

COMMISSION IMPLEMENTING DECISION

of 11.11.2013

adopting a National Programme for Albania under the IPA - Transition Assistance and Institution Building Component for the year 2013 (decentralized 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 has established a European Partnership with all candidate countries and potential candidates. 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 Albania.²
- (4) Therefore, considering the project proposals submitted by the Albanian Authorities, the National Programme under the IPA Transition Assistance and Institution Building Component for the year 2013 aims at providing assistance in the following priority sectors: justice and home affairs; public administration reform; transport; employment and social inclusion; agriculture and rural development.
- (5) The Commission concluded on 18 October 2007 a Framework Agreement with the Government of Albania on the rules for co-operation and implementation of pre-accession assistance.
- (6) This 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

¹ OJ L 210, 31.07.2006, p. 82.

² C(2011)4830 of 8.7.2011.

October 2012 on the financial rules applicable to the general budget of the Union³ (hereinafter referred to as 'the Rules of Application').

- (7) The Commission should implement the budget on a decentralized basis, in accordance with the provisions set out in Article 53c of the Financial Regulation No 1605/2002⁴, which continues to apply until the end of 2013. The Commission may entrust budget-implementation tasks under decentralised management to Albania, subject to the conclusion of a financing agreement.
- (8) The administrative capacity of Albania is sufficiently developed to allow for implementation of this Programme by decentralized management, as provided for in Article 53c of Regulation (EC, Euratom) No 1605/2002. The Commission is in the process to adopt a Decision on the accreditation of Albania to manage programmes under decentralized management. Therefore, the implementation of this Programme should only start after the adoption of such Decision.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of the Financial Regulation and Article 111(4) of the Rules of Application.
- (10) 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').
- (11) 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 for Albania under the IPA-Transition Assistance and Institution Building Component for 2013 (decentralized management), as set out in the Annex, is hereby adopted:

Article 2

The maximum amount of the European Union contribution shall be **EUR 17 800 000**, to be financed through Article 22.02.02 of the general budget of the European Union for 2013.

Article 3

This programme shall be implemented by decentralized management.

³ OJ L 362, 31.12.2012, p. 1.

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.

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.**

The financial contribution referred to in Article 2 shall also cover any possible interests due for late payment.

Article 4

Increases or cumulated changes to allocations to the 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.

Article 5

The implementation of this Decision is subject to the adoption of a Decision on conferral of management powers to Albania in accordance with Article 53c of Regulation (EC, Euratom) No 1605/2002.

Done at Brussels, 11.11.2013

For the Commission

Štefan FÜLE
Member of the Commission

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

ANNEX:
NATIONAL PROGRAMME FOR ALBANIA UNDER THE IPA TRANSITION
ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2013
(DECENTRALIZED MANAGEMENT)

1 IDENTIFICATION

Beneficiary	Albania
CRIS decision number	2013 / 024-935
Year	IPA 2013
EU contribution	EUR 17 800 000 ⁶
Implementing Authority	The Central Finance and Contracting Unit (CFCU) within the Albanian Ministry of Finance will be the contracting authority for all projects and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management, including payment of project activities. The Head of the CFCU will act as Programme Authorising Officer (PAO) of all the projects.
<u>Final date for concluding the Financing Agreements</u>	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 relevant 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: - Project nr. 1 <i>Construction of the Tirana Court building – phase II</i>
<u>Final date for implementing the Financing Agreement</u>	12 years following the conclusion of the relevant Financing Agreement with Albania.

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.

