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COMMISSION IMPLEMENTING DECISION

of 23.11.2017

adopting an Annual Action Programme for Albania for the year 2017

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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 of 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 1605/2002² 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 of 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 Albania, the country action programme for Albania for the year 2017 aims at providing assistance for actions in the following sectors: (i) democracy and governance and (ii) competitiveness.
- (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

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 of 18.08.2014.

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).

- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to Albania, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and first subparagraph of 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 1605/2002⁷ and Commission Regulation (EC) No 718/2007⁸ and the entity's compliance at the moment of the last finalized audit with the requirements of points (a) to (d) of Article 60 (2) of the Regulation (EU, Euratom) No 966/2012, 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 are 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 this Decision.

- (7) The Commission should be able to entrust budget implementation tasks under indirect management to the entities 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 these entities guarantee 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 Entity for Gender Equality and the Empowerment of Women (UN Women) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary, except for financial instruments.

The Organisation and Security for Cooperation in Europe (OSCE) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary, except for grants and sub-delegations.

The European Bank for Regional Development (EBRD) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of

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 Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

⁸ 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).

Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.

The German Society for Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, GIZ) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary, except for financial instruments.

The Swedish International Development Cooperation Agency (SIDA) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary, except for financial instruments.

- (8) 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 Delegated Regulation (EU) No 1268/2012.
- (9) 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.
- (10) 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 Annual Action Programme for Albania for the year 2017 under the Instrument for Pre-accession Assistance (IPA II), as set out in the Annex, is hereby approved.

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 61,200,000.00 for year 2017 and shall be financed as follows:

EUR 14,600,000.00 from the budget line 22.02.01.01 of the general budget of the EU for year 2017 and

EUR 46,600,000.00 from the budget line 22.02.01.02 of the general budget of the EU for year 2017

The financial contribution(s) 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 concluded between the same parties on 16 April 2015.

Article 4

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, 23.11.2017

For the Commission
Johannes HAHN
Member of the Commission

ANNEX

to Commission Implementing Decision adopting an Annual Action Programme for Albania for the year 2017

1 IDENTIFICATION

Beneficiary	Albania
CRIS/ABAC Commitment references	2017/040-209 objective 1
Total cost	EUR 14, 600,000
EU Contribution	EUR 14, 600,000
Budget line	22.02.01.01
CRIS/ABAC Commitment references	2017/040-210 objective 2
Total cost	EUR 46,600, 000
EU Contribution	EUR 46,600, 000
Budget line	22.02.01.02
Total cost of the programme	EUR 61,200,000
EU Contribution to the programme	EUR 61,200,000
Management Mode/ Entrusted entities	<p><u>Action 1: EU Integration facility:</u> Direct management by the EU Delegation to Albania for activities 1.1, 1.7 and 2.1. Indirect management with Albania for activities 1.2, 1.3 and 1.5. The entrusted entity is the Central Finance and Contracting Unit (CFCU) within the Ministry of Finance and Economy. Indirect Management by the entrusted entities listed below: United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) for activity 1.4; Organisation and Security for Cooperation in Europe (OSCE) for activity 1.6;</p> <p><u>Action 2: EU Support to a tourism-led model for local economic development:</u> Indirect Management by the entrusted entities listed below: European Bank for Reconstruction and Development (EBRD) for Component 1 and 2 German Society for Development Cooperation</p>

	(Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, GIZ) and Swedish International Development Cooperation Agency (SIDA) as co-delegatee or, if negotiations fail with SIDA as co-delegatee, only the German Society for Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH GIZ) for Component 3
Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary	At the latest by 31 December 2018
Final date for concluding <u>delegation agreements</u> under indirect management	At the latest by 31 December 2018
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 (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.
Programming Unit	Unit D4, DG NEAR
Implementing Unit/ EU Delegation	European Union Delegation to Albania

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

The Indicative Strategy Paper for Albania (2014-2020) (ISP) focuses pre-accession assistance on governance, rule of law and economic governance, competitiveness and growth.

In line with the ISP objectives, and also in line with Albania's key priority 1 for the opening of accession negotiations (implementing public administration reform), the Instrument for Pre-Accession Assistance (IPA II) 2017 annual action programme (AAP) will support governance and public administration reform. The **EU integration facility** will contribute to strengthen the capacity and accountability of the Albanian public administration to assist the Government in the preparation for EU membership. The support will be instrumental for alignment with the EU *acquis* and development and implementation of relevant reforms and strategies.

