2004-2005, as well as the consolidation of local fiscal administration.

The entry of Albania into the World Trade Organisation has inevitably brought with it a change of emphasis in the area of customs and taxation. Notably the importance of the revenue yield is expected to progressively reduce in the area of customs to increase in the area of taxation.

Coherence with EC cooperation policy

Organised crime and corruption severely hamper democratic consolidation, are obstacles to sound and accountable institutions, deter foreign investment and therefore hinder economic development in Albania. To fight against it, therefore, and indeed against trafficking in human beings, promotes respect for human rights, minorities, gender equality and children's rights. Enhanced police integrity will directly contribute to the restoring of people's confidence in the police, thus strengthening of the rule of law and good governance.

The project addressing judicial reform issues will contribute to the improvement of conditions in pre-trial detention centres, and will improve access to justice. This project will pay particular attention to gender issues and training activities focusing on gender matters are foreseen.

Any infrastructure, construction or renovation works undertaken by either project will pay due attention to environmental impact, and will be carried out in accordance with the EU environmental requirements and standards.

The successful implementation of the two projects addressing central public administrative reform and decentralisation will make a clear contribution to good governance in Albania, and to the functioning of its democracy. A successful decentralisation will strengthen democracy in Albania by bringing decision-making closer to the citizens. Citizens will be able to hold local government accountable for service delivery and the proper management of local assets – rather than such functions being associated with distant central government - and this may well also contribute to a sense of improved governance in the country.

This Action Programme will continue not only to support the Albanian Authorities ability to manage the Customs and Taxation Services, but also in their fight against corruption and organised crime. The customs and taxation project will also support the efforts of the Albanian Government to meet the requirements of the Stabilisation and Association Process.

This part of the Action Programme contributes to the general objectives of Community policy of consolidating the rule of law and, by strengthening the institutions responsible for managing and monitoring the Albanian development process, of the sustainability of social and economic development.

Coherence with the NIP/MIP

Supporting judicial reform, the police and Albania's fight against organised crime, are all noted as priorities in the CSP and MIP. On the judicial side, the MIP refers to the need to train judges, to invest in judicial and penitentiary infrastructure, and to the need for institution-building support for various institutions, including the General Prosecutor's Office. As far as concerns the police, the MIP points to the need to strengthen the capacities and coordination among law enforcement agencies in order to enable them more effectively to uphold the rule of law, the fight against organised crime, corruption and terrorism. Both projects identified are coherent with the SAP Report and CTF recommendations, as well as with the JHA Assessment Report for the Western Balkans.

The current MIP considers the deepening of public administration reform as the first objective of its assistance under the Administrative Capacity Building sub-programme. Specific references to improved stabilisation and association process coordination and implementation, better public finance management and to improved capacity for policy formulation and strategic planning are made.

Explicit support to the decentralisation process is a relatively new area for the Commission in Albania. Now however a whole section of the MIP addresses the importance of the decentralisation process. The section stresses the need for more systematic and comprehensive assistance for the decentralisation process. Specific references are included on improving the capacity of the local authorities to execute their functions, including, *inter alia*, sound financial management and development strategies. The MIP highlights the importance of reinforcing local analytical skills and more accurate collection of data at local level to allow local authorities to make informed decisions on the economic and social development in the territory under their jurisdiction.

The 2005-2006 MIP seeks with the Customs and Taxation project to achieve a proper balance between the need facilitate legitimate trade, and the need to protect both the revenue and the civil society from the adverse effect of corruption and organised crime including trafficking and terrorism. In this latter respect the EU, through the Organised Crime Initiative, also support the efforts of the Albanian Customs and Police Forces in their fight against organised trafficking.

Identified projects

Project 2: Support to judicial reform in Albania

The overall objective is to strengthen the capacity of the judicial and penitentiary system, bringing them into line with EU and international standards. The specific objectives are as follows.