Budget line(s) concerned	22.02.02: national programmes (component Transition Assistance and Institution Building) for Potential Candidate Countries
Programming Unit	Unit C4, DG Enlargement
EU Delegation	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/Financing Proposals:

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

2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION

The 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 Affair	16 000 000	20 %
Public Administration Reform	9 000 000	11 %
Transport	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:

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

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

IPA 2013 implemented in decentralized mode (present document)	17 800 000	21,7%
Total	82 032 000	100 %

Justice and Home Affairs:

This sector is largely covered by the IPA 2013 Programme implemented in centralized mode. Under decentralized mode, the Commission plans to provide additional funds to the infrastructure project concerning the **Justice building in Tirana**, envisaged under the IPA 2012 Programme. The building is supposed to offer sufficient space for trials and hearings for the first instance and appeal courts of the judicial district of Tirana. The initial design of the infrastructure has been revised (i) to comply with the latest master plan of the city; (ii) to reflect the current and future needs of the judicial district and (iii) to take into account the latest energy and environmental standards for this type of facility. The result of this revision was an increase of the budget, which will be partially covered by IPA 2013 and mostly by the national contribution under joint co-financing.

Public Administration Reform:

This sector is largely covered by the IPA 2013 Programme implemented in centralized mode. The Commission plans to have projects in decentralized mode in the area of statistics and external audit.

Reliable and high-quality statistical data are needed during the accession process. Under IPA 2009, the Commission has already provided assistance to the Albanian INSTAT to conduct population and housing census. However, it is necessary to provide additional support to align the national system to the EU *acquis* on statistics and to ensure that a proper coordination of statistical activities across the public sector is developed and maintained.

The Programme will also focus on the **capacity of the High State Control**, which is the external supreme audit institution of the public sector in Albania. The High State Control is supposed to assess the accountability of the Government and other public entities for the management of State resources in an effective, economic and efficient manner, with a view to fighting corruption at all levels. The project is fully consistent with the actions foreseen under centralized management in the area of justice and home affairs in order to fight corruption.

Transport:

In the IPA 2013 Programme implemented in centralised mode, the Commission plans to focus in the **rehabilitation of rural roads** to complement the investments already undertaken under previous IPA envelopes (2008, 2010 and 2011).

In the IPA 2013 Programme implemented in decentralised mode, the Commission intends to provide the Albanian Ministry of Transport and Infrastructure with technical expertise to improve **road safety standards**, which are significantly low in the country. The evolution of road fatalities during the last decade did not improve and each year a high number of Albanians die in road accidents also due to the absence of preventive measures. The high number of pedestrians killed is particularly worrying. This situation needs to be tackled and the IPA 2013 project is a serious response.

Environment and Climate Change:

This sector is covered by the IPA 2013 Programme implemented in centralized mode.

Employment and Social Inclusion:

The sector is both covered by the IPA 2013 Programme implemented in centralized mode and by the Programme implemented in decentralized mode.

The Commission has so far invested a considerable amount of funds to establish a modern Vocational Education and Training (VET) system in line with the market expectations (EUR 7 million from IPA 2008 and EUR 2 800 000 from IPA 2011). During 2012 the works for the construction of four VET schools have been completed (Bushat, Shkodra, Kamez and Elbasan) and during 2013 the works to upgrade other three schools (Lezha, Fier and Durres) will start. Under IPA 2013 in decentralized mode, it is foreseen to complement this previous assistance with the transformation of five existing schools (indicatively Kamez, Shkodra, Elbasan, Fier and Peshkopi) into **multifunctional VET centres**, which will operate as local hub linking VET clients (youth, students, adults) and potential employers and will offer multidisciplinary courses reflecting the cross-cutting needs of the local community.

Agriculture and Rural Development:

The sector is largely covered by the IPA 2013 Programme implemented in centralized mode. The Commission plans to have projects in decentralized mode in the area of food safety and livestock breeding.

Under previous IPA envelopes (2009 and 2010), the Commission has contributed to the set-up of the administrative structures responsible to monitor food and feed products in accordance with the required standards (Food Safety and Veterinary Institute, **National Food Authority** and central and regional laboratories). Under the current programme, the Commission plans to give further training to the staff of central and regional structures and provide equipment to apply improved methods and techniques.

In the area of **livestock breeding**, the Commission intends to focus on the public extension service in order to increase its capacity to select, prepare and disseminate technical and managerial information to farmers and rural operators.

