

EN

EN

EN

**ANNEX:**  
**IPA National Programme for Albania under the Transition Assistance and Institution**  
**Building Component for 2009**

**1. IDENTIFICATION**

Beneficiary	Albania
CRIS number	2009/021-642
Year	2009
Cost	EUR 69.86 million
Implementing Authority	European Commission  Project 9 and (partly) project 12: Council of Europe Development Bank (CEB) in co-operation with Kreditansalt für Wiederaufbau (KfW) by joint management with European Commission
Final date for concluding the financing agreements	At the latest by 31 December 2010
Final dates for contracting	Two years following the date of conclusion of the Financing Agreement  These dates apply also to national co-financing
Final dates for execution	Two years following the end date for contracting (with the exception of Projects 9 and 12, where the works on large infrastructure projects justify four years)  These dates apply also to national co-financing
Sector Code	13010, 14020, 15110, 15112, 15113, 15130, 16061, 21020, 22040, 32110, 92010
Budget line concerned	22.020200
Programming Task Manager	Unit C4, DG Enlargement
Implementation Task Manager	Operational Sections, Delegation of the European Commission in Tirana

**2. PRIORITY AXES / PROJECTS**

**2.1. Priority axes**

The IPA 2009 programme for Albania focuses on the objectives identified in the Multi-Annual Planning Document (MIPD) 2009-2011. The 16 projects of the programme are grouped under 4 strategic priority axes. Assistance under this programme responds to the recommendations of the 2008 Enlargement Strategy and Progress Report, the European Partnership priorities and will address the requirements under the SAA.

IPA 2009 will address key issues such as police reform and rule of law enforcement, in particular as regards anti-money laundering, witness protection and the further improvement of the justice system. At the same time, the national programme will also meet the requirements to continue preparation of Albania's administration for decentralised management and the Census in 2011, support civil society and important *acquis* related issues such as industrial property rights, food safety and data protection.

It is also foreseen to include two large infrastructure projects, one in the environment sector (water supply and sewerage) and one in the transport sector (local roads). It has been agreed with the Albanian government that the local road project and parts of the water project shall be implemented via the municipal window of the Infrastructure Project Facility (IPF) in cooperation with IFIs. This has to be seen in the context of the Commission's efforts to respond to the need for measures to help Albania to soften the effects of the financial crisis.

#### *2.1.1. Priority Axis 1 - Political Criteria*

31.2% of the overall budget for the 2009 programme should be allocated to this axis. The four projects in the police and justice sector, namely blue border management, anti-money laundering, support to the justice system and witness protection, are building on results of current projects and underline the importance of the justice and police sector for Albania. Preparation for Decentralised Management is building on an ongoing IPA 2007 project for component I and is important for Albania's preparation for IPA components II, III, IV and V. Support is given to the preparation and implementation of the Population and Housing Census in 2011. A Project Preparation Facility should assist the authorities for future programming and drafting exercises. Finally, support for civil society will be provided.

#### *2.1.2. Priority Axis 2 – Socio-economic Criteria*

20.7% of the overall budget for the 2009 programme should be allocated to this axis. Under this heading, there is a need to support further structural reforms in the country (i.e regional development type of activities) in terms of infrastructures. In order to contribute to the social and economic cohesion of the country, IPA will support the improvement of management and conditions of the secondary and local roads. Protection of cultural heritage has been selected on the basis of the Commission's engagement in the "Ljubljana process"<sup>1</sup> and following demands of the European Parliament. DG Enlargement decided to transfer IPA funds from Component II to Component I to continue with a unilateral border development programme for the Kukes region.

#### *2.1.3. Priority Axis 3 – Ability to assume the obligations of membership*

45.2% of the overall budget for the 2009 programme should be allocated to this axis. IPA will support Albania's approximation to EU standards, including administrative capacity and compliance with SAA requirements as regards industrial property rights, food safety and personal data protection standards. IPA will also support the development of water supply and sewerage infrastructure and enhance the e-government structure in the country.

---

<sup>1</sup> The "Ljubljana Process" aims at ensuring public and private funding for a significant number of the 26 "Consolidated Projects" among the 186 monuments on the Priority Intervention List, selected by national authorities because of the quality of the rehabilitation process carried out so far, their symbolic, historical and cultural value, and the economic potential of the projects.

