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COMMISSION IMPLEMENTING DECISION

of 17.12.2014

adopting the Country Action Programme for Albania for the year 2014

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002,² and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation
- (2) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I to Regulation (EU) No 231/2014. The Commission adopted an indicative strategy paper for Albania for 2014 - 2020 on 18 August 2014, which provides indicative allocations for the sectors for pre-accession assistance.⁴
- (4) Considering the proposals for action submitted by the beneficiaries concerned, the country action programme for Albania for the year 2014 aims at providing assistance for actions in the following sectors: (i) democracy and governance and (ii) rule of law and fundamental rights.
- (5) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.⁵
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary identified in this Decision, subject

¹ OJ L 77, 15.03.2014, p. 95

² OJ L 298, 26.10.2012, p.1

³ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance, OJ L 77, 15.03.2014, p. 11.

⁴ C(2014) 5770

⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, OJ L 362, 31.12.2012, p. 1.

to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014⁶ the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.

The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002 and Commission Regulation (EC) No 718/2007⁷ and the entity's present compliance with the requirements of such regulations, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures have been taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to the Decision.

- (7) The Commission should be able to entrust budget-implementation tasks under indirect management to the entity specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that this entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.

The United Nations Development Programme (UNDP) is currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Regulation (EU, Euratom) No 1605/2002 and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to this entity.

- (8) It is appropriate to authorise the award of grants without a call for proposals to the bodies identified in the Annex and for the reasons provided therein.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Commission Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

⁶ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II), OJ L 132, 3.5.2014, p. 32.

⁷ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p.1).

- (11) The action programme provided for by this Decision is in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The the Country Action Programme for Albania for the year 2014 under the Instrument for Pre-accession Assistance (IPA II), as set out in the Annex, is hereby adopted.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the programme referred to in Article 1 is set at:

EUR 66,746,389.00 and shall be financed from budget line 22.02.01.01 of the general budget of the EU for year 2014.

This financial contribution referred to in the first sub-paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by direct and indirect management.

The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

A Financing Agreement shall be concluded between the Commission and the Government of Albania in conformity with the Framework Agreement to be concluded between the same parties.

Article 4

Grants without a call for proposals

Grants may be awarded without a call for proposals to the bodies identified in the Annex, in accordance with the conditions specified therein.

Article 5

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;

- (d) within the limits of 20% referred to in points (a) and (b) above, up to 5% of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 17.12.2014

For the Commission
Johannes HAHN
Member of the Commission

ANNEX 1

COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014

1 IDENTIFICATION

Beneficiary	Albania
CRIS/ABAC Commitment references	2014/032-813
Total cost	EUR 67,352,727.00
EU Contribution	EUR 66,746,389.00
Budget lines	22.02.01.01
Management Mode/ Entrusted entities	<p>Direct management by the European Commission for the following action:</p> <p>Action 1: Sector reform contract for public finance management</p> <p>Action 2: Project preparation component of the EU integration facility (see action 3)</p> <p>Indirect management with Albania. The operating structure responsible is the Central Finance and Contracting Unit (CFCU) within the Ministry of Finance:</p> <p>Action 3: EU integration facility</p> <p>Action 4: Support to public administration reform</p> <p>Action 5: Support to participation in Union programmes</p> <p>In case of action 5 “Participation in Union programmes”, implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.</p> <p>Indirect management with the United Nations Development Programme (UNDP):</p> <p>Action 6: Economic and social empowerment of Roma and Egyptian communities</p>
Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary	At the latest by 31 December 2015
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
Final date for operational implementation	6 years following the date of conclusion of the Financing Agreement.
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement.

Programming Unit	Unit C4, DG Enlargement
Implementing Unit/ EU Delegation	European Union Delegation to Albania

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

The IPA 2014 action programme will mainly focus on reforms in the broad sector of 'democracy and governance', more specifically public finance management (PFM) and public administration reform (PAR), which have been identified as key areas of support under the IPA II Strategy Paper for Albania for 2014-20.

In coordination with the World Bank (WB) and the International Monetary Fund (IMF), the Commission will assist Albania in the reform process of its PFM institutions. The Government has acknowledged that the current system requires a substantial review, considering *inter alia* the high stock of budget arrears, the underperformance of the tax administration, the weak internal controls for the execution of the budget and the limited supervision of the budgetary process by the external audit institution and the Parliament.

