

ANNEX National programme for Albania under the Transition Assistance and Institution Building Component for 2007

1. IDENTIFICATION

Beneficiary	Albania
CRIS number	2007/19353
Year	2007
Cost	€ 49,268,790
Implementing Authority	European Commission, except for Component 2 of project 4 <i>"Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer"</i> , which shall be implemented by joint management with the European Bank for Reconstruction and Development (EBRD)
Final date for concluding the financing agreement	at the latest by 31 December 2008
Final date for contracting	3 years following the date of conclusion of the Financing Agreement
Final date for execution	2 years following the end date for contracting
Sector Code	140, 150, 163, 321, 410
Budget lines	22.02.02
Programming Task Manager	Unit C1, DG Enlargement
Implementation Task Manager	Operational Sections, Delegation of the European Commission in Albania

2. PRIORITY AXES / PROJECTS

2.a Priority axes

The seven projects under IPA 2007 contribute to the main areas of intervention of the Multi-Annual Indicative Planning Document (MIPD) 2007-2009 for Albania.

Under the political requirements heading of the MIPD, "support to the Police Reform" will be implemented by project 1 "PAMECA III", "support to the development of a public internal and external financial control strategy and the preliminary steps of the relevant services for the preparations of the decentralisation of community assistance" will be addressed by project 2 "Preparation of the Albanian authorities for the decentralisation of management of EU

assistance", and "support to the Reform of the Judicial System" will be implemented by project 3 "Support to the Penitentiary Infrastructure".

Project 4 "Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer" will address the objective of "assistance to foster SME" identified in the socio-economic requirements of the MIPD.

Project 5 "Support for the alignment of Albanian Statistics with EU standards", project 6 "Improvement of Water Supply and Sewerage Systems in Albania", and project 7 "Support for the General Directorate of Tax of Albania" will address European standards requirements of the MIPD in the respective areas of statistics – "Assistance to INSTAT to build up institutional capacity to produce and publish basic statistical data harmonised with European standards, in particular in the areas of national accounts, labour statistics and business statistics", the environment – "support implementation of existing strategies as regards water and sanitation systems", and taxation – " Support to the taxation reforms and capacity building to the Albanian tax administrations".

The IPA 2007 projects have been selected among all the priorities identified by the 2007-2009 MIPD after analysis by the European Commission and consultation with the Albanian authorities, based on the urgency and sequencing of assistance required to support the priorities identified in the European Partnership, the opportunity to build on projects from previous CARDS programmes, and the level of preparation and ownership of the proposed projects.

In view of the accumulation of institution building projects from previous CARDS programmes, and following consultations with the Albanian authorities, a considerable part of 2007 funds are allocated to acquis related infrastructure projects, in particular in the areas of the judiciary and the environment.

Support in the high priority areas of police and taxation in projects 1 and 7 represent a continuation of ongoing activities. Support for the creation of structures for the decentralised management of assistance in project 2 reflects the strategic objective to hand over the management of assistance to the Albanian authorities in the medium term. Project 3 on the penitentiary infrastructure was selected in view of the implementation of the Government of Albania's Master Plan for the Pre-trial Detention System. Projects 4 and 5, respectively on SME support and on statistics, are in line with the MIPD priorities and in areas where limited or no support has been provided under CARDS. Project 6 in the water sector was selected in view of the needs and the limited intervention under CARDS.

2.b Description of projects grouped per priority axis

Priority axis 1: Political requirements

Project 1: PAMECA III

The ongoing PAMECA II mission will expire in December 2007 and further assistance is needed under PAMECA III to bring the Albanian State Police closer to EU standards. This project is expected to improve the functioning of the Albanian State Police, inter alia, its structures fighting organised crime and terrorism, the functioning of the Police Academy, the functioning of the IT systems, the implementation of the mid-term priorities of the Integrated

Border Management (IBM) Strategy and Action Plan, the Community Policing model, as well as the seven-year strategy of the state police that is currently being drafted.

