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**ANNEX IV**

**of the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Albania for 2022**

**Action Document for European Union Integration Facility**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>Title</b>	European Union Integration Facility Annual Action Plan in favour of Albania for 2022			
<b>OPSYS</b>	ACT-61335, JAD.1030030			
<b>Basic Act</b>	Financed under the Instrument for Pre-accession Assistance (IPA III)			
<b>Team Europe Initiative</b>	No			
<b>Zone benefiting from the action</b>	The action shall be carried out in Albania			
<b>Programming document</b>	IPA III Programming Framework			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>Window and thematic priority</b>	Window 2: Good Governance, EU <i>Acquis</i> alignment, good neighbourly relations and strategic communication <i>Thematic Priority 2: Administrative capacity and EU <i>acquis</i> alignment</i>			
<b>Sustainable Development Goals (SDGs)</b>	This Action is cross-cutting and will support all the Sustainable Development Goals, in particular: SDG 16: Peace and Justice & Strong Institutions			
<b>DAC code(s)<sup>1</sup></b>	43010 (multisector aid)			
<b>Main Delivery Channel</b>	42001 - European Commission - Development Share of Budget			
<b>Markers<sup>2</sup> (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>

<sup>1</sup> DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab ‘purpose codes’ in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm>

<sup>2</sup> For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> Go to “Data collection and resources for reporters”, select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive.

If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition <sup>3</sup>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Internal markers<sup>4</sup></b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration <sup>5</sup>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>Amounts concerned</b>	Budget line: 15.020101.01 Total estimated cost: EUR 19 000 000 Total amount of EU budget contribution EUR 19 000 000 of which EUR 5 400 000 for indirect management with Albania			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>Implementation modalities (type of financing and management mode)</b>	Project Modality <b>Direct management</b> through: - Procurement <b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.2. <b>Indirect management</b> with Albania			
<b>Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans [only for</b>	This Action contributes to: <b>Priorities:</b> "Transport", "Energy", "Green Agenda", "Digital Transition", "Governance, Rule of Law, PAR" <b>Flagships:</b> "VIII Digital Infrastructure"			

<sup>3</sup> Please check the [Handbook on the OECD-DAC Nutrition Policy Marker](#)

<sup>4</sup> These markers have a different scope/rationale than the DAC codes. They are drawn from the level of budget allocation and emphasis given to the action in terms main objective(s) selected. The definition of objectives, results, activities in description of the action should be in line with this section.

<sup>5</sup> For detailed information on programming migration and forced displacement, please have a look at the [thematic guidance note](#) on migration and forced displacement; for information on the migration marker please look at annex 2 of the thematic guidance note.

<b>the Western Balkans]</b>	
<b>Final Date for conclusion of Financing Agreement</b>	At the latest by 31 December 2023
<b>Final date for concluding contribution / delegation agreements, procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation.
<b>Indicative operational implementation period</b>	72 months following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the Financing Agreement

## 1.2. Summary of the Action

The main aim of this Action is to strengthen the capacity and accountability of the Albanian public administration in its preparations for EU membership. In accordance with the IPA III Programming Framework, this objective constitutes a crosscutting priority and complements administrative capacity building under other Windows in line with the sector approach.

The support will be instrumental in enhancing capacities for advancing the reform process and alignment and implementation of EU *acquis* requirements. It shall support the further development of capacities of the National IPA Coordinator (NIPAC)/ State Agency for Strategic Planning and Aid Coordination (SASPAC), beneficiary institutions and the structures involved in Indirect Management by the Beneficiary Country to progress with accession negotiations and IPA III uptake. This Action also addresses various aspects of administrative capacity at sector level by assisting the establishment and development of the new rail authorities and entities in line with railway reform, the enhancement of the maritime transport regulatory system, the improvement of the legal and regulatory environment and capacities for digital connectivity, the alignment of legislation in the energy sector, and the creation of a Farm Accountancy Data Network. Furthermore, the action will support the agenda on gender equality and alignment to the relevant EU *acquis* and implementation of tangible initiatives at local level supporting the national strategy on Gender Equality. A facility covering emerging needs connected with EU integration is also included in the Action. In addition, this Action will support to elaboration and implementation of the new Road Safety Strategy for Albania and the ongoing reform of the Albanian Roads Authority (ARA) aiming at an efficient, professional, transparent organisation managing road assets, traffic and road safety in Albania.

The Action is designed under the Participation development/good governance (principal objective under the DAC markers) and addresses Gender equality and Women's and Girl's Empowerment and Digitalisation as significant objectives. It will primarily contribute to SDG 16 'Peace, justice and strong institutions'

## 2. RATIONALE

### 2.1. Context

#### **Component 1: Support to IPA III programming and implementation.**

In March 2020, the EU Council decided to open accession negotiations with Albania. The European Commission presented to the Council a proposal for a negotiation framework in July 2020, laying out the guidelines and principles for the accession negotiations. The first Intergovernmental Conference opening the accession negotiations with Albania took place on 19 July 2022, following the approval by the Council of the Negotiating Framework. The Commission started immediately the screening exercise, which is the first step in the negotiating process.

Since 2015, as part of the enlargement process and more specifically the European Semester Light process, Albania has prepared National Economic Reform Programmes at the start of the year, addressing both the medium-term macroeconomic and fiscal policy framework as well as structural reforms. These are discussed with the Commission, which then provides policy recommendations. The three-year National Plan for European Integration 2021-2023, updated annually, is the main Government planning document for European Integration which defines the priorities towards approximation of the domestic legislation with the EU *acquis*. Embedded in the EU long-term strategy for cooperation with Albania, in the 2021-2027 period the process shall be supported by assistance funded through the Instrument for Pre-Accession (IPA III) in accordance with the IPA III Programming Framework and the National Strategic Response defining the main policy priorities of Albania under IPA III assistance. This action will support the National IPA Coordinator assisted by the NIPAC Support Office within the State Agency for Strategic Planning and Aid Coordination (SASPAC)<sup>6</sup> to coordinate and provide guidance to line ministries and other Albanian beneficiary institutions in programming and implementing the IPA financial allocations to the country. The IPA management and control system includes the structures established within the Ministry of Economy and Finance to manage the IPA funds under indirect management: the National Authorising Officer (NAO) and its management structure composed of a National Fund and a support office for the NAO and the Central Finance and Contracting Unit (CFCU). The EU integration and EU assistance processes are coordinated among national entities through cooperation between the SASPAC, the Ministry of Economy and Finance (MEF), the Prime Minister's Office (PMO) and line ministries.

**Component 2: Support to Rail Reform (New Rail Authorities).** The Albanian Railway network consists of 447 km of main railway lines and 230 km of secondary railway lines. It extends from the Durrës port in three directions: in northern Albania and the border with Montenegro; in southern Albania in railway station of Ballsh until Vlora; in the east Corridor VIII (Varna–Durrës) from Tirana toward railway station near the Macedonian border. The railways are administered by the National Railway Company Hekurudha Shqiptare. The railway network in Albania has not benefited from any major overhaul since its commissioning<sup>7</sup>. Most of the tracks are operational but old and in extremely poor condition. The network currently allows for travel speeds below 60 km/h. It has not been electrified and the telecommunication and signalling system is obsolete, causing frequent interruptions in traffic. Funding for railway infrastructure maintenance is insufficient, resulting in continued deterioration of that infrastructure. As a result, customer service is poor and irregular, passenger services are seasonal and freight transport is inefficient; over the last decade, rail traffic has been in constant decline. The IPA III Strategic Response envisages fast and efficient transport links, both within the region and with neighbouring EU Member States. To this end, greening transport with further investment in rail and combined transport modes by road, rail and inland waterways is crucial and shall be supported, bearing in mind that the creation of these links will drive investment, facilitate regional trade and deliver sustainable economic growth, improving the daily lives of people in the region. Implementing legislation to the 2016 Railway Code, aiming at unbundling train operations from infrastructure management as well as establishing a Railway Regulatory Body and a Safety Authority was adopted on 1 July

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<sup>6</sup> DCM No. 642/29.10.2021 for “The creation, organisation and functioning of the National Agency for Strategic Programming and Aid Coordination”.

<sup>7</sup> Investment in Rail Infrastructure Projects has been supported under the EU Western Balkans Investment Framework. The contract for rehabilitation of the Durrës-Tirana rail line and construction of a new line to the international airport have been signed in February 2021. Works are expected to be completed in 2023. The design for the Vore-Hani Hotit Railway was completed in June 2021 while the design studies are ongoing for the rail Corridor VIII section from Durrës to the border with North Macedonia and Greece.

2021. However, in order to rationalise and further develop the railway network, implementing legislation to the 2016 Railway Code and strengthening administrative capacity are the main objective of the policy to be supported by this intervention.

**Component 3: Support to Reform in Maritime Transport (Maritime Legislation).** The three main international conventions in the maritime sector are: the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention for the Safety of Life at Sea (SOLAS), and the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers. This Action shall support the preparation of legislation to implement the first two international conventions, which is crucial to protect the marine environment from ship waste and ensure the safety of ships. The implementation of MARPOL shall contribute to the Blue Economy concept<sup>8</sup> that is being embraced by Albania to prevent environmental degradation and ecological imbalances in the use of coastal and marine resources. Albania is a signatory to the SOLAS Convention which establishes the minimum standards for the construction, equipment and operation of ships, compatible with their safety. Control provisions allow contracting governments to inspect ships of other contracting states if there are grounds for believing that a ship and its equipment do not substantially comply with the requirements of the Convention – a procedure known as Port State Control. The safety of ships is of paramount importance for human life, the protection of the environment e.g. when ships carry dangerous goods, and the regular navigation of flagged vessels. Albania ratified the SOLAS and MARPOL Conventions in 2004 and 2006, respectively, and the Annex VI of MARPOL in 2020. Ratification of the SOLAS Protocol of 1988 is planned.