As a result, the Government has already agreed with the two International Financial Institutions an assistance package of loans (EUR 330 million from the IMF and EUR 220 million from the WB over three years against (i) measures to solve the imminent problem of arrears and avoid further accumulation and (ii) reforms in those sectors, notably pensions and energy, which are undermining the fiscal sustainability of Government expenditures.

The Commission is already providing assistance in key PFM sub-policy areas, such as the functioning of the treasury management, strategic budget planning and financial management control systems, and has envisaged capacity building support for the external audit institution.

One of the limits of the on-going support by the Commission and other development partners is the absence of an overarching comprehensive framework for PFM reforms, which can provide long-term and systemic solutions for the current array of weaknesses. Therefore, the Ministry of Finance is preparing a sequenced and prioritised PFM strategy for 2014-20, the implementation of which will ensure an efficient process of budget planning, execution and oversight in view to reinforce fiscal discipline, streamline the allocation of resources according to policy objectives and upgrade public services delivery.

The Commission plans to support the implementation of the PFM strategy with a sector reform contract of budget support, which will facilitate the set-up of the structures in charge (i) to implement the strategy (intra- and inter-ministerial steering committees) and (ii) to monitor progress (government-donors joint policy dialogue mechanism). The sector reform contract will link the disbursement of tranches against a performance assessment framework of general criteria and indicators related to key PFM measures and reforms.

As stated in the 2014 Progress Report, Albania has to fulfil five key priorities for the future opening of accession negotiations, including the strengthening of the professionalism and de-politicisation of public administration (KP nr. 1). Therefore, in the area of PAR, the IPA 2014 action programme is planning two major interventions to further improve the efficiency of the overall public sector.

The EU Integration Facility provides a wide range of operations to increase capacity across the administration. The Government will be first of all supported with sector advice to prepare credible strategies and action plans based on realistic cost analysis. This support will facilitate the move towards a more systematic use of budget support and multi-annual programming, as envisaged under IPA II. The facility will also prepare the Albanian administration for future accession negotiations and will support the effective translation and implementation of the EU *acquis*. In this respect, civil servants of line Ministries can also benefit from the participation of Albania in some EU Programmes, such as Customs 2020 and Fiscalis 2020, which aim at fostering best practices in the implementation of the relevant EU sector legislation.

The action 'Support to Public Administration Reform' plans to build on the on-going IPA 2012 twinning with a number of additional operations in order to put in place transparent procedures for selection of officials based on open competitions and establish an impartial human resource management system for merit-based careers of civil servants. Considering the high importance of PAR in the country's agenda for the EU integration process, it is appropriate to orderly sequence actions across annual programmes. Under the IPA 2014 Action Programme, the support will also include information and communication technology (ICT) development for e-governance public services delivery.

The current annual action programme will finally include an action for integration of people belonging to minority groups in the labour market, notably Roma and Egyptian communities. The action will build on the results achieved under the IPA 2011 national programme, which included a project to support the social inclusion of the two communities. The project will finish at the end of 2014 and requires a follow-up action to further empower these minorities. This type of support reflects as well the agenda of the country for the opening of accession negotiations, which includes protection of human rights and anti-discrimination policies as a key priority (KP nr. 5). The Strategy Paper for Albania (2014-20) has also identified 'rule of law and fundamental rights' and 'education, employment and social policies' as strategic sectors for IPA II support.

Lessons learned

A key requirement for the successful implementation of the sector reform contract for Public Finance Management is that the Ministry of Finance leads the finalization process of the PFM strategy for 2014-20 and ensures that the costing of this sector strategy is reflected in the medium-term budget plan of the Government. Indeed, full ownership by the beneficiary is essential for the effective targeting of assistance and for achieving the expected results. The sector reform contract also implies that the Government deploys the necessary political will to adopt key PFM reforms and measures, which should be possibly underpinned by cross-party consensus.

With respect to administrative capacity, IPA assistance, both in the form of sector programmes and actions, can be challenged by staff turnover at managerial and operational level in line-Ministries and central level agencies. Indeed, good staffing is essential for the achievement of the IPA programming objectives, the sector-based approach and the success of the European integration process in general.