Another ISP priority is enhancing the **competitiveness** of Albania's economy. To this end, the 2017 AAP will support the local economic development. The action **EU support to a tourism – led model for Local Economic Development** aims at increasing the contribution of sustainable and responsible tourism to Albania's economic growth. The action will implement and test a tourism-led local economic development model focused on a number of pilots of cultural and natural heritage, and other local destinations' assets. The action will improve sustainable and responsible tourism, thus regenerating local economic fabric and urban environment. More and attractive tourist destinations will increase tourists' spending, the length of the tourist season, job opportunities for local population and income in target areas. This goes along with a high visibility of EU support. The model will be extended to other locations, which will be selected based on their needs and potential for local development, in line with the Albanian regional development policy. Municipalities can receive support for the upgrading of municipal and business related infrastructures, improved energy efficiency and increased climate resilience, regional connectivity, and municipal services. Support to growth and competitiveness will also include improving the innovative eco-system and boosting start-ups creation.

List of Actions foreseen under the selected Sectors/Priorities:

Sector - Democracy and governance

INDIRECT MANAGEMENT WITH ALBANIA (EUR)		OTHER IMPLEMENTATION ARRANGEMENTS (EUR)	
Action 1 – European Union integration facility	4,500,000	Action 1 – European Union integration facility	10,100,000
TOTAL	4,500,000	TOTAL	10,100,000

Sector - Competitiveness, innovation, agriculture and rural development

INDIRECT MANAGEMENT WITH ALBANIA (EUR)	OTHER IMPLEMENTATION ARRANGEMENTS (EUR)
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N.a.	N.a.	Action 2 – EU support to a tourism-led model for Local Economic Development	46,600,000
TOTAL	N.a.	TOTAL	46,600,000

1.1 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR	Democracy and Governance		EUR 14,600,000
Action 1	European Union Integration Facility	Direct management	EUR 7,750,000
		Indirect management with Albania	EUR 4,500,000
		Indirect management with OSCE	EUR 650,000
		Indirect management with UN Women	EUR 1,700,000
		Total	EUR 14,600,000

(1) Description of the Action, objective, expected results and key performance indicators

The overall objective of this action is to strengthen the capacity of the Government of Albania to prepare for and participate in EU membership talks, to progress towards meeting the Copenhagen criteria and the five "key priorities" for opening of negotiations.

The specific objective is to support alignment, to enhance the accountability of the Albanian administration, and to improve inclusive, gender-responsive and evidence-based planning, implementation and monitoring of national sectors reforms.

More specifically the EU integration facility will provide:

1.1: Support to Albania's institutional arrangements for accession negotiations, including the functioning of the law approximation units of the Ministry for Europe and Foreign Affairs and the Parliament

1.2: Capacity building for civil servants of the Public Administration (of which at least 30% and preferably 50% women), including trainings/internships in EU Members State administrations and scholarship scheme ("young cells") for school years 2019-20 and 2020-21

1.3: Support to Civil Society Organisations for enhanced cooperation with state institutions in relation to the European Integration process

1.4: Support to the Gender Equality Facility in assisting the Government in the national adoption of gender equality *acquis*, in ensuring that gender mainstreaming is taken into consideration by line Ministries and municipalities throughout the reform cycle.

1.5: Institution-building for alignment with the EU *acquis* and enhanced ability to meet economic criteria for:

- Customs Administration under the Ministry of Finance and Economy, in relation to the Union Customs Code;
- Energy Efficiency Agency under the Ministry of Infrastructure and Energy in relation to energy efficiency;
- Ministry of Finance and Economy, in relation to intellectual property law;
- National Tourism Agency under the Ministry of Tourism and Environment to support upgrading of tourism services;
- Commissioner for Data Protection and Access to Information in relation to data protection.

1.6: Strengthen the capacity and independence of the public broadcaster and the public school of journalism, including enhanced international cooperation (notably with the European Broadcasting Union) with a view to strengthening the freedom of expression in the context of the Copenhagen political criteria.

1.7: Support to enhanced quality of journalism with a view to strengthening media pluralism and freedom of expression in the context of the Copenhagen political criteria.