**Component 4: Support to Reform in the Energy Sector (Energy Efficiency and Renewable Energy).** The National Sector Strategy for Energy 2018-2030 defines national energy policy targets until 2030. With the adoption in 2017 of the Law on the Promotion of the Use of Energy from Renewable Sources, Albania increased its compliance with the EU *acquis*. The Ministry of Infrastructure and Energy (MIE) plans to update the National Action Plan on Renewable Energy Sources for 2021-2022, aiming at significantly increasing the share of renewable energy sources other than hydropower. In 2019, amendments to the Energy Efficiency Law were adopted<sup>9</sup> to stimulate the development of the Energy Service Companies (ESCO) market and establishment of Energy Efficiency financial mechanisms. As a Contracting Party to the Energy Community Treaty, Albania has the obligation to implement the energy *acquis* in force and progress with the reforms in the energy sector in accordance with the obligations that arise from the above-mentioned Treaty. Regarding Energy Efficiency, the Agency for Energy Efficiency (AEE) is responsible for developing secondary legislation and implementing/ monitoring programmes to promote energy efficiency.

As of 2020, the Ministry of Infrastructure and Energy has been engaged in preparation of the first NECP (National Plan for Energy and Climate), being assisted from the GIZ Regional Programme “Capacity Development for Climate Policy in the Countries of Southeast, Eastern Europe, the South Caucasus and Central Asia, Phase III (CDCP III)”. This document is built on the National Strategy for Energy 2018 – 2030 and it is based on the recommendation 2018/01/MC-EnC which requests the contracting parties to prepare their NECPs in accordance with the Regulation (EU) 2018/199 of the European Parliament and the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action. The NECP covers the period 2021-2030 and defines the country’s policies and measures for each of the five dimensions of the Energy Union, such as: energy security, internal energy market, energy efficiency, decarbonisation and research, innovation and competitiveness. This action will support the MIE, subordinated agencies and Municipalities to advance in the preparation of the approximated legal acts and their implementation in the area of Energy Efficiency (EE) and Renewable Energy Sources (RES).

**Component 5: Support to Digital Connectivity Development (Digital Connectivity).** As demonstrated during the COVID-19 pandemic crisis, digital connectivity is a vital necessity for citizens and businesses. The development of digital connectivity requires competent authorities that can prompt the uniform availability of digital infrastructure in the country, as well as secure and resilient 5G networks. The improvement of the legal and regulatory framework and enhancement of the capacities for digital infrastructure based on EU *acquis* are the main objectives to be supported by the intervention. This is coherent with the overall objective of IPA III to contribute to the long-term recovery of the Western Balkans - backed by a green and digital transition - leading to sustained economic growth. One of the specific objectives of IPA III is to strengthen economic and social development including through increased connectivity and regional development, agriculture and rural development and social

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<sup>8</sup> See World Bank. 2020. Realising the Blue Economy Potential of Albania © World Bank.

<sup>9</sup> Law No. 5/2019 “For some changes and additions to the Law no. 124/2015 “On Energy Efficiency”.

and employment policies, to reinforce environmental protection, increase resilience to climate change, accelerate the shift towards a low carbon economy and develop the digital economy and society. Digital infrastructure/broadband telecommunication networks are crucial for all other developments in the digital economy. The governments of the Western Balkan countries recognised the importance of broadband infrastructure and the opportunities it offers through the Joint Statement of support for the Digital Agenda for the Western Balkans, during the Sofia Summit held on 17 May 2018. The development of broadband infrastructure is also an important part of the Multi-annual Action Plan on a Regional Economic Area (MAP-REA) endorsed by the Common Regional Market (CRM 2021-2024) plan of the Western Balkans approved in the EU-Western Balkans Sofia Summit in November 2020<sup>10</sup>.

**Component 6: Support to the establishment of the Farm Accountancy Data Network (FADN).** As expressed in the IPA III Programming Framework for Window 4, Thematic Priority 3: Agriculture and rural development, further assistance will be needed to strengthen administrations at all levels in order to meet the EU accession requirements. Structures and systems should be established or further developed for the management, implementation and control of the Common Agricultural Policy (CAP), in particular the various elements of the Integrated and Administrative Control System (land parcel identification system, farm and animal register) and capacities developed to implement the common market organisation for agricultural products. The FADN is the only source of microeconomic data based on harmonised bookkeeping principles which monitors farms' income and business activities and is an important informative source for understanding the impact of the measures taken under the CAP. Currently, Albania has no FADN in place that can provide consistent, systematic and validated data for policymaking and the implementation of the CAP. This action will help Albania establish a FADN in line with the requirements of the EU *acquis* and following best practices from EU Member States.

**Component 7: Support for road sector reform and road safety strategy.** Support for road reform and road safety Strategy- Roads Safety Strategy for Albanian expired at the end of year 2020. The Road Safety Strategy of Albania was prepared taking into account SEETO (South East Europe Transport Observatory) and other international good practices. This action will support development of a new National Road Safety Strategy and Action Plan 2021-2030. The new strategy should take into account the 3-year Regional Road Safety Action Plan (RSAP) drafted by the Permanent Secretariat of Transport Community Treaty (TCT) that covers the interim period. A comprehensive concept and plan for Albanian Roads Authority (ARA) reform has been prepared in the context of the IPA 2016 Twinning Project with ARA. It includes proposals for a new structure and operational procedures, comprehensive of those relating to traffic management and road safety. Currently, the scope and plan of the reform are at the stage of approval by the Council of Ministers of Albania, following which the process of implementation of the reform will be launched.

**Component 8: Emerging needs.** This component aims to provide support to cover emerging needs and new government priorities, including in the context of the EU-Albania accession negotiations.

Many components are in line with the Green Agenda for the Western Balkans, including Component 2: Support to Rail Reform (developing green mobility), Component 3: Support to Reform in Maritime Transport (depolluting water), Component 4: Support to Reform in the Energy Sector (lowering emissions), and Component 6: Support to the establishment of the Farm Accountancy Data Network (building sustainable agriculture and food systems).

## 2.2. Problem analysis

### **Component 1: Support for the programming, planning, implementation, monitoring and reporting of IPA III Assistance**

**Short problem analysis.** Although IPA III builds on IPA II, significant novelties have been introduced which require new skills and enhanced capacities in the Beneficiary country. Firstly, there is a re-orientation of strategic planning and programming, linked to the strategic Key Performance Indicators (KPIs) included in the Regulation and in the Programming Framework which are strictly connected with the implementation of reforms related to the accession process and corresponding criteria. Performance measurement would appear to go beyond the current capacity of IPA entities and their experience to-date; staff will need to learn how to work and interpret data and

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<sup>10</sup> [https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/common-regional-market\\_en](https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/common-regional-market_en)

results of interventions and what changes to the value of indicators mean in the policy, economic, social, environmental, and political context.

The Beneficiary country shall have increased ownership as responsible for drafting a country Strategic Response and design Actions that shall be evaluated by the Commission for relevance and maturity before being selected for financing, in accordance with an indicative allocation per Window as set out in the draft IPA III Programming Framework. As there is no longer a pre-determined country allocation, the IPA beneficiary countries will have to submit more mature projects to increase their share within the envelope allocated for each Window; hence programming will pose an additional challenge that requires concrete feasibility analysis before proposing Actions as well as internal prioritisation. This will in all likelihood pave the way for some new challenges, including a need to adapt the internal control system to the novelties of IPA III and to accelerate the absorption of the IPA funds, in particular in the early years to prevent backlogs in contracting and payments.

The SASPAC will be subject to broader coordination responsibilities and more skills will be required than ever before, including an increased workload in strategic programming and project preparation phases. There will be a need to amend procedures and manuals in almost all IPA entities to reflect the IPA III changes. More knowledge, capacity-building and technical support will be necessary to prepare better and feasible projects. New skills will be required to enhance the monitoring and evaluation framework and self-assessment capabilities in the context of the progress in accession, including the use of performance indicators.

The above challenges regarding IPA III coupled with the current composite structure of IPA entities after the public administration reform of 2017 mean that Albanian IPA bodies require competent and trained human resources - not only with new skills but also capable of elaborating innovative concepts and approaches, especially in the interface linking policy analysis, programming, and implementation for results.

In addition, since the publication of the DG NEAR guidelines on linking planning/programming, monitoring and evaluation, there is an increased need to use those guidelines in practice, both by the national IPA entities and by the Commission.

**Main stakeholders:** the National IPA Coordinator, SASPAC, the National Authorising Office and NAO Support Office, the National Fund, the CFCU and IPA Units established in Albanian Institutions (line Ministries, public agencies, independent institutions), and relevant structures of the National Gender Mechanism i.e. Gender Equality Officers (GEOs)/Gender Focal Points (GFPs) in line ministries.

## **Component 2: Support implementation of the EU *acquis* in the rail sector through establishment and capacity building of the required rail authorities and systems.**

**Short problem analysis.** The main challenges in the rail sector are to:

- Reform the rail system through the unbundling of train operations from infrastructure management and set up an open market for public and private investors both in terms of market regulation, infrastructure management and rail operations.
- Strengthen human capacities and resources at all levels, in particular to effectively build up the legal and institutional structures that are necessary to ensure the smooth operation of an open market.
- Create favourable legal and institutional conditions for attracting foreign investment.
- Create a level playing field with other modes of transport.
- Ensure full operability of the rail network by implementing ITSs on the core rail network.

The 2018 Rail Code, which is partly aligned with EC Regulations No 1370/2007, No 1371/2007 and No 2016/796, is the main document governing the sector<sup>11</sup>. It only partially transposes the recast directives on a Single European rail area 2012/34/EU, Railway safety 2016/798, and Interoperability 2016/797/EU. The Parliament of Albania approved on 1 July 2021 a major reform in the rail sector in the country, by approving four new laws: the Law for establishing the National Safety Authority, the Law for establishing the Joint National Investigation Body (NIB) for accidents and incidents in railways and maritime, the Law for establishing the Regulatory Body (RRA) and the Law on separating infrastructure and operations currently concentrated in the National Company Albanian Railways. Further to the approval of the new legislation in 2021, three independent authorities and four independent Joint Stock Companies are being established, as follows:

- Railway Regulatory Authority (RRA)
- National Safety Authority (NSA)
- National Investigation Body for accidents and incidents in railways and maritime (NIB)

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<sup>11</sup> It entered in force on 12.01.2018 since the Railway Law No. 142/22.12.2016 is enforceable one year after its publication in the Official Gazette 230-2016 on 12.01.2017.

