

## **Project Fiche – IPA National programmes IPA 2012/Component I**

### **1 IDENTIFICATION**

<b>Project Title</b>	<i>Strengthening the capacity of the Central Financing and Contracting Unit (CFCU) for efficient implementation of the EU funds.</i>
<b>CRIS Decision number</b>	<i>2012/023-036</i>
<b>Project no.</b>	<i>7</i>
<b>MIPD Sector Code</b>	<i>1. Public Administration Reform</i>
<b>ELARG Statistical code</b>	<i>02.32 Financial control</i>
<b>DAC Sector code</b>	<i>15111 - Public finance management</i>
<b>Total cost</b> (VAT excluded) <sup>1</sup>	<i>EUR 1.34 million</i>
<b>EU contribution</b>	<i>EUR 1.2 million</i>
<b>Management mode</b>	<i>Centralised</i>
<b>EU Delegation in charge</b>	<i>The Delegation of the European Union to Albania</i>
<b>Implementation management</b>	<i>Ministry of Finance / Central Finance and Contracting Unit: Ms. Anila Tanku General Director of CFCU Email: <a href="mailto:atanku@minfin.gov.al">atanku@minfin.gov.al</a> Tel: 00355 4 245 1180 Address: Blvd. “Deshmoret e Kombit”, No. 2, Tirana</i>
<b>Implementing modality</b>	<i>Stand-alone project: one service contract</i>
<b>Project implementation type</b>	<i>C01 - Project-type interventions</i>
<b>Zone benefiting from the action(s)</b>	<i>Tirana, Albania</i>

### **2 RATIONALE**

#### **2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED**

The Central Financing and Contracting Unit (CFCU) will be responsible for tendering/procurement, contracting, payments, monitoring and reporting regarding the

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<sup>1</sup> The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

implementation of all the IPA financed programmes under Components I, II, III and IV. As the proposed Implementing Agency for these components, it will need continuous strengthening of its capacity in absorbing and well-using the EU funds. It is worth emphasising that the CFCU is not yet operational. Consequently the results and objectives of this project to be attained are a combination of the revealed needs of the Ministry of Finance, as well as the recommendations from the IPA 2009 technical assistance, based upon their knowledge and similar experiences of CFCU assistance needs elsewhere. Experience of other countries has shown that - in the first years after the conferral of management power is granted - there is a strong need for the support to CFCU regarding procurement, contracting, and payment process.

The support and assistance to Albanian structures that will be managing EU financial assistance will ensure an effective administrative, financial and technical management of these funds. These capacities will improve the absorption and well-usage of the EU funds.

The implementation of this project is expected to boost expertise and knowledge of CFCU staff in order to undertake activities related to tendering, contracting, verification of expenditures and payments, quality assurance of documents, financial management and implementation of internal control standards by respecting the principle of sound financial management and the Accreditation Criteria.

## **2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES**

The 2011-2013 **MIPD** specifies under its political requirements priorities the need to support the implementation of the public administration reform, strengthen the capacity of key institutions and therefore contribute to develop good governance. To increase the impact of IPA assistance and to give greater focus to achievable results, the Commission has decided to concentrate its efforts on targeted sectors. In this context MIPD 2011-2013 confirms the need of continued support to European integration structures, contribute to establishing financial control and help to prepare decentralised management of EU funds. This project shall contribute to the further development of a public internal and external financial control strategy after the conferral of management power is granted by European Commission.

The **National Strategy for Development and Integration** with respect to Public Financial Management (PFM) aims at improving PFM in line with international standards, including the efficiency and effectiveness of public expenditure, the costing of policies, the quality of reporting and the transparency of the execution of the budget, as well as the fight against fraudulent transactions. The chapter “Modernization of the Public Administration” mentions that countries preparing for accession to the European Union must bring its institutions, management capacity and administrative systems up to the standards that will ensure the effective implementation of the EU *acquis* and various national sector strategies.

The Medium Term Budget Programme, and particularly the Integrated Planning System (IPS)-a framework which ensures the functioning of the Government of Albania’s core processes (among which European integration and management of international assistance) and financial processes function - are in a coherent, efficient and integrated manner, supported by the Multi-donor TF for the IPS (2008-2010).

In order to properly manage the financial assistance the Albanian authorities in collaboration with the EC services prepared and approved the **National Roadmap for Decentralised Management**.