The implementation of on-going IPA projects, particularly infrastructure investments, is suffering from lack of coordination across Ministries and between central and local institutions, delayed construction permits, non-functioning connection to utilities, legal uncertainty on property rights and missing or delayed VAT re-imburement to contractors and civil society organisations. Limited budgetary allocations for operating and maintaining EU investments are of particular concern because the long-term

sustainability of the investment can be affected. The current annual action programme does not include investments since the Albanian Government is expected first to finalize on-going projects and ensure proper maintenance.

The above mentioned points have been raised with the beneficiary on several occasions. Specific lessons learned per sector have been integrated in the action documents, which are also addressing as much as possible post-implementation arrangements in order to ensure long-term sustainability. In addition, with the upcoming PFM strategy, the Albanian Government will tackle many structural deficits affecting the mobilization and allocation of public resources and in general public service delivery, which will have positive effects across sectors, including in the overall process of IPA planning and implementation.

Sector 1 - Democracy and Governance:

DIRECT MANAGEMENT		AMOUNT EUR
1	Sector Reform Contract for Public Finance Management	42,000,000.00
2	Project preparation component of the EU integration facility (see action 3)	3,446,389.00
	Sub-total	45,446,389.00
INDIRECT MANAGEMENT WITH ALBANIA		AMOUNT EUR
3	EU integration facility	10,300,000.00
4	Support to public administration reform	6,000,000.00
5	Support to participation in Union Programmes	1,000,000.00
	Sub-total	17,300,000.00
TOTAL PER SECTOR (DIRECT + INDIRECT MANAGEMENT)		62,746,389.00

Sector 2 - Rule of law and fundamental rights:

INDIRECT MANAGEMENT WITH UNDP		AMOUNT EUR
6	Economic and Social Empowerment of Roma and Egyptian Communities	4,000,000.00
TOTAL PER SECTOR		4,000,000.00

DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR 1	DEMOCRACY AND GOVERNANCE	62,746,389.00 EUR
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Action 1	Sector Reform Contract for Public Finance Management (PFM)	Direct management	40,000,000.00 EUR (budget support)
			2,000,000.00 EUR (technical assistance)

Sector Budget Support

a) Context of the budget support and eligibility criteria

The Enlargement strategy for 2013-14 has identified economic governance as one of the key challenges all Western Balkans countries have to cope with in their path towards EU accession. The implementation of Albania's PFM strategy for 2014-20 will lay the conditions for sustainable macroeconomic policies and effective public service delivery. Functioning PFM institutions are a pre-requisite to monitor and influence the Government fiscal deficit and the public debt. In addition, good planning of public finances allows line-Ministries to design and put in action credible sector policies, which are effectively transmitted through the annual budget and reflected in the Medium Term Budget Plan (MTBP). Finally, in the context of a response to the current slow-down of economic growth in Western Balkans countries, Albania is encouraged to undertake structural reforms to enhance competitiveness, support fiscal consolidation, generate employment and ultimately foster economic growth. The consolidation of PFM institutions is considered among those reforms, which are fundamental to strengthen economic governance and meet the economic criterion of a functioning market economy.

The sector reform contract (SRC) for PFM is subject to four eligibility criteria being met both when the programme is approved and at the time of each budget support disbursement.

These eligibility criteria are:

- Macroeconomic stability by requiring a credible and relevant programme, including Albania's participation in multilateral fiscal surveillance with the EU;
- Public financial management by developing the current draft PFM reform policy towards a credible strategy and action plan to improve PFM;
- Budget transparency by implementing an agreed road map, focusing on the quality and exhaustiveness of the budgetary documentation published by the government of Albania;
- Relevant public policy by designing a PFM sector policy, consistent with the EU accession strategy and in line with the objectives of smart, sustainable and inclusive growth and democratic governance.

b) Objectives

General objective:

The overall objective of the SRC is to contribute to sustainable growth and maintained macro-economic and fiscal stability.

Specific objectives:

The specific objective is to assist in strengthening the Albanian PFM system as regards an efficient process of budget planning, execution and oversight with a view to reinforce fiscal discipline, streamline the allocation of resources according to policy objectives and upgrade public services delivery.

c) Expected results

The SRC is going to contribute to the implementation of the PFM strategy 2014-20, which seeks the following six results:

- 1) A sustainable and prudent fiscal framework is operational;
- 2) The annual budget is credible and coherently reflects the intent of sector policies;
- 3) The budget is efficiently executed by revenue raising and spending units;
- 4) Accounting and reporting are done in accordance to well-defined standards and provide a fair representation of the budget execution;
- 5) Internal controls, financial inspections and internal audits are carried out effectively, leading to corrective measures and sanctions when necessary;
- 6) Oversight of public finances is carried out effectively and leads to concrete improvements in the overall exercise of budget planning, execution and monitoring.