- Rail Freight Transport Co.
- Rail Passenger Transport Co.
- Rail Infrastructure Manager
- Entity in Charge of maintenance

The above entities shall need support to establish their functions and activities, train the staff and become fully operational. This also applies to the Railway Licensing Authority (RLA) established under Decision of the Council of Ministers No. 657/31.10.2018 that needs to gain capacities on railway licensing. The assistance will also support harmonisation of the EU format on the licensing of the applicants for rail services (RUs and the IMs) and review its functioning regulation.

**Main stakeholders:** Ministry of Infrastructure and Energy, Albanian Railway JSC, Directorate of Railway Inspection, National Business Centre (NBC) under the Ministry responsible for trade.

### **Component 3: Progress with the alignment of maritime transport legislation to the EU *acquis*.**

**Short problem analysis.** Albania needs to improve significantly its maritime connectivity, currently disconnected from major international networks. The maritime sector could be an economic catalyst where the aggregation of shipping, port and other maritime activities may generate benefits and socio-economic wealth. The key challenges for Albania in the maritime sector are to:

- Achieve regulatory compliance with full approximation of EU maritime legislation and international regulations, including follow up on the country's application for membership of the Paris Memorandum of Understanding on Port State Control and achieve EU standards, which requires Albania to increase the number of seafarer certificates in accordance with International Maritime Organisation (IMO) standards.
- Reduce the detention rate of Albanian-flagged vessels.
- Rehabilitate the infrastructure and superstructure of the 4 main ports, including tourist ports, in order to increase the volume of cargo handled in Albanian ports, the number of passengers transported by ferries, and the volume of container processing.
- Ensure increased competition and open the market further, e.g., the reform of the port sector started in Durres should be extended to other ports in the country, thus increasing the role and scope of private sector participation.

**Main stakeholders:** the Ministry of Infrastructure and Energy, General Maritime Directorate, Port Authorities, Albanian Maritime Administration, Albanian Coast Guard, the Ministry of Tourism and Environment and the Regional Environment Agencies, the Inter-institutional Maritime Operational Centre (IMOC), an inter-ministerial committee in charge of the coordination, management, and control of the Albanian maritime borders, safety at sea and interaction of the state institutions that have maritime responsibilities and interests, in compliance with the national and international maritime legislation. The participating institutions in the IMOC are the Ministry of Interior, the Ministry of Defence, the Ministry of Finance and Economy, the Ministry of Tourism and Environment, the Ministry of Infrastructure and Energy, the Ministry of Agriculture and Rural Development.

### **Component 4: Support to improving capacities for Energy Efficiency and Renewable Energy intervention.**

**Short problem analysis.** The challenges currently facing the Albanian energy sector include the need to reduce energy intensity and increase the share of renewables beyond hydropower and other local energy sources. Moreover, there has been insufficient progress on alignment with energy efficiency (EE) *acquis* and implementing legislation with respect to the adoption of by-laws on energy certification/performance in buildings<sup>12</sup>. Regarding Renewable Energy Sources (RES), secondary legislation on the network and administrative procedures for licensing are not streamlined<sup>13</sup>. Legal and technical capacities need to be built on the evaluation of energy efficiency investment projects, drafting local energy efficiency plans, EE audit, etc.

**Main stakeholders:** the Ministry of Infrastructure and Energy, the Energy Regulatory Authority (ERE), the Agency for Energy Efficiency (AEE), the Albania Power Corporation (KESH), the Electricity Power Distribution System Operator (OSSHEE), the Transmission System Operator, and the National Agency of Natural Resources.

### **Component 5: Support to improve the legal and regulatory framework and capacities for digital connectivity based on EU *acquis*.**

**Short problem analysis.** In Albania, digitalisation is hampered by the low penetration of fixed internet services and weak digital skills. While Albania performs reasonably well in terms of mobile broadband penetration (around 63%

<sup>12</sup> Annual Implementation Report by Energy Community Secretariat, 1 November 2019.

<sup>13</sup> Annual Implementation Report by Energy Community Secretariat, 1 November 2019.

in 2019), fixed broadband penetration in households remains a challenge. Approximately 58% of households have access to fixed internet. Moreover, the gap between internet access in rural and urban areas remains huge, with around only 5% of the population in rural areas having access to broadband internet. While this is good practice in EU Member States, Albania has no Broadband Competence Office that may work with local governments and private investors and prepare broadband investments in white/rural areas. Additionally, Albanian authorities have not yet developed and implemented measures to have secure and resilient 5G networks based on EU 5G toolbox experiences, in line with the Commission Recommendation on the cybersecurity of 5G networks envisaging the completion of national risk assessments and preparation of a toolbox of possible mitigating measures.

**Main stakeholders:** the Ministry of Infrastructure and Energy, the Electronic and Postal Communications Authority (AKEP), the National Authority for Electronic Certification and Cyber Security (NAECCS).

### **Component 6: Support for the management, implementation and control of the Common Agricultural Policy (CAP), in line with EU *acquis* and best practice.**

**Short problem analysis.** In the process towards EU membership, the restructuring and reorientation of the agricultural sector is of vital importance to Albania, given the deeply rooted structural problems related to very small average farm size and very low labour productivity and yields, due to underdeveloped technological capabilities. Many households are still engaged in subsistence agriculture. In this transformation process, the availability of consistent, systematic and validated data on the factors of production, level of farming income, and technical, economic and social conditions on the holdings involved can inform policy and be used to monitor and evaluate existing policies and their impact at farm level and is indispensable for all stakeholders in the sector. These data are not only needed for national purposes, but each member state must establish a Farm Accountancy Data Network (FADN) for objectively evaluating incomes on (commercial) agricultural holdings. In the pre-accession period, the data will be utilised to assist in the assessment of impacts of national agricultural and rural development policy, the implementation of the IPARD programme and later, the Common Agricultural Policy; therefore, FADN data also play a critical role in the alignment to CAP objectives. An EU-harmonised Farm Structure Survey was implemented in 2012 (through the Agricultural Census), and the data sent to EUROSTAT in 2019 in EUROFARM format, along with Standard Output values (SO 2010). According to the Sector Review of Agriculture Statistics of the Republic of Albania (2019), although the Farm Accountancy Data Network (FADN) is not implemented yet, the majority of data sources needed for its implementation are available. The necessary institutional framework (Liaison Agency and National FADN Committee) is still to be established, and support is needed to apply EU standards in terms of the methodology, data collection, control of collected data, data processing and the preparation of individual and national reports. While the creation of the FADN is not dependent on the creation of the Farmer Register, the establishment and operationalisation of both systems would lead to synergies by increasing the amount and the quality of data available for policy making and assessment.

**Main stakeholders:** the Ministry of Agriculture and Rural Development, the Agriculture and Rural Development Agency (ARDA), the Albanian National Extension Service (ANES); INSTAT and the Agricultural University (research community), the farmers.

**Component 7: Support for road sector reform and road safety strategy-** Support for road reform and road safety Strategy. According to the 2011-2020 Road Safety Strategy, the baseline in 2009 in Albania was 378 victims and the 2020 target was to reduce to 250 deaths a year. In 2019, number of deaths in road accidents was 227 according to INSTAT while in 2020 there were 218 deaths in road accidents (in the context of COVID-19 restrictions). However, Albania is ranked among the countries with the highest death figures by road accidents in relation to population. The 2011-2020 RS Strategy, together with the linked 'Road Safety Action Plan', were the fundamental documents providing the guidelines for achieving the objective of improving road safety in the country, in line with the Regional Road Safety Strategy developed by SEETO. Currently the country is relying on the Transport Community Treaty Road Safety Action Plan that includes actions for strengthening road safety management, for promoting safer infrastructure, promoting the protection of the road users, and actions to enhance cooperation and exchange of experience within the region. The new country strategy and related action plan should be aligned with TCT regional initiatives as well as with the EU Strategy on road safety for the period 2021-2030 with a vision for 0 deaths in road accidents by 2050.

The process of implementation of the reform of the Albanian Roads Authority (ARA) will be carried out on the basis of the Action Plan and scope developed under the above-mentioned Twinning Project and approved by the Government of Albania (GoA). The implementation of the reform in legislative terms is divided into two steps. The first part - in the form of VKM (Decision of the Council of Ministers) containing the new organisational structure of the ARA and Albanian National Traffic Operations and Control Centre and also regulating certain financial mechanisms issues, is expected to be approved by Q2 2022. The second part - in the form of amendments to the existing acts regarding, among other things, legal form, extension of ARA's scope of competence, including

legal establishment of ARA the future ITS and tolling system operator, is expected to be passed in the first half of 2022.

The Beneficiary will be in a period of transition towards the new business model, and in particular will need support to establish the national electronic toll collection system which shall be interoperable with the ITS system. It is envisaged that the activities under this action will support the Beneficiary in designing and deploying of operating procedures using the ITS system outputs, staff training, but as well as the development of the target model for the tolling system and the development of the tender specifications for the implementation of the system.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Intervention logic

All the outputs shall lead to the identified **Outcome**: Progress achieved in alignment of legislation with EU *acquis* (including gender equality provisions), and capacities built for its implementation in the rail, maritime, energy, digital connectivity and agricultural sectors. This will contribute to the overall objective to bring Albania's policies and legislation in line with the EU policies and the EU *acquis*, and to build administrative capacity to implement sector policies and the adopted legislation fully and effectively.