Component 1: Judicial and Penitentiary Infrastructure

- To improve the functioning of the courts of Dibra and Saranda, in accordance with EU and international standards, thus improving access to justice in Albania
- To improve the capacity/quality of the pre-trial detention facilities in of Lezhe and Berat, in accordance with EU and international standards, thus improving the living conditions of pre-trial detainees and reducing overcrowding in cells

Component 2: Support to the School of Magistrates

- To strengthen the School of Magistrates, thus assuring its self-sustainability and an increased level of competence of judges and prosecutors

Component 3: Support to the General Prosecutor Office to undertake inspections and evaluation of prosecutors

- To enhance the inspection and evaluation service of the Office of the General Prosecutor, thus increasing the professionalism of prosecutors and reducing the corruption within the judicial system

Project 3: Support to the Albanian State Police in the fight against organised crime, the prevention of terrorism, and for ensuring police integrity

Wider objective

- To contribute to the consolidation of the rule of law and the restoration of public confidence in the police by means of the eradication of organised crime, the prevention of terrorism and ensuring of police integrity

Specific objectives

- To strengthen the operational capacity of the special services of the police in charge of fighting organised crime and preventing terrorism

- To enhance the capacity of the Internal Affairs Unit of the Ministry of Public Order

For the police sector, the Commission commits €10m under the CARDS 2005 National Action Programme for Albania, of which €3m for material support to the Albanian State Police (Project Fiche 3), as well as €7m for the continuation of the ongoing police assistance mission (PAMECA)¹.

Project 4: Public administration reform at the centre of government

The overall objective is the deepening of public administration reform within the executive and, in tandem, to enhance the supervision by the Parliament of the executive. The specific objectives are as follows.

Component I: Implementation of the Integrated Planning System, in the light of the European integration process

- To ensure the implementation of the Government's recently announced Integrated Planning System, as well as the engagement in the System of the Ministry of European Integration in order to ensure the proper coordination, prioritisation and budgeting of the European Partnership Action Plan and obligations arising from the stabilisation and association process, and the effective use of Community assistance programmes.

Component II: Improvement of the policy making, regulatory and oversight process

- To strengthen the policy making capacities of the Government central and line agencies, and to provide support to the Parliament and regulatory bodies to improve their ability to perform regulatory and oversight functions.

¹ For this second component, no project fiche is provided as annex, since all the details regarding the PAMECA mission were agreed in the corresponding fiche under the CARDS 2004 National Action Programme for Albania.

Component III: Improvement of public internal finance control

- To strengthen capacities in the Ministry of Finance, line ministries and spending agencies to implement the action plan for public financial control currently under preparation through a European Commission twinning project

Component IV: Improvement of transparency and efficiency of public administrative procedures through ICT

- To enable an ICT-supported environment in which public institutions become more efficient and accountable to the public for information dissemination and the provision of public services.

Project 5: Integrated Support for Decentralisation

The overall objective of this project is to support the decentralisation process in Albania. The more specific objectives are as follows.

Component I: Regional development pilots

- To further develop and take forward to implementation the regional development strategies developed under previous CARDS funding for the Regional Councils of Lezhe and Shkodra, thus demonstrating a workable precedent for cooperation and the sharing of responsibilities between Regional Councils, on the one hand, and municipalities and communes within their territory, on the other

Component II: Local Infrastructure Programme

- Construction/rehabilitation of basic local public infrastructure in Lezhe and Shkodra, in accordance with their regional development strategies

Component III: Local Government Capacity-Building

- Decisions on the detailed division of responsibilities between various levels of Government to be taken, in accordance with the law on decentralisation, and these decisions implemented
- The better management of the new functional responsibilities transferred to them by the decentralisation process by regions, municipalities and communes

Component IV: Strengthening the network of INSTAT regional offices

- Reinforcement of the national statistical office and its regional offices
- Improved data collection and production at national and regional levels
- An increase in the capacity of the national and regional offices to analyse its data

Project 6: Customs and Taxation

The overall aim is the continuation of the EU/CAM A programme in support of the Albanian Customs Service and the General Directorate of Taxation to built up their services up to international standards in line with EU Customs and Taxation Blueprints and the requirements set out in the Stabilisation and Association Process. Support to the Albanian Authorities will be also given in their in the fight against corruption and organised crime.

Component: I Support to the Albanian Customs Service.

- The project will provide support to the ACS in (1) approximation of legislation and procedures with the EU acquis, (2) investigation and audit, (3) full deployment of Asycuda and of risk analysis techniques, and (4) human resources management

Component II: Support to the Taxation Service.