The outputs of this three-year SRC will be defined in the performance assessment framework of general criteria and indicators related to key PFM measures and reforms the Albanian Government is expected to fulfil in order to obtain the disbursement of the fixed and variable tranches.

d) Main sector budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development. The budget support dynamic will focus on (i) dialogue on government PFM reform priorities, (ii) the verification of the performance assessment framework for the disbursement of tranches and (iii) the payment of budget support.

e) Complementary actions

Description of the action, objective, expected results and key performance indicators

The accompanying technical assistance will strengthen the capacities of the Ministry of Finance to effectively implement the PFM strategy, monitor the implementation and report on results. Furthermore, the assistance will support the coordination of development partners in the framework of the inter-institutional PFM working group.

The expected results of the accompanying technical assistance are:

- 1) Capacities strengthened for implementing the PFM policy, legal and regulatory reforms;
- 2) Capacities strengthened for monitoring the implementation of the PFM reform policy via the government-donors joint policy dialogue mechanism (the inter-institutional PFM working group);

3) Capacities strengthened for national control bodies to effectively carry out their functions (parliament and civil society organizations).

Key performance indicators:

- 1) Number of PFM policy, legal and regulatory reforms passed;
- 2) Level of achievement of the targets set out for the disbursement of the tranches.

Essential elements of the action

Procurement: it is foreseen to launch the tender procedure for a service contract for technical assistance in Q1 2015.

Action 2	Project preparation component of the EU integration facility	Direct management	3,446,389.00 EUR
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Description of the action, objective, expected results and key performance indicators

This component of the broader EU integration facility (see action 3) aims at increasing the maturity of action proposals to be presented by the Government for future EU funding. This component will also provide ad hoc expertise for EU *acquis* reforms and will respond to political needs for the fulfilment of the five key priorities for the opening of accession negotiations.

With reference to the key priority concerning the protection of human rights, this envelope will also contribute to the reinforcement of dialogue and mutual understanding across religious and non-believers communities in view of establishing a high degree of tolerance within the society.

The main expected result of the action will be a well-designed documentation concerning actions financed under IPA, including sector needs and gap analyses, *acquis*-related studies, tender dossiers, technical specifications and terms of reference.

The indicator for the performance of the project preparation component is the number of days required to concretely start IPA sector programmes and actions after the signature of the Financing Agreement, i.e. concrete maturity of financed actions.

Essential elements of the action

Procurement (EUR 2,436,389.00): an indicative number of 6 service contracts, 10 specific contracts under existing framework contracts and 3 supply contracts to be launched as from Q1 2015.

Grant – Twinning – call for proposal (EUR 800,000.00): 1-to 2 twinning and/or 1-to 3 twinning light contracts to be launched as from Q1 2015.

The specific objective of these twinning contracts will be to provide support to the public administration for institution building, sector *acquis* compliance and fulfilment of the five key priorities for the opening of accession negotiations:

- 1) continue to implement public administration reform with a view to enhancing professionalism and depoliticisation of public administration;
- 2) take further action to reinforce the independence, efficiency and accountability of judicial institutions;

- 3) make further determined efforts in the fight against corruption;
- 4) make further determined efforts in the fight against organised crime;
- 5) take effective measures to reinforce the protection of human rights, including of Roma, and anti-discrimination policies, as well as implement property rights.

The eligibility, selection and award criteria, as well as EU co-financing, are defined in section 4 on "implementation modalities and general rules for procurement and grant award procedures".

Grant – direct agreement – (EUR 210,000.00): one direct agreement to be signed in Q2 2015 with the non-governmental organization "Community of Sant'Egidio".

With respect to key priority nr. 5 on the protection of human rights, the specific objective of the agreement is to foster tolerance and respect to different religious faiths and cultures in the country and worldwide by organizing an international event gathering religious, spiritual and political leaders, as well as pilgrims and non-believers.

