

COMMISSION IMPLEMENTING DECISION

of 13.11.2013

adopting a National Programme for Albania under the IPA -Transition Assistance and Institution Building Component for the year 2013 (centralized management)

THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate countries and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all candidate countries and potential candidate countries. The Commission has adopted on 8 July 2011 a multi-annual indicative planning document for the years 2011-2013, which presents indicative allocations for the main priorities for pre-accession assistance for Albania².
- (4) Considering the project proposals submitted by the Albanian Authorities, the National Programme under the IPA Transition Assistance and Institution Building Component for 2013 aims at providing assistance in the following priority sectors: justice and home affairs; public administration reform; transport; environment and climate change; employment and social inclusion; agriculture and rural development.
- (5) The present Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of 25 October 2012 on the financial rules applicable to the general budget of the Union³ (hereinafter referred to as 'the Rules of Application').

¹ OJ L 210, 31.07.2006, p. 82.

² C(2011)4830 of 8.7.2011.

³ OJ L 362, 31.12.2012, p. 1.

- (6) It is appropriate to use indirect centralised management under Article 56 of the Financial Regulation 1605/2002⁴, which continues to apply until the end of 2013, for the implementation of project nr. 9 - Support to agriculture and rural development/ phase II – where budget implementation should be entrusted to an EU Member State organization. This management mode is justified because the project is a continuation of a previous action under the same management mode aimed at building capacities within the Albanian Ministry of Agriculture to manage grants for small-medium scale investments for rural development. This is a transitional approach until Albania obtains the accreditation of its own management structures to implement a fully fledged IPA Rural Development Programme. It is also appropriate to use indirect centralised management for the implementation of the second component of project nr. 10 - Improvement of (i) roads and (ii) water supply systems in rural areas – where the Commission should cooperate with the Kreditanstalt für Wiederaufbau (KfW) in order to increase the impact of the action by blending IPA funds and KfW loans.

The Commission may entrust budget-implementation tasks under indirect centralised management (indirect management with a Member State or EU agency) to the entities identified in this Decision, subject to the conclusion of a delegation agreement. The responsible authorising officer has accordingly ensured that these entities comply with the conditions of Article 56(1) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and of Article 35 of its Implementing Rules.

- (7) It is appropriate to implement part of the Programme in joint management under Article 53d of the Financial Regulation 1605/2002, which continues to apply until the end of 2013. In the case of project nr. 4 - Multi-donor trust fund to support the implementation of the Integrated Planning System /phase II – joint management with the World Bank (WB) is appropriate since phase I has already been implemented by the WB. In the case of project nr. 7 - Implementation of the EBRD Small Business Support Programme – joint management with the European Bank for Reconstruction and Development (EBRD) is appropriate since the Commission wants to support EBRD programmes for SMEs development. In the case of project nr. 8 - Modernization of social assistance – joint management with the World Bank is appropriate since the objective of the action is to support the proper implementation of a WB loan in the area of social assistance. In the case of project nr. 12 - Governance of the natural and cultural heritage of the Lake Ohrid region – joint management with the United Nations Educational, Scientific and Cultural Organization (UNESCO) is appropriate since the project aims at granting to the entire Lake Ohrid region the recognition as UNESCO World Heritage Property.
- (8) The Commission may entrust budget-implementation tasks under joint management (indirect management with an international organisation) to the entities identified in this Decision, subject to the conclusion of a contribution agreement. The responsible authorising officer has ensured that the World Bank and UNESCO comply with the conditions of Article 53d of Council

⁴ 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).

Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and of Articles 35 and 43 of its Implementing Rules. However, the European Bank for Reconstruction and Development (EBRD) is currently undergoing the four-pillar assessment. In anticipation of the results of this review, the responsible authorising officer deems that, based on a preliminary evaluation and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to the EBRD.

- (9) It is appropriate to acknowledge that grants may be awarded without a call for proposals by the responsible authorising officer who ensures that the conditions for an exception to a call for proposals according to Article 190 of the Rules of Application are fulfilled.
- (10) 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 the Financial Regulation and Article 111(4) of its Rules of Application.
- (11) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of the Rules of Application to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (12) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

Article 1

The National Programme under the IPA Transition Assistance and Institution Building Component for 2013, as set out in the Annex, is hereby adopted.

Article 2

The maximum amount of the European Union contribution shall be **EUR 64 232 000**, to be financed through Article 22.02.02 of the general budget of the European Union for 2013.

These appropriations shall also cover any possible interest due for late payment.

Article 3

This programme shall be implemented partly by centralized management, partly by indirect centralized management and partly by joint management.

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

It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of Albania **in conformity with the Framework Agreement concluded between the same parties on 18 October 2007.**

Article 4

Grants may be awarded without a call for proposals by the responsible authorising officer according to Article 190 of the Rules of Application to the bodies identified in the Annex, in accordance with the conditions specified therein.

Article 5

Increases or cumulated changes to allocations of specific actions not exceeding 20% of the contribution referred to in the first paragraph of Article 2 shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions⁵.

Up to 25 % of such an increase or of a reallocation of the amounts authorised under 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 responsible authorising officer may adopt such changes in accordance with the principles of sound financial management and of proportionality.

Done at Brussels, 13.11.2013

For the Commission
Štefan FÜLE
Member of the Commission

⁵ Changes to allocations exceeding 4 million EUR need to be approved by the IPA Committee.

ANNEX:

**NATIONAL PROGRAMME FOR ALBANIA UNDER THE IPA TRANSITION
ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2013
(CENTRALIZED MANAGEMENT)**

1 IDENTIFICATION

Beneficiary	Albania
CRIS decision number	2013 / 024-190
Year	IPA 2013
EU contribution	EUR 64 232 000 ⁶
Implementing Authority	European Commission Under indirect centralized management: - project nr. 9 - <i>Support to agriculture and rural development / phase II</i> – either by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) or by the Italian Ministry of Foreign Affairs / DG for Development Cooperation. Both organizations have expressed interest. Selection will take place in Q1 2014. - partly project nr. 10 - <i>Improvement of (i) roads and (ii) water supply systems in rural areas</i> – with (ii) Kreditanstalt für Wiederaufbau (KfW) Under joint management: - project nr. 4 - <i>Integrated Planning System</i> – with the World Bank - project nr. 7 - <i>Implementation of the EBRD Small Business Support Programme</i> – with European Bank for Reconstruction and Development (EBRD) - project nr. 8 - <i>Modernization of social assistance</i> –with the World Bank - project nr. 12 - <i>Governance of the natural and cultural heritage of the Lake Ohrid region</i> - with the United Nations Educational, Scientific and Cultural Organization (UNESCO)
Final date for concluding	at the latest by 31 December 2014

⁶ The 2013 allocation for IPA Component I is EUR 85 532 000. However, EUR 2 million is provided to support the participation of Albania in the EU Tempus programme and EUR 1 500 000 is foreseen for the Civil Society Facility. These initiatives are coordinated in the frame of the IPA multi-beneficiary programme and will be adopted by separate Financing Decisions. Consequently, the IPA 2013 National Programme for Albania amounts to EUR 82 032 000, out of which:

- EUR 64 232 000 are assigned to the IPA 2013 Programme implemented in centralized management, including indirect centralized management and joint management;

- EUR 17 800 000 to the IPA 2013 Programme implemented in decentralized management.