- The project will provide support in the following specific areas relating to. Value Added Tax and Excise duties: (1) approximation of legislation with the EU acquis, (2) collection, enforcement and control, (3) internal audit and management of human resources (including training), and (4) organisation and structure mainly in relation to the work of the Tax Police.

Component III: Organised Crime Initiative.

- This project will support the operation of the Joint Customs/Police Task Forces with a view to ensuring they are self-sustaining. With support of an expert provided by the PAMECA Police Mission, to ensure that cases developed by the OCI are prosecuted to conclusion through the Judicial System.

ECONOMIC AND SOCIAL DEVELOPMENT

One of the criticisms contained in the 2004 Stabilization and Association Report for Albania is of the poor administration by the Government of the regulations that should govern a functioning market economy. For example, the State Aids Directorate of the Ministry of Economy possesses only basic capacities. A personnel training programme is particularly necessary. A first draft of a law 'on state aid' has been prepared under the ongoing CARDS project and is now circulating among line ministries for comment. An inventory of Albanian state aid schemes has started under that project but needs to be finalised.

Security of property is a condition for a market economy. However, registration has until relatively recently focused on rural zones only. With the exit of USAID from this sector in 2004, a significant funding gap has been left, leaving less than 20% of urban areas registered, and in the largest cities in Albania the process of First Registration is not yet complete. This severely handicaps the emergence of a land market. The Law on Restitution and Compensation of Property cannot be fully implemented in areas where First Registration is not finished, since it is vital to identify the boundaries and rights associated with a property before it can be restituted or compensation awarded. For the completion of First Registration throughout Albania, the estimated cost is more than €15m. However, for priority areas such as Tirana and the main coastal areas and cities, i.e. Tirana, Durrës, Korça, Vlora and Shkodra, the number of properties that need to be registered is approximately 200,000.

The Immovable Property Registration System (IPRS) is still in the process of building capacity to provide an efficient and accurate service. Currently the IPRS performs most of its work manually which is time-consuming and can result in errors. There is limited capacity to manage and update data, with the risk that manual changes to information will be lost.

Albanian food safety legislation requires that producers/importers declare the quality and safety of food products from production to final marketed product, with safety to be certified by a laboratory. According to the Law 'On Food', various state structures cover various aspects of product control. These are backed by their national reference laboratories which, although they have been well equipped through various donor programmes, still suffer from

lack of qualified analytical expertise. The existing food safety system also suffers from the unclear division of responsibilities and the inefficient utilisation of capital and human resources. A new national food authority is intended to be a cost-effective structure which will tie together the country's entire food control structure. The authority will more rigorously enforce regulations and increase the effectiveness of inspection services.

The key problems of the road sub-sector include: a limited road network (total road length of 18,000km) with a low proportion of paved roads (12.4% of paved national roads); its poor condition, with only 32% of national roads in fair to good condition (this is particularly relevant to the current proposal); and its deterioration due to lack of an efficient maintenance system. Investment over the past few years has increased the number of rehabilitated and maintained kilometres from 5.2% in 2000 to 19.4% in 2003. However there is a continuing need to maintain the momentum of previous road infrastructure development, through assistance with the design and supervision of both modernisation and new roads.

The Ballshi oil refinery produces 300,000 tonnes of refined oil annually, but large quantities of oil are being discharged into the surrounding environment, most notably into the Gjanica River and associated wells. A current CARDS 2002 funded project is providing improved pollution abatement facilities at the refinery (a new desalinisation unit, waste water treatment plant and a secure waste storage area), together with building up capacity in environmental management and protection expertise. Further pollution abatement is required at the site, including full treatment of the effluent/ wastewater from the refinery.

The former Fier nitrogen fertiliser plant included six lines for the production of fertilisers, including urea and ammonium nitrate. The resulting pollutants pose a serious threat to the local environment and human health. Approximately 1,400 tonnes of arsenate and arsenic solution requires treatment and disposal. Under the PHARE programme, an intervention of remedial works is currently focussing on the treatment of arsenic-based solution, the partial rehabilitation of the polluted areas, and the disposal abroad of the arsenic-based wastes. Additional works are still required.

A third hot spot, the Patos-Marinze oil fields, is characterised by air, land and water based pollution. There is a previous study 'Environmental benchmark survey for Patos-Marinze oilfield' funded under PHARE. However more detailed assessment is required to determine the full extent of potential environmental and health impacts and to formulate rehabilitation and mitigation measures.