In addition, the National **Plan for the Implementation of SAA 2008-2014** and the Draft Strategy of Public Finance both articulate the need for improvement of financial management and internal control.

### **2.3 LINK WITH ACCESSION PARTNERSHIP (AP)/EUROPEAN PARTNERSHIP (EP)/ STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT**

This project is in line with the medium term priority of the **European Partnership**, which points out the need to ensure that the sectors of the administration responsible for the implementation of the SAA provisions and those involved in the implementation of EC financial assistance are adequately trained and equipped to carry out their duties.<sup>2</sup>

The objective of this project is to achieve the priorities set up in the articles 111 “Public administration” and 112 “Financial Control” of the **Stabilization and Association Agreement**. Specifically, these articles require the strengthening of cooperation in these areas, mainly focused on institution building, including the development and implementation of transparent and impartial recruitment procedures, human resources management, career development for the public service, continued training and the promotion of ethics within the public administration, and e-government. According to article 112, aid granted to Albania shall be geared to observed needs, chosen priorities, the capacity to absorb and repay, and the measures taken to reform and restructure the economy.

In the 2011 EC Progress Report is stated that harmonization of the procurement legislation with EU requirements regarding the tendering process is a precondition for an effective financial control. Overall, there has been limited progress in the area of regional development and coordination of structural funds. Considerable efforts are needed in order to establish the necessary institutional and administrative capacities and to develop a mature pipeline of projects in the area of regional development. Preparations in this area are still at an early stage.<sup>3</sup>

### **2.4 PROBLEM ANALYSIS**

The Government of Albania has established the structures for Decentralised Management (DM) of IPA funds – for IPA Components I, II, III and IV under DM with ex-ante control in accordance with the Accreditation Criteria as set in the Commission Regulation (EC) No 718/2007 (IPA Implementing Regulation).

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<sup>2</sup> Council Decision 2008/210/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54/EC, pg 16

<sup>3</sup> Commission Staff Working Paper Albania 2011 Progress Report *Accompanying the Document* Communication From The Commission to the European Parliament and the Council/ Enlargement Strategy and Main Challenges 2011-2012, pg 52

All the necessary bodies and authorities under DM were officially appointed and staff was recruited. The legal framework including all implementing legislation to appropriately allow these institutions to function has been established.

EU financing will be centrally managed by the Ministry of Finance, which is the main responsible body for managing also the national funds. The CFCU is the body within the national administration in charge of tendering, contracting, payments and accounting of all projects under the first four IPA components with ex-ante approval from EUD to Albania. It also acts as an Implementing agency for the Operating Structures (OS) for the IPA Components I, II, III and IV under the supervisory role of Programme Authorised Officer (PAO) that is also the Head of CFCU. PAO is responsible for CFCU operations and ensures sound financial management of the projects to be implemented. This means that the PAO will be responsible for the signature of individual contracts and payments and will take responsibility for all operational matters related to the contracts they sign.

CFCU has 16 staff members, including the Head of CFCU and it comprised 3 Directorates: (i) Procurement and Contracting Directorate, (ii) Financial Management Directorate and (iii) Monitoring and Quality Assurance Directorate. CFCU will cooperate closely with relevant Line Ministries that are the end beneficiaries of the projects. As Implementing Agency, it should be sufficiently trained and prepared in order to ensure high contracting and disbursement rates as soon as the Commission decides to transfer such responsibilities to Albania following the conferral of management power (expected latest in 2013 for Component I).

There appears to be a general awareness existing already of the need/ benefits of assistance that has supported CFCU in the frame of project under IPA 2007 and continues supporting through IPA 2009 project. There is an understanding that there is a requirement to enhance the existing skills of the members of this structure in general terms but particularly in relation to practically assuming responsibilities in the context of implementation of EC Assistance under the decentralized management.

In addition, the CFCU staff is participating as observer in the evaluation processes organised by the EUD. The aim of this exercise is to get practical experience with procurement procedures, prior to conferral of management. It is expected that starting from 2013 CFCU will be operational for IPA component I and subsequently also for IPA components II, III and IV. In this aspect, there is a requirement for the staff and their knowledge to be brought to a higher level of technical competency as well as a high level of personal confidence in their everyday activities related to procurement, contracting and payment of EU funds.

It should be noted that in a first phase after conferral of management decision, any decisions taken by the designated bodies with financial implications regarding tendering, contracting and payments, will be subject to systematic ex-ante control by the Commission services.