The expected result will be increased respect within the Albanian society among people from different faiths, as a result of the organization of an international inter-religious meeting to take place in Tirana in September 2015. The Albanian Government attaches high political importance to this event, which will increase national and international awareness on the importance of dialogue and mutual understanding among different cultural communities.

The direct grant agreement with the Community of Sant'Egidio is justified on the basis of Article 190 (1) (f) of the Rules of Applications to the Financial Regulation, considering the Community's technical competence and high degree of specialisation in bringing together leaders of international and national religious and political communities in order to reinforce the process of stability and democratic development.

The essential selection criteria are financial and operational capacity of the Community of Sant'Egidio. The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action undertaken by the Community.

The maximum possible rate of EU co-financing for this grant is 30 % of the eligible cost of the action.

Action 3	EU integration facility	Indirect management with Albania	10,300,000.00 EUR
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Description of the action, objective, expected results and key performance indicators

The EU integration facility aims at preparing the Albanian administration for future accession negotiations and at supporting the effective translation and implementation of EU *acquis*. In addition, the facility will contribute to the design of realistic national sector plans and upgrade of the sector working groups (SWGs) set-up for better monitoring and coordination across development partners. Finally, the facility will enhance the policy dialogue with civil society organizations (CSOs) on the EU integration agenda and inform the broader public opinion about the EU integration process.

The expected results of the action are:

- 1) Increased capacity of the Ministry of European Integration, line-Ministries and other Albanian stakeholders for future accession negotiations, for legal approximation and implementation of the EU *acquis* and for participation in Union Programmes.
- 2) Improved regulatory framework in accordance with the EU *acquis* and streamlined functions of key Albanian institutions in areas such as internal market and energy;
- 3) Increased capacity of the Parliament to adopt EU-compliant legislation, supervise the executive power and inform the public opinion on parliamentary works;
- 5) Policy dialogue with the CSOs and awareness on EU integration enhanced;
- 6) Increased capacity of line-Ministries to develop realistic sector strategies and actions plans, monitored and supported by SWGs structures able to coordinate the sector reform cycle.

Key performance indicators:

- 1) Progress made towards meeting accession criteria in the area of public administration (source: Commission progress report);
- 2) Composite indicator for governance, notably the average of the index for Government Effectiveness, Burden of Government Regulation and Regulatory Quality (source: World Bank and World Economic Forum);
- 3) Number of Government's strategies and action plans based on cost analysis and reflected in the mid-term budget plan (source: Government MTBP).
- 4) % of CSOs recommendations/proposals taken into account in the decision making process – if measurable.

Assumptions and conditions

The potential of the facility can be fully exploited under the condition that (i) the Government has defined key and realistic priorities for each sector and (ii) line-Ministries have sufficient capacities to translate into action the sector policy plans, which this facility aims to design and support.

Short description of the tasks entrusted to the entity

The Central Finance and Contracting Unit (CFCU) within the Ministry of Finance will be the contracting authority for the contracts envisaged under the facility and will be responsible for the administrative and procedural aspects of the tendering process, contracting matters and financial management, including payment of action activities.

The relevant Senior Programme Officers within the Ministry of European Integration and other line-Ministries will contribute as appropriate in the preparation of the tendering process with the formulation of technical specifications, terms of reference and guidelines for applicants in case of grant-award procedures.

Action 4	Support to public administration reform	Indirect management with Albania	6,000,000.00 EUR
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Description of the action, objective, expected results and key performance indicators

The action will further strengthen public sector governance and efficiency by improving human resources performance management and professionalizing the civil service. The support planned will ensure the full implementation of the civil service reform and

increase the oversight of the public administration by third institutions. The action will also improve public services delivery by simplifying processes and introducing ICT procedures with the necessary back-office capacities.

The expected results of the action are:

- 1) A professional, impartial, independent and merit-based public administration strengthened (implementation of the whole package of civil service reform by-laws and new code of administrative procedures; establishment of a human resource management system dedicated to competences evaluation, professional development and advancement of civil servants; upgrade of the Albanian School for Public Administration for human resources training and capacity building across the central and local public administration);
- 2) Oversight mechanisms guaranteeing citizens' rights and access to information enhanced (better collection and procession of data; increased capacity by the Commissioner of Civil Service Supervision, State Audit Institution, Ombudsman and Administrative Courts to supervise the public administration).
- 3) Digitalized and integrated public services delivery (review of operational and administrative procedures to introduce ICT infrastructure and launch of new services via the e-governance portal www.e-Albania.al).