In the context of increasing globalisation, and in common with other countries of the region, Albania faces pressures to decrease its social expenditures. At the same time, it aspires to a future within the EU, marked by an emphasis on social cohesion and social rights. Over the past decade, consecutive Albanian governments have attempted, with assistance from donors and strategic partners, to improve social protection legislation to meet contemporary standards, strengthen the institutions involved and to improve the skills and capacities of social protection personnel. The 1993 law 'On Social Insurance in the Republic of Albania' set out the bases for reform in the field of the citizen's entitlement to social insurance. The current not-for-profit insurance scheme is financed out of contributions from the employers, the employees and the self-employed, and is financially independent. The government is liable to supervise and underwrite the fund. Payment of minimum subsistence benefits in cash is guaranteed. A comprehensive reform has now been initiated by the Government. The main sector challenges have to do with insufficient institutional capacity and resources to

undertake the reforms, the need to develop the legislative framework to implement social insurance policies and the weak contribution collection system.

Cooperation related policy of beneficiary country

The Albanian Land Market Action Plan (LMAP) was approved in 1994 to support the economic development of the country and create the conditions for a functioning land market. One of the main components of the LMAP has been the process of First Registration. The Government of Albania has made insufficient progress to date to adequately register property in order to clarify property rights and secure tenure.

On state aids the Government has made clear its willingness to undertake measure such as the establishment of an independent state aids authority. It is committed to evaluating all state aids schemes in the light of European legislation.

The Albanian Government has as a strategic objective to align itself with European standards for food safety and consumer protection. The National Action Plan for the European Partnership addresses the need for an improved structure to deal with food safety issues, stating that it is planned to establish a national food authority (NFA) by the end of 2007. Such a proposal is now being discussed within the National Food Control Board and by various institutions.

The National Strategy for Socio-economic Development and the World Bank's most recent Country Assistance Strategy for Albania both conclude that transport infrastructure is a major bottleneck for both private sector growth and rural development in Albania. The National Transport Plan of September 2004 is at time of writing (January 2005) in draft final form, awaiting adoption by the Government. It includes an investment plan which focuses on the development of road infrastructure over the short, medium and long terms.

A series of environmental reports, including the National Environmental Action Plan 2001 and two UNEP reports highlight the need to reduce existing pollution from a number of 'hot spots' located throughout Albania. In addition other areas were also identified as having serious environmental problems. The National Strategy for the Social and Economic Development (NSSSED) identifies the reduction of existing historical pollution as a Government priority, particularly in inhabited areas. The National Action Plan for the European Partnership states that rehabilitation of environmental hot spots is a priority that requires immediate action in order to protect environmental health and economy of generally poor communities, as well as to avoid transboundary implications. A programme for the rehabilitation of hot spots is currently underway, with the Government keen to identify additional funding.

In terms of education, the Higher Education (HE) system is still being affected by the implementation of the 1999 Law, that has significantly enhanced the scope of the HE institutions' financial and academic autonomy, institutionalised the Rectors' Conference as major consulting body, set up a new accreditation system and changed the conditions for admission to HE introducing an entry test. The reform has also contributed to the development of a post-graduate education, has introduced distance education and promoted the adoption of the European Credit Transfer System (ECTS).

Ratification of the ILO Convention 'On the minimal standards of social insurances' and of the European Code of Social Insurances is expected in the coming months. The mid-term

Strategy for Social Services (2003-2007) and the Social Insurance Strategy to 2020 are the basic set of policy documents of the Ministry of Labour and Social Affairs in its attempts to meet social protection and insurance targets. This set of documents is in line with the National Strategy for Social Economic Development and the Millennium Development Goals. The National Action Plan for the European Partnership calls for legislative improvement and an increase in institutional capacities for social assistance and insurance as a short-term priority while enabling in particular the SII and its dependent institutions, in the medium-term, to implement measures such as its decentralisation. The Government is currently, with donor assistance, seeking to ensure that social assistance and insurance can be sustainable with the resources available in Albania, nationally and locally. To attract large numbers of Albanian emigrants to enter the insurance system is an important challenge.