#### **Output 1.1 - Capacity building to the NIPAC /NIPAC Cabinet, NIPAC Support Office, CFCU, NAO/NAO Support office, NF, IPA Units, and relevant structures of the National Gender Mechanism, on gender-responsive programming, implementing, monitoring and evaluating IPA III provided (Corresponding to Component 1 'IPA III programming and implementation')**

In order to progress with requirements under Chapter 22, the Albanian institutional structures need to ensure capacities are in place to implement Cohesion Policy upon accession, which can be built through developing the necessary capacity to absorb EU funds through the programming and implementation of IPA III assistance. The overall aim is to improve capacities in the preparation of programming and implementation documents for IPA III in order to avoid delays in the use of EU funds or de-commitment, and progress with reforms, as well as enhancing monitoring and evaluation frameworks and the quality of data collection, as a solid basis for the preparation of multi-year programming and the development of a project pipeline, thus leading to higher absorption of IPA III funds and increased performance and results. This will be achieved through a structured and systematic approach to the assistance to be provided to Albanian institutions in building capacities for their tasks under all implementation modalities in order to ensure that all IPA structures and the overall system established in Albania for IPA III function efficiently and effectively within the context of an enhanced internal control system. Capacities of the Albanian institutions for indirect management should be further enhanced to strengthen the management and control system, ensure strong performance under IMBC and support the further progressive transition from direct management of pre-accession funds by the Commission to indirect management by Albania, as envisaged by the IPA III Regulation, which shall increase ownership and prepare Albania for the implementation of Cohesion Policy upon accession.

The assistance will contribute primarily to enhancing the programming, implementing, monitoring, reporting, strengthening coordination, and gender mainstreaming capacities of the IPA III system in Albania – namely the NIPAC, NIPAC Cabinet, NIPAC Support Office, IPA Units/beneficiary departments, relevant structures of the National Gender Mechanism, the CFCU, NAO and NAO SO and the National Fund (NF) – and consolidating the internal control system - with the aim to support the smooth and efficient implementation of IPA III and the efficient and effective absorption of EU funds as well as progress with the reforms and accession negotiations. The delivery of this output is based on the assumption that all the structures be working in close coordination for the adequate functioning of IPA sector monitoring and coordination, that IPA Units are appropriately staffed, and that the National Gender Mechanism/Gender Equality Officers/Gender Focal Points system in line ministries is fully operationalised.

#### **Output 1.2 - The new railway authorities, bodies and companies established and operational (Corresponding to Component 2 'New Rail Authorities')**

Albania has progressed with the rail reform by approving the Rail Code and four key laws adopted in 2021. The reform is complex since new institutions and independent authorities are to be established and become fully operational which requires the development of new regulations, organisational models, capacities, and procedures for the new rail authorities. The expected result is that the new railway authorities are established and operational,

with officials and staff trained to undertake the assigned responsibilities, functions, and tasks as prescribed within the National Transport Strategy.

Under the assumptions presented in the logframe matrix, the new railway authorities, bodies and companies shall become operational. Additionally, the staff of the Railway Licensing Authority (RLA) established under Decision of the Council of Ministers No. 657/31.10.2018 and the staff at the newly established National Business Centre - the national licensing authority, which issues, suspends and reviews the railway licenses – will be trained on the EU format for the licence documents<sup>14</sup>. The above shall complete the reform of the rail system through the unbundling of train operations from infrastructure management and preparing the sector as an open market for public and private investors.

### **Output 1.3 - New legislation to implement the MARPOL and SOLAS Conventions drafted (Corresponding to Component 3 ‘Maritime Legislation’)**

Albania has ratified the MARPOL and SOLAS Conventions. In 2020 ratified the Annex VI of the MARPOL Convention dealing with the protection of air pollution from ships’ gas emissions. It is preparing the ratification of the SOLAS Protocol 1988. For the implementation of the MARPOL convention, the Regulation on Port Reception Facilities was approved that approximated Directive 2000/59/EC on port reception facilities for ship-generated waste and cargo residues, which is **no longer in force**<sup>15</sup>. There is an urgent need to draft new legislation in compliance with:

- Directive (EU) 2019/883 on port reception facilities for the delivery of waste from ships. If this directive is fully implemented, ships shall be prevented from dumping their waste into the sea before approaching the port.
- Directive 2005/35/EC of the European Parliament and of the Council of 7 September 2005 on ship source pollution and on the introduction of penalties, including criminal penalties, for pollution offences. This regulation will prevent illegal acts of persons for polluting the sea, and it will introduce the list of penalties they have to face if they commit a criminal discharge of pollution into the sea.
- Directive 1999/32/EC of 26 April 1999 relating to a reduction in the Sulphur content of certain liquid fuels and Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport. These two regulations will implement the MARPOL Annex VI by monitoring and reporting of the emission of GHG from ships and will assist my minimising it.

For the implementation of SOLAS Convention, Albania has drafted different regulations on: Ships and Port Security, ISM Code, PSC, FSC. However, following the EC recommendations, there is an urgent need to upgrade the standards of the Albanian Flagged ships, improving their performance in the Paris MoU classification and increasing their safety. The needed regulations will be in compliance with:

- Directive 2009/45/EC on safety rules and standards for passenger ships.
- Directive (EU) 2017/2110 on a system of inspections for the safe operation of ro-ro passenger ships and high-speed passenger craft in regular service.
- Directive 2003/25/EC of the European Parliament and of the Council of 14 April 2003 on specific stability requirements for ro-ro passenger ships.
- Regulation (EC) No 392/2009 on the liability of carriers of passengers by sea in the event of accidents.

### **Output 1.4 – Legislation on EE and RES drafted in alignment with the EU *acquis* and capacities of stakeholders on EE and RES, increased (Corresponding to Component 4 ‘Energy Efficiency and Renewable Energy’)**

The focus of this output is to support the MIE, subordinated agencies and Municipalities to advance in the preparation of the approximated legal acts and their implementation in the area of Energy Efficiency (EE) and Renewable Energy Sources (RES). The capacities are still low, especially in the Energy Efficiency Agency and at municipality level to fully implement the new amended law on Energy Efficiency and major implementing acts are still lacking, thus not allowing for the proper operational implementation of institutional reforms in the area. The existing structures lack experienced staff and facilities/equipment to deliver the required secondary legislation and assure its implementation.

The assistance will support the legal gap assessment towards full approximation with the EU *acquis* and the consequent preparation/revision of relevant laws and sub laws. It is expected that all required legislation, in line

<sup>14</sup> In line with Commission Implementing Regulation (EU) 2015/171.

<sup>15</sup> Directive (EU) 2019/883 of the European Parliament and of the Council of 17 April 2019 on port reception facilities for the delivery of waste from ships, amending Directive 2010/65/EU and repealing Directive 2000/59/EC.

with the NPEI planning, is approved by 2025 with the assumption that sufficient sustainability of staff is ensured for its enforcement. Continuous capacity building activities (coaching, on job training, workshops, TA) for both MIE and other involved authorities (Agencies and Municipalities) will raise capacities to the necessary level for the proper implementation of the legislation. Technical expertise will be provided for the preparation of feasibility studies for the implementation of EE measures on most relevant energy intensity sectors (transport, residential, industrial, agriculture). The output will contribute also to upgrade IT software and linked database for issuing building energy performance certificates (EPC).

**Output 1.5 Sub-legal acts and regulations drafted in application of the new law in line with Directive 2018/1972/EU establishing the European Electronic Communications Code and capacities of the staff of the Broadband Competent Office, the regulatory bodies and local government built to implement/enforce technical measures for the 5G toolbox provided (Corresponding to Component 5 ‘Digital Connectivity’)**

Albania has approved a new National Plan for Sustainable Development of Digital Infrastructure, Broadband 2020-2025 (NBP) by Decision of the Council of Ministers No 434 dated 3.6.2020. The Plan defined three strategic objectives of broadband development as follows:

Strategic Objective 1: Sustainable development of broadband infrastructure.

Strategic Objective 2: Reducing the digital divide and providing comprehensive broadband services.

Strategic Objective 3: Increasing Demand for Digital Economy Development and a Gigabit Society.

The Plan aims to further advance the development of broadband infrastructure throughout the country and address the digital divide. The four priority pillars that the new NBP is built on are: 1) Development of broadband infrastructure; 2) Strengthening of financing and broadening of funding basis; 3) Spectrum management; and 4) Sustainable competition.

The transposition of new Electronic Communications Code in Albanian legislation is planned during 2021-2022, and the implementing acts and regulatory measures should be prepared based on the new legislation.

The establishment of the Broadband Competence Office is also planned in the NBP; currently the role of policymaking in broadband development is under the responsibility of the Ministry of Infrastructure and Energy (MIE). In order to establish the Broadband Competence Office, transfer of knowledge and capacity building is needed, based on good practices in the EU. In addition, capacities need to be built and awareness raised of the broadband /ICT ecosystem in local governments. To achieve the NBP objective of increasing broadband penetration, investments are needed in rural, remote areas; a key new element in the NBP includes the planned enablement of public funding through Universal Service Obligations and subsidies (compliant with State aid rules) to further infrastructure coverage in rural and remote areas. Furthermore, increased cooperation and coordination between different institutions linked with digital transformation and especially broadband is needed.

Moreover, Albania is committed to taking appropriate measures to promote the development of secure and resilient 5G networks. The electronic communications law in force is based on EU *acquis* of 2002 and 2009. Currently, national measures do not explicitly provide for advanced security requirements specifically relating to the roll-out of 5G networks. Based on the Stabilisation and Association Agreement, article 104, Albania is committed to follow the EU *acquis* in the field of electronic networks and services communications. Support is required for the Albanian authorities to develop and implement strategic and relevant technical measures for secure and resilient 5G networks. The assistance will be directed to the preparation of secondary legislation, capacity-building activities, and the design of measures for 5G networks leading to alignment with the EU *acquis*, and consolidation of the regulatory and management structures that shall continue the reform in line with the EU Digital Agenda policies.