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 and 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 in decentralized 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, actions plans and budgets. The aim is to design assistance in relation to Albanian strategic plans, which in turn should address the requirements of the EU integration process.

With view to administrative capacity, IPA assistance can be challenged by staff turnover at managerial and operational level in line-Ministries and in the IPA national structures (the National IPA Coordinator, National Authorizing Officer, National Fund, Central Finance and Contracting Unit, Auditing Authority etc.). Indeed, good staffing is essential for the achievement of the IPA programming objectives and the success of the European integration process in general. With particular reference to decentralized management, it is crucial that civil servants trained for the management of IPA funds remain in their function, notwithstanding political changes at the Government level.

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 Government institutions. 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 - Construction of the Tirana Court building – phase II (EUR 3 500 000)

Objective: to improve the working conditions and efficiency of the Tirana Court, through the provision of sufficient funding for the construction of a new building in line with the new city Master Plan requirements.

Main results expected: successful construction of the new Tirana Court in line with the latest energy and environmental standards.

Indicative implementation modalities:

Procurement (EUR 3 500 000) - in Q2 2014 it is foreseen to launch one works contract, merging into a single tender procedure – joint co-financing – the allocations from IPA 2012 (EUR 11 000 000), from IPA 2013 (EUR 3 500 000) and from the national contribution (EUR 5 000 000). In order to proceed with this tender, a substantial amendment to the Financing Decision for the IPA 2012 Programme will be prepared to change the management mode from centralized to decentralized for the project concerning the Tirana Court building – phase I.

PUBLIC ADMINISTRATION REFORM

2. Project - Improvement of the statistical information system (EUR 1 500 000)

Objective: to improve the efficiency, quality and timeliness in producing statistics through the general improvement of the statistical information system, focusing on data warehouse, labour market and agriculture statistics, and through upgraded dissemination.

Main expected results: (i) functioning pilot data warehouse installed, tested and used; (ii) data on labour market improved and analysis of labour market dynamics available; (iii) data on agriculture and environment in line with EU requirements available; (iv) users' needs are better covered with a policy to disseminate official statistics developed and implemented.

Indicative implementation modalities:

Procurement (EUR 1 500 000): in Q4 2013 it is foreseen to launch one service contract for technical assistance.

3. Project – Strengthening of external auditing capacities (EUR 2 000 000)

Objective: to improve the capacities of the High State Control (HSC) according to the EU and INTOSAI (International Organisation of Supreme Audit Institutions) standards.

Main expected results: (i) legislative framework for audits improved; (ii) audit methodologies developed (manuals on anti-corruption audit, financial audit and performance audit); (iii) structure and functions within HSC strengthened; (iv) IT in audit process developed; (v) awareness of stakeholders and public on the auditing enhanced.

Indicative implementation modalities:

Grant (EUR 2 000 000): one twinning⁺ contract to be tendered in Q4/2013.

Specific objective: improvement of the legislative framework for audits and development of audit methodologies, as well as institutional capacity of the High State Control.

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.

TRANSPORT

4. Project – Increase of road safety standards (EUR 2 000 000)

Objective: support the enforcement of the road code and increase capacity for investigations into road accidents.

Main expected results: (i) comprehensive road safety measures are implemented covering speed management, elimination of black spots and road safety awareness, as well as review and update of the legislation regarding the technical controls; (ii) roadside technical checks applied in line with directive 2000/30/EC; (ii) works for elimination of black spots completed.

Indicative implementation modalities:

Procurement (EUR 2 000 000): in Q4 2013 it is foreseen to launch one service contract for technical assistance and Q2 2015 one supply contract.

ENVIRONMENT AND CLIMATE CHANGE

Sector covered under the IPA 2013 Programme implemented in centralized mode.

EMPLOYMENT AND SOCIAL INCLUSION

5. Project - Support to employment-oriented Vocational Education and Training (EUR 3 000 000)

Objective: to improve the effectiveness of the VET system through the modernisation of a number of existing schools as multifunctional VET centres.