## **2.5 LINKED ACTIVITIES AND DONOR COORDINATION**

The below mentioned projects have assisted Albanian authorities in its preparation for Decentralised Management of IPA component I and have ensured further development of this process in order to prepare the Albanian Government to manage IPA assistance related to components II, III & IV under decentralised management.

**IPA 2007 project: "Preparation of the Albanian Authorities for the Decentralisation of Management of EU assistance".** The overall objective of the project was to adequately prepare Albanian authorities for Decentralised Management of IPA Component I EU financial assistance, putting into place efficient structures and strengthening the capacities of key institutions for technical management of decentralised programmes in order to ensure sound public financial management. The beneficiary institutions were: Ministry of Finance (CFCU, NAO, PAO, NF), the Ministry of European Integration, Senior Programme Officers (SPOs) in line ministries and internal and external audit structures.

**IPA 2009 project: "Improvement of the Albania's preparedness for Decentralized Management".** The overall objective of the project is to support the Government of Albania in developing its legal framework, structures and its administrative and technical capacities in relation to the management of the IPA funds under decentralised management. The project purpose is to build on the technical assistance provided under IPA 2007 project concerning Decentralised Management for IPA Component I and to ensure further development of the Decentralised Management process in order to prepare the Albanian Government for accreditation to manage IPA support for Components II, III & IV, under a decentralised system. The beneficiaries of this project are the NAO, NF, CFCU, Ministry of Integration, and Operating Structures for IPA III, IV.

**World Bank projects: Integrated Planning System Project 2008 - 2011** A Multi-Donor Trust Fund (MDTF) Agreement to support the Integrated Planning System (IPS) was signed on 17 January 2008 between the World Bank (WB) and the Government of Albania (GoA). The MDTF for IPS was administered by the WB and funds were provided by different donors including the European Commission. A separate activity was financed under this project to establish an Accounting System for the management of IPA funds which will serve during the first period of implementation of EU financed projects.

**Project Preparation Facility (PPF)** The PPF funded under the IPA 2008 National Programme for Albania is implemented by the Austrian Development Agency. The overall objective of this project is to improve the planning, programming and implementation of the IPA and to support mechanism for an integrated EU accession process in Albania. Its main beneficiaries are the Ministry of Integration and Line Ministries. In the projects activities have been also involved the DSDC, TIPA, and SPOs in the Line Ministries.

The proposed project will consolidate these activities in real life enabling the CFCU administration to effectively implement the EU financed programmes, as well as to absorb and well-use such funds.

## **2.6 LESSONS LEARNED**

The IPA 2007 and 2009 projects that have been supporting the CFCU, have contributed to the preparation of the legal framework and the internal procedures manuals and guidelines. At this stage, it is important to apply in practice the provisions provided in these manuals and guidelines.

What is important to stress is that continuity of assistance is vital. CFCU should develop a positive attitude towards continuous technical skills improvement especially during the first phase of the implementation of the programmes under the EU assistance.

### **3 DESCRIPTION**

#### **3.1 OVERALL OBJECTIVE OF THE PROJECT**

The overall objective of this project is to contribute to the Albanian Administration managing EU financial assistance and resources in a decentralised manner and in compliance with the EU Regulations on Financial Assistance.

#### **3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT**

The specific objective of this project is enabling the CFCU administration to effectively implement the EU financed programmes, as well as to absorb and well-use such funds.

#### **3.3 RESULTS**

Specific results to be achieved are:

##### **Activity 1: Technical assistance to CFCU**

##### **Contract 1.1:**

##### **Result 1.1.1: On-the-job training, support and assistance provided to the CFCU**

- CFCU staff fully trained and competent to ensure proper tendering and contracting (according to PRAG rules) as well as management (including monitoring) of EU funds;
- Ensured compliance of decentralised management with the IPA IR Accreditation Criteria, while minimizing human error;
- Development of financial management system to assure the Audit trail supported;
- Tender documents of high quality timely prepared and submitted for ex-ante approval to the Delegation of the EU.

##### **Result 1.1.2: Improved and updated Internal Manuals of Procedures, Operating Guidelines and other relevant procedures and guidelines**

- Internal Manuals of procedures, Operating Guidelines and other relevant procedures and guidance reviewed, refined and updated.