<u>Financing Agreement with the beneficiary country</u>	
<u>Delegation Agreements under centralized indirect management</u> <u>Contribution Agreements under joint management</u>	at the latest by 31 December 2014 at the latest by 31 December 2014
<u>Final date for concluding procurement and grant contracts</u>	3 years following the date of conclusion of the relevant Financing Agreement with a beneficiary country, with the exception of the cases listed under Article 189.2 FR 966/2012
<u>Final date for operational implementation</u>	6 years following the date of conclusion of the Financing Agreement with Albania. 7 years following the date of conclusion of the Financing Agreement with Albania for the following project where the works concerning infrastructures justify a longer implementation period: - partly project nr. 10 - <i>Improvement of (i) roads and (ii) water supply systems in rural areas</i> – (i) supervision and civil works contracts under centralized management
<u>Final date for implementing the Financing Agreement</u>	10 years following the conclusion of the Financing Agreement with Albania
<u>Budget line(s) concerned</u>	22.02.02: national programmes (component Transition Assistance and Institution Building) for Potential Candidate Countries
<u>Programming Unit</u>	Unit C4, DG Enlargement
<u>EU Delegation</u>	European Union Delegation to Albania

2 THE PROGRAMME

2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME

The overall objective of EU financial assistance to Albania is to support its efforts for reforms and compliance with EU law in order that the country may become fully prepared to take on the obligations of membership to the European Union.

The **Multi-Annual Planning Document (MIPD)** for the period 2011-13 defines the main objectives of EU assistance for the country. The MIPD is based on the needs identified in the European Partnership with Albania and in the 2010 Commission Opinion on Albania's application for EU membership. The MIPD also takes into account Albania's own strategies, in particular the **National Strategy for Development and Integration (NSDI) 2007-2013**, as well as the 2010-2014 National Plan for the Implementation of the SAA.

The **IPA 2013 National Programme for Albania** is based on the main objectives set out in the MIPD 2011-2013, which are:

- Strengthening rule of law, ensuring the independence, efficiency and accountability of judicial institutions and enhancing the fight against organised crime.
- Supporting public administration reform, with a view to enhancing professionalism and de-politicisation of civil servants and to strengthening a transparent and merit-based approach to appointments and promotions, as well as to fighting corruption at all levels.
- Reinforcing the protection of human rights, notably for women, children and Roma minority, and effectively implementing anti-discrimination policies.
- Supporting *EU acquis*-related issues, in particular administrative capacity, adoption and enforcement of legislation and related investments in the transport and social development sectors, as well as in the environment and agriculture sectors.

The Commission has taken a number of steps to enhance the strategic nature of the IPA assistance over the last few years, i.e. consolidating the link between the priorities established in the yearly Enlargement Package and IPA programming. Therefore, the IPA 2013 Programme takes into account the overall country assessment of the 2011 and 2012 Progress Reports and aims at supporting Albania in the implementation of the relevant recommendations. To better illustrate this link and to increase the impact of IPA assistance, the Commission has decided to concentrate its efforts on **six targeted sectors**, as outlined in the MIPD 2011-2013:

1. Justice and Home Affairs;
2. Public Administration Reform;
3. Transport;
4. Environment and Climate Change;
5. Employment and Social Inclusion;
6. Agriculture and Rural Development.

Under the IPA 2013 Programme, all sectors are covered by a set of projects or sector programmes, showing a balanced approach between capacity building (technical assistance) or investments (infrastructures).

In the last years Albania has dedicated a lot of efforts to achieve the accreditation for the management of IPA funds under Component I (**decentralized management**). IPA 2013 will be the first Programme partly implemented under decentralized mode as a pilot exercise for the national IPA structures.⁷ Therefore, the IPA 2013 Programme has to be adopted by two different Commission Financing Decisions with two different Annexes/Financial Proposals:

1. Decision on the Programme and those sector programmes and projects implemented under centralized, indirect centralized and joint management modes (present document)
2. Decision on the Programme and those projects implemented under decentralized mode.

In the IPA 2013 programming exercise the Commission has also started using a more **sector-based logic** with the ultimate aim to increasing ownership by the beneficiary country and to streamlining EU assistance with the sector national budget. The new logic is going to be translated into **pilot sector programmes**, which will display a set

⁷ For further information, see section 2.6 on "Roadmap for the decentralization of the management of EU funds".

of interrelated operations addressing the same mid/long term sector priorities identified in the MIPD 2011-2013.

The areas of Justice and Home Affairs and Environment and Climate Change have been chosen for pilot sector programmes. In the two areas, the new approach will increase coherence among Government's policies, IPA assistance and support from other donors. Albanian Institutions are supposed to exercise leadership in order to set-up effective donor coordination in the specific sector and to design functional reporting and monitoring procedures.

The Commission is working on the definition of the new edition of the Instrument for Pre-accession Assistance (IPA 2) under the **2014-20 financial perspectives**. The focus on sector approach and multi-annual sector programming are two relevant innovations introduced by the new Instrument. Therefore, the two IPA 2013 pilot sector programmes are supposed to lay the conditions in Albania for a successful application of the new methodology in the planning of pre-accession assistance under the 2014-20 financial perspectives.

2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION

The IPA 2013 National Programme for Albania amounts to EUR 82 032 000, distributed across the six targeted sectors as follows:

Sectors	Amount EUR	Percentage
Justice and Home Affairs	16 000 000	20 %
Public Administration Reform	9 000 000	11 %
Transport ⁸	2 000 000	3 %
Environment and Climate Change	8 000 000	10 %
Employment and Social Inclusion	6 500 000	7 %
Agriculture and Rural Development	36 200 000	44 %
Other horizontal activities	4 332 000	5 %
Total	82 032 000	100 %

The overall amount of IPA 2013 will be implemented via two Commission Financing Decisions, reflecting the different management modes:⁹

Decision according to the management mode	Amount EUR	Percentage
IPA 2013 implemented under centralized, indirect	64 232 000	78,3%

⁸ The project "Improvement of roads and water supply systems in rural areas", which has been located under the agriculture sector, has a component of EUR 12 000 000 dedicated to the construction of rural roads, which can also be considered as part of the transport sector.