**Output 1.6 - Farm Accountancy Data Network system established in Albania in line with EU *acquis* and taking into account the gender dimension, and capacity building activities provided on its implementation, including for gender mainstreaming (Corresponding to Component 6 ‘Farm Accountancy Data Network’)**

Currently, Albania has no system in place to provide validated data for policy-making and harmonised, annual data on the factors of production, level of farming income, and technical, economic and social conditions on the holdings involved, in line with *acquis* and the national institutional framework, and capacities are lacking for the implementation of the Farm Accountancy Data Network (FADN).

The Albanian Law No. 9817/2007 on Agriculture provides the legal framework for establishing the FADN and the results of a pilot farm structure survey harmonised with the EU requirements (Agricultural Census 2012, calibrated due to under coverage and published in 2017) and Standard Output values calculated in 2019 have been sent to EUROSTAT, allowing the calculation of typology and economic size of units/farms, which can provide a basis for the FADN sample plan and weighting scheme. Furthermore, structural reorganisation in the Ministry of Agriculture and Rural Development (MARD) in force from 22 January 2021 has increased the number of staff responsible for agricultural statistics.

The Albanian Law on Agriculture, No. 9817/2007 provides the legal framework for establishing the FADN and the

Through the development of the methodological approach and survey questions based on EU best practice, and the preparation of procedures and training and peer-learning for the implementation of each of the main FADN phases taking into account the gender dimension (data collection, control of collected data, data processing and the preparation of individual and national reports, supported by data-bases, data processing and software), institutional capacities including skills on the gender dimension and for coherent gender mainstreaming in all FADN phases shall be built in a sustainable way for the implementation of the FADN system in Albania and its subsequent operation. Control and processing (pilot phase) will be completed with the production of sample reports, thereby aligning with the EU *acquis* and building capacities for its implementation. The achievement of the outputs is a precondition related to the establishment of the institutional framework of the Liaison Agency (Institution responsible for the FADN) and National FADN Committee.

**Output 1.7. (a) Road safety strategy and action plan 2021-2030 is developed, adopted and implemented. (b) Objectives from the ARA reform Action Plan are achieved and ARA is restructured internally and ready to implement a tolling system.**

**Output 1.8. - Emerging, ad hoc operational and policy / legal needs relating to EU integration met. (Corresponding to Component 8. ‘Emerging needs’)**

This Component allows for emerging, ad hoc needs relating to EU integration to be met via small-scale interventions, whether these needs are of an operational or a policy / legal nature. Experience shows that, due to the complex character of policy, regulatory and institutional reforms required of candidate countries, it is important to maintain flexibility to cover such needs via an “unallocated” envelope.

This Facility will in particular serve to (1) support the development and implementation of national reforms, sector strategies and action plans in relation to EU accession, (2) meet *acquis*-related needs, (3) increase the maturity of Actions proposed for EU funding, and (4) support their implementation (including communication and visibility aspects), as well as their monitoring and evaluation.

### **3.2. Indicative activities**

#### **Activities related to Output 1.1 - Component 1 ‘IPA III programming and implementation’**

Type of activities: technical assistance. The following activities are planned:

- Training, coaching and mentoring for the preparation of programming/implementation documents, based on reform priorities to be implemented, in the interface linking policy analysis, programming, and implementation for results, and to enhance the monitoring and evaluation framework and self-assessment capabilities in the context of the progress in accession, including the use of the performance indicators matrix.
- Capacity development, coaching, assistance, and the provision of standardised EU guidance for gender mainstreaming across policy areas and sectors, in IPA III processes and procedures, the IPA III system, and relevant structures of the Gender Equality Mechanism in line ministries.
- Assistance to further develop the operational capacities and updating and harmonising processes, manuals and procedures of the Albanian institutions involved in programming and implementing IPA III to strengthen the internal control system.
- Support to the structures involved in Indirect Management with Albania (IMBC) in order to strengthen and consolidate the management and control system.
- Support to the NIPAC Cabinet for better Coordination on Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance of the Albanian Government.

#### **Activities related to Output 1.2 - Component 2 ‘New Rail Authorities’**

Type of activities: technical assistance. The following activities are planned:

- Staff in the new authorities, bodies and companies trained and certified.
- Sets of procedures (exams) prepared, tested and approved for each entity.

### **Activities related to Output 1.3 - Component 3 ‘Maritime Legislation’**

Type of activities: technical assistance. The following activities are planned:

- Preparation of Albanian legislation on port reception facilities for ship-generated waste and cargo residues aligned with the relevant EU *acquis*.
- Preparation of Albanian legislation on standards of Albanian flagged ships, performance in Paris Memorandum of Understanding on Port State Control classification and safety, fully aligned with the EU *acquis*.

### **Activities related to Output 1.4 - Component 4 ‘Energy Efficiency and Renewable Energy**

Type of activities: technical assistance; exchange of experience with member countries / IPA Beneficiary countries; reinforcing country systems and investment (supply). The planned activities are complementary to other projects<sup>16</sup> and include:

- Workshops and coaching sessions with MIE, Subordinated Agencies as well as with other institutions including the Transmission System Operator (OST), Electricity Distribution Operator (OSHEE), and the Energy Regulatory Authority (ERE) on the methodology and techniques of legislative drafting. Drafting and review relevant laws, sub laws and administrative acts for proper and timely implementation of RES and EE laws.
- Capacity building activities (Coaching sessions/Workshops) with MIE, Subordinated Agencies, Municipalities as well as with other institutions including OST, OSHEE and ERE on EE and RES policy implementation, monitoring mechanism, standards, and law enforcement.
- Implementation of EPC generation software and upgrade Weather Activity; Building Databases and establish 2 certified laboratories for testing the accuracy during energy auditing; Prepare feasibility studies related to implementing EE measures; defining financing mechanisms for small/ medium and large energy consumers.
- Implement public awareness campaigns on EE promotion.

### **Activities related to Output 1.5 - Component 5 ‘Digital Connectivity’**

Type of activities: technical assistance. The following activities are planned:

- Preparation of sub-legal acts and regulations in application of the new law in line with Directive 2018/1972/EU establishing the European Electronic Communications Code.
- Capacity Building Programme for Broadband Competent Office staff (including train the trainer’s programme), regulatory bodies and relevant staff in local government.
- Design of measures for 5G established including strategic measures and technical measures for secure and resilient 5G networks based on EU 5G toolbox.

### **Activities related to Output 1.6 - Component 6 ‘Farm Accountancy Data Network’**

Type of activities: twinning, technical assistance. The following activities are planned:

- Improvement of the methodology (standard operating procedures, description of processes, workflows and responsibilities) on the basis of EU best practices, EU gender equality guidance for the agricultural sector, and suitability for the Albanian context.
- Adjustment/update of legal framework, including for the establishment of the Liaison Agency and FADN National Committee.
- Adjustment of the MADR organigram (process description, definition of responsibilities, workload assessment, recruitment of staff, retention policy).
- Development of survey questions on the basis of EU best practices and suitability for the Albanian context.
- Training on the implementation of each of the main FADN phases (data collection, control of collected data, data processing and preparation of individual and national reports) and peer learning and exchange with two EU Member States on FADN systems.
- Manuals/procedures developed for the implementation of the FADN system.
- Train the Trainers programme designed and delivered, including Train the Trainers for data collectors, and training on integrating the gender equality dimension into all FADN phases.

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<sup>16</sup> The Support to European Integration project is supporting the Government of Albania to further advance in legal approximation in chapter 15 (Energy) with focus on the explanatory screening (not including the topics from SAA subcommittee); update the ToCs, LGA and AGA.

- Databases, data processing and IT system provided for the FADN and Operational Guidelines delivered for survey administration, ensuring the technical preconditions for gender-responsive implementation of the system.
- Support provided by the Twinning team for the first year of data collection. Control and processing including gender data (pilot phase) and preparation of Sample Reports, capturing the gender dimension.
- Awareness campaign with the farmers.

#### **Activities related to Output 1.7 - Component 7: Support for road reform and road safety Strategy**

Technical assistance for the road safety strategy and for implementation of a new business model for ARA consisting of:

- (a) a comprehensive analysis of the necessary revenues structure and its sources including tolling system architecture and preparation of the Terms of References
- (b) support in implementing the ARA reform and Action Plan for internal processes and structure improvement aimed at the increase of organisational efficiency and total cost reduction through ITS and road safety management;
- (c) support for the preparation and implementation of multiannual Road Safety Strategy for Albania.

#### **Activities related to Output 1.8 - Component 8. ‘Emerging needs’**

Type of activities: service contracts (including framework contracts), (in well justified cases) supply contracts and indirect management with an international organisation

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

Environmental considerations and climate change mitigation are considered specifically under Component 4 whose main objective is to contribute to the uptake of Energy Efficiency practices in industries and sectors and support the use of RES. This Component will directly contribute to the Green Agenda implementation in Albania and to the national climate change mitigation agenda. Component 6, which shall support the transition towards sustainable food systems, in line with the EU Farm to Fork Strategy<sup>17</sup>, lies at the heart of the European Green Deal<sup>18</sup>, aiming to make food systems fair, healthy and environmentally friendly.

Furthermore, in line with the Green Agenda for the Western Balkans<sup>19</sup>, specific efforts shall be made during the implementation of technical assistance under this Action to reduce consumption and prioritise environmentally sound practices.

#### **Gender equality and empowerment of women and girls**

The Action addresses *acquis* alignment including the EU Gender Action Plan III<sup>20</sup>, which in precludes any gender discrimination and capacity building for the implementation of *acquis*-related policies, and the aligned national regulatory/institutional framework, principally for the public administration. This shall take place in accordance with legal requirements on gender equality and Gender Responsive Budgeting within the Organic Budget Law (2016) and Local Government Financial Management Law (2017), as well as the National Strategy and Action Plan on Gender Equality (2020-2025). The Action shall be implemented assuring that gender equality is respected in all administrations - women and men are treated equally and are employed for their professional skills and knowledge, as well as having equal access to training. The Action will ensure that the gender perspective is mainstreamed into all activities, as applicable, with a specific focus on Components 1, and 6.