##### **Result 1.1.3: Assistance to CFCU of management control system provided**

- Improved system of prevention, detection, reporting, control and punishment of fraud and irregularities, in particular reported and ex-post detected irregularities by external audit which have not been reported.

**Contract 1.2: service contract (national contribution)**

**Result 1.2.1:** Updated and improved accounting system of the CFCU;

**Result 1.2.2:** Internal capacities increased to use the system;

**Result 1.2.3:** Financial reports, monitoring reports, progress implementation reports, procurement plan timely prepared;

**Result 1.2.4:** Transfer of knowledge through subsequent training to other DM structures.

Performance indicators are developed in the log frame.

### 3.4 MAIN ACTIVITIES

**Activity 1: Technical assistance to CFCU (service contract)**

**Contract 1.1 Technical assistance (EU contribution):**

- **Sub-activity 1.1.1** On the job training, support and assistance to the CFCU to perform assigned tasks and duties linked to:
  - Training, workshops and providing on the job advices to the CFCU in the required areas;
  - Assist tendering and contracting of call for proposals, organisation of information campaigns/ clarification sessions, selection/evaluation of projects, contracting, verification of expenditures and payments, focusing on verifying expenditures declared, checking invoices and payments;
  - Support for the development of financial management system to assure the Audit trail (described system for confirming justification and accuracy of claims for payment especially regarding the tendering procedures, contract award, reports on progress implementation, payments and acceptance of works, and described system of financial management that will differentiate process of authorisation, execution and accounting in programmes implementation structures);
  - Quality assurance of tender documents, focusing on the quality and timely preparation of documents that are part of the tender documentation.
- **Sub-activity 1.1.2** Improving and updating the Internal Manuals of Procedures, Operating Guidelines and other relevant procedures and guidelines in order to overcome the shortcomings found during project duration.
- **Sub-activity 1.1.3** Assistance to CFCU for effective functioning of management control system, preparation of Statement of Assurance, verification visits and on the spot checks, monitoring of implementation of Audit Findings, reporting on irregularities and risks.

## **Contract 1.2 Technical assistance Service (covered by National Contribution)**

- **Sub –activity 1.2.1:** Maintenance, improving and updating accounting system;
- **Sub-activity 1.2.2:** Increasing of accounting systems’ users in CFCU;
- **Sub-activity 1.2.3:** Introduction of new modules in accounting system such as: (i) alert system for procurement, contracting and payment, (ii) quality assurance module, (iii) monitoring and reporting modules;
- **Sub-activity 1.2.4:** Publication of manuals, guidelines, workshops and trainings, etc.

### **3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)**

The project will further aim at complete conformity with EU requirements in relation to payment and financial control for the future implementation of IPA under DM. In particular, the project will assist in completion of harmonisation tasks related to control environment and control activities.

### **3.6 SUSTAINABILITY**

Since the CFCU will be the Implementing Agency for IPA Components I, II, III and IV strong emphasis is put at sustainability and institutionalisation of the staff capacity and knowledge.

During the project, consultants will update and improve documents/handouts, guidelines that will be easily accessible for later use by the CFCU administration. Staff benefiting from training and/or workshops will transfer knowledge through subsequent training to their colleagues in line ministries, especially SPO-s staff. Moreover, the proposed Evaluation and/or Lessons Learnt Workshop at the end of the implementation - which capitalises and presents the concrete results with practical implications for further follow up - will add to the sustainability of results.

### **3.7 ASSUMPTIONS AND PRE-CONDITIONS<sup>4</sup>**

The main assumptions and pre-conditions for this project are:

- Conferral of management power for component I granted latest in 2013;

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<sup>4</sup> Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.



- Respective authorities and institutions have sufficient capacities and are willing to cooperate on the issues linked with decentralized management;
- Appropriate incentive structures to commit and maintain staff in the DM structures has been agreed upon.