2.1: Facility to support a) the preparation/programming, implementation, communication and visibility, monitoring and evaluation of IPA actions under direct and indirect management; support to actions needed to develop and implement reforms, strategies and plans including areas supported by sector reform contracts, elaboration of preparatory studies and provision of supply to address material needs identified in relevant EU accession related report; b) preparation of EU accession-related documents, studies including annual country reports⁹, Stabilisation and Association Agreement (SAA) Committee conclusions, Enlargement Strategy¹⁰ and related texts.

The first expected result of the action is that the actions related to political and economic Copenhagen criteria and to EU *acquis* are implemented in order to meet specific needs

⁹ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_albania.pdf

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_strategy_paper_en.pdf

identified in the course of the pre-accession and upcoming negotiation processes, the creation of a sustainable pool of excellence, highly skilled in EU affairs within the Albanian public administration is created; gender mainstreaming is taken into consideration throughout the reform cycle; and cooperation between Albanian authorities and civil society organisations (CSOs) in relation to EU Integration is enhanced.

The second expected result of the action is that draft national reforms, sector strategies and action plans are developed in line with EU standards; acquis-related analyses and policy recommendations available; maturity of action proposals presented by the Government for future EU funding increased; EU-funded actions are monitored and evaluated.

Key performance indicators:

- Percentage of implementation of the National Plan for European Integration;
- Extent to which reporting provides information on the outcomes achieved;
- Extent to which policy development process makes the best use of analytical tools;
- Percentage of corrective measures proposed by the monitoring system for which an action has been taken;
- Extent to which public consultation is used in developing policies and legislation;
- Gender Inequality Index;
- World Press Freedom Index.

(2) Assumptions and conditions

In meeting the criteria on European standards, Albania generally fulfilled the SAA requirements according to the established deadlines and EU-Albania joint recommendations.

Although there is no major risk foreseen to the implementation of this Action for 2017, there are still a number of assumptions that should be considered:

- Continuous high-level commitment from the Albanian authorities, from Ministry for Europe and Foreign Affairs and line Ministries to the EU accession process;
- Continuous commitment to the implementation of the cross-cutting public administration reform and public financial management reform programmes;
- Continuous commitment from the Albanian authorities, from Ministry for Europe and Foreign Affairs and line Ministries to the development and drafting of policy and program documents related to the EU accession reform process;
- The Ministry for Europe and Foreign Affairs has sufficient administrative capacity and authority to play a pro-active role during facility implementation and speeds up the implementation of actions foreseen in the EU integration facility 2014/2015/2016.

There are three main conditions to be fulfilled while the IPA 2017 assistance is provided that will contribute to the efficient implementation of the action. These are (i) effective communication and active involvement of all stakeholders, (ii) no fundamental changes in priority setting, and (iii) sufficient ownership, motivation and support from all

stakeholders to effectively and actively implement and monitor sector reform. Failure to comply with these requirements may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action:

(3.1) Implementation arrangements for the action: direct management by the EU Delegation for Activities 1.1, 1.7 and 2.1

(3.1) (a) Essential elements of the action (direct management)

Procurement for Activity 1.1 and 2.1:

- a) the global budgetary envelope reserved for procurement: EUR 7,000,000
- b) the indicative number and type of contracts:
Activity 1.1: one service contract;
Activity 2.1: indicatively 15 service/framework and/or supply contracts
- c) indicative time frame for launching the procurement procedure: Q2 2018- Q2 2021

Grant – Call for proposal: for Activity 1.7

- a) Objectives and foreseen results: The objective is to create a critical mass of media outlets providing quality journalism in the country. The expected result is to produce and broadcast quality radio/TV/online news content and programmes about issues of interest to the Albanian public in an objective, professional and innovative manner, including investigative journalism.
- b) The essential eligibility criteria:

The types of actions eligible for financing are:

- Production and broadcasting of news stories, feature stories, interviews as part of prime time news programmes and/or online editions;
- Production and broadcasting of daily or weekly news programmes;
- In-depth reporting through reportages, feature stories, documentaries for radio/TV/online broadcasting and publication

In order to be eligible for a grant, the applicant must:

- be a legal person,
 - be a radio/TV/online outlet, ,
 - be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary, and
 - be based and registered in Albania.
- c) The essential selection criteria are financial and operational capacity of the applicant.
 - d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
 - e) Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for grants under this call is 90 % of the eligible cost of the action.
 - f) Indicative amount of the call: EUR 750,000.00
 - g) Indicative date for launch of the call for proposals: Q1 of 2018

(3.2) Implementation arrangements for the action: indirect management by Albania for Activities 1.2, 1.3 and 1.5

(3.2) (a) Short description of the tasks entrusted to the entity

For Activities 1.2, 1.3 and 1.5 the Central Finance and Contracting Unit (CFCU) within the Ministry of Finance and Economy shall be responsible for carrying out all the tasks relating to the implementation. In particular, it shall be responsible for managing calls for tenders/proposals, contracting, implementation, managing payments, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme with an overall amount of EUR 4,500,000 as EU contribution.

(3.3) Implementation arrangements for the action: indirect management with international organisations for Activities 1.4 and 1.6

(3.3.1)(a) Entity entrusted with budget implementation tasks for Activity 1.4

For Activity 1.4 UN Women as pillar assessed entrusted entity shall be responsible for carrying out all the tasks relating to the implementation. UN Women is the mandated UN body to define global standards and norms for the full respect of women and to assist UN Member States to implement them. UN Women stands ready to provide suitable technical and financial support to central and local level administrations and to forge effective partnerships with civil society in the recipient country. It is therefore considered the appropriate implementing partner to achieve the results envisaged under this component of the EU integration facility. This implementation modality has been selected to benefit from donors' comparative advantage and expertise and previous assistance to Albania.

The selection criteria were (i) international mandate of the potential delegatee entity; (ii) presence and experience of the potential delegatee entity in particular in Albania; (iii) technical expertise, logistical & management capacities of potential delegatee 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 delegatee entity or planned in the near future, and synergies envisaged or proposed with the IPA2017 program; and (vi) reduced transaction costs level by the potential delegatee entity.

(3.3.1) (b) Short description of the tasks entrusted to the entity

UN Women shall be responsible for carrying out all the tasks relating to the implementation, including Budget Implementation Tasks. In particular, the entrusted entity shall be responsible for managing calls for tenders, call for proposals, contracting, implementation, managing payments, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

(3.3.2)(a) Entity entrusted with budget implementation tasks for Activity 1.6

For Activity 1.6 the selected pillar assessed entrusted entity is the Organisation for Security and Cooperation in Europe (OSCE), which shall be responsible for carrying out all tasks relating to the implementation. This implementation modality has been selected to benefit from the comparative advantage of the OSCE which has expertise in the area of media freedom and development, both in the Western Balkans and specifically in Albania and has a longstanding cooperation in place in support of the Albanian Radio and Television (RTSH), including cooperation with the European Broadcasting Union through a tripartite Memorandum of Understanding.

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. The selection criteria were (i) experience of the potential delegatee entity in the area and with the beneficiary; (iii) technical expertise, logistical & management capacities of potential delegatee 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; and (v) reduced transaction costs level by the potential delegatee entity.

(3.3.2) (b) Short description of the tasks entrusted to the entity

The OSCE shall be responsible for carrying out all the tasks relating to the implementation, including Budget Implementation Tasks. In particular, the entrusted entity shall be responsible for managing calls for tenders, contracting, implementation, managing payments, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

SECTOR	Competitiveness, innovation, agriculture and rural development		EUR 46,600,000
Action 2	EU support to a tourism-led model for Local Economic Development	Indirect management with EBRD	EUR 40,000,000
		Indirect management with GIZ and SIDA as co-delegatee or, if negotiations fail with SIDA as co-delegatee, only with GIZ	EUR 6,600,000
		Total	EUR 46,600,000

(1) Description of the Action, objective, expected results and key performance indicators

In line with the ISP objective, this action is designed to support the economic, social and territorial development of the country. The action will contribute to achieving the National Strategy for Development and Integration objective to support a recognised and attractive tourism industry.

The overall objective of the action is to enhance the contribution of high quality and sustainable tourism to economic growth and competitiveness of Albanian regions.

For Component 1 the specific objectives of the action are i) to raise the quality and sustainability of integrated tourism offer in pilot territories, ii) to enhance and preserve the attractiveness of cultural, natural and other assets in pilot territories for tourists.