⁹ For further information, see section 2.6 on "Roadmap for the decentralization of the management of EU funds".

centralized and joint management modes (present document)		
IPA 2013 implemented in decentralized mode (separate Financing Decision)	17 800 000	21,7%
Total	82 032 000	100 %

Justice and Home Affairs:

The sector is of crucial importance to Albania's EU integration. According to the 2010 Commission Opinion, four out of twelve overall key priorities (KP) refer to the area of Justice and Home Affairs, notably independence, efficiency and accountability of judicial institutions (KP nr.7), fight against corruption (KP nr.8), fight against organised crime (KP nr. 9) and reform of property rights (KP nr. 10). According to the 2012 Progress Report, additional institutional reforms to build an independent and efficient judiciary and additional efforts to fight corruption and organized crime are needed in order to grant candidate status to Albania. Improvements in this field will have a positive effect on other sectors and on the socio-economic development path of the country.

In line with the relevant national sector and sub-sector strategies, notably the Inter-sectorial Justice Strategy, the Commission has drawn up a **pilot sector programme**, which is going to address the main needs of **four sub-policy areas**: (i) **justice reform**, (ii) **reform of the police**, (iii) **anti-corruption and anti-money laundering** and (iv) **anti-discrimination policy and human rights protection**. The sector programme will put in place a combined set of operations, which have been conceived as a logical sequence of interventions to increase the capacity of the judicial institutions and law-enforcement agencies to impose the rule of law in the country. The implementation of one operation in one sub-policy area is supposed to have positive spill-over effects in other areas, feeding reform momentum in the overall sector policy agenda.

In each sub-policy area, the pilot sector programme coherently builds up on previous EU assistance. As regards justice reform, the Commission will launch the fourth edition of the European Assistance Mission to the Albanian Justice System (EURALIUS IV) and will also focus on the capacities of the staff acting in the penitentiary system (prisons and probation). The Commission will further equip the Albanian State Police with strategic devices to increase the outreach of investigations. In the third sub-policy area, the Commission will target the Government's structures/ departments in charge of internal control mechanisms for anti-corruption in order to build capacity and coordination. As regards anti-money laundering, it is envisaged to provide training to judges, prosecutors and law-enforcement agencies on the application of special investigation methods. In the fourth sub-policy area, the Commission will focus on the administrative and professional capacities of the national bodies responsible for human rights protection and anti-discrimination policy, i.e. the Ombudsman and the Commissioner for Protection from Discrimination.

The Commission will also address the sector with specific ad-hoc projects. In the sensitive domain of **property rights**, it is needed technical support for the implementation of the relevant national strategy. Tangible results in the settlement of property rights will have considerable effects on the economic outlook of the country, consolidating the existing businesses and attracting new foreign investments.

Further assistance in the area of justice and home affairs is envisaged under the **IPA 2013 Programme implemented in decentralized mode**.

Public Administration Reform:

The sector is one of the most important areas where Albania has to improve according to the 2010 Commission Opinion. KP nr.8 refers to the need to enhance professionalism and de-politicisation of public administration and to strengthen a transparent, merit-based approach to appointments and promotions. Improvements in this sector will have a potential cross-cutting effect on the overall functioning of state institutions, including socio-economic development of the country as well as progress towards EU accession. Indeed, according to the 2012 Progress Report, the completion of key reforms in the area of public administration is considered a requirement to grant candidate status to Albania.

Under the IPA 2012 Programme, the Commission has designed a wide-ranging technical assistance project to assist the Department of Public Administration within the Ministry of Interior in implementing the new the New Civil Service Law, which is expected to be in force in 2013.

Under this Programme, the Commission will further support the public administration reform with specific ad-hoc projects in the areas of budget planning and customs, where assistance has already been provided during recent years.

Albania needs to further improve policy coordination and strategic planning, aligning the national policy framework with the EU pre-accession agenda and strengthening medium term budget planning at the central and line ministries level. Therefore, the Commission is going to co-finance the second phase of a World Bank initiative to support the implementation of the **Integrated Planning System**, i.e. the application of a reinforced medium-term budget perspective

Albania should continue to be assisted in the modernization of its **customs administration** and in the alignment with the relevant EU *acquis*. Under this Programme the Commission will also provide radioactive detection portals in order to boost security checks across the region.

Further assistance in the area of public administration reform is envisaged in the **IPA 2013 Programme implemented in decentralized mode**.

Transport:

Starting from the IPA 2008 Programme, the Commission has concentrated funds in the sector, investing on small and medium-scale road infrastructures. The overall objective is to establish a unified road network connecting rural communities to the main national and regional transport lines, notably the South East European Transport Observatory (SEETO) Corridor VIII (east-west axis from Dures to Pogradec) and the SEETO Route 2 (north-south axis from Shkoder to Tepelene-Gjirokastra). Under this Programme, the Commission will keep on focusing on the **rehabilitation of rural roads** with a considerable amount of funds (EUR 12 million).¹⁰

Further assistance in the area of transport is envisaged in the **IPA 2013 Programme implemented in decentralized mode**.

Environment and Climate Change:

The EU environment and climate legislation together are one of the largest parts of the *acquis*. Its transposition and implementation is an enormous challenge for every

¹⁰ For further information see the sub-paragraph on "Agriculture and Rural Development".

pre-accession country. Albania is confronted with several and increasing environmental problems, such as deforestation, land degradation, biodiversity loss and unsustainable exploitation of natural resources. In addition, the country has to face unresolved problems in the area of solid waste management, which are undermining public health in urban areas and the environment in rural and coastal areas.

For all these reasons, under IPA 2013 the Commission has set-up a **pilot sector programme**, which is going to address the main needs of **three sub-policy areas**: (i) **climate change**, (ii) **nature protection** and (iii) **waste management**. In line with the national Environmental Crosscutting Strategy, the sector programme foresees measures to:

(i) assist the Albanian Ministry of Environment in the fulfilment of the requirements of the United Nations Framework Convention on Climate Change and Kyoto Protocol;

(ii) strengthen biodiversity protection through the set-up and upgrade of ten protected areas, which will be part of the ecological network of Natura 2000;¹¹

(iii) prepare selected Albanian local governments for reuse, recycling, recovery and disposal of waste.

Employment and Social Inclusion:

Under IPA 2013, the Commission intends to support the **advisory services provided to small and medium enterprises** by the programmes of the European Bank for Reconstruction and Development, i.e. the Enterprise Growth Programme and the Business Advisory Services. The two programmes aim at expanding SMEs' access to financing facilities with positive effects in terms of increased employment opportunities.