Main expected results: (i) improved teaching methodology, curricula and training programmes for VET system; (ii) increased access to VET schools by young, women, vulnerable groups and adults by applying the concept of life-long learning; (iii) five multifunctional VET centres supplied with equipment and fully operational.

Indicative implementation modalities:

Procurement (EUR 3 000 000): in Q4, 2013 it is foreseen to launch one service contract for technical assistance and in Q1 2015 one supply contract.

AGRICULTURE AND RURAL DEVELOPMENT

6. Project - Improving the productivity of the Livestock Sector (EUR 1 800 000)

Objective: to improve the capacity of the public extension service to select, prepare and disseminate technical and managerial information on livestock breeding to farmers and rural operators.

Main expected results: (i) the public extension service able to select, elaborate, demonstrate and transfer the appropriate technical advice to the animal farming sector, as well as information on opportunities from EU funded programmes in Albania; (ii) infrastructure and equipment of two agricultural technology transfer centres upgraded.

Indicative implementation modalities:

Procurement (EUR 1 800 000): in Q1 2014 it is foreseen to launch one technical assistance service contract for technical assistance, in Q2 2014 a service contract for supervision and in Q1 2015 a works contract.

7. Project - Strengthening Food Safety Laboratories (EUR 4 000 000)

Objective: to strengthen the capacity of the laboratory network to carry out monitoring and analysis of food and feed products in accordance with the required standards.

Main expected results: (i) a restructured cost-efficient laboratory network able to provide reliable and timely information on the safety of marketed food and animal health; (ii) laboratory network staff trained to adopt new techniques; (iii) analytic and diagnostic capacity of the laboratory network enhanced through equipment and application of improved methods.

Indicative implementation modalities:

Procurement (EUR 4 000 000): in Q1 2014 it is foreseen to launch one service contract for technical assistance and in Q3 2014 one supply contract.

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 IPA 2013 Programme implemented in decentralized mode 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 projects.

The Government will endorse the set of fiches concerning the projects funded under this Programme, accepting all the relevant commitments described in the fiches, with particular regards to joint 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 will ensure that civil servants trained for the management of IPA funds remain in their function, notwithstanding political changes in the country.

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.

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

3 BUDGET

3.1 INDICATIVE BUDGET TABLE IN THOUSAND EUR (DECENTRALISED 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)
<i>Sector 1 Justice and Home Affairs</i>	-	-	-	-	-	8 500	3 500	42%	5 000	58%	8 500	3 500	20%
1 Construction of the Tirana Court building – phase II	-	-	-	-	-	8 500	3 500	42%	5 000	58%	8 500	3 500	42%
<i>Sector 2 Public Administration Reform</i>	3 600	3 500	97%	100	3%	400	-	-	400	100%	4 000	3 500	20%
2 Improvement of the statistical information system	1 500	1 500	100%	-	-	400	-	-	400	100%	1 900	1 500	79%
3 Enforcement of auditing capacities	2 100	2 000	95%	100	5%	-	-	-	-	-	2 100	2 000	95%
<i>Sector 3 Transport</i>	1 650	1 300	78%	350	22%	700	700	100%	-	-	2 350	2 000	11%
4 Increase of road safety standards	1 650	1 300	78%	350	22%	700	700	100%	-	-	2 350	2 000	85%
<i>Sector 4 Environment and Climate Change</i>	Covered under the IPA 2013 Programme implemented in centralized mode												

Sector 5 Employment and Social Inclusion	1 000	1 000	100%	-	-	2 450	2 000	82%	450	18%	3 450	3 000	16%
5 Support to Vocational Education and Training	1 000	1 000	100%	-	-	2 450	2 000	82%	450	18%	3 450	3 000	86%
Sector 6 Agriculture and Rural Development	3 320	3 320	100%	-	-	3 080	2 480	80%	600	20%	6 400	5 800	33%
6 Improving the productivity of the Livestock Sector	1 320	1 320	100%	-	-	0 680	0 480	71%	200	29%	2 000	1 800	90%
7 Strengthening Food Safety Laboratories	2 000	2 000	100%	-	-	2 400	2 000	83%	400	17%	4 400	4 000	90%
TOTAL	9 570	9 120	95%	0 450	5%	15 130	8 680	57%	6 450	43%	24 700	17 800	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/Project. Expressed in % of the grand total of column (h). It indicates the relative weight of the Sector/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 72% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of decentralised management is based on the **public expenditure**. Joint co-financing will be used as a rule.