This project consists of technical assistance drawn from EU Member States. It will be implemented through a grant agreement of € 5,518,790 procured via a restricted call for proposal.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.

No co-financing is foreseen, in accordance with article 253.1 (d) of the Implementing Rules of the Financial Regulation, which allows the derogation from the co-financing requirement in connection with grants for "actions resulting from the implementation of financing agreements with third countries or actions with international organisations within the meaning of Article 43."

Project 2: Preparation of the Albanian Authorities for the Decentralisation of Management of EU Assistance

This project will prepare, as a medium-term objective, the Albanian authorities for the Decentralised Implementation System (DIS) of EC assistance management, through capacity building of relevant administrative departments and institutions as well as by the establishment of adequate management and control systems.

Technical assistance will deliver an in-depth assessment of the current administrative structures in the Ministry of Finance and in the main line ministries involved in EU assistance and their readiness to assume the responsibilities of the DIS, and training and exchange of experience with other countries that have implemented the DIS.

This project will be implemented by one service contract through a procurement procedure of € 1 million expected to be launched in the 1st quarter of 2008.

Project 3: Support to the Penitentiary Infrastructure

The objective of this project is to strengthen the capacity of the Albanian judicial and penitentiary system, in accordance with EU standards and taking into account recommendations presented by EURALIUS (European Assistance Mission to the Albanian Justice System). It will address the issue of the pre-trial detention facilities overcrowding and will improve pre-trial detainees' rights and living conditions. This project consists in the construction of two pre-trial detention centres, in Fier and Elbasan, in accordance with the 2004 Ministry of Justice Master Plan for the pre-trial detention system, including the provision of furniture and equipment.

This project of a total of € 10 million will be implemented by two works contracts (construction of the two pre-trial detention centres), two service contracts (work supervision) and two supplies contract (furniture and equipment of the centres). The procurement procedures for the works and service contracts are expected to be launched in the 2nd quarter of 2009, whereas the supplies contracts are expected to be launched in the 3rd quarter of 2009.

Priority axis 2: Socio-economic requirements

Project 4: Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer

The objective of this project is to increase the growth and competitiveness of SMEs in Albania. Its first component will provide technical assistance to the Ministry of Economy, Trade & Energy (METE) and ALBINVEST, a new umbrella organisation promoting investment, export and SMEs, to develop, implement and monitor the Albanian SME policy. The second component will introduce a new management culture in Albania through technical assistance to SMEs managed by the Turn Around Management Programme (TAM) of the European Bank for Reconstruction and Development (EBRD).

The first component will be a service contract of € 2.4 million for which the procurement procedure is expected to be launched in the 1st quarter of 2008. The second component will be implemented by joint management with the EBRD, which has already provided similar assistance to Albania in the past, through a Contribution Agreement of € 1 million to be concluded between the Commission and the EBRD, in accordance with article 53d of the Financial Regulation which stipulates that the Commission implements the budget by joint management "b) wherever the Commission and the international organisation elaborate a joint project or programme".

Priority axis 3: European Standards

Project 5: Support for the alignment of Albanian Statistics with EU standards

The objective of this project is to support INSTAT, the national statistical agency, in improving Albanian statistics in order to meet EU requirements in national accounts, business statistics and agricultural statistics.

Technical assistance will be provided through one service contract for the three statistical sectors for a total of € 2.65 million. In addition, IT equipment will be delivered through three supplies contracts for each of the three sectors for a total of € 0.2 million. The procurement procedures for the four contracts are expected to be launched in the 1st quarter of 2008.

Project 6: Improvement of Water Supply and Sewerage Systems in Albania

The objective of this project is to improve the health and environmental conditions in the coastal regions through the construction of sustainable water supply and sewerage infrastructure while encouraging economic growth through improved services. This project will finance the rehabilitation and construction of the existing sewerage systems in the city of Shkodër, the construction of a new Sewerage System and Wastewater Treatment Plant in the town of Velipoje, and the construction of new Sewerage System in the town of Shengjin and in the Golem-Durres beach area.