Coherence with EC cooperation policy

Although Albanian law recognises equal rights for women with regard to property ownership and disposition, those rights are not secure until the property is formally registered. The process of First Registration identifies and registers the names of all people who have legal rights to a property. Any transaction that takes place after First Registration must reflect the written consent of all owners, including women. Until that time, the Albanian tradition is to allow the head of household, generally the eldest male, to transact property on behalf of the family. Cases have been known in which the rights of women have not been respected, especially due to divorce or separation, leaving the woman in a vulnerable and unprotected position. The rights of minorities are similarly protected by the First Registration process.

Property maps are used by the government for urban and regional planning, infrastructure upgrading and provision of social services. The decentralisation process in Albania is underway and in those areas where First Registration is complete, local governments are able to quickly identify, and request the transfer of property. First Registration reveals information on the numerous informal settlements and illegal occupation that are pervasive in and around Albania's largest cities. There has been much accusation of illegal privatisation of property in recent years, especially along the coastline and in other valuable zones. Accurate and readily available information on property ownership and other real estate rights provides transparency to the on-going privatisation process and in fighting corruption. The process can be monitored and accurate and reliable property information becomes accessible. This is relevant also in the context of the recently enacted Law on the Declaration of Assets. A database of property information is essential for the protection of natural resources. In all these ways First Registration favours good governance.

Other projects under this priority area are also relevant to good governance. By improving the analysis of state aids schemes, the project component addressing this area will make a contribution to increasing the transparency of assistance granted by the Government to existing economic operators. Transparency is a necessary condition for accountability and therefore good governance. A food control and inspection system is one of the more basic services offered to citizens by Government. Citizens need to have confidence in the food that comes to market, and unless this is the case it will be difficult for them to trust their Government. The food authority project therefore will make its own, small contribution to a sense of good governance in Albania. The strengthening of the Social Insurance Institute will help secure benefits to which citizens are entitled. This would contribute to a climate of trust between citizens and state institutions, and would be an important indication that governance in Albania is improving.

Completion of the three project components funded under the environment intervention will be of major benefit to the Albanian environment. As part of detailed design work an assessment of potential environmental impacts associated with both construction and operation of the road developments targeted by the roads project, will be carried out.

This part of the Action Programme contributes to the general objective of Community policy of the sustainability of economic and social development in Albania, and indeed the further integration of this country into the world economy according to international regulation.

Coherence with the NIP/MIP

One of the priority sectors under the current MIP is that of economic and social development, and one of the ways this priority is to be tackled is through improving the climate for investment. The intention is to improve and to implement legislation in this area in order to improve the functioning of the market and to increase competition. The MIP cites in particular the law on property restitution and compensation. If the Immovable Property Registration System (IPRS) were better equipped for its role then it should be in a stronger position to determine the land available for restitution or compensation. Thus amongst the programmes to be implemented under the MIP is one of support to land registration by institutional strengthening and the technical upgrading of the IPRS, alongside assistance for initiating Computer Assisted Mass Appraisal (CAMA). Such a programme would make a clear contribution to good governance in Albania. The MIP also refers to the need for assistance to be granted for the implementation of state aid regulations. The MIP also recommends 'assistance to build up a European-type Food Authority structure which will function as a separate agency on food safety issues'.

Equally, the MIP covers Infrastructure, the objectives being to 'facilitate IFI or other donor funding to construct and improve the core infrastructure in Albania so as to contribute to the increase in trade and economic growth'. This will be achieved through 'continued improvement of the core transport network in Albania' and 'technical assistance to improved large-scale infrastructure financed by IFI/ other donor funding'. The Programmes to be implemented will centre on 'assistance for feasibility studies and supervision of infrastructure works to facilitate further funding from IFIs and/ or other bilateral funding in continued improvement of the core transport network, especially in border regions and the North-South and East-West axes'.

On the environment, the MIP states that assistance should be delivered to build upon the expected results from existing CARDS projects. This is to be achieved in part by maintaining momentum in the Government's commitments to improve environmental conditions in the country, in particular through a project to sustain the treatment of hot spots by the removal, transport, storage and treatment of hazardous waste and on-site treatment of contaminated areas.

The MIP also highlights the need to reform and improve the social protection system in Albania. It specifically refers to the need to enhance the work of the Albanian Social Insurance Institute and of its agencies, and to assist with their computerisation.