Key performance indicators:

- 1) Progress made towards meeting accession criteria in the area of public administration (source: Commission progress report);
- 2) Composite indicator for governance, notably the average of the index for Government Effectiveness, Burden of Government Regulation and Regulatory Quality (source: World Bank and World Economic Forum);
- 3) Number of services provided via the e-governance portal www.e-Albania.al

Assumptions and conditions

The assumption of the action is that the Government, particularly the Ministry of Innovation and Public Administration, is fully committed to properly implementing the civil service reform, including by-laws, and the new code of administrative procedures.

Short description of the tasks entrusted to the entity

The Central Finance and Contracting Unit (CFCU) within the Ministry of Finance will be the contracting authority for the contracts envisaged under this action and will be responsible for the administrative and procedural aspects of the tendering process, contracting matters and financial management, including payment of project activities.

The relevant Senior Programme Officer within the Ministry of Innovation and Public Administration will contribute as appropriate in the preparation of the tendering process with the formulation of terms of reference for service contracts and technical specifications for supply contracts.

Action 5	Support to participation in Union Programmes	Indirect management with Albania	1,000,000.00 EUR
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Description of the action, objective, expected results and key performance indicators

The action will facilitate the participation of Albanian institutions in the Union Programmes. It will promote the further alignment of Albania with European Union policies and working methods and it will increase the Albanian active participation and commitment to Union Programmes. The action will provide an opportunity for relevant stakeholders (universities, research centre, think tanks, foundations, associations, NGOs, local and central authorities) to be part of education and training initiatives and research and technological development projects at European level.

The expected results are related to the effective participation by relevant stakeholders in the following Union Programmes:

	Title of Union Programme	Institutions involved in the participation
1	Horizon 2020	Minister for Innovation and Public Administration; Ministry of Environment; Ministry of Education and Sports; Ministry of Economic Development, Trade and Entrepreneurship;
2	Customs 2020	Ministry of Finance
3	Fiscalis 2020	Ministry of Finance
4	Programme for Employment and Social Innovation	Ministry of Social Welfare and Youth
5	Erasmus +	Ministry of Education and Sports Ministry of Social Welfare and Youth
6	COSME	Ministry of Economic Development, Trade and Entrepreneurship
7.1	Creative Europe sub-programme Culture	Ministry of Culture
7.2	Creative Europe sub-programme Media	Minister for Innovation and Public Administration
8	Europe for citizens	Ministry of Culture Ministry of Social Welfare and Youth

Key performance indicators:

- 1) Albania's institution participation rates in the different Union Programmes;
- 2) Number of successful applications to the Union programmes.

Assumptions and conditions

The Albanian Government is expected to sign the participation agreement for each Union Programme in due time and to allocate in the annual budget the necessary amount to co-fund the annual cost of participation (entry ticket), which this action intends to partially finance.

Short description of the tasks entrusted to the entity

The National Authorizing Officer will send a specific request of funds to the EU Delegation for the participation in Union Programmes. Once funds have been transferred by the Commission, the National Fund will in turn transfer the IPA contribution for the 2015 entry tickets to the line-Ministries, which are responsible *vis-à-vis* the Commission to honour the annual cost of participation.

SECTOR 2	RULE OF LAW AND FUNDAMENTAL RIGHTS	4,000,000.00 EUR
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Action 6	Economic and Social Empowerment of Roma and Egyptian Communities	Indirect management with UNDP	4,000,000.00 EUR
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Description of the action, objective, expected results and key performance indicators

The action will promote the economic and social empowerment of Roma and Egyptian (R&E) communities by increasing employment and vocational training opportunities, improving access to basic social services, strengthening institutional capacity of the Ministry of Social Welfare and Youth, as well as local governments, and establishing supportive mechanisms for those who live under severe circumstances. In the long term, the action aims at lifting many Roma and Egyptian families out of poverty and fostering their sustainable inclusion in the Albanian society and labour market.