#### *2.1.4. Priority Axis 4 – Participation in Community Programmes*

Almost 3% of the overall budget for the 2009 programme should be allocated to this axis. Participation to the following Community Programmes is foreseen: 7th Research Framework Programme (FP 7), Competition and Innovation Framework Programme (CIP) and Europe for Citizens.

## 2.2. Description of projects grouped per priority axis

No.	Political Criteria	EC contribution EUR million	Project Description
1	Support for <b>Blue Border Management</b>	4.0	<p><i>Project purpose:</i> This project seeks to strengthen the overall maritime security by supplying the Albanian Border Police and Coast Guard with technical equipment, as well as technical assistance for its utilization, with a view to establish closer cooperation and asset sharing mechanisms between relevant institutions such as the Inter-Institutional Maritime Operations Centre (IMOC) and the Albanian Border Police. The project, through the ongoing assistance carried out by the Police Assistance Mission of the European Community to Albania (PAMECA III), will further ensure that a clear division of tasks between Coast Guard and Border Police is established. The project shall also ensure that operational protocols and cooperation mechanisms are developed to avoid overlaps, duplication of efforts and lack of coordination.</p> <p><i>Implementation:</i> Two supply contracts are foreseen and one works contract, both to be launched in the 2<sup>nd</sup> quarter of 2010.</p>
2	Support/Twinning for <b>Anti-Money Laundering</b> and Financial Crime Investigations Structures	1.5	<p><i>Project purpose:</i> The purpose of this project is the enhancement of Anti-Money Laundering operations and inter-institutional coordination and cooperation.</p> <p><i>Implementation:</i> One twinning* contract to be launched in the 2<sup>nd</sup> quarter 2010.</p>
3	Technical Assistance/ Twinning for the <b>Justice System</b>	3.3	<p><i>Project purpose:</i> The aim of the project is to support the capacities of the Ministry of Justice and institutions of the judiciary in consolidating the legislative and institutional justice system, as well as the development of the probation service in Albania.</p> <p><i>Implementation:</i> A call for proposal for a grant agreement with a Member State to be launched in the 1<sup>st</sup> quarter 2010 and one twinning* contract to be launched in the 4<sup>th</sup> quarter 2009.</p>
4	Support for enhancing the operational and logistical capacities of the <b>Witness and Special Persons Protection</b> Unit within the Department of Criminal Investigation in the General State Police	1.0	<p><i>Project purpose:</i> To strengthen the tackling of organised crime and terrorism in Albania by developing the capabilities of the Albanian State Police (and Prosecutors) in relation to witness protection.</p> <p><i>Implementation:</i> One twinning* contract, to be launched in the 1<sup>st</sup> quarter of 2010. And two supply contracts, one to be launched in the 1<sup>st</sup> quarter 2010 and the other in the 3<sup>rd</sup> quarter 2010.</p>
5	Support for enhancing the <b>Decentralised Management System</b>	1.5	<p><i>Project purpose:</i> To prepare the Albanian administration to manage EU financial assistance and resources in a decentralised manner and in compliance with the IPA Implementing Regulation, in particular with view to the conferral of decentralised management</p>