These four works contracts will amount to € 23.3 million. In addition, a service contract for the supervision of the works will amount to € 0.7 million. The procurement procedures for the five contracts are expected to be launched in the 3rd quarter of 2008.

The Government of Albania will cover the costs for design, feasibility and environmental impact assessment for approximately € 1.5 M. The costs of land expropriation, also covered by the Government of Albania, will be known only during the preparation of the feasibility study and the preliminary steps of the design process.

Project 7: Support for the General Directorate of Tax of Albania

The objective of this project is to assist the Government of Albania in strengthening its fiscal system in line with EU standards. The activities foreseen under IPA are expected to carry forward reforms already supported by the mission of the EU's Customs and Fiscal Assistance Office (CAFAO), expected to end in February 2008.

This project will be implemented through twinning for the harmonisation of legislation, procedures and practices in the fields of VAT, income tax, excise tax, internal audit and IT training. A call for proposals for a grant agreement of € 2.2 million is expected to be launched in the 1st quarter of 2008. In addition, a supplies contract will consist in IT hardware and software for a total of € 0.3 million for which the procurement procedure is expected to be launched in the 3rd quarter of 2008.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.

No co-financing is foreseen, in accordance with article 253.1 (d) of the Implementing Rules of the Financial Regulation, which allows the derogation from the co-financing requirement in connection with grants for "actions resulting from the implementation of financing agreements with third countries or actions with international organisations within the meaning of Article 43."

2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor coordination

The programming of IPA 2007 funds took into account the following lessons learned from previous CARDS assistance:

- EC assistance must be in line with the EU policy for Albania and projects should be developed taking into account the priorities of the European Partnership and SAA/Interim Agreement obligations.
- All EC assistance must be interlocked with Albania's institutions development and action plans.
- Increasing local ownership is essential for the effective targeting of the support and achieving the agreed results in line with EU standards. Significant efforts have been undertaken to involve Albania's institutions in the planning and programming process for EC assistance.
- Particular attention must be paid to the preparedness and maturity of the projects to be selected.

Project 1: PAMECA III

The assistance provided by PAMECA I (December 2002-December 2004) and PAMECA II (since December 2004) missions in Albania constituted an extremely important support to the strengthening of law enforcement bodies in the fight against criminal activities. Bilateral assistance has also been provided by EU Member States such as France, Italy (INTERFORZA) and the UK and by the USA.

PAMECA II will expire in December 2007 and further assistance is needed under PAMECA III in order to ensure full alignment of the State Police and Ministry of Interior with EU standards.

A major lesson learned from an independent evaluation of PAMECA that took place in February 2007, is the need to improve communication between the several stakeholders in order to increase the impact of the project. Therefore, a project working level coordination meeting should be established between the Ministry of Interior, Ministry of European Integration, Albanian State Police and the European Commission in order to facilitate the flow of information. PAMECA III will also be closely co-ordinated with related CARDS projects, including the ones on money-laundering and covert policing.

Gender balance and a wider diversity in terms of nationality of the experts should be sought in the future composition of the mission.

Project 2: Preparation of the Albanian Authorities for the Decentralisation of Management of EU Assistance

Experience in Albania and in other candidate or potential candidate countries shows that decentralising assistance management is a highly complex process that requires full commitment by the beneficiary country.

A first step in this process is the audit mission that the European Commission is expected to conduct in 2007 on the possible DIS accreditation of the 2005 CARDS Local Community Development Programme (LCDP).

Project 3: Support to the Penitentiary Infrastructure

Previous investments under CARDS focused on upgrading the penitentiary prisons of Fushë Kruja and Korça. EU support was also provided in this field through the PHARE programmes. Bilateral support was provided by the Italian government for the construction of the Peqin prison.

The Master Plan, elaborated by the Albanian Ministry of Justice in 2004, and financed by CARDS 2001 through twinning with the Austrian Ministry of Justice, noted that it is not cost-effective to refurbish the current facilities and recommended building new pre-trial detention centres. It therefore suggested that 12 new pre-trial detention facilities be constructed in 12 locations, according to the distribution of population and regional distributions of detainees.