#### **Human Rights**

The support to *acquis* alignment and related policy developed shall always take into account the needs of vulnerable groups in Albania (such as Roma and Egyptian minorities and people with disabilities) and actively include them and their representatives. In general, the pursuit of *acquis* alignment and progress in achieving accession target is fully in accordance with the principle of “Leaving no one behind” – the core principle of the 2030 Agenda for Sustainable Development – which guides public administrations in delivering on all their functions, alongside the

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<sup>17</sup> COM/2020/381

<sup>18</sup> [European Council conclusions, 12 December 2019](#)

<sup>19</sup> SWD(2020) 223

<sup>20</sup> SWD(2020) 284

principles of effectiveness, inclusiveness and accountability, ensuring that the interests of minorities, people with disabilities and vulnerable groups is properly taken into account in policies and laws. Furthermore, the allocation for unforeseen and emerging needs under this Action may also support any newly identified needs among vulnerable groups that could not have been foreseen.

### Disability

The Action is committed to take into account the Rights Based Approach, considering the special individual needs of different groups, including socially vulnerable groups, during the planning/programming and implementation of IPA III Actions as well as in the preparation of *acquis*-related policies and legislation which shall follow the rights-based approach and inclusiveness, respecting the principles of non-discrimination, participation, transparency and accountability as overarching in the implementation of the Action.

### Other considerations

Civil society will be actively engaged and participate in all policy and legislative development activity supported by this Action, including through inclusive structured dialogue, and in line with the partnership principle shall be involved in all stages of the planning, implementation and monitoring of IPA III financed Actions, according to the provisions of the European Code of Conduct on Partnership.

## 3.4. Risks and lessons learnt

Category <sup>21</sup>	Risks	Risk level (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
3-people and the organisation	Risk 1. Insufficient number of staff dedicated to IPA III processes in the Albanian administration, high turnover and lack of related skills to absorb the needed capacity building on planning, programming and monitoring. Staff turnover will interrupt the learning curve of public officials in preparing qualitative project pipeline and mature documentation.	M	H	Include the Albanian School for Public Administration (ASPA) in the process and introduce a sustainable training programme for civil servants, with compulsory IPA training. Staff retention policy and transparent promotion system in place, with salaries also linked to responsibilities and complexity of tasks. Allocation of earmarked funds in the MTBP for the preparation of feasibility studies and technical documents for the implementation of the project pipeline.
3-people and the organisation	Risk 2. Insufficient number of staff dedicated to the reforms in the rail, maritime transport, energy efficiency, digital infrastructure and agricultural sectors and lack of related skills.	M	L	This risk cannot be fully mitigated. However, the project activities shall be carefully scheduled, and the counterparts trained to progress with the reforms. The ITS is identified as a priority in the upcoming National Transport Strategy. The smart specialisation strategy shall raise effectiveness and establish intelligent work positions for the ITS transport systems.

<sup>21</sup> The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information.

Category <sup>21</sup>	Risks	Risk level (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
2-planning, processes and systems	Risk 3. Weak budget planning, and insufficient allocation for operations and proper maintenance of IT systems in the beneficiary institutions (MIE/Energy Agency and MARD).	M	M	Proper planning in the MTBP / Budget Programme of the MIE/Energy Agency /MARD for operations and the maintenance of all equipment including the laboratory and software, as applicable.
4-legality and regularity aspects	Risk 4. Lack of sufficient staff allocation and delays in approving of the required legislation may impact negatively the adequate functioning of the Energy Agency.	M	H	Implement continuous training programmes, monitor the staffing and implement retention/recruitment policy.
3-people and the organisation 2-planning, processes and systems	Risk 5. Lack of sufficient staff allocation on the gender equality mechanism and limited financial resources at the local level.	M	M	Staff retention policy and support through continuous training, monitoring and engagement with civil society organisations to strengthen advocacy and lobbying

### Lessons learned:

**IPA III PROGRAMMING AND IMPLEMENTATION:** Lessons learned from technical assistance provided for IPA II implementation confirm the need to build in sustainability and enhance coordination capacities. Processes, functions and responsibilities need to be more clearly coordinated within the IPA III management and control system. Consistent gender mainstreaming needs to be enhanced across policy areas and sectors, and among beneficiary institutions and structures involved. The technical assistance should have the flexibility to engage short term specialists for specific issues, to improve preparation and implementation documents and provide specific technical advice. Coaching and mentoring activities should be provided to all the structures within the system on a regular basis thus contributing to ownership and sustainability.

**RAIL:** Lessons learned through previous assistance, as well as from participation in regional networks, particularly the Transport Community, Technical Committee on Rail, and Transportation of Dangerous Goods Committee, have been taken on board in the design of the Action. Synergies need to be achieved between the transport strategy and the environmental, climate change and energy strategies.

**MARITIME:** An Advisory Mission on Maritime Legislation carried out by the International Maritime Organisation within the framework of the Integrated Technical Cooperation Programme provided some recommendations on the implementation of the MARPOL Convention and MARPOL and SOLAS 1998 protocol. It highlighted that the protocols would have to be implemented in their amended version, but in parallel, also the “underlying instruments” which Albania has been a party to for some years, have to be updated in order to ensure the resulting national legislation corresponds to all the Treaty obligations<sup>22</sup>.

**ENERGY:** The World Bank-funded project “Development of a Financing Mechanism for Energy Efficient Public Buildings in Albania” defines as a future priority for interventions the strengthening of the sustainable financing mechanisms for energy efficiency (EE), to form the basis for expanding EE measures in both public and residential buildings. According to “Smart Energy Municipalities”, funded by Swiss Government, special focus should be

<sup>22</sup> However, no gap analysis is part of this Action. It will be carried out in the near future.

given also to municipalities as important stakeholders to boost implementation of energy policy at local level as they can improve energy management and reduce energy consumption.

**DIGITAL CONNECTIVITY:** No national IPA programme in Albania has supported the telecommunications sector so far. Technical assistance was provided during 2008-2010 by EBRD to the Ministry for ICT and AKEP, mainly for drafting the amendments of the electronic communications law, approved in 2012, and for the preparation of regulatory package. Since then, Albania has benefited from the TAIEX instrument by participating in several workshops related to electronic communication sector and a study visit in 2017.

A WBIF Technical Assistance to prepare a fully-fledged Feasibility Study for the Regional broadband development was implemented from July 2019 to July 2020 to support Albania to prepare a National Framework Programme for the Development of Broadband Infrastructure in Areas Lacking from Sufficient Commercial Interest for Investment as well as to achieve the objectives for broadband connectivity in line with the EU strategy on Connectivity for a European Gigabit Society. The legal, regulatory and institutional report of the feasibility study has given a number of recommendations for legal aspects, regulatory and institutional frameworks for broadband developments, including the necessity to increase capacities at central and local level.

**AGRICULTURE:** The 2019 Sector Review of Agriculture Statistics of the Republic of Albania prepared by EUROSTAT and INSTAT recommends with regard to the establishment of the FADN that the division of the tasks in respect to methodology and implementation needs to be discussed and agreed among MARD, INSTAT, and researchers, and that in principle, the MARD needs to play a leading role in developing the FADN. The skills of the staff in techniques of data validation and editing need to be enhanced in order to optimise data processing and improve the quality of data, in particular in terms of timeliness.

**ROAD SAFETY and REFORM ON ROAD SECTOR:** This Action takes on board the lessons learnt from closed and ongoing actions focusing on road safety and road sector reform in Albania, in particular under the IPA 2016 Sector Reform Contract to Support Transport with Focus on Roads as well as conclusions and the recommendations under the Twinning Project for Strengthening the capacities of the Albanian Road Authority and the Results-Based Road Maintenance and Safety Project (RRMSP) for the 1400 km of primary roads of national roads network for Design of Road Traffic Monitoring and Control System.

The EU, IPA and World Bank technical assistances recommended that the ITS implementation in form of a Road Traffic Monitoring and Control System needs to be planned, costed and include reporting of scenarios 'before and after' implementation. The EU twinning with ARA project has prepared provisional recommendations under each of its three components all being relevant for this Action: Recommendations are issued in the field of necessary improvements regarding particular elements of planning, designing, execution of road investments and operations. The recommended reform of ARA includes strategic initiatives and indicates the need to incorporate safety management processes, tools and competences into most of the areas that make up the core business of the Agency, such as for example Strategic Asset Management Plan, performance evaluation, maintenance strategy, safety related data as one of the elements of future ARA AMIS – Asset Management Information System, inclusion of the road safety management process as one of the so-called "Primary processes in new ARA value chain in the area of implementation", and implementation of dedicated organisational units in the new ARA organisational structure dealing with the implementation of road infrastructure safety management procedures.

It was also recommended that in accordance with the EU methodology the road safety classification should be prepared, updated and regularly maintained as a basis for taking various management decisions concerning safety improvement plans and investment tasks (data driven decisions).

From the EU CONNECTA TA to Connectivity in the Western Balkans the lessons learn for ARA is that the road safety inspections and road safety audits should be developed and continue on a regular basis also by an internal strong, competent and well equipped task force within ARA.

The United Nations Economic Commission for Europe (UNECE) Road Safety Performance Review Albania 2018 has recommended improvements in dealing with road safety issues in various areas, including legislation improvement, management and coordination, administration, road safety funding and public campaigns. Inter alia, the report highlights that: i) there is a limited capacity and power to deal with road safety issues within local governments which in turn results in poor involvement in road safety and the lack of the necessary tools and know-how in road safety management and ii) as reiterated in several policy documents and EU progress reports, Albania should consider further actions in education, information and public awareness raising, in addition to efficient enforcement measures.

All the projects and undertakings outlined above conclude that the current persistent lack of an integrated ITS system for traffic and road safety management for the Albanian national road network contributes to persistently

high levels of accidents and road congestion, which translates into traffic efficiency, inadequate travel comfort and insufficiently rapid detection of and response to traffic disruptions in real time.