The expected results in the selected areas (Tirana, Durres, Shkodra and Gjirokastra) are:

- 1) Increased opportunities offered to R&E citizens related to active employment measures and vocational training programmes to reduce the gap between R&E minorities and the majority of the population in the labour market.
- 2) Improved access to basic social services and increased participation of R&E communities in local planning processes (grants to R&E civil society organizations to implement local social initiatives and small-scale upgrading interventions for the delivery of better services).
- 3) Enhanced institutional capacities at the central and local level to address social inclusion of R&E minorities, more specifically increased capacity to design inclusive policy responses and deliver social care services.

Key performance indicators:

- 1) Progress made towards meeting accession criteria in the area of human rights and social inclusion of minorities (source: Commission progress report);
- 2) Employment rate of R&E citizens (source: Ministry of Social Welfare and Youth);
- 3) Number of R&E citizens who are empowered through the provision of training and have actually found a job at the end of the training (source: Ministry of Social Welfare and Youth);
- 4) Number of R&E citizens with access to public health and social services
- 5) Number of new social services activated for R&E citizens in the selected areas.

Assumptions and conditions

The assumption of the action is that the local governments and R&E communities in the selected areas are able to properly cooperate in order to put in place more participatory local planning processes, upgrade social services and ultimately offer more job opportunities to R&E citizens.

Entity entrusted with budget implementation tasks

The selected entity to implement this action is the United Nations Development Programme (UNDP). The construction of democratic societies, which are able to deploy basic services to those most in need, is at the core of the mandate of the UNDP, which is therefore the most active development partner in Albania for social inclusion of people belonging to minority groups. The UNDP has also vast working experience in support for Roma throughout the Western Balkans region and can rely on an extensive network of social inclusion experts.

The UNDP has already implemented a project in favour of R&E communities under the IPA 2011 national programme, which has brought positive effects to the integration of the two communities. The project will finish at the end of 2014. Taking into account the impelling needs of the two communities for market-oriented vocational training and for improved access to basic social services, it is appropriate to foresee a second phase, which could smoothly take over starting from the first semester of 2015. In this respect, the indirect management mode allows for a quick start of the follow-up action, as soon as the IPA 2014 Financing Agreement is signed.

Short description of the tasks entrusted to the entity

The UNDP will be granted budget-implementation tasks (i) to organize vocational training programmes through service contracts in order to mobilise ad hoc expertise and to set up the locations of the workshops, (ii) to prepare, evaluate and implement grant schemes for R&E civil society organizations in order to implement social initiatives, and (iii) to improve community-based social services by relying on local works contractors for small interventions in order to upgrade structures and facilities.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE -- COUNTRY ACTION PROGRAMME FOR ALBANIA

OBJECTIVE 1 / CRIS 2014/32813												
Direct Management (Amount EUR)				Indirect Management with Albania (Amount EUR)				Indirect Management with UNDP (Amount EUR)				
	where applicable	where applicable	Total expenditure		where applicable	where applicable	Total expenditure		where applicable	where applicable	Total expenditure	Total EU Contribution
	EU Contribution	IPA II beneficiary Co-financing			EU Contribution	IPA II beneficiary Co-financing			EU Contribution	IPA II beneficiary Co-financing		
Sector 1 Democracy and Governance	45,446,389.00	N/A	45,446,389.00	Sector 1 Democracy and Governance	17,300,000.00	606,338.00	17,906,338.00	Sector 2 Rule of law and fundamental rights	4,000,000.00	N/A	4,000,000.00	66,746,389.00
Action 1 Sector Reform Contract for Public Finance Management	42,000,000.00	N/A	42,000,000.00	Action 3 EU integration facility	10,300,000.00	N/A		Action 6 Economic and Social Empowerment of Roma and Egyptian Minorities	4,000,000.00	N/A		
Action 2 Project preparation component of EU facility	3,446,389.00	N/A	3,446,389.00	Action 4 Support to public administration reform	6,000,000.00	N/A						
				Action 5 Support to participation in Union Programmes	1,000,000.00	606,338.00						

4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

DIRECT MANAGEMENT:

Part of this programme shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twinning:

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

For all Twinning and Twinning Light mentioned under this programme:

- With respect to the essential eligibility criteria, applicants must be EU Member states administrations and mandated bodies.
- The essential selection criterion is the operational capacity of the applicant.
- The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.
- The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management with Albania in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Part of this programme shall be implemented by indirect management with the United Nations Development Programme (UNDP) in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

5 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.