For Component 2 the specific objective of the action is to improve local, sustainable development of priority infrastructures and improve its climate resilience in the framework of the Albanian regional development policy.

For Component 3 the specific objective of the action is to improve the innovative ecosystem and boost start-ups creation.

The expected results for Component 1:

- Marketed integrated tourism package for the target area;
- Established local tourism initiatives based on sustainability, partnerships, clusters and value chain development;
- Improved skills through training provided to potential local tourism services/product providers in the target areas;
- Improved tourism standards and data in line with international best practice
- Preserved and restored cultural heritage, natural and other local assets;
- Improved accessibility and enhanced sustainability of cultural heritage, natural and other local assets;
- Improved skills on preservation, restoration and management of experts of relevant public institutions, and cultural heritage and natural sites.

The expected results for Component 2:

- Improved implementation of National Single Project pipeline priority infrastructures in the framework of local development plans;

The expected results for Component 3:

- Improved accelerators/incubators facilities for supporting start-ups;
- Improved access to finance for innovative start-ups.

Key performance indicators for Component 1:

- Average length of stay per tourist in target territories per year (nights);
- Number of tourists visiting cultural heritage/natural assets in target destinations per year;

Key performance indicators for Component 2:

- Number (with amount) of completed infrastructure investment projects supported by this action;

Key performance indicators for Component 3:

- Number of innovative start-ups created (disaggregated by women – led).

(2) Assumptions and conditions

The assumptions for the action are that: the National Tourism Strategy will be finalised taking into account i) the methodology for development of the strategic documents and advice on the content of each chapter outlined in the Prime Minister Order No. 93 of 7 August 2012 "On Drafting the National Sector and Cross-Sector Strategies for the period 2013-2010 and Sector Strategic Documents 2013-2020 in the Frame of the National Strategy for Development and Integration, 2013-2020" ii) Organisation for Economic Co-operation and Development Support for Improvement in Governance and Management (OECD/ SIGMA) Recommendations for Monitoring and Reporting of Strategies in Albania (2016);

- the results/objectives of the National Adaptation to Climate Change Strategy on dealing with climate change vulnerability are taken into consideration
- the action will be coordinated with the Ministry of Tourism and Environment at nature protected areas. All the action shall be consistent with the Albanian Strategy for Environment and any investment aiming at boosting tourism shall be done with respecting environment laws and in accordance with the acquis, particularly with the Environmental Impact Assessment, Natura 2000 and Birds Directives.
- the sub-thematic group on Tourism within the Integrated Policy Management Group for Competitiveness will be established with the involvement of key stakeholders, (i.e. Office of the National IPA Coordinator, Ministry of Finance and Economy, Ministry of Tourism and Environment, Ministry of Culture, local actors at the target destinations) and supported by a Technical Secretariat with at least three staff and operates an effective and transparent sector reform planning, monitoring and donor coordination mechanism including for tourism development;
- the involvement and commitment of the stakeholders is maintained;
- the mobilisation of key stakeholders in the target territories, including local authorities, civil society and private sector, is effective;
- the Regional Development Policy framework is operational;
- the cultural heritage assets restored by the IPA II interventions continue to be maintained and preserved by the beneficiaries.

For Component 2 the law on Regional Development is required to be adopted. Failure to comply with this requirement may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action:

(3.1) Implementation arrangements for the action: indirect management with an international organisation for Component 1 and 2

(3.1) (a) Entity entrusted with budget implementation tasks

For Component 1 and 2 the implementation method will be indirect management through a delegation agreement with the European Bank for Reconstruction and Development (EBRD).

This implementation modality has been selected to increase donors' coordination and aid effectiveness and benefit from donors' comparative advantage and expertise developed in the sector. The reason for choosing the EBRD is that the beneficiary needs hands-on support from a peer institutional partner with relevant project management experience in the sector. Furthermore, the EBRD possesses: a) mandate of promoting entrepreneurship and fosters transition towards open and democratic market economies b) specific expertise in support to private sector competitiveness and enabling business environment; c) long term presence in the country to improve infrastructures and to support advisory services to small and medium sized enterprises (SMEs); d) has a Country Strategy approved in 2016¹¹.