			<p>for EU financial assistance and IPA national accreditation, as regards IPA Components II, III, IV and V.</p> <p><i>Implementation:</i> Two service contracts, which will be launched in the 1<sup>st</sup> quarter and 4<sup>th</sup> quarter 2010.</p>
6	Support for the <b>Population and Housing Census 2011</b>	<b>8.0</b>	<p><i>Project purpose:</i> To support the Albanian Institute of Statistics (INSTAT) in preparing the Population and Housing Census 2011 according to European and International Standards, carrying out the general enumeration and increasing its capacity in the processing, analysis and dissemination of the Census data.</p> <p><i>Implementation:</i> One service contract to be launched in the 1<sup>st</sup> quarter 2010 and one supply contract, expected to be launched in the 3<sup>re</sup> quarter of 2010. In addition a direct grant agreement shall be signed with INSTAT in the 1<sup>st</sup> quarter 2011. The grant is awarded to INSTAT on the basis of a de-jure and de-facto monopoly to carry out the statistical activities included in this project fiche in line with Article 168 (1) (c) of the Implementing Rules of the Financial Regulation as INSTAT is the institution inside the public administration of Albania responsible for collecting, producing and disseminating official statistics.</p>
7	<b>Project Preparation Facility</b>	<b>1.0</b>	<p><i>Project purpose:</i> The purpose of the Project Preparation Facility is to allow sound project identification and preparation of IPA programmes/projects in order to assure an effective implementation.</p> <p><i>Implementation:</i> For the implementation of the present project support facility, an indicative number of 10 service contracts will be launched between 1<sup>st</sup> quarters 2010 and 2012.</p>
8	<b>Civil Society Facility – Civic Initiatives and Capacity Building</b>	<b>1.5</b>	<p><i>Project purpose:</i> To strengthen the civil society in Albania within a participative democracy, to stimulate a civil society-friendly 'environment' and culture and to strengthen the overall capacities and accountability of Civil Society Organisations (CSOs) as well as to guarantee the quality of services of CSOs as well as a sustainable role of CSOs in the democratic process.</p> <p><i>Implementation:</i> The project will be implemented through three calls for proposals to support projects which will broadly focus on i) fight against corruption, ii) environment protection and environmental education and iii) support to vulnerable people. The indicative timetable for launching of tender of the grant scheme (Call for proposals) is for i) and ii) in the 1<sup>st</sup> quarter 2010 and for iii) in the 2<sup>nd</sup> quarter 2010. In addition, one service contract for technical assistance is foreseen to be launched in the 1<sup>st</sup> quarter 2010 through a Framework Contract.</p>
	<b><i>Economic Criteria</i></b>		

9	Improvement of management and conditions of the <b>secondary and local roads</b>	<b>9.0</b>	<p><i>Project purpose:</i> Improvement of secondary and local roads along the secondary network in rural Albania as to facilitate access to essential services and economic markets, in the form of reduced user costs, for the resident population in rural areas in Albania.</p> <p><i>Implementation:</i> The project will be implemented by the European Commission by joint management with the Council of Europe Development Bank (CEB) in co-operation with Kreditanstalt für Wiederaufbau (KfW) following Article 53 d (1) c of the Financial Regulation and the corresponding provisions of the Implementing Rules. It is foreseen that the contribution agreement with CEB will be signed in the 2<sup>nd</sup> quarter 2010.</p>
10	Support for <b>cultural heritage</b>	<b>5.0</b>	<p><i>Project purpose:</i> To assist the central and local governments in the physical restoration of urban areas in and around selected historical heritage sites based on the economic and territory development plans.</p> <p><i>Implementation:</i> One works contract to be launched in the 1<sup>st</sup> quarter 2010 and one service contract for supervision to be launched in the 2<sup>nd</sup> quarter of 2010.</p>
11	<b>Kukes Region</b>	<b>0.46</b>	<p>As the conditions for IPA Component II to support joint cross-border programmes, as defined in Article 91 of the IPA Implementing Regulation with Kosovo (under UNSCR 1244) are presently not met, the present project proposes, based on the exception provided by Article 91 to finance a unilateral activity in Albania in the Kukes Region.</p> <p><i>Project purpose:</i> Rehabilitation and improvement of the border crossing infrastructure in Morine.</p> <p><i>Implementation:</i> One works and one service contract, both to be launched in the 2<sup>nd</sup> quarter 2010.</p>
	<i>Ability to assume the obligations of membership</i>		
12	Improvement of <b>water supply and sewerage systems</b>	<b>23.1</b>	<p><i>Project purpose:</i> The project purpose is the rehabilitation and/or construction of water supply, sewage and wastewater treatment systems in - Kamza, Kavaja, Lezhe &amp; Shengjin, Vlora and Ksamil beach area.</p> <p><i>Implementation:</i> One service contract for the design to be launched in 1<sup>st</sup> quarter of 2010 and another service contract for the supervision is expected to be launched in the 2<sup>nd</sup> quarter 2010. Furthermore, four works contracts, of which two foreseen to be launched in 2<sup>nd</sup> quarter 2010 and the other two in the 1<sup>st</sup> quarter 2011.</p> <p>One part of the project (IPA contribution 5.5 EUR million) will be implemented by the European Commission by joint management with the Council of Europe Development Bank (CEB) in co-operation with Kreditanstalt für Wiederaufbau (KfW) following Article 53 d (1) c of the Financial Regulation and the corresponding provisions of the Implementing Rules. It is foreseen that the contribution agreement with CEB</p>