Identified projects

Project 7: Improving the investment climate in Albania

The overall objective of the proposal is to make Albania a more attractive market for investment, by improving the prevailing climate for investment. The project has two components. The purpose of the first is to favour the emergence of a land market. The purpose of the second is to further the assessment of current state aids schemes.

Component I: Immovable property registration

There are two specific objectives to this component: to enhance the capacity of, services offered by and the sustainability of the IPRS; and to make further progress towards the completion of First Registration in priority urban zones.

Component II: the assessment and mapping of state aids schemes

The specific objective is to improve the capacity of the State Aids Directorate to assess state aid schemes in accordance with European Commission requirements.

Project 8: Establishment of a National Food Authority

The overall objective of the project is to create the basis for improving food safety in Albania in compliance with EC requirements and enforcement of standards, thus ensuring improved protection of consumers and encouraging agro-food exports. There are several specific objectives.

- To improve the institutional, legal and administrative framework of the food safety system in the country by establishing an efficient structure able to provide independent scientific, technical and policy advice as well as deliver adequate information to Government, consumers and food producers
- To establish a sound basis for effective consumer protection through institutional balancing of responsibilities and competences among agencies involved in food safety
- Improve public awareness of and involvement in food safety issues

Project 9: Design and supervision of various key road sections

The wider objective of this intervention is to contribute to the economic development of Albania, help regional integration, and contribute towards improving the standard of the road system in Albania. The specific objective is to provide detailed road design services and supervision of construction works in accordance with international standards for three – four key transport routes within the East-West and North-South corridors. This will facilitate financing of the construction of these sections by the IFIs.

Project 10: Treatment of environmental ‘hot spots’

The wider objective is to improve the environmental situation at existing and former industrial and related facilities and thereby significantly reduce the negative health impacts associated with a number of hot spots and at the same time contribute to an overall improvement in environmental quality and quality of life in the areas concerned. The specific objective of these projects is to:

- assess (via a case study) the capability of the system to monitor the progress of the implementation of the environmental legislation, addressing the areas of inspection and reliable measurements;

- continue and complete the pollution abatement process at Ballshi oil refinery;
- eliminate known arsenic-based hazardous waste and related hazards to public health and the environment at the former Fier nitrate fertiliser plant; and
- avoid immediate potential threats to population and environment caused by the accumulated pollution of water and soil from the oil extraction and processing activity in the Patos Marinze area.

Project 11: TEMPUS

The overall objective of the Tempus programme is to promote the development of the Albanian higher education system.

A priority for higher education systems in all South-East Europe is the achievement of the objectives of the so called Bologna Declaration, which aims at the establishment of a common European higher education space by 2010. Albania actually signed the Bologna Declaration in September 2003 in Berlin.

Project 12: Social Insurance Support Programme

The overall objective of the programme is to further develop the social insurance system according to the needs of a democratic and market-oriented society, and to ensure some level of alignment of insurance methods with EU norms in the area of social protection. The purpose of the programme is to support administrative reforms within the Government's current social insurance strategy, thus helping to consolidate the core functions of the Social Insurance Institute (SII) and to establish the groundwork for future improvements in Albania's pension system. Its specific objectives include:

- enabling a rationalisation of the social insurance regulatory framework, in line with EU social insurance legislation to the maximum extent possible;
- to introduce new policies to and to establish such mechanisms within the SII as will tend to improve the quality and efficiency of the social insurance scheme, raise the level of contributions and thereby put it on a sustainable footing; and
- increasing the transparency of and confidence in the social insurance system.

OPENING OF COMMUNITY PROGRAMMES

A further step towards EU integration will be the opening up of Community programmes.

The EU agreed in the Thessaloniki Agenda to open participation in Community programmes to the Western Balkan countries, following the enlargement model. The Commission proposed concrete steps to make this possible underlining the need for a selective and gradual approach.

A framework agreement with the European Community laying down the general conditions for Albania's participation in Community programmes will enter into force early 2005. Participation in selected programmes will be subject to the progressive conclusion of individual Memoranda of understanding (MoU) establishing the specific terms and conditions for participation. The Albanian financial contribution ('entry ticket') required to cover the

expenses of its participation in the selected programmes may be partly paid through the CARDS budget.