The Commission also plans to work with the World Bank in the area of **social assistance**. The Albanian Government has recently received a substantial loan from the Bank to strengthen the governance and improve the system of subventions of two social programmes (disability assistance and economic aid). The IPA 2013 project will contribute to this important reform, focusing on the capacities of local, regional and central authorities in the management, monitoring and evaluation of the equity and efficiency of the two programmes.

Further assistance in the area of vocational education and training is envisaged in the **IPA 2013 Programme implemented in decentralized mode**.

Agriculture and Rural Development:

The Commission is preparing Albania to manage the funds available under IPA component V (Agricultural and Rural Development). Under IPA 2008, technical assistance has been provided to the Albanian Ministry of Agriculture in order to set up the administrative agencies responsible for IPARD funds (Paying Agency and Managing Authority). Under IPA 2011, capacities are being consolidated in a learning-by-doing exercise, where national agencies in conjunction with external expertise are launching calls to co-finance IPARD-like measures, i.e. **small and**

¹¹ Natura 2000 is the centerpiece of the EU nature & biodiversity policy. It is an EU wide network of nature protection areas established under the 1992 Habitats Directive. The aim of the network is to assure the long-term survival of Europe's most valuable and threatened species and habitats.

medium scale investments in the agro-food sector. In line with this previous assistance, under IPA 2013 the Commission foresees an intervention to further increase the capacities of the national structures in view of implementing a future IPARD programme, as well as to continue the positive exercise of IPARD-like measures.

The Commission has also allocated considerable amount of funds (EUR 22 million) for **infrastructure in rural areas**:

(i) to improve mobility across **secondary and local roads** (EUR 12 million). Under IPA 2008, 2010 and 2011, the Commission has already financed the rehabilitation of about 250km of local roads, part of a larger programme developed in coordination with EBRD, EIB and other IFIs for the rehabilitation of more than 1500km across the secondary road network. These investments have brought considerable advantages to rural communities, which now benefit from facilitated access to essential services and city markets.

(ii) to improve **water supply systems** (EUR 10 million). Rural communities are suffering from poor water infrastructure, which needs immediate and concrete response to improve water supply and waste collection and purification. In this respect, the Commission has planned to cooperate with the Kreditanstalt für Wiederaufbau, which has a long lasting experience in the sector in Albania. In this way, the Commission will also blend IPA grant with loans provided by the bank.

The IPA 2013 Programme also includes a follow-up project from previous assistance (IPA 2012) in order to ensure **rabies vaccination** in the full territory of Albania.

Further assistance in the area of agriculture and rural development is envisaged in the **IPA 2013 Programme implemented in decentralized mode**.

Other horizontal activities:

In conjunction with the UNESCO World Heritage Centre, the Commission has planned under this Programme a relevant initiative for the protection of the **cultural and natural heritage** of the **Lake Ohrid** cross-border region. Currently, the side of the Lake in the fYRoM's territory is already in the World Heritage list. The project will facilitate the extension of this prestigious recognition to the entire area.

This Programme foresees also a facility for strengthening the European integration process, which combines a **project preparation facility** with the possibility to react to unforeseen circumstances, in particular with view to the political situation in the country. The project preparation facility is extremely relevant in view of the programming exercise for IPA 2014, which, according to the new regulation on IPA 2, will possibly include multi-annual sector programmes in a number of policy areas such as transport, environment, employment and social inclusion.

Donor Coordination:

Albania has a government-led donor coordination system in place. All sectors covered in the MIPD are mirrored by sector-specific working groups, which bring together the relevant line Ministries and active or interested donors in a specific sector under the leadership of the Department for Strategy and Donor Coordination within the Council of Ministers (DSDC).

The donors are organised via a Donor Technical Secretariat, including representatives of the European Commission, World Bank, Organisation for Security and Cooperation in Europe, United Nations Development Programme as well as other bilateral donors. Furthermore, the Albanian Government, through the DSDC, has

launched the Fast Track Initiative of Division of Labour among European donors in line with the Paris Declaration and the Accra Agenda for Action. The Fast Track Initiative is led by the Government of Albania is open to any European donor willing to join and other development partners that could contribute to the coordination process in the context of division of labour and complementarity.

The EU Delegation to Albania holds regular coordination meetings with international financial institutions, as well as with EU and non-EU donors. The meetings focus primarily on strategic MIPD orientations, regional dimension of IPA planning and National Programme preparations. Additionally, coordination between the Commission and EU Member States takes place on a regular basis in the context of the IPA Committee.

Lessons learned:

Based on the experience of previous IPA annual programming and the so far implementation of IPA assistance, as well as findings of evaluations, the programming exercise for IPA 2013 implemented in centralized mode has taken into account the following aspects:

Ownership by the beneficiary is essential for the effective targeting of assistance and for achieving expected results. As a result, the Commission insists on the full involvement of Albania's institutions in the planning of EU assistance, insisting on the crucial aspect of alignment with national sector strategies and actions plans. The aim is to design assistance in relation to Albanian strategic plans, which in turn should address the requirements of the EU integration process.

In relation to sector approach, the Commission has stressed that synergy among (i) national strategies and their budgets, (ii) IPA programming and (iii) other donor assistance is an important pre-condition for the success of the pilot sector programmes in the areas of justice and home affairs and environment and climate change. This becomes crucial if sector wide approach will be applied more regularly in future programming.

Another important pre-condition for a more intensive use of sector approach is that the Government's commitments set out in the sector strategies are fully reflected in the budget medium term perspective. In addition, the Albanian Government should set up a functional monitoring system to check progresses in the implementation of sector policies.

With view to administrative capacity, IPA assistance, both in the form of sector programmes and projects, 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.

Particular attention must be paid to projects' preparedness and maturity. Absorption capacity of the authorities needs to be ensured. Adequate staffing in the relevant institutions, institutional capacity, political consensus on necessary reforms, as well as mobilisation of civil society, are key aspects that have to be taken into account in the IPA programming exercise.

On-going IPA projects, particularly infrastructure investments, suffer from missing coordination across Ministries and between State and local Institutions. The Albanian Government needs a coordination mechanism for IPA programming and implementation, which should involve the National IPA Coordinator, the line-Ministries, the Ministry of Finance and local governments. The mechanism should

clarify the responsibilities for the different stakeholders involved in order to plan and implement projects in a sustainable way. The Commission has insisted to have a new coordination mechanism in place before the adoption of the IPA 2013 Programme.

Long-term sustainability of projects is crucial. The Ministry of Finance should be involved in all phases of IPA programming and implementation to ensure national co-financing and budgetary allocations and disbursements for operating and maintenance expenditures of EU investments. Therefore, the Commission has involved as much as possible the Ministry of Finance during the 2013 programming exercise.