### 3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
<b>Impact</b>	To bring Albania's policies and legislation in line with the EU policies and the EU <i>acquis</i> , and to build administrative capacity to implement sector policies and the adopted legislation fully and effectively.	Continued commitment to EU oriented reforms through policies and legislation and delivered tangible and sustainable results.	Level of alignment with EU policies and legislation in areas covered by this action (2022).	Higher level of readiness for accession in areas covered by this action (2027)	Data to be collected from Commission reports on Albania – European Commission.	<i>Not applicable</i>
<b>Outcome 1</b>	Progress achieved in alignment of legislation with EU <i>acquis</i> (including gender equality provisions), and capacities built for its implementation in the rail, maritime, energy, digital connectivity and agricultural sectors.	% of implementation of the targets set in the National Plan for European Integration.	87% (2020).	95% of targets (2027).	NPEI monitoring reports.	Continued commitment of the government of Albania to accession negotiations.
		Technical capacities of staff built to implement aligned policies and adopted legislation, and to undertake gender mainstreaming, including certification of trained staff harmonised with the EU qualifications framework.	The administrative capacity, gender mainstreaming skills, and professional standards of bodies charged with the implementation of the EU <i>acquis</i> need to be strengthened (2021).	Improvement is reported.	Commission Reports on Albania.	Staff recruitment is timely, career advancement is transparent, and an appropriate retention policy is in place.
<b>Output 1.1 (Window 2) Component 1 IPA III PROGRAMMING AND IMPLEMENTATION</b>	Capacity building to the NIPAC / NIPAC Cabinet, NIPAC Support Office, CFCU, NAO/NAO Support office, NF, IPA Units, GEOs/GFPs on gender-responsive programming, implementing, monitoring and evaluating IPA III provided.	High quality programming /implementing documents in line with the sector approach and IPA III Implementing Regulation prepared.  Gender equality goals reflected in programming /implementing documents at the level of outcome, outputs, activities, indicators, and targets.	Administrative capacity to timely and effectively programme and monitor EU funds (2021)	Improvement inability to effectively programme and monitor EU funds, including Operational Programmes, and increased environmental, and Human Rights mainstreaming.	Commission Reports on Albania.	Close coordination is in place between National IPA Coordinator and Ministry of Economy and Finance on the Integrated Policy Management Groups (IPMG) mechanism. IPA Sector Monitoring Committees are functioning properly. All IPA Units are appropriately staffed and

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
				85% of programming /implementing documents complying with IPA III gender mainstreaming requirements. (2027).		supported by their hierarchy. National Gender Mechanism/Gender Equality Officers/Gender Focal Points system in line ministries are in place.
		Achievement of KPIs, including gender KPIs.	0	90% of KPIs fully achieved (annual target) (2025)	Reports from IPA Monitoring Committee.	
<b>Output 1.2 (Window 3, TP2) Component 2 NEW RAIL AUTHORITIES</b>	The new railway authorities, bodies and companies established and operational.	Percentage of staff in the new authorities, bodies and companies trained, disaggregated by sex.	0	100% (2024)	Commission Reports on Albania under the enlargement package. Reports on implementation of Chapter 14 under the National Plan for European Integration. Monitoring Reports of the Transport Strategy and ANTP3. Official Gazette of Albania.	All required legislation is in place. Staff is in place. Cooperation between Albanian rail and maritime authorities is in place. Cooperation with the Transport Community and the EU Agency for Railways (ERA) is supportive of the reform.
		Sets of procedures prepared, tested and approved for each entity.	0	8 (2024)	Annual Reports of the new institutions / companies established through the unbundling of train operations from infrastructure management. The legal documents incl. statutes, internal regulations, and establishment SMS etc.	
<b>Output 1.3 (Window 3, TP2) Component 3</b>	New legislation to implement the MARPOL and SOLAS Conventions, drafted.	Regulation(s) aligning national legislation with Directives (EU) 2019/883, 2005/35/EC and 1999/32/EC, published in the	Albanian legislation on port reception facilities for ship-generated waste and	Albanian legislation on port reception facilities for	Official Gazette of Albania. Commission Annual Reports on Albania	There is continuous commitment to the EU accession process and the alignment of national

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
<b>MARITIME LEGISLATION</b>		Official Gazette.	cargo residues not aligned with the relevant EU <i>acquis</i> .	ship-generated waste and cargo residues aligned with the relevant EU <i>acquis</i> (2024).	under the enlargement package.	legislation with the EU <i>acquis</i> .
		Regulation(s) aligning national legislation with Directive 2009/45/EC, Directive (EU) 2017/2110 Directive 2003/25/EC and Regulation (EC) No 392/2009, published in the Official Gazette.	Albanian legislation on standards of the Albanian flagged ships, performance in Paris MoU classification and safety, partially aligned with the EU <i>acquis</i> .	Albanian legislation on standards of the Albanian flagged ships, performance in Paris MoU classification and safety, fully aligned with the EU <i>acquis</i> (2024).	Official Gazette of Albania. Commission Reports on Albania under the enlargement package.	
<b>Output 1.4 (Window 3, TP2) Component 4 ENERGY EFFICIENCY AND RENEWABLE ENERGY</b>	Legislation on EE and RES drafted in alignment with the EU <i>acquis</i> and capacities of stakeholders on EE and RES increased.	Percentage of legal acts drafted/approved as per NPEI.	“0”	100% of required legal acts approved (2025)	NPEI implementation report	Adequate staffing of the Ministry of Infrastructure and Energy/Subordinated agencies and Municipalities. Trained Agency staff remains within the organisation. Adequate financial resources are allocated for the maintenance of assets.
		Percentage of involved staff in Ministry of Infrastructure and Energy and subordinated agencies and Municipalities trained on RES and EE legislation, standards and policies. / Number of Energy Auditors.	“0”	100% of Agency staff trained/ 30 energy auditors (2025)		
<b>Output 1.5 (Window 3, TP2) Component 5 DIGITAL CONNECTIVITY</b>	Sub-legal acts and regulations drafted in application of the new law in line with Directive 2018/1972/EU establishing the European Electronic Communications Code and capacities of the staff of the Broadband Competent Office, the regulatory bodies and local government built to	Sub-legal acts prepared.	Law no 9918 dated 19.5.2008 as amended and sublegal acts and regulations based on it.	Secondary legislation/impl ementing acts approved Regulations approved <sup>23</sup> . (2024)	Official Gazette with sublegal acts approved.	Necessary human and financial resources are deployed efficiently by the stakeholder institutions. Good cooperation between stakeholders. Sustainability of the public infrastructure investment is ensured by the selected business

<sup>23</sup> Presently it is not possible to give the exact number of sublegal acts expected to implement the new law. However, as a reference, it could be considered that the existing Law No 9918/2008 is implemented through 6 Decisions of the Council of Ministers and 30 Regulations. The exact number of sublegal acts will be defined based on primary law which is planned for 2021/2022.

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
	implement/enforce technical measures for the 5G toolbox provided.					model.
		Capacity Building Programme rolled out to Broadband Competent Office staff (including train the trainer's programme), regulatory bodies and relevant staff in local government.	N/A	100% of BCO staff fully trained and prepared as Trainers, disaggregated by sex. (2024)  100% staff in regulatory bodies and relevant staff in local government units trained, disaggregated by sex and hierarchical level. (2024)	Training records.	The Broadband Competence Office is established. Good cooperation between stakeholders. No changes in Government priorities. Necessary human and financial resources are deployed efficiently by the stakeholder's institutions. Sustainability of the public infrastructure investment is ensured by the selected business model.
		Measures designed and approved for 5G established including strategic measures and technical measures for secure and resilient 5G networks based on EU 5G toolbox.	No presence of 5G networks.	5G networks built based on security and resilient regulatory and technical measures. (2024)	NPB monitoring reports.	

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
<b>Output 1.6</b> <b>(Window 4, TP3)</b> <b>Component 6</b> <b>FARM</b> <b>ACCOUNTANCY</b> <b>DATA NETWORK</b>	Farm Accountancy Data Network system established in Albania in line with EU <i>acquis</i> and taking into account the gender dimension, and capacity building activities provided on its implementation, including for gender mainstreaming.	FADN system established and first year gender-responsive data collection. control and processing conducted.	0	Sample Reports prepared on first year data. (2024)	MARD/Liaison Agency Reports	Willingness to establish the institutional framework of the Liaison Agency (Institution responsible for the FADN) and National FADN Committee.
		Staff trained and Train the Trainers programme implemented on the FADN system (including Train the Trainers for gender-sensitive data collection, and training on gender mainstreaming in all FADN phases).	0 staff 0 trainers	100% of relevant staff trained, share of women/men (around 50-50).  Train the Trainers programme implemented, (share of women/men trainers: around 50-50). (2024)	Training Reports	Willingness of farmers to participate.
<b>Output 1.7</b>  <b>Component 7</b> <b>SUPPORT FOR ROAD SECTOR REFORM AND ROAD SAFETY STRATEGY</b>	Road safety in Albania is improved  The institutional environment is capable of effectively and efficiently managing assets, traffic and road safety in Albania using the full potential of ITS	Road safety strategy and action plan 2021-2030 drafted, adopted and implemented.  ARA reform Action Plan is implemented and ARA is restructured internally and ready to implement a tolling system.	2021 No strategy in place  2021	2024  RS in place and adopted for implementation  New structure of ARA adopted, ARA functions and self-financing legislation in place ITS for 200 km implanted Tolling framework in place	Official gazette, Project reports	The RS is adopted and supported by adequate budgetary provisions.  ARA reform continues. GoA approves new structure for ARA as well as make the necessary changes and adopt the legislations concerning the new ARA self-financing model including road sector revenues and road tolling.

<b>Results</b>	<b>Results chain: Main expected results (maximum 10)</b>	<b>Indicators (at least one indicator per expected result)</b>	<b>Baselines (year)</b>	<b>Targets (year)</b>	<b>Sources of data (1 per indicator)</b>	<b>Assumptions</b>
<b>Output 1.8 Component 8 EMERGING NEEDS</b>	Emerging, ad hoc operational and policy / legal needs relating to EU integration met.	Number of specific needs addressed.	0	To be defined in terms of references of specific projects.	Project Reports	

# 1. IMPLEMENTATION ARRANGEMENTS

## 1.1. Financing agreement

In order to implement this Action, it is envisaged to conclude a financing agreement with the Republic of Albania.