The MiP specifically provides for supporting Albania in its engagement with EC Community programmes through two measures, 1) paying part of the Albania's "entry ticket" cost and, 2) co-financing of accompanying measures such as administrative preparations, communication, and training of potential applicants in the preparation of proposals.

Given the present limited preparedness of Albania to engage in Community programmes it will be necessary to establish priorities and to focus first on the programmes requiring less administrative capacity.

4. Past EC assistance and lessons learnt

Current CARDS Programmes 2001-2003 for Albania add up to a total of €129m, heavily concentrated on justice and home affairs and public administration reform. When the evaluation of the CARDS Regulation reported in May 2004, it was noted that for the CARDS Programmes 2001-2003, only 27.4% of funds had then been contracted. By January 2005, however, contracted projects for the period in question were worth €72m, meaning that some 60% of the CARDS Programme for Albania was then underway, with most of the rest at an advanced stage of preparation and being prepared for tendering. This is despite - as the evaluation pointed out - Albania having been included in the third and last round of deconcentration.

Thus some 35 major CARDS projects were under implementation by the beginning of this year (not counting regional projects, several small infrastructure projects up and down the country, and a score of small, civil society projects). Some of the major projects are already completed (e.g. masterplan for remand prisoners) or are nearing completion (a strategy for migration management).

Although the first evaluations of nine projects were just getting under way at time of writing, it is too early to report on the results of these specific evaluations at this stage. However, in more general terms, the general CARDS Regulation evaluation emphasized the generally low absorption capacity of the Government of Albania and the lack of a proper legal framework regulating the overall management of EU affairs in Albania, including the management of EC assistance. Under the circumstances, and in order to ensure commitment and long-term sustainability, the European Commission makes every effort to help develop a sense of ownership on the Government of Albania side. The evaluation made special reference to the ongoing, Commission-funded project focused on the Ministry of European Integration for strengthening national capacities in policy formulation, aid planning, programming, implementation and monitoring. Partly as a result of this project, partly as a result of Delegation encouragement, the Ministry of European Integration and line ministries are involved in all phases of the project cycle, including in programming and identification. For the second year running the Ministry of European Integration has led the identification of this CARDS national action programme, co-ordinating the inputs of line ministries and other institutions. This should contribute to building capacity within the Albanian administration, paving the way to a progressive move towards sector-wide approaches.

5. Complementary actions

The National Action Programme for Albania is complemented by and is coordinated with the annual CARDS Regional Programmes.

In January 2005 a Financing Agreement was signed between the European Commission and the Government of Albania confirming the latter's participation in the New Neighbourhood Programme. Albania will continue to benefit from the various INTERREG Programmes, as well as CADSES, now in the framework of the Neighbourhood Programme. Potential complementarities between the CARDS Action Programme and INTERREG will continue to be explored at the appraisal stage of CARDS projects.

Albania is due in the first half of 2005 to start drawing down on a €25m package of macro-financial assistance granted by the European Union, including a €16m grant part and a €9m loan part. However, this depends on Albania meeting certain conditionalities and on Parliamentary ratification of the agreement governing the assistance.

Small amounts of funding from thematic budget lines (NGO co-financing facility, LIFE programme, Migration Management in Third Countries, etc.) continue to be available to Albania through calls for proposals from time to time. From 2005 Albania is once again eligible under the European Initiative for Democracy and Human Rights.

Albania also benefits from the 6th EC framework programme.

Information on the assistance programmes of those countries/donor organisations present in Albania, and who have responded to the invitation to send and update information in this regard, have been posted on the website of the Delegation of the European Commission in Tirana (www.delalb.cec.eu.int).

6. Donor coordination

In last year's Action Programme it was noted that donor coordination in Albania had not been exemplary, with the donors remaining frustrated by the Government's apparent lack of interest in the integration of the various donor programmes into a coherent socio-economic programme reflected in the MTEF. Indeed, the evaluation of the CARDS Programme noted that coordination with the World Bank and other donors appeared to be particularly weak: 'the assumed division of labor, according to which CARDS would focus on institutional building and the IFIs on social and economic development, strategy, and its role in relation to the SAP has not been determined. Similarly, there [was] no strong evidence of consistency between CARDS and the UNDP Millennium Development Goals strategy for Albania'.