#### **4 IMPLEMENTATION ISSUES**

The contract is centralized and managed by the European Union Delegation to Albania

#### 4.1 INDICATIVE BUDGET

Indicative Project budget (amounts in EUR million) (for centralised management)

PROJECT TITLE			TOTAL EXPENDITURE	SOURCES OF FUNDING								
				IPA CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)	
Activity 1		1.34										
contract 1.1	X		1.2	90%							-	
contract 1.2	X					10	0.14				-	
TOTAL IB												
TOTAL INV												
<b>TOTAL PROJECT</b>			<b>1.34</b>	<b>1.2</b>	<b>90</b>	<b>10</b>	<b>0.14</b>					

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row, use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

*Dates indicated in the schedule cannot go beyond the contracting and execution deadlines in the financing proposal*

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contract 1.1	1 <sup>st</sup> Quarter 2013	3 <sup>rd</sup> Quarter 2013	3 <sup>rd</sup> Quarter 2015
Contract 1.2	1 <sup>st</sup> Quarter 2013	3 <sup>rd</sup> Quarter 2013	3 <sup>rd</sup> Quarter 2015

The table below provides the timetable and procurement planning from the preparation of the terms of Reference until the contract signature, according to the PRAG Rules. CFCU will discuss with EUD if external expertise would be required for preparation of TOR.

No	Activities	Time period
1	Preparation of Terms of reference	November 2012
2	Publication of service contract forecast	December 2012
3	Publication of Procurement Notice	March 2013
4	Establishment of shortlist	April 2013
5	Submission of tenders	June 2013
6	Evaluation process	July 2013
7	Contract award	August 2013
8	Contract signature	September 2013

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non discrimination*

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability and age. Contractor shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports.

### 4.3.2 *Environment and climate change*

N/A

#### **4.3.3 *Minorities and vulnerable groups***

During the implementation of the project the concept of “respect for minority rights” shall be taken into consideration and guaranteed in the activities to be carried out.

#### **4.3.4 *Civil Society/Stakeholders involvement***

During the implementation of this project will be involved the Directory of Quality Assurance and Monitoring, Directory of Procurement and Contracting and Directory of Financial Management, part of Central Financing and Contracting Unit.

Civil society can learn about this project and related activities in the web pages and/or in the Media.

## ANNEXES

### ANNEX 1: Logical framework matrix in standard format

<b>LOGFRAME PLANNING MATRIX FOR Project Fiche</b>		<b>Project title and number</b>		Strengthening the capacity of the Central Financing and Contracting Unit (CFCU) for efficient implementation of the EU funds. 7
		<b>Contracting period expires</b> No later than three years from the date of conclusion of the Agreement.		<b>Execution period expires</b> The contracts must be executed within a maximum of two years from the end date of contracting
		<b>Total budget</b>	EUR 1.34 million	
		<b>IPA budget:</b>	EUR 1.2 million	
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>		
To contribute to the Albanian Administration managing EU financial assistance and resources in a decentralised manner and in compliance with the EU Regulations on Financial Assistance.	Albania's accreditation for all IPA Components by the EC	• EC accreditation report		
<b>Specific objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>		<b>Assumptions</b>
Enabling the CFCU to effectively implement EU financed programmes, as well as to absorb and well-use such funds.	Full and timely use of EU funds available to Albania  Rates of contracting and disbursement of IPA programmes and projects (in %)  Financial management & control systems operating effectively, in line with accreditation criteria by 2015	• EC progress report • Financial reporting on EU funds		Appropriate incentive structure to commit and maintain staff in the DM structures has been agreed upon
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>		<b>Assumptions</b>
<b>Activity 1: Technical assistance to CFCU</b>				• Respective authorities and institutions have sufficient capacities and are willing to cooperate on the issues