The above mentioned points have been raised with the beneficiary on several occasions. Specific lessons learned per sector have been integrated in the project fiches, which are also addressing as much as possible post-implementation arrangements in order to ensure long-term project sustainability.

2.3 DESCRIPTION

JUSTICE AND HOME AFFAIRS
1. Project - Support to the implementation of the Strategy for Property Rights 2013-2020 (EUR 1 000 000)
<p>Objective: to set-up a functional legal and institutional framework instrumental for the successful implementation of the Strategy.</p> <p>Main results expected: (i) 100% completion of first property rights registration and (ii) 100% recognition of expropriated subjects by the former communist regime within 2014.</p> <p>Indicative implementation modalities:</p> <p>Procurement (EUR 1 000 000): in Q1 2014 it is foreseen to launch one service contract for technical assistance.</p>
2. Pilot Sector Programme on Justice and Home Affairs and Fundamental Rights (EUR 11 500 000)
<p>Sector objectives per sub-policy areas:</p> <ol style="list-style-type: none"> 1. Strengthen the independence and efficiency of the judiciary, as well as the management of the penitentiary system 2. Support the police and extend the utilisation of scientific evidence for the identification of criminal offenders 3. Strengthen the fight against corruption and money laundering 4. Enhance the effectiveness of anti-discrimination policy and human rights protection <p>Main results expected:</p> <ol style="list-style-type: none"> 1.1 Independence, accountability and transparency of judges and prosecutors increased 1.2 Inspection system for prisons and probation services implemented and monitored 2.1 Live scanner system for online monitoring of performance of police escorting, detention and arrest procedures is established and personnel trained 2.2 Decentralized and more effective interception of telecommunication 3.1 Improved inter-institutional cooperation and coordination on fight against corruption and money-laundering 3.2 Implementation and efficiency of anti-mafia law improved 4.1 Anti-discrimination and human rights legislation, policies and coordination improved 4.2 Administrative/professional capacities of the main human rights and anti-discrimination bodies to process concrete cases strengthened

Indicative implementation modalities:

1. Sub-policy area – reform of the judiciary and penitentiary (EUR 5 000 000)

Grant (EUR 4 000 000): in Q4 2013 it is foreseen to launch a call for proposal for Member States.

Specific objective: set-up the fourth edition of the European Assistance Mission to the Albanian Justice System (EURALIUS IV) with the following mandate: (i) enhancing the efficiency and effectiveness of the judiciary and (ii) consolidating the legal basis of the justice system in line with EU *acquis* and best practises.

The essential eligibility criteria of the call are EU Member states administrations and mandated bodies.

The essential selection criteria are financial and operational capacity of the applicant.

The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

The maximum possible rate of EU co-financing for the grant under this call is 90%.

Grant (EUR 1 000 000): twinning for penitentiary system - prisons and probation – to be launched in Q4 2013.

Specific objective: support the relevant authorities in introducing a system for managing high risk offenders and vulnerable offenders, including mentally ill detainees, in line with EU and international standards.

The eligibility, selection and award criteria, as well as EU co-financing, are defined in section 4.2.

2. Sub-policy area – reform of the police (EUR 2 000 000)

Procurement (EUR 2 000 000): two supply contracts to be tendered in Q1 2014.

3. Sub-policy area - anti-corruption and money laundering (EUR 3 000 000)

Grant (EUR 1 000 000): twinning for anti-corruption to be launched in Q1 2014.

Specific objective: strengthening the capacities of the Government's structures / departments in charge of internal control mechanisms for anti-corruption.

The eligibility, selection and award criteria, as well as EU co-financing, are defined in section 4.2.

Grant (EUR 2 000 000): twinning for anti-money laundering to be launched in Q4 2013.

Specific objective: developing measures to improve and strengthen the co-operation between/among different public and private institutions that are involved in fighting money laundering.

The eligibility, selection and award criteria, as well as EU co-financing, are defined in section 4.2.

4. Sub-policy area - human rights protection and anti-discrimination (EUR 1 500 000)

Grant (EUR 1 500 000): direct grant agreement with the Council of Europe (CoE) to be signed in Q4 2013.

Specific objective: strengthening the administrative/professional capacities of the Ombudsman and the Commissioner for Protection from Discrimination.

Justification for the use of an exception to calls for proposals: the direct grant agreement with the Council of Europe will be concluded in accordance with Article 190 (1) (f) of RAP. The CoE is the most competent institution for technical assistance in the area of human rights protection and anti-discrimination policy. In Albania, the CoE has already successfully

implemented a number of projects in this area and has already positively co-operated with the Ombudsman and the Commissioner for Protection from Discrimination.
The maximum possible rate of EU co-financing for the grant is 90%.

PUBLIC ADMINISTRATION REFORM

3. Project - Multi-donor trust fund to support the implementation of the Integrated Planning System – phase II (EUR 1 100 000)

Objective: to improve the Government's strategic planning through the application of a reinforced medium-term budget perspective concerning policies designed at line-ministries level.

Main results expected: improved co-ordination in planning of domestic public funds and foreign assistance resources and improved consistency with long-term strategic development objectives.

Indicative implementation modalities:

Joint management (EUR 1 100 000): one administration agreement with the World Bank to be concluded in Q2/2014.

Justification of the choice of the organization: the World Bank is the initiator of the integrated planning system and has managed the first phase of the multi-donor trust fund. Therefore, it is appropriate that the World Bank also manages the second phase.

4. Project - Upgrading the capacities of the Albanian Customs Administration (EUR 4 500 000)

Objective: to further approximate customs legislation to the EU *acquis* and strengthen the institutional capacity of the Albanian Customs Administration through the development of computerized tariff modules and the supply of radioactive detection portals.

Main results expected: (i) development of computerized tariff modules compatible with the EU Integrated Tariff Management System and (ii) Customs capacities increased with radioactive detection portals at border crossing points.

Indicative implementation modalities:

Grant (EUR 1 800 000): one twinning contract to be launched in Q1/2014.

Specific objective: building administrative capacity in the EU customs tariff related areas.

The eligibility, selection and award criteria, as well as EU co-financing, are defined in section 4.2.

Procurement (EUR 2 700 000): one service contract and one supply contract to be respectively tendered in Q3 2014 and in Q1 2014.