			will be signed in the 4 <sup>th</sup> quarter 2010.
13	Improvement of <b>industrial property rights</b> .	<b>1.0</b>	<p><i>Project purpose:</i> The purpose of the project is to strengthen the administrative capacities in the sector of industrial property rights, while the key target institution is the Directorate of Patent and Trademark.</p> <p><i>Implementation:</i> Direct grant to the European Patent Office (EPO), in view of both its technical competence and the specific characteristics of the project, in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation. Foreseen for 4<sup>th</sup> quarter 2010.</p>
14	Consolidation of the <b>food safety system</b>	<b>3.5</b>	<p><i>Project purpose:</i> Strengthening and consolidation of the administrative structures responsible for ensuring the enforcement of EU compliant food safety measures, in particular the Consumer Protection Directorate in the Ministry of Agriculture, the National Food Authority and the Institute of Food Safety and Veterinary (IFSVM).</p> <p><i>Implementation:</i> Two service contracts to be launched in the 2<sup>nd</sup> quarter 2010 and one supply contract foreseen to be launched in the 2<sup>nd</sup> quarter 2011.</p>
15	Building an <b>e-Government</b> Infrastructure that is in line with EU <b>Personal Data Protection</b> standards	<b>4.0</b>	<p><i>Project purpose:</i> The project purpose is to integrate all the existing Information Systems (Hardware and Software) into a single logical environment, which is fully interoperable at national and international level. This environment will enhance the services that the Government provide to citizens and businesses and at the same time will ensure that personal data of citizens are protected. This project aims also to create the interoperability framework for projects that will be developed in the future.</p> <p><i>Implementation:</i> Three service contracts are foreseen, of which two will be launched in the 2<sup>nd</sup> quarter 2010 and one will be launched in the 1<sup>st</sup> quarter 2011. In addition one supply contract is foreseen to be launched in the 3<sup>rd</sup> quarter 2010.</p>
	<b>Participation in community programmes</b>		
16	Support for participation to <b>Community Programmes:</b> in particular CIP, Europe for Citizens, FP 7	<b>2.0</b>	<p><i>Project purpose:</i> The purpose of the project is (1) to co-finance the costs of the "entry-tickets" which the beneficiary country has to pay in accordance with the relevant Memoranda of Understanding concluded or to be concluded for its participation in Community programmes (inter alia CIP, Europe for Citizens, FP7), and (2) to strengthen the capacity of the relevant administrative bodies to ensure proper participation of the beneficiary in Community Programmes.</p> <p><i>Implementation:</i> (1) Albania shall pay the entry tickets to the programmes according to the modalities and deadlines specified in the relevant Memoranda of Understanding. The IPA funds are transferred to the country as reimbursement after the entry-tickets have been paid. (2) One service contract, to be launched in the 4<sup>th</sup> quarter 2010.</p>



<b>TOTAL</b>		<b>69.86</b>	
--------------	--	--------------	--

\* As regards the twinning contracts, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.

In addition to the assistance identified in the table above, support is provided to activities in the areas of education and youth (Erasmus Mundus, Youth in Action Western Balkan Windows and Tempus) and Nuclear Safety & Radiation Protection. The Erasmus Mundus and Youth in Action Windows are funded from the Multi-beneficiary budget. Tempus and Nuclear Safety & Radiation Protection projects are funded from IPA 2009 Albania's National budget, respectively EUR 1 million and EUR 500 000. To facilitate management of assistance, these projects are coordinated and implemented under the relevant Multi-beneficiary IPA 2009 programmes.

### **2.3. Overview of past and on-going assistance (EU/ IFI /Bilateral) including lessons learned and donor coordination**

#### *2.3.1. Past and on-going assistance*

Between 2001 and 2006 Albania benefited from around EUR 330 million of CARDS assistance. CARDS assistance targeted four broad reform priorities: justice and home affairs (about 40% of the funding), administrative capacity building (about 20%), economic and social development (about 35%), and democratic stabilisation (about 5%).

Under CARDS, the management of EC-funded projects has been transferred to the European Commission Delegation in Tirana. The Delegation works in close cooperation with the Albanian Ministry of European Integration.