Among these 12 locations the Ministry of Justice has identified two pre-trial detention centres with the highest priority, in Fier and Elbasan, to be funded by IPA 2007. In parallel to IPA funding, the Government of Albania is planning the nationally-funded construction of other centres in accordance with its Master Plan. In April 2007, the General Directorate of Prisons launched the tender procedure for the pre-trial detention centre at Durrës for an estimated cost of € 1.4 million. Another tendering procedure for infrastructure network for the pre-trial centre of Korca has to be contracted in June 2007 with a total of € 0.6 million. Follow-up by the EU and other donors of the implementation of the whole Master Plan will be required in the following years.

Past assistance highlights the necessity for the Albanian government to ensure the availability of land for the construction of the centres and the preparedness of the project. The land in Fier and Elbasan for the two pre-trial detention centres to be financed by IPA is already under the

possession of the Ministry of Justice. The Albanian authorities have clearly committed themselves to launch the construction of two pre-trial centres along the envisaged timetable irrespective of their location. As for the preparedness of the project, a CARDS 2005 project designed for improving pre-trial detention centre infrastructure will finance the completion of the works designs by the end of 2007. The environmental impact assessment will also be provided by the consultants who will carry out the design of the centres.

Project 4: Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer

Previous CARDS assistance has been provided to the quality infrastructure, trade regulation and trade promotion in Albania through a number of programmes which helped the Government of Albania in adopting EU standards and transposing directives falling under the responsibility of the Ministry of Economy, Trade and Energy (METE).

As regards the second Component of the IPA 2007 project, previous TAM assistance highlighted the need to ensure sufficient commitment from companies to programme activities. The selection of SMEs is based on a screening report assessing the potential attitude of pre-selected SMEs towards the future programme. Throughout the programme implementation, the EBRD conditions the continuation of the programme to the selected SMEs managers' commitment to programme activities.

Project 5: Support for the alignment of Albanian Statistics with EU standards

Albania benefits from the CARDS 2003 Regional Programme on statistics which started in June 2006. Since 2001, a project on improving the Albanian statistical business register has also been implemented by the Sweden Statistical Office. The World Bank has sponsored a Living Standards Measurement Survey plus a Household Budget Survey.

A Multi-beneficiary Statistical Cooperation Programme led by Eurostat will be implemented under IPA 2007 (to cover all Western Balkan countries except Croatia), for a total amount of € 3 million. The Multi-beneficiary project will focus on macro-economic statistics, price statistics, external trade statistics, agricultural statistics, population statistics and improved transmission of statistical data. During the programming of both the Multi-beneficiary and the national programmes, overlaps have been avoided and complementarity of the two projects has been ensured.

Project 6: Improvement of Water Supply and Sewerage Systems in Albania

Priority needs in the water supply and sewerage systems were defined in the recommendations of the Regional Development Plan of Shkoder-Lezhe region (funded by CARDS 2001) in conjunction with the Regional and Local Environmental Plans (funded by CARDS 2002). CARDS 2004 is funding the construction of waste water treatment stabilisation ponds at Vlore. A CARDS 2005 project also funds water pollution control facilities and wastewater treatment plant at Ballshi refinery area.

Bilateral assistance from Kreditanstalt für Wiederaufbau (KfW), the Austrian government, the World Bank, the Global Environment Facility (GEF) and the European Investment Bank (EIB) is ongoing or planned in the area of water and wastewater facilities.

Consequently, particular attention has been paid in selecting the IPA 2007 rehabilitation and construction projects to maximise the potential to catalyse on the assistance projects mentioned above, and to allow a sustainable rhythm for the implementation of all the projects.

Project 7: Support for the General Directorate of Tax of Albania

In 2001, the EU started to support fiscal reform through the Customs Assistance Mission to Albania (CAM-A). In September 2006, the CAM-A office changed management and was renamed the EU's Customs and Fiscal Assistance Office (CAFAO). The current mission is expected to end in February 2008. In preparing the Twinning fiche of the IPA 2007 project, the recommendations of the final report of CAFAO will be taken into account.