ENVIRONMENT AND CLIMATE CHANGE

5. Pilot Sector Programme on Environment and Climate Change (EUR 8 000 000)

Sector objectives per sub-policy areas:

1. Climate change and environment – fulfilment of the requirements of the United Nations Framework Convention on Climate Change and Kyoto Protocol
2. Nature protection - strengthening biodiversity protection through the establishment of protected areas

3. Waste management - preparing Albania for reuse, recycling, recovery and disposal of waste as a strategic move towards sustainable development

Main results expected:

1. Enhanced capacity of the Ministry of Environment to transpose, implement and enforce EU climate change and environmental legislation
2. Enhanced capacity in nature protection and preparation for Natura 2000 network of protected areas
3. Integrated waste management system improved through the definition of new modern waste facilities/landfills in Fier and Durres or other regions, which are most affected by waste problems.

Indicative implementation modalities:

1. Sub-policy area – climate change and environment (EUR 2 000 000)

Procurement (EUR 2 000 000): in Q1 2014 it is foreseen to launch one service contract for technical assistance.

2. Sub-policy area – nature protection (EUR 4 000 000)

Grant (EUR 4 000 000): in Q1 2014 it is foreseen to launch a call for proposal with International Organizations and Member States.

Specific objective: capacity building for the administration of 10 protected areas, as well as improvement of infrastructure, in view of the preparation for Natura 2000 network.

The essential eligibility criteria of the call are International Organizations and Member States administrations and mandated bodies.

The essential selection criteria are financial and operational capacity of the applicant, as well as relevant experience in the sector and in the country.

The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

The maximum possible rate of EU co-financing for the grant under this call is 90%.

3. Sub-policy area - waste management (EUR 2 000 000)

Procurement (EUR 2 000 000): in Q1 2014 it is foreseen to launch one service contract for technical assistance.

EMPLOYMENT AND SOCIAL INCLUSION

6. Project - Implementation of the EBRD Small Business Support Programme through two complimentary instruments, the Enterprise Growth Programme and the Business Advisory Services (EUR 2 000 000)

Objective: to promote the development of the SME sector and its architecture of local advisory services for business management and external financing.

Main results expected: enhanced enterprise-level performance in 130 assisted micro, small and medium businesses.

Indicative implementation modalities:

Joint management (EUR 2 000 000): it is foreseen that one contribution agreement with the

European Bank for Reconstruction and Development (EBRD) will be concluded in Q1 2014. Justification of the choice of the organization: the EBRD has conceived the Enterprise Growth Programme and the Business Advisory Services and has launched them in the Western Balkans region. The Commission intends to further promote them in Albania.

7. Project - Modernization of social assistance through improving the equity and efficiency of the existing Albanian Government's programs (EUR 1 500 000)

Objective: to strengthen the capacities of the Albanian Ministry of Social Welfare to manage the assistance programs for disability and economic aid.

Main results expected: transparency and performance of the national assistance programs for disability and economic aid improved, as well as nationwide awareness raised.

Indicative implementation modalities:

Joint management (EUR 1 500 000): it is foreseen that one administration agreement with the World Bank (WB) will be concluded in Q4 2013.

Justification of the choice of the organization: this project is conceived as technical assistance to support the proper implementation of a World Bank loan, borrowed by the Albanian Government to improve the assistance programs for disability and economic aid. Technical assistance funds are managed by the World Bank via a trust fund.

AGRICULTURE AND RURAL DEVELOPMENT

8. Project - Support to agriculture and rural development – phase II (EUR 6 400 000)

Objective: to develop the agro-food sector and the rural economy through grants to the farmers for small and medium scale investments, as well as to increase the capacities of the national structures in charge of the future implementation of the 2014-20 IPA programme for rural development.

Main results expected: grants for the agro-food sector and rural economy implemented and national structures prepared for indirect management of the rural development programme under IPA II.

Indicative implementation modalities:

Indirect centralized management (EUR 6 400 000): the project will be implemented via a delegation agreement with a Member State agency. Both the Gesellschaft für Internationale Zusammenarbeit - GIZ - and the Italian Ministry of Foreign Affairs / DG for Development Cooperation have expressed interest to implement the project. The selection is expected to be concluded in Q1 2014.

Justification of the choice of the organization: the MS agency will be identified in Q1 2014 in accordance with the guidance paper prepared by DG DEVCO on delegated cooperation. The selection will be based on the following criteria: commitment to the sector; amount of co-funding; experience in implementing directly relevant projects in Albania; operational capacity, including backstopping from headquarters. The final decision on the selection will be taken by the responsible authorizing officer (Director level).

9. Project - Improvement of roads and water supply systems in rural areas (EUR 22 000 000)

Objective: to improve the living conditions of the rural inhabitants and encourage economic

development through small and medium size interventions into (i) secondary and local roads and (ii) rural water supply systems.

Main results expected: (i) mobility across secondary and local roads increased and (ii) water supply systems in selected rural areas constructed according EU standard.

Indicative implementation modalities:

Procurement (EUR 12 000 000): in Q2 2014 it is foreseen to launch one service contract for supervision and one civil works contract for the rehabilitation and construction of secondary and local roads.

Indirect centralized management (EUR 10 000 000): the part of the project concerning rural water supply systems will be implemented via a delegation agreement with the Kreditanstalt für Wiederaufbau (KfW), which is expected to be concluded in Q2 2014.

Justification of the choice of the organization: the Albanian Government is about to sign a loan agreement with KfW in order to upgrade water infrastructure in rural areas. The combination of grant (IPA assistance) and loan (KfW) is going to substantially increase the impact of the overall operation in the rural water sector.

10. Project - Control and eradication of rabies – phase II (EUR 2 000 000)

Objective: to reduce the presence and associated risks of rabies in the country by undertaking an effective vaccination on the population of red foxes.

Main results expected: potential prevalence in the country and trans-boundary transmission of rabies reduced due to oral vaccination of foxes in accordance with the established requirements and making use of the best experiences in the region.

Indicative implementation modalities:

Procurement (EUR 2 000 000): in Q4 2013 it is foreseen to launch one supply contract.

OTHER HORIZONTAL ACTIVITIES

11. Project - Towards strengthened governance of the shared transboundary natural and cultural heritage of the Lake Ohrid Region (EUR 1 700 000)

Objective: to reinforce the management structures of the transboundary Lake Ohrid region in view of a possible recognition of the entire cultural and natural area of the Lake as World Heritage property.

Main results expected: (i) transboundary cooperation platform for Lake Ohrid strengthened; opportunities for tourism increased; (iii) waste campaign implemented through pilot actions; (iv) process for recognition of the entire area of the Lake as World Heritage property facilitated.

Indicative implementation modalities:

Joint management (EUR 1 700 000): it is foreseen to conclude a contribution agreement with the United Nations Educational, Scientific and Cultural Organization (UNESCO) / World Heritage Centre Q4 2013.