<p><b>Contract 1.1</b>  <b>Result 1.1.1: On-the-job training, support and assistance provided to the CFCU</b></p> <ul style="list-style-type: none"> <li>• CFCU staff fully trained and competent to ensure proper tendering, contracting, and management of EU funds.</li> <li>• Ensured compliance of decentralised management with the IPA IR Accreditation Criteria, while minimizing human error</li> <li>• Development of financial management system to assure the Audit trail supported;</li> <li>• Tender documents of high quality timely prepared and submitted for ex-ante approval to the Delegation of the EU.</li> </ul> <p><b>Result 1.1.2: Improving Improved and updating updated the Internal Manuals of Procedures, Operating Guidelines and other relevant procedures and guidelines</b></p> <ul style="list-style-type: none"> <li>• Internal Manuals of procedures, Operating Guidelines and other relevant procedures and guidance reviewed, refined and updated.</li> </ul> <p><b>Result 1.1.3: Assistance to CFCU of management control system provided</b></p> <ul style="list-style-type: none"> <li>• Improved system of prevention, detection, reporting, control and punishment of fraud and irregularities, in particular reported and ex-post detected irregularities by external audit which have not been reported.</li> </ul>	<p>Number of CFCU staff trained</p> <p>Financial Management System developed</p> <p>Ex-ante rejection rates of tender documents by the Delegation of the EU reduced</p> <p>Internal Manuals of procedures, Operating Guidelines and other relevant procedures updated</p> <p>Procedures for the prevention, detection, correction of fraud and irregularities working effectively by 2015</p> <p>Timing and quality of Periodical reports on financial &amp; physical progress, audits, irregularities, as well as on the planning and execution of procurements improved</p>	<ul style="list-style-type: none"> <li>• Evaluation reports</li> <li>• Monitoring reports</li> <li>• Audit report</li> <li>• IPA monitoring data</li> <li>• Training evaluations</li> <li>• EUD progress reports</li> </ul>	<p>linked with decentralized management</p> <ul style="list-style-type: none"> <li>• Appropriate incentive structure to commit and maintain staff in the DM structures has been agreed upon</li> </ul>
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<p><b>Contract 1.2</b></p> <p>Result 1.2.1: Updated and improved accounting system of the CFCU.</p> <p>Result 1.2.2: Internal capacities increased to use the system;</p> <p>Result 1.2.3: Financial reports, monitoring reports, progress implementation reports, procurement plan timely prepared.</p> <p>Result 1.2.4: Transfer of knowledge through subsequent training to other DM structures</p>			
<p><b>Activities to achieve results</b></p>	<p><b>Means / contracts</b></p>	<p><b>Costs</b></p>	<p><b>Assumptions</b></p>
<p><b>Activity 1: Technical assistance to CFCU (service contract)</b></p> <p><b>Contract 1.1</b></p> <p><u>Sub-activity 1.1.1</u> On the job training, support and assistance to the CFCU to perform assigned tasks and duties linked to:</p> <ul style="list-style-type: none"> <li>• Training, workshops and providing on the job advices to the CFCU in the required areas;</li> <li>• Assist tendering and contracting of call for proposals, organisation of information campaigns/ clarification sessions, selection/evaluation of projects, contracting, verification of expenditures and payments, focusing on verifying expenditures declared, checking invoices and payments;</li> </ul>	<ul style="list-style-type: none"> <li>• One Service contract (covered by EU contribution)</li> <li>• One Service contract (covered by national contribution)</li> </ul>	<ul style="list-style-type: none"> <li>• Total budget EUR 1.34 million</li> <li>• EU contribution EUR 1.2 million</li> </ul>	<ul style="list-style-type: none"> <li>• Conferral of management power for component I granted in 2012</li> </ul>

<ul style="list-style-type: none"> <li>• Support for the development of financial management system to assure the Audit trail (described system for confirming justification and accuracy of claims for payment especially regarding the tendering procedures, contract award, reports on progress implementation, payments and acceptance of works, and described system of financial management that will differentiate process of authorisation, execution and accounting in programmes implementation structures);</li> <li>• Quality assurance of tender documents, focusing on the quality and timely preparation of documents that are part of the tender documentation.</li> </ul> <p><u>Sub-activity 1.1.2</u> Improving and updating the Internal Manuals of Procedures, Operating Guidelines and other relevant procedures and guidelines in order to overcome the shortcomings found during project duration.</p> <p><u>Sub-activity 1.1.3</u> Assistance to CFCU for effective functioning of management control system, preparation of Statement of Assurance, verification visits and on the spot checks, monitoring of implementation of Audit Findings, reporting on irregularities and risks.</p> <p><b>Contract 1.2</b></p>			
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<p><u>Sub-activity 1.2.1:</u> Maintenance, improving and updating accounting system</p> <p><u>Sub-activity 1.2.2:</u> Increasing of accounting systems' users in CFCU</p> <p><u>Sub-activity 1.2.3:</u> Introduction of new modules in accounting system such as: (i) alert system for procurement, contracting and payment, (ii) quality assurance module, (iii) monitoring and reporting modules.</p> <p><u>Sub-activity 1.2.4:</u> Publication of manuals, guidelines, workshops and trainings, etc.</p>			
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## **ANNEX 2: Description of Institutional Framework**

According to the Council of Minister Decision No. 850, dated 14.12.2011, amending CoMD No.23, dated on 12.01.2011 on “Designation of functions, responsibilities and relationships among the authorities and the structures of decentralized management of the EU instrument for pre-accession assistance (IPA), Component I”, in the Ministry of Finance has been set up the following authorities and structures:

### **Competent Accrediting Officer (CAO)**

- a) Competent Accrediting Officer is the Minister of Finance
- b) CAO is an authority of decentralized management, issuing accreditation to the National Authorizing Officer and its supporting structure, the NAO Office and the National Fund for decentralized management of IPA EU assistance, pursuant to the requirements designated in Point 1, Annex A of the Framework Agreement

### **National Authorizing Officer (NAO)**

- a) National Authorizing Officer is a high-ranking official in the Ministry of Finance who is appointed by the CAO.
- b) The NAO is an authority of decentralized management, that manages the activity of the National Fund, to whom is assigned the responsibility for financial management of EU funds, and as well as the activity of the NAO Office, to whom is assigned the responsibility for the effective functioning of the management and control systems."

### **NAO office**

NAO Office is a structure aiming to support the National Accrediting Officer in performing his function related to monitoring the functioning of the management and control systems under IPA Regulation, pursuant to point 4 (b), Annex A, of the Framework Agreement, in accordance with Article 25 (4) of IPA Implementing Regulation 718/2007.

### **National Fund (NF)**

- a) National Fund is the central treasury body in the Ministry of Finance, the only unit, through which the pre-accession funds from the European Communities shall be transferred to the Republic of Albania pursuant to point 4 (a), and point 5, Annex A of the Framework Agreement.

### **Programme Authorizing Officer (PAO)**

- a) Programme Authorizing Officer is a high ranking official in the Ministry of Finance, appointed by NAO after consultation with NIPAC. PAO heads the Implementing Agency of IPA Component I, and is accountable to NAO for timely and efficient fulfilment of the obligations referred to in point 6, Annex A

of the Framework Agreement.

- b) Programme Authorizing Officer is responsible for the operations of the Implementing Agency and of the Senior Programme Officers, appointed within the line ministry or in the other IPA beneficiary institutions.

### **General Directory of Financing and Contracting /CFCU**

CFCU within Ministry of Finance is responsible for tendering/procurement, contracting, payments, monitoring and reporting regarding the implementation of all the IPA financed programmes under Components I, II, III and IV.

The Ministry of European Integration has been nominated as National IPA Coordinator (NIPAC).

### **ANNEX 3: Reference list of relevant laws and regulations only where relevant**

- The Framework Agreement between the Government of the Republic of Albania and the Commission of the European Communities on the Rules for Co-Operation concerning EC - Financial Assistance to the Republic of Albania in the framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA) signed on 18.10.2007 and ratified by the Parliament of the Republic of Albania by law no. 9840, dated 10.12.2007.
- Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).
- The Council of Minister Decision No. 850, dated 14.12.2011, amending CoMD No.23, dated on 12.01.2011 on “Designation of functions, responsibilities and relationships among the authorities and the structures of decentralized management of the EU instrument for pre-accession assistance (IPA), Component I”.
- Minister of Finance order No. 85 dated on 31.12.2010 on Establishment and functioning of High Level Working Group for the Implementation of IPA Component I.
- Memorandum of Understanding for prevention, detection, reporting and investigation of the Irregularities regarding the Implementation of IPA Components between the NAO and AFCOS.
- Implementing Agreement between NAO/NF and CFCU for the Implementation of IPA funded Projects under Decentralized Management.
- Operational Agreement between PAO and SPOs in Line Ministries for regulating the mutual relations among the Operating Structure bodies.
- Operational Agreement between NIPAC and SPOs in Line Ministries for establishing a formal working relationship as per Article 11 (3) of the IPA Implementing Regulation.
- Comprehensive Manuals of Procedures for Operating Structures.

#### **ANNEX 4: Details per EU funded contract (\*) where applicable:**

*For TA contracts: outputs expected from the contractor and indicative budget breakdown.*

The precise type and number of tasks will be developed during the design period of the project, and confirmed during the inception phase of the TA contract. However necessary human resources will be allocated to cover specific tasks addressed to the target institutions.

Outputs to be benefited from the national contribution are related to further improve of capacity in regard to all the modules of accounting system of the CFCU.

Furthermore, outputs to be gained from IPA contribution are mostly related in enhancing the expertise and knowledge of CFCU staff to ensure an effective administrative, financial and technical management of these funds.

#### **ANNEX 5: Project visibility activities**

During the implementation of the project the EC directive on visibility requirement will be taken in account.