Bilateral assistance in the field of taxation has also been provided by the United Kingdom's Department for International Development (DFID), the Swedish International Development Agency (SIDA), the German government, and the USA.

Experience has shown that the effectiveness of tax collection has a bearing on foreign direct investment in Albania; economic crime and tax evasion have been among the most important concerns that need to be combated in order to ensure an attractive economic environment for both foreign and national companies.

Donor coordination

The Government of Albania is involved in the process of donor coordination through the Integrated Planning System (IPS), a mechanism aiming to reform the way public funds (domestic and foreign) are managed. The IPS was approved by the government in November 2005 and should deploy a coherent strategic framework, ensuring that the Albanian core policy and financial processes function in a coherent, efficient and integrated manner. Under CARDS 2004, an EC contribution is provided to the World Bank trust fund for the implementation of the IPS.

The Government also expects to improve the consultation process with the donor community and to align international assistance with national priorities through the Department of Strategy and Donor Coordination, under the Council of Ministers. The Minister of European Integration has been appointed National IPA Co-ordinator.

The Delegation of the European Commission, in its role as head of the Donor Technical Secretariat, has facilitated coordination hosting project data of all donors since 2003. The donor co-ordination role is in process of being gradually transferred to the authorities.

Close working relations are maintained with IFIs.

2.d Horizontal issues

The following horizontal issues will have to be reflected in all the activities implemented under IPA:

- ***Civil Society***: related activities in Albania under IPA will be co-ordinated with Western Balkan regional activities for civil society.
- ***Environmental impact assessment*** is compulsory concerning proposals for all relevant infrastructure investments projects.

- **Equal opportunities and non-discrimination** are respected as regards gender and minorities, particularly in relation to socio-economic support programmes.
- Furthermore, **minority and vulnerable groups' concerns** are reflected in all activities programmed under IPA, in particular where public services, legislative matters and socio-economic development are concerned.
- Specific action instruments promoting **good governance**, with particular attention to **fighting corruption**, are incorporated on a horizontal basis.

2.e Conditions

Agreement on the 2007 IPA financial assistance programme will depend on the Albanian authorities' commitment to the establishment of adequate administrative structures for programme implementation, in order that EU financial support is used in the most effective manner possible.

In particular, the following points must be guaranteed by the Albanian authorities.

- The Government shall assign at each involved beneficiary institution a unit to coordinate with the EC Delegation for the procurement and implementation of the projects. This unit shall be responsible for dealing with issues arising during the post-maintenance period of the projects.
- Any necessary design and tender documents to be prepared by the relevant beneficiary ministry shall be drafted in a timely manner in accordance with the provisions laid down in the Practical Guide to contract procedures for EC external actions.
- The Government shall ensure the availability of land, free of ownership claims or disputes, for the construction of the planned works.
- The Government shall ensure that any related works funded either by the government or other donors will not impede the implementation of planned works under the IPA 2007 programme.
- The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- The Government shall ensure the stability of the relevant staff within the beneficiary institutions.

2.f Benchmarks

	2007	2008 (cumulative)	2009 (cumulative)	2010 (cumulative)
Number of tenders	0	12	18	18

launched				
Number of call for proposals launched	1	2	2	2
Contracting Rate (%)	11%	30%	80%	100%

2.g Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission

According to Article 8(4)c) of the IPA Implementing Regulation, the beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex ante* controls by the Commission.

As decentralisation with *ex-ante* controls has not yet been conferred by the Commission, a detailed specific plan and timetable for decentralisation with *ex-ante* controls shall be established by the beneficiary country, in accordance with the Commission's guidance "Roadmap for DIS".

An advisory mission from ELARG E.5 audit unit took place in April 2007. During this mission the Albanian authorities received the draft "Roadmap for DIS". The authorities are presently working on a planning. Project 2 funded by IPA 2007 will provide an in-depth assessment of the current administrative structures in the Ministry of Finance and main line ministries involved in EU assistance and their readiness to assume the responsibilities of the DIS.