Justification of the choice of the organization: today the side of the Lake in the fYRoM's territory is already in the World Heritage list. The project aims at extending this prestigious recognition to the entire area of Lake Ohrid, including the Albanian side. The UNESCO

World Heritage Centre has a *de jure* and *de facto* monopoly to grant such recognition.

**12. Project - Facility for strengthening the European integration process
(EUR 2 532 000)**

Objective: efficient management and absorption of EU pre-accession funds and strengthening technical and administrative capacity of the Albanian administration in relation to the EU integration process.

Main results expected: (i) support in the preparation of project documentation, as well as any analysis, study, survey, review, assessment or monitoring that is in relation with Albania's EU accession process and/or the pre-accession instrument; (ii) support measures related to urgent political needs that may arise from the fulfilment of the Commission Opinion key priorities and/or from political developments in the country.

Indicative implementation modalities:

Procurement (EUR 2 100 000): an indicative number of 20 service contracts, 5 specific contracts under existing framework contracts and 5 supply contracts to be launched as from Q1 2014.

Grant (EUR 432 000): an indicative number of 10 twinning light to be launched as from Q1 2014.

Specific objective: support in preparation of project documentation as well as any analysis, study, survey, review, assessment or monitoring, as well as supply, which are in relation with Albania's EU accession process and/or pre-accession instruments.

The eligibility, selection and award criteria, as well as EU co-financing, are defined in section 4.2.

2.4 CROSS-CUTTING ISSUES

Major cross cutting issues concerning the planning and implementation of the IPA 2013 Programme include:

Civil Society – organizations from civil society have been consulted in the programming phase in several meetings, both in Tirana and Brussels. During the implementation of sector programmes and projects, the Commission will make sure that possible concerns coming from civil society organizations will be fully taken into account. In Albania support to civil society has always been a priority of the Commission, both under previous CARDS programmes and current IPA programmes. The Commission has also an *ad hoc* Civil Society Facility for Albania with an annual financial envelop of EUR 1 500 000.

Environmental impact assessment - all relevant infrastructure projects will have to take into consideration the provisions of the European Environmental Impact Assessment and nature conservation legislation. Disaster resilience and risk prevention and management will be also integrated in the planning, preparation and implementation of projects.

Equal opportunities and non-discrimination – such policy reflects EU fundamental values and will be fully respected, particularly in relation to gender, in the implementation stage of all sector programmes and projects, specifically those

concerning socio-economic support. The perspective of equal opportunities and non-discrimination has also shaped the entire IPA 2013 programming process.

Minority and vulnerable groups' concerns – they are reflected in all activities programmed under IPA, in particular in relation to public services, legislative matters and socio-economic development. The Commission has already launched a number of activities focusing on the needs of minorities and vulnerable groups (IPA 2011 project - Supporting Social Inclusion of Roma and Egyptian communities - and IPA 2012 project - Improving local public social services and infrastructures for vulnerable groups in the peri-urban areas of Tirana and Durrës). The Commission will apply the relevant lessons learnt in the implementation of the IPA 2013 programme.

Good governance and fight against corruption – these are horizontal aspects incorporated in all sector programmes and projects funded under IPA 2013. Each intervention is designed to promote civic values and respect for the general interest of the community. In the implementation stage, the Commission will draw particular attention to the application of these fundamental horizontal aspects. The Commission is also approaching good governance and fight against corruption with ad hoc interventions since IPA 2007. Rule of law reforms are largely being addressed the Police Assistance Mission of the European Community to Albania (PAMECA) and the European Assistance Mission to the Albanian Justice System (EURALIUS). Under IPA 2013, the fight against corruption is one of the most important components of the Pilot Sector Programme on Justice and Home Affairs and Fundamental Rights.

2.5 ASSUMPTIONS AND PRE-CONDITIONS

The Programme includes the following assumptions/pre-conditions:

The Albanian Government shall ensure continued political support to the implementation of the Programme and shall adopt all the reforms, laws and administrative regulations required for a successful execution of the sector programmes and projects.

The Government will endorse the set of fiches concerning sector programmes and projects funded under this Programme, accepting all the relevant commitments described in the fiches, with particular regards to the parallel co-financing.

The Government will ensure that beneficiary institutions have adequate financial, material and human resources in order for EU financial support to be used in the most effective and sustainable manner. The Government shall also guarantee that coordination across line-Ministries and between State and local Institutions is in place via appropriate inter-institutional mechanisms for IPA programming and implementation.

The Government shall ensure the availability of land, free of ownership claims or disputes, for the planned infrastructures and shall issue in time the relevant construction and environmental permits. The Government shall also ensure long-term sustainability of the investments by allocating the necessary resources, including running costs and maintenance costs.

Beneficiary institutions shall organise, select and appoint members (taking account of gender and ethnic balance) of working groups, steering, monitoring and coordination committees and seminars, as required by the project activities.

Beneficiary institutions shall participate in the formulation of tender documents, including terms of reference, and shall formally endorse the documents before tendering. Beneficiaries shall also participate in the selection committees for procurement and grants as non-voting members.

Additional specific conditions are described in the relevant project and sector fiches. In the event that these conditions are not met, the Commission may take into consideration the suspension or cancellation of the project or specific operations within the sector programme.

2.6 ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS

IPA Component I

In February 2012 Albania presented the application to be accredited for decentralized management under IPA Component I. The conclusion of the first auditing mission, which took place in June 2012, was that, even though substantial progresses had been achieved, further focused actions were still required to ensure full compliance of the decentralized management system in place with the IPA regulatory framework. A second auditing mission took place in June 2013 and assessed the preparedness of each structure (National IPA Coordinator, National Authorizing Officer, National Fund, Central Finance and Contracting Unit, Auditing Authority etc...). The result of this second audit was that Albania was overall ready for decentralized management under IPA Component I. Therefore, the Commission started the adoption procedure for the Decision on the conferral of management powers.

The Commission has decided that part of the IPA 2013 could have already been implemented in decentralized mode as a pilot exercise for the Albanian Authorities. Overall the IPA 2013 Programme includes 19 overall interventions, i.e. 2 sector programmes and 17 projects. This Financing Decision refers to 12 interventions, which will be implemented under centralized, joint and indirect centralized management modes for an overall amount of EUR 64 232 000 (2 sector programmes and 10 projects). A complementary Financing Decision has been drafted for the 7 projects, which will be implemented under decentralized mode for an overall amount of EUR 17 800 000. These seven projects concern four sectors of IPA assistance (public administration reform; transport; employment and social inclusion; agriculture and rural development), foreseeing procurement (service, works and supply contracts) or grant (twinning) as implementation modalities.

The Commission is planning to adopt by the end of 2013 (i) the Decision on the conferral of management powers for funds under IPA Component I and (ii) the two Financing Decisions concerning IPA 2013 under centralized and decentralized management modes.