National co-financing per sector is as follows:

Sectors	Co-financing %	IB	INV
Justice and Home Affairs	41%	No actions foreseen	58%
Public Administration Reform	25%	3%	100%
Transport	15%	22%	0%
Environment and Climate Change	Sector covered by the IPA 2013 Programme in decentralized mode		
Employment and Social Inclusion	14%	0%	18%
Agriculture and Rural Development	52%	0%	20%
Total	12%	5%	22%

Co-financing per sector is above 10% and for the entire programme is 28%. For some sectors (PAR; EMP; ARD) 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 MANAGEMENT MODES AND IMPLEMENTATION MODALITIES

This programme shall be implemented by decentralized management, in accordance with article 53c of the Financial Regulation 1605/2002⁸ and the corresponding provisions of the Implementing Rules⁹. The Beneficiary Country will continue to ensure that the conditions laid down in Art. 56 of the Financial Regulation 1605/2002 are respected at all times.

The ex-ante control by the European Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the European Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation.

4.2 GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

⁸ Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1525/2007 (OJ L 343, 27.12.2006, p.9).

⁹ Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

In accordance with Article 262(3) of the Rules of Application, the beneficiary country shall apply the procurement rules of Chapter 3 of Title IV of Part Two of the Financial Regulation. These rules as well as rules on grant procedures in accordance with Article 193 of the Financial Regulation will be laid down in the financing agreement concluded with the beneficiary country.

In case of projects containing a works/supervision of works component, the International Federation of Consulting Engineers (FIDIC) conditions of contracts can be followed, if appropriate.

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 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.

4.4 ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION

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

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

Disaster risk resilience and risk prevention and management will be promoted in the preparation and implementation of the programmes and projects. Due consideration will also be given to the resilience of infrastructure to natural and man-made disasters in compliance with any requirement set out in relevant Union legislation.

5 MONITORING AND EVALUATION

5.1 MONITORING

Programme implementation will be monitored through the IPA Monitoring Committee assisted by Transition Assistance and Institution Building Monitoring Committee.

They shall assess the effectiveness, quality and coherence of the implementation of this programme. They may make proposals to the European Commission and the national IPA coordinator, with a copy to the national authorising officer, for decisions on any corrective measures to ensure the achievements of programme objectives and enhance the efficiency of the assistance provided

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.

After the conferral of management powers, the responsibility for carrying out interim evaluations shall lie with the Beneficiary Country, without prejudice on the European Commission's rights to perform any ad hoc interim evaluations of the programmes it deems necessary.

Ex post evaluation shall remain a prerogative of the European Commission even after the conferral of management powers to the Beneficiary Country.

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

6.1 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) 2185/96¹⁰.

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

6.2 Financial adjustments

The national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the EU assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the EU assistance.

In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the EU assistance paid to the beneficiary in accordance with national recovery procedures.

6.3 Audit trail

The national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts.

¹⁰ OJ L 292; 15.11.1996; p. 2

6.4 Preventive Measures

Beneficiary countries shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006¹¹. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the European Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the European Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts.

Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Union's financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Union's financial interests.

The authorities of the Beneficiary Country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the European Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

6.5 Financial corrections

In order to ensure that the funds are used in accordance with the applicable rules, the European Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the European Commission and the Beneficiary Country.

¹¹ OJ L371, 27.12.2006, p. 1.

A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the Beneficiary Country;

If the European Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from EU financing.

The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the European Commission following the criteria and procedures provided for in the IPA Implementing Regulation.