Support provided through CARDS 2006, IPA 2007 and IPA 2008 is currently being implemented and there is a pipeline of projects in the areas of good governance and institution building, rule of law, civil society, education, employment, European standards, regional development, transport, environment, agriculture, rural development, SMEs, statistics, state aid, consumer protection and taxation.

Albania also benefited from the regional activities under CARDS, which supported actions of common interest for the Western Balkan region in the fields of infrastructure, institution building and cross-border cooperation in conjunction with Interreg activities. In addition, particular attention will be given to the projects financed under the Multi-Beneficiary IPA programmes, managed by EC Headquarters, which are linked to numerous sectors of common interest, such as justice, social issues, statistics, environment and refugees. And in particular three broader programmes of the Multi-Beneficiary IPA are including in their documents some projects managed at national level. These are (1) the project on civil society development, included in the broader Civil Society Facility; (2) the projects of infrastructures, included in the financial crisis Facility; and (3) municipal infrastructures, included in the Municipal Window.

The last macro-financial assistance provided to Albania in 2005-2006 (total EUR 25 million, with a grant component of EUR 16 million and a loan component of EUR 9 million) was conditional on improving public finance management with more secure financial circuits, measures to improve the functioning of the public administration and the fight against

corruption, and progress in financial sector reform. Progress in these areas allowed the full disbursement of the assistance.

EC Assistance to Albania (1991-2008) in million Euro	
IPA	121.9
CARDS	330
Phare	635
Macro-financial assistance	150
ECHO	142
EIDHR	5.6
<b>Total</b>	<b>1384.5</b>

### 2.3.2. *Lessons learned*

The interim evaluations (Phare 1999-2002) and the ex-post evaluation (Phare 1999-2001) of EC pre-accession assistance have identified some lessons that can be drawn for future assistance. The findings from an interim evaluation of CARDS indicate that overall performance of the evaluated assistance is mixed. There have been delays in implementation. A need for further involvement of the authorities in programming and implementation phases has been identified. With regard to CARDS assistance, the key concerns are impact and sustainability of projects due to uneven capacity of the various Albanian administrations - partly the result of a high turn over of staff. Based on the evaluations carried out during 2008, the overall performance in Albania is rated as "moderately satisfactory". Experience with the implementation of IPA assistance as well as other DG ELARG evaluation reports - specifically, the evaluation report for public administration reform - suggest that IPA assistance needs to consider the following lessons learned:

- **Local ownership** is essential for the effective targeting of assistance and achieving expected results. Significant efforts have been undertaken to involve Albania's institutions in the planning and programming process for EC assistance. The Ministry for European Integration (MEI) benefited from substantial institution and capacity-building support. The introduction of the function of Senior Programme Officers (SPO) within the European Integration units in line ministries and the leading role of the MEI in the programming process should provide the framework for the identification of the assistance needs.
- The **absorption capacity** of the authorities needs to be ensured. This depends on project maturity, adequate staffing in the relevant institutions, the mobilisation of civil society and a political consensus on key reform activities.
- **Timely planning** of future assistance is essential to address key areas. Past experience with delays in the implementation of CARDS and IPA assistance has shown the need to ensure that projects do not become obsolete because of late implementation.
- The **link between EC assistance and sectoral strategies and action plans** of the Albanian institutions needs to be ensured. The aim is to design assistance in relation to

Albanian strategic plans, which should address the requirements of the EU integration process.

- Particular attention must be paid to the preparedness and **maturity of the projects** to be selected.

### 2.3.3. Donor Coordination

In order to increase effectiveness and efficiency in the delivery of assistance through donor coordination, the Commission and the Member States shall ensure coordination of their respective assistance programmes. This coordination is extended also to the IFIs and other non-EU donors. At local level, a consultation mechanism during the different phases of the assistance cycle was established in 2007. It provides for an early consultation on draft IPA planning (MIPDs) and programming documents with Member State embassies, local offices of IFIs, UN entities and non-EU donors.

At central level, coordination meetings with IFIs as well as with EU and non-EU donors are organised on a regular basis. They focus primarily on strategic orientations and the regional dimension of IPA planning and programming. Additionally, coordination between the Commission and Member States takes place on a regular basis in the context of the IPA Committee. Meetings with the embassies of Member States and the local branches of the IFIs on the MIPD 2009-2011 and the IPA 2009 draft national programme were organised in December 2008.