IPA Components II, III, IV

During 2012-13 the Albanian Authorities have focused on the definition of the functions, responsibilities and relations among the national IPA structures, which are supposed to manage funds under IPA components II (cross-border co-operation), III (regional development) and IV (human resources development) in future decentralized implementation. National IPA structures have received support from the IPA 2009 technical assistance project. However, preparations for management responsibilities in respect of IPA components III and IV have been put on hold in view of clarifications from the Commission regarding the future IPA 2 regulatory framework.

IPA Component V

The IPA 2008 project - Capacity Building for Implementing the Rural Development Strategy - assisted the Ministry of Agriculture in the setting up of the Operating Structure (i.e. Paying Agency and Managing Authority) for future management of EU funds under IPA Component V (agriculture and rural development). Overall, the preparation for IPA V decentralized management is moderately advanced. The IPA 2011 project - Support to Agriculture and Rural Development - is assisting the Operating Structure to implement in practice IPA V-like measures, i.e. grant schemes to fund small and medium investments in the agro food sector. The related call for proposals was launched in December 2012.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE IN THOUSAND EUR - (CENTRALIZED MANAGEMENT)

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		National contribution*		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% (1)	EUR (c)	% (1)	EUR (d)=(e)+(f)	EUR (e)	% (1)	EUR (f)	% (1)	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% (2)
Sector 1. Justice and Home affairs	11 300	1500	92%	800	8%	2 450	2 000	81%	450	19%	13 750	12 500	20%
1. Support to the implementation of the Strategy for Property Rights	1 050	1 000	95%	50	5%	-	-	-	-	-	1 050	1 000	95%
2. Pilot Sector Programme on Justice and Home Affairs	1250	9 500	92%	750	8%	2 450	2 000	81%	450	19%	12 700	11 500	90%
Sector 2. Public Administration Reform	7 190	4 400	62%	2 790	38%	1 530	1 200	78%	330	22%	8 720	5 600	10%
3. Integrated Planning System – phase II	3 800	1 100	27%	2 700	73%	-	-	-	-	-	3 800	1 100	27%
4. Upgrading the Albanian Customs Administration	3 390	3 300	97%	90	3%	1 530	1 200	78%	330	22%	4 920	4 500	91%
Sector 3. Transport	Covered by the IPA 2013 Programme in decentralized mode												
Sector 4. Environment and Climate Change	8 400	8 000	95%	400	5%	400	-	-	400	100%	8 800	8 000	12%

5. Pilot Sector Programme on Environment and Climate Change	8 400	8 000	95%	400	5%	400	-	-	400	100%	8 800	8 000	90%
Sector 5. Employment and Social Inclusion	5 230	3 500	66%	1 730	34%	-	-	-	-	-	5 230	3 500	5%
6. Implementation of the EBRD Small Business Support Programme	2 630	2 000	73%	630	23%	-	-	-	-	-	2 630	2 000	73%
7. Modernization of social assistance	2 600	1 500	57%	1 100	43%	-	-	-	-	-	2 600	1 500	57%
Sector 6. Agriculture and Rural Development	1 400	1 400	100%	-	0%	61 340	29 000	47%	32 340	53%	62 740	30 400	47%
8. Support to agriculture and rural development – phase II	1 400	1 400	100%	-	0%	13 340	5 000	37%	8 340	63%	14 740	6 400	43%
9. Improvement of roads and water supply systems in rural areas	-	-	-	-	-	46 000	22 000	48%	24 000	52%	46 000	22 000	48%
10. Control and eradication of rabies – phase II	-	-	-	-	-	2 000	2 000	100%	-	-	2 000	2 000	100%
Sector 7. Other horizontal activities	4 402	4 232	96%	170	4%	-	-	-	-	-	4 402	4 232	6%
11. Governance of the natural and cultural heritage of the Lake Ohrid Region	1 870	1 700	90%	170	10%	-	-	-	-	-	1 870	1 700	90%

12. Facility for strengthening the EU integration process	2 532	2 532	100%	-	-	-	-	-	-	-	2 532	2 532	100%
TOTAL	37 922	32 032	84%	5 890	16%	65 720	32 200	49%	33 520	51%	103 642	64 232	100

Amounts net of VAT

* Contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector or Project rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the Sector or the (stand alone) Project with reference to the total IPA EU contribution of the entire FP.

3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME

The IPA EU contribution, which represents approximately 60% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of centralized management, indirect centralized management and joint management is based on the **total expenditure**. Parallel co-financing will be used.

National co-financing per sector is as follows:

Sectors	Co-financing %	IB	INV
Justice and Home Affairs	10%	8%	19%
Public Administration Reform	36%	38%	22%
Transport	Sector covered by the IPA 2013 Programme in decentralized mode		
Environment and Climate Change	10%	5%	100%
Employment and Social Inclusion	33%	34%	No actions foreseen
Agriculture and Rural Development	52%	0%	53%
Other horizontal activities	4%	4%	No actions foreseen
Total	40%	16%	52%

Co-financing per sector is generally above 10% and for the entire programme is approximately 40%. For some sectors (JHA; ENV; ARD and horizontal activities) the requirement of 10% of co-financing for institution building activities (IB) is not always achieved due to the preference of the Albanian Administration for investment activities (INV).

4 IMPLEMENTATION

4.1 IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application.

The Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the relevant website.

For all Twinning and Twinning Light mentioned under Section 2.3.:

- The essential eligibility criteria are EU Member states administrations and mandated bodies.
- The essential selection criterion is operational capacity: the proposed key experts must have the necessary professional competencies and qualifications to complete the proposed action.
- The award criteria are technical expertise of proposed experts, relevance, methodology and sustainability of the proposal.
- The maximum possible rate of EU co-financing for the grant under the twinning is 95% of the eligible cost of the action.

4.2 ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION

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

As a consequence, since the interventions foreseen in the sector of agriculture and rural development correspond to projects which fall within the scope of annex 1 and annex 2 of the EIA-Directive¹², an environmental impact assessment shall be made for each project¹³, equivalent to that provided for by the EIA-directive.

Since the interventions foreseen in the sectors of environment and climate change are likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made for each project¹⁴, equivalent to that provided for in Art. 6 of the Habitats Directive¹⁵.

5 MONITORING AND EVALUATION

5.1 MONITORING

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

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

5.2 EVALUATION

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

¹² Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

¹³ Cf. Annex EIA to the corresponding investment project fiche.

¹⁴ Cf. Annex Nature Conservation to the corresponding investment project fiche

¹⁵ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6 AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the EU Delegation in the Beneficiary.

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96¹⁶.

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

¹⁶ OJ L 292; 15.11.1996; p. 2