3. BUDGET (AMOUNTS IN EUR)

3.1 Indicative budget table

	EU – IPA assistance				Total financing* (indicative)		Total (IPA plus Co-financing)	
	Institution Building	Investment	Total in EUR	Total in %	EUR	(%)	EUR	(%)
Priority axis 1 Political requirements								
Project 1 PAMECA III	5,518,790	0	5,518,790	100	0	0	5,518,790	100
Project 2 Preparation of the Albanian Authorities for the	1,000,000	0	1,000,000	100	0	0	1,000,000	100

Decentralisation of Management of EU Assistance								
Project 3 Support to the Penitentiary Infrastructure	0	10,000,000	10,000,000	100	0	0	10,000,000	100
Priority axis 2 Socio-economic requirements								
Project 4 Supporting SMEs to become more competitive in the EU Market by providing high quality services in modern management, innovation and technology transfer	3,400,000	0	3,400,000	100	0	0	3,400,000	100
Priority axis 3 European standards								
Project 5 Support for the alignment of Albanian Statistics with EU standards	2,650,000	200,000	2,850,000	100	0	0	2,850,000	100
Project 6 Improvement of Water Supply and Sewerage Systems in Albania	0	24,000,000	24,000,000	94	1,500,000	6	25,500,000	100
Project 7 Support for the General Directorate of Tax of Albania	2,200,000	300,000	2,500,000	100	0	0	2,500,000	100
TOTAL	14,768,790	34,500,000	49,268,790	97	1,500,000	3	50,768,790	100

* public and private national and/or international contributions

3.2 Principle of Co-Financing applying to the projects funded under the programme

The rate of the Community contribution for this programme amounts to 97%.

As regards project 6 "Improvement of Water Supply and Sewerage Systems", co-financing should be sought, under future IPA programmes, for any follow-up to this project.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of implementation

The programme, except the TAM project mentioned in Component 2 of Project 4 above, will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation⁶ and the corresponding provisions of the Implementing Rules⁷.

The Implementing Authority is the Delegation of the European Commission in Albania.

The TAM project will be implemented by the European Commission by joint management with the EBRD following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules.

To this end, the Commission and the EBRD will conclude a Contribution Agreement.

4.2. General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website⁸ at the date of the initiation of the procurement or grant award procedure.

As regards the TAM project to be implemented by joint management with the EBRD, the general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the EBRD.

⁶ See footnote 5 *supra*.

⁷ See footnote 4 *supra*.

⁸ current address: http://ec.europa.eu/europeaid/tender/gestion/index_en.htm

4.3. 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 on grants of the Financial Regulation and the Implementing Rules.

The twinning manual is available on the Website of DG ELARG *at the following address:* <http://europa.eu.int/comm/enlargement/pas/twinning/index.htm>

4.4. Environmental Impact Assessment and Nature Conservation

All investments will be carried out in compliance with the relevant Community environmental legislation. As a consequence, since project 3 "Support to the Penitentiary Infrastructure" and project 6 "Improvement of Water Supply and Sewerage Systems in Albania" correspond to projects which fall within the scope of annex 2 of the EIA-directive⁹, an environmental impact assessment shall be made for each project¹⁰, equivalent to that provided for by the EIA-directive.

Since project 3 "Support to the Penitentiary Infrastructure" and project 6 "Improvement of Water Supply and Sewerage Systems in Albania" are likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made for each project¹¹, equivalent to that provided for in Art. 6 of the Habitats Directive¹².

5. MONITORING AND EVALUATION

5.1. Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the EBRD as regards the TAM project.

5.2. Evaluation

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation,

⁹ 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).

¹⁰ Cf. Annex EIA to the corresponding investment project fiche.

¹¹ Cf. Annex Nature Conservation to the corresponding investment project fiche.

¹² 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).

with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation 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 Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, 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) 2185/96¹³.

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

7. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature¹⁴, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

¹³ Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

¹⁴ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.