Since November 2005, the Government of Albania is getting support to improve the process of donor coordination through the Integrated Planning System (IPS), which aims at ensuring that core policy and financial processes function in a coherent, efficient and integrated manner. Assistance to this mechanism was foreseen under IPA 2007. Furthermore, the Albanian Government has significantly improved donor coordination and align international assistance with national priorities through the Department of Strategy and Donor Coordination (DSDC). It was created in 2005 under the Deputy Prime Minister Office in the Council of Ministers of the Albanian government and is responsible for national, sectoral and crosscutting development strategy coordination.

The Delegation of the European Commission has played in the past a leading role as head of the Donor Technical Secretariat (DTS), which facilitates coordination and hosts project data from all donors since 2003. This leading role is rotating between the main donors such as European Commission, OSCE, World Bank, UNDP and Member States. For the moment, the Netherlands is leading the DTS.

To facilitate the coordination among donors as well as between government and donors within one sector, Sector working groups have been created. The government has the leading role in calling the meetings of the Sector Working Groups, but the donors can take the initiative and call the meeting each time they feel there is an important issue to be discussed amongst them, or with the Government. The 9 sector working groups for donors' coordination are currently shared as follows: 1) Environment, Land and Agriculture, 2) Infrastructure & Energy, 3) Economy & Finance, 4) Social Policy Sectors, 5) Justice & Home Affairs, 6) Government Modernisation, 7) Decentralisation, 8) Youth and Culture, Civil Society and Media and 9) Elections and Civil Registry.

The Commission organised a Donor Coordination Conference in October 2008 where the Commission and Member States, together with the IFIs and non-EU donors, agreed to an active and affirmative approach concerning the need for enhanced donor coordination. The follow-up conference in Tirana in April 2009, which was organised by the Commission and the Albanian government, was highly successful.

Beside EC assistance, several other bi-lateral or multi-lateral donors as well as IFIs are active in key areas. According to figures presented at the last donors conference, the total amount of donors' committed funds to Albania for the period 2007-2009 is EUR 2.7 Billiards.

Albania was selected in January 2007 as a pilot for the UN "delivering as one" reforms, which is financially supported (amongst others) by the EC.

## 2.4. Cross cutting issues

The major cross cutting issues to be tackled in Albania are:

- *Civil Society* is supported from previous CARDS 2005/2006 programmes (currently under implementation) and the European Initiative for Democracy and Human Rights (EIDHR). IPA 2009 foresees a EUR 1.5 million project for local Civil Society organisations. Civil Society should be properly consulted by the government during the decision making process.
- *Environmental impact assessment* is compulsory concerning new legislation and financing proposals for investments. At the same time, all relevant infrastructure projects will have to take into consideration the provision of the European Environmental Impact Assessment and nature conservation legislation (see below point 4.4.).
- *Equal opportunities and non-discrimination* will be respected as regarding gender at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- *Minority and vulnerable groups' concerns* will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development.
- *Good governance and fight against corruption*: Specific action instruments for the good governance, with particular attention to fight against corruption, will be incorporated on a horizontal basis.

## 2.5. Conditions

The programme includes the following conditionalities:

- The projects fiches are formally approved by exchange of letter between the Commission and the government of Albania.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order that the EC financial support is used in the most effective and sustainable manner possible.

- Beneficiary institutions will formally endorse the design and tender documents, including terms of reference.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

## 2.6. Benchmarks

	N (2009) (indicative)		N+1 (2010) (cumulative, indicative)		N+2 (2011) (cumulative, indicative)	
	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched	0	0	34	8	38	11
Number of calls for proposals launched	0	0	4		4	

\* For parallel national co-financing

## 2.7. Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

IPA Implementing Regulation no 718/2007 of 12 June 2007 provides for terms and conditions of the process for decentralised management of financial assistance. It is completed by the Roadmap for decentralised management developed by DG Enlargement of the European Commission and the Albanian Roadmap for decentralised management developed in December 2008.

While decentralised management shall be with ex-ante control by the EC Delegation for IPA Components I, II, III and IV, it aims at being without ex-ante control under Component V. Decentralised management requires the set-up of proper operating structure and management control system, with strong involvement and leadership needed by the Albanian authorities from the beginning.

For Component I: the key actors for Decentralised Management have been appointed by a Government Decree: National IPA Coordinator (NIPAC), Competent Accrediting Officer

(CAO), National Authorizing Officer (NAO) and Programming Authorizing Officer (PAO) (Council of Minister's Decree no. 596 of 5 September 2007).