Now, however, the European Commission is working in Albania as the motor of efforts to meet the objectives set out in the March 2004 Commission Communication on Translating the Monterrey Consensus into Practice, which calls for the EU to respect the principles of coherence, complementarity and coordination in the delivery of its development assistance. Efforts in this regard have apparently come together over the past year. The European Commission-chaired Technical Secretariat (made up also of the OSCE, UNDP and World Bank) has engaged in an intense process of consultation and dialogue with its Government counterpart (chaired by the Economic Adviser to the Prime Minister), the starting point of these discussions being the need perceived by donors for the Government to improve its management of external assistance. As a result, and at one of a quarterly series of Donor Roundtables, on 10th December, the Deputy Prime Minister presented to Ambassadors its proposal for an Integrated Planning System – a wholesale reform of the way the Government of Albania manages domestic and foreign public investment. The Government decision to implement the System, duly reviewed in the light of donor comments coordinated by the Technical Secretariat, is due to be made in February 2005.

Over the course of 2005, and as the Integrated Planning System is put in place, the Government is due to review its medium-term development strategy. The new strategy will be designed to integrate the current plethora of strategies and policies – the National Strategy for Socio-Economic Development, the MDGs, the European Partnership and its associated National Action Plan, the Anti-Corruption Plan, the Government Action Plan, the Public Investment Programme, the various national sector strategies – into a single, coherent whole, fully in line with and prioritised according to the medium term economic framework, and therefore fully and properly budgeted. The thinking inside Government appears to be that the imperative of European integration should be the policy around which the integrated strategy will be constructed. It should be ready, at least in draft form, at some point in 2006. As the Integrated Planning System and the new strategy is progressively put in place, this will allow donor investment to gradually become better directed, more efficient and more effective. In the longer-term, and if the new planning system is successful, then the Commission, along with other donors, will be asked to fund only those interventions which fit into the Government strategy. The European Commission programming cycle and that of the Government will coincide in 2006, and this is an opportunity which should be seized.

Donors are keen also that the Technical Secretariat support not just the Donor Roundtables but the range of donor coordination sector working groups working under the auspices of the Roundtable. With the support of DfID a consultancy was commissioned in the Autumn of 2004 to examine how best the Technical Secretariat could catalyse the sector working groups to play their part in the Integrated Planning System, and indeed to further the Rome/Monterrey agenda of donor coordination, alignment and harmonisation in Albania. The result was that a term of reference for the Technical Secretariat, reflecting these imperatives, was approved by the donors at the December Roundtable.

If current momentum can be sustained, then Albania may yet become an example of donor coordination at least comparing with the cases of Mozambique, Morocco, Vietnam and Nicaragua cited in the Commission Communication.

Regarding coordination between the Commission and Member States, meetings are held at the Delegation from time to time, although work on the broader theme of the integrated planning system has tended to take priority. Member States are of course fully involved in these discussions, and the Delegation in its capacity of Chair of the Technical Secretariat works in particularly close coordination with the Netherlands, SIDA and the British Embassy/DfID.

7. Cost and financing

PRIORITY AREA/PROJECT	Budget (€)
DEMOCRATIC STABILISATION	
Enhancing the role of civil society and the media in the European integration process, and in meeting social challenges	2,400,000
GOOD GOVERNANCE AND INSTITUTION-BUILDING	
Support to judicial reform in Albania	3,800,000
Material support to the Albanian State Police in the fight against organised crime, the prevention of terrorism, and for ensuring police integrity (not including PAMECA)	3,000,000
Foreseen for the ongoing Police Assistance Mission of the European Commission to Albania (PAMECA)	7,000,000

PRIORITY AREA/PROJECT	Budget (€)
Public administration reform at the centre of government	4,300,000
Integrated support for decentralisation	5,500,000
Support for customs and taxation	3,000,000
ECONOMIC AND SOCIAL DEVELOPMENT	
Improving the investment climate in Albania	3,200,000
Establishment of a National Food Authority	3,000,000
Design and supervision of various key road sections	3,500,000
Treatment of environmental 'hot spots'	3,000,000
TEMPUS III	1,000,000
Social insurance support programme	1,000,000
OPENING OF COMMUNITY PROGRAMMES	
Support for Government of Albania participation in Community programmes	500,000
TOTAL	44,200,000

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