## 1.2. Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

## 1.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures<sup>24</sup>.

### 1.3.1. Direct Management (Procurement)

The procurement will contribute to achieving the following:

- Output 1.1: Capacity building to the NIPAC /NIPAC Cabinet, NIPAC Support Office, CFCU, NAO/NAO Support office, NF, IPA Units, and relevant structures of the National Gender Mechanism, on gender-responsive programming, implementing, monitoring and evaluating IPA III provided.
- Output 1.4: Legislation on EE and RES drafted in alignment with the EU *acquis* and capacities, including establishing of technical facilities, of stakeholders on EE and RES, increased.
- Output 1.7: Road safety strategy and action plan 2021-2030 is developed, adopted and implemented and ARA reform Action Plan implemented and ARA is restructured internally and ready to implement a tolling system.
- Output 1.8: support the development and implementation of national reforms, sector strategies and action plans in relation to EU accession, meet *acquis*-related needs, increase the maturity of Actions proposed for EU funding, and/or support their implementation (including communication and visibility aspects), as well as their monitoring and evaluation.

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<sup>24</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### **4.3.2 Indirect Management with a pillar assessed entity**

A part of this action may be implemented in indirect management with UNWomen. This implementation entails an intervention under the Emerging Needs component, output 1.8, where support may be needed to effectively implement EU gender equality legislation and directives (EU *acquis*).

The envisaged entity has been selected using the following criteria: UNWomen has a comparative advantage in expertise in the area of gender equality, gender mainstreaming and responsive budgeting, both in the Western Balkans and specifically in Albania and has a longstanding cooperation in place in support of the Albanian Government. The reason for choosing an international organisation is that the beneficiary needs support from a specialised institutional partner with comparative expertise and relevant project management capacity.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the following criteria:

- (i) international mandate of the potential delegated entity;
- (ii) presence and experience of the potential delegated entity in particular in Albania;
- (iii) technical expertise, logistical & management capacities of potential delegated entity, including at the local level;
- (iv) impact, results, leverage effect of cooperation with other entities/donors, also covering effectiveness of the delegation of tasks, included in Albania;
- (v) added value of gender-related actions under implementation by the potential delegated entity or planned in the near future, and synergies envisaged or proposed with the IPA 2022 program; and
- (vi) reduced transaction costs level by the potential delegated entity.

If the entity is replaced, the decision to replace it needs to be justified.

#### **4.3.3. Indirect Management with an IPA III beneficiary**

A part of this Action will be implemented under indirect management by Albania, specifically outputs 1.2, 1.3, 1.5, 1.6.

The managing authority responsible for the execution of the action is the State Agency for Strategic Planning and Assistance Coordination. The managing authority shall be responsible for legality and regularity of expenditure, sound financial management, programming, implementation, monitoring, evaluation, information, visibility and reporting of IPA III activities.

The managing authority shall rely on sectoral expertise and technical competence of the following intermediate bodies for policy management:

- The Ministry of Infrastructure and Energy.
- The Ministry of Agriculture and Rural Development.

They shall ensure sound financial management of the action.

Budget implementation tasks such as tendering, calls for proposals, contracting, contract management, and payments, shall be entrusted to the following intermediate body for financial management: Ministry of Finance and Economy, General Directorate for Financing and Contracting of EU, World Bank and Other Donors' Funds (CFCU), which shall ensure legality and regularity of expenditure.

#### **4.3.4. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances (one alternative second option)**

Where the direct management cannot be implemented due to circumstances outside of the Commission's control, the alternative implementation modality shall be indirect management with Albania in accordance with the implementation modalities identified in section 4.3.3, adapting the intermediate bodies for policy management as necessary to ensure sectoral expertise and technical competence.

Where indirect management with Albania cannot be implemented due to circumstances outside of the Commission's control, the alternative implementation modality shall be direct management in accordance with the implementation modalities identified in section 4.3.1.

#### 1.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 1.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
<b>Methods of implementation</b> – cf. section 4.3	
<b>Outcome 1: Progress achieved in alignment of legislation with EU <i>acquis</i> (including gender equality provisions), and capacities built for its implementation in the rail, maritime, energy, digital connectivity and agricultural sectors</b> composed of:	
Procurement (Direct management) under outputs 1.1, 1.4, 1.7, 1.8 – cf. section 4.3.1	11 600 000
Indirect management with Albania under outputs 1.2, 1.3, 1.5, 1.6 - cf. section 4.3.3	5 400 000
Indirect Management with UNWomen under output 1.8 – cf. section 4.3.2	2 000 000
Evaluation – cf. section 5.2	will be covered by another Decision
Audit – cf. section 5.3	
Communication and visibility – cf. section 6	will be covered by another Decision
Contingencies	N.A.
<b>Totals</b>	<b>19 000 000</b>

## **1.6. Organisational set-up and responsibilities**

Components 1, 4, 7 and parts of 8 will be implemented under direct management by the EU Delegation in Albania having the overall responsibility for contracting, monitoring and evaluation and the implementation of contracts will be coordinated with the relevant beneficiary institutions and the National IPA Coordinator.

For Component 2, 3 and 5, the NIPAC (Managing Authority), the CFCU (Financial Intermediate Body) and the IPA Unit within the Ministry of Infrastructure and Energy (MIE) – final Beneficiary, shall undertake implementation in coordination with all relevant institutions. The contracting authority shall be the CFCU/Ministry of Finance, the MIE shall undertake technical implementation and the NIPAC/Managing Authority shall coordinate and undertake monitoring and reporting tasks.

For Component 6, the NIPAC (Managing Authority), the CFCU (Financial Intermediate Body) and the IPA Unit within the MARD, shall undertake implementation in coordination with all relevant institutions. The contracting authority shall be the CFCU/Ministry of Finance, the MARD shall undertake technical implementation and the NIPAC shall coordinate and undertake monitoring and reporting tasks. In case this component is implemented in twinning modality, the selected EU Member State(s) shall partner with MARD as regards technical implementation.

Part of Component 8 will be implemented by UNWomen.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## **4.7. Pre-conditions**

The Albanian beneficiary institutions (including the Local Government Units) shall ensure that the staffing of all relevant institutions and maintenance of systems set up, including the IT system for the FADN and IT Software for EE Monitoring, are properly planned and budgeted through the Multi-Annual Budget Programme for each institution.

The new entities established in the context of the rail reform need to be properly staffed for capacity building activities to be carried out.

## **5. PERFORMANCE MEASUREMENT**

### **5.1. Monitoring and Reporting**

The Action will be subject to monitoring from the EU Delegation in Albania, as well as from the Central Financing and Contracting Unit (CFCU) in the case of components implemented under indirect management with Albania. The NIPAC, who has overall responsibility over the implementation of the IPA Assistance in the Country, shall monitor the implementation of the Action and the fulfilment of the set objectives.

Given that the Facility includes components in different sectors, and different Beneficiary Institutions, the IPA Units in each Beneficiary Institution shall be responsible for monitoring the performance and the

achievement of the indicators set at contract and Action level, and the respective Sectoral Monitoring Committees shall be responsible for overseeing implementation.

In line with European Commission rules and procedures set in the Financing Agreement, an IPA Monitoring Committee will be organised, with the participation of NIPAC, the Beneficiary Institutions, the Contracting Authority, and the EU Delegation in Albania, to review IPA related actions and progress.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish permanent internal, technical and financial monitoring systems for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring: The monitoring arrangements concerning performance and results shall be in line with the established monitoring system as described above.

The NIPAC shall be responsible at national level for monitoring, reviewing and evaluating the progress on the implementation of the indicators established within the Action Log-frame Matrix and to communicate the information with the European Commission services as well as the IPA Monitoring Committee.

The beneficiary institutions directly involved in the implementation of the sub-components of the Action shall be responsible for collecting the data concerning the output indicators and timely reporting to the NIPAC in accordance with the established procedures, as well as for preparation of monitoring reports for the NIPAC and the relevant Sectoral Monitoring Committees.

The NIPAC shall be responsible for reporting on the European Union Integration Facility in the Annual Implementation Report.

## **5.2. Evaluation**

Having regard to the importance of the action, mid-term evaluation(s) will be carried out for this action or areas of support via the implementing partners. It/they will be carried out for learning purposes, in particular in respect to assessing effectiveness, sustainability and impact, and provide basis for revising implementation strategies and activities if needed, as well as for planning further potential future activities in the sector in Albania under IPA III.

The Commission may, during implementation, decide to undertake a final or ex-post evaluation for duly justified reasons either on its own decision or on the initiative of the partner. In case a final or ex-post evaluation is envisaged, it will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission or relevant implementation entities shall inform the implementing partners at least two months in advance of the dates foreseen for evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a Framework Contract.

### **5.3. Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. COMMUNICATION AND VISIBILITY**

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force. In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the Actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

## **7. SUSTAINABILITY**

The sustainability of the Action shall be assured above all through the foreseen impact of the Facility for better planning, programming and the enhanced ownership and sustainability of IPA III Action Programmes for Albania, through developing the capacities of Albanian Beneficiary institutions. The increased ownership built into the programming of IPA III assistance and close alignment with national strategic priorities as well as extensive result-oriented monitoring shall provide the basis for sustainability of the results.

Furthermore, key to ensuring the sustainability of the Action in general is the institutional capacity building which is a central element of the support to be provided for all beneficiary institutions so that the processes initiated can be rolled out and maintained in the future; this shall be supported by assistance for institutional management, especially in the case of new structures, operational and procedural manuals, guidance on further operationalisation and Train the Trainers programmes as applicable.

The Albanian beneficiary institutions shall ensure that the staffing of all relevant institutions and maintenance of systems set up, including the IT system for the FADN and IT Software on EE Monitoring, are properly planned and budgeted through the Multi-Annual Budget Programme for each institution.