The added value of collaboration with the EBRD include: a) access to the Western Balkans Investment Framework (WBIF) for technical assistance and feasibility studies needed for the investments, b) possibility to increase the financial scope of the action, c) access to competence for competitiveness and municipal investments, d) improvement of the absorption and stimulating better uptake of other IPA-funded EBRD products as energy efficiency, environment, climate change, competitiveness, equity and small business support. In addition, the EBRD could more easily attract other donors on a joint virtual management with the new regional development agency/ies that could be developed together with loans from the EBRD, and possible grants.

The selection criteria were (i) international mandate of the potential delegatee entity; (ii) presence and experience of the potential delegatee entity in the tourism and local development sector, particular in Albania (including the volumes of assistance in the sector and projected assistance in the near future); (iii) technical expertise, logistical & management capacities of potential delegatee 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 actions in the sector under implementation by the potential delegatee entity or planned in the near future; and (vi) reduced transaction costs level by the potential delegatee entity.

(3.1) (b) Short description of the tasks entrusted to the entity

For Component 1 and 2 the EBRD shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

The EBRD will execute budget implementation tasks and choose its implementing partner(s) in order to implement grants, loans, supplies, works and supervision services according to the description of the activities.

(3.2) Implementation arrangements for the action: indirect management with an EU Member State body for Component 3

¹¹ <http://www.ebrd.com/news/2016/ebrd-approves-new-strategy-for-albania.html>

(3.2) (a) Entity entrusted with budget implementation tasks

For Component 3 the implementation method will be indirect management through a delegation agreement with the German Society for Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, GIZ) and the Swedish International Development Cooperation Agency (SIDA) as co-delegatee or, if negotiations fail with SIDA as co-delegatee, only with the German Society for Development Cooperation (GIZ).

This implementation modality has been selected to increase donors' coordination and aid effectiveness and benefit from donors' comparative advantage and expertise in the sector.

The reasons for choosing GIZ are: a) experience in support to innovative eco-systems covering institutional infrastructure support, incubation, access to finance, capacity to manage large projects implemented in the region particularly in establishing innovation funds b) in-house capacity and easy access to specialized expertise partnerships, including for FabLabs, financial instruments and pre-incubation support c) sub-granting experiences with innovation grants matching and voucher schemes, including in relevant subsectors as agri sector, rural development, cultural heritage and tourism.

The reasons for choosing SIDA as co-delegatee are: a) relevant sector experience at both policy making and start-up support particularly in grants management in tourism and agri-tourism sector; b) experience in Albania in sub-granting, in business coaching, training and spin-offs in sub-sectors of tourism and agro-tourism; c) added value in implementing socially oriented activities including youth, gender, employment and talent growth d) possibility of financial contribution of 10 % of co-financing.

The selection criteria included (i) sector expertise in innovative eco-systems; (ii) technical capacity in the implementation of projects in the field of innovative start-ups creation; (iii) experience in sub-granting (iv) financial capacity and willingness to provide co-financing.

(3.2) (b) Short description of the tasks entrusted to the entity

For Component 3 GIZ and SIDA as co-delegatee or, if negotiations fail with SIDA as co-delegatee, only GIZ shall be responsible for carrying out the tasks relating to the implementation. In particular, the entrusted entity/ies shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

3. BUDGET

3.1 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR ALBANIA

	Indirect Management with the IPA II beneficiary			Other implementation arrangements			MM	Total programme	
	EU Contribution	IPA II beneficiary Co-financing	Total expenditure	EU Contribution	IPA II beneficiary Co-financing	Total expenditure			
Objective 1	01 Democracy and Governance	4,500,000	0	4,500,000	01 Democracy and Governance	10,100,000	0	10,100,000	14,600,000
	Action 1 EU integration facility	4,500,000	0	4,500,000	Action 1 EU integration facility	10,100,000	0	10,100,000	1, Direct Management 2, Indirect Management with entrusted entities 14,600,000
Objective 2	06 Competitiveness and Innovation	0	0	0	06 Competitiveness and Innovation	46,600,000	0	46,600,000	46,600,000
	Action 2 EU support to tourism and local economic development	0	0	0	Action 2 EU support to tourism and local economic development	46,600,000	0	46,600,000	Indirect management with entrusted entities
	TOTALS	4,500,000	0	4,500,000		56,700,000	0	56,700,000	61,200,000

– **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.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management by the Albanian Government 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 entrusted entities other than the IPA II beneficiary 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 entities implementing such actions.

– **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.