The National Fund (NF) is not yet established within the Ministry of Finance but two persons are nominated in charge of all issues for the NF in this preparatory stage for the years 2008-2009. The Contract and Finance Coordination Unit (CFCU) was first established within the structure of the Ministry of Finance by Decree No. 93 of 13 June 2007 and it has been restructured in July 2008. Senior Programme Officers (SPOs) for IPA Component I in line ministries have been appointed on 30 December 2008.

A Steering Committee (SC) for Decentralised Management preparations for IPA Component I is established and chaired by the NAO. The SC is in charge to follow up the process towards Decentralised Management preparations and monitoring progress, review and approve the procedural manuals and advise the CAO (the Minister of Finance) and NIPAC (MOI) for measures to be taken in this regard. In January 2009 an IPA 2007 project started to support the Albanian administration to prepare for decentralised management for IPA Component I. Following the recommendations of the European Commission's April 2009 fact finding and advisory mission to the Albanian Ministry of Finance, the national roadmap to decentralised management and the current structure need to be refined. The development of the IPA 2007 project shall be modified accordingly. For solid progress towards decentralised management under component I, next steps after establishing the Audit Authority as an independent body under the Prime Minister Office, should be followed by a gap assessment, gap plugging and compliance assessments in order to be able to present a request for conferral of management for IPA Component I projects.

### 3. BUDGET

#### 3.1. Indicative budget table (amounts in EUR million)

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
<b>Priority Axis 1: Political Criteria</b>	26.698	16.970	64%	9.729	36%	6.024	4.830	80%	1.284	20%	32.722	21.800	31.2%
Project 01: Blue Border Management	0.150	0	0%	0.150	100%	4.970	4.000	78%	0.970	19%	5.120	4.000	
Project 02: Anti Money Laundering	1.500	1.500	100%	0	0%	0	0	0%	0	0%	1.500	1.500	
Project 03: Justice System	3.300	3.300	100%	0	0%	0	0	0%	0	0%	3.300	3.300	
Project 04: Witness Protection	0.640	0.600	94%	0.040	6%	0.410	0.400	98%	0.100	2%	1.050	1.000	
Project 05: Decentralised Management System	1.500	1.500	100%	0	0%	0	0	0%	0	0%	1.500	1.500	
Project 06: Census	16.978	7.570	45%	9.409	55%	0.644	0.430	67%	0.214	33%	17.622	8.000	
Project 07: Project	1.000	1.000	100%	0	0%	0	0	0%	0	0%	1.000	1.000	

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
Preparation Facility													
Project 08: Civil Society Facility	1.630	1.500	92%	0.130	8%	0	0	0%	0	0%	1.630	1.500	
<b>Priority Axis: Economic Criteria</b>	<i>0</i>	<i>0</i>	0%	<i>0</i>	0%	<i>56.202</i>	<i>14.460</i>	26%	<i>41.760</i>	74%	<i>56.220</i>	<b>14.460</b>	20.7%
Project 9: Secondary and local roads**	0	0	0%	0	0%	49.000	9.000	18%	40.000	82%	49.000	9.000	
Project 10: Cultural Heritage	0	0	0%	0	0%	6.670	5.000	75%	1.670	25%	6.670	5.000	
Project 11: Kukes Regional Development	0	0	0%	0	0%	0.550	0.460	84%	0.090	16%	0.550	0.46	
<b>Priority Axis: Ability to assume the obligations of membership</b>	<i>5.050</i>	<i>4.950</i>	98%	<i>0.100</i>	2%	<i>53.720</i>	<i>26.650</i>	50%	<i>27.070</i>	50%	<i>58.770</i>	<i>31.600</i>	45.2%
Project 12: Water and Sewerage System**	0	0	0%	0	0%	48.970	23.100	47%	25.870	53%	48.970	23.100	
Project 13: Industrial Property Rights	1.100	1.000	91%	0.100	9%	0	0	0%	0	0%	1.100	1.000	



Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%	EUR (c)	%	EUR (d)=(e)+(f)	EUR (e)	%	EUR (f)	%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%
Project 14: Food Safety	2.400	2.400	100%	0	0%	1.100	1.100	100%	0	0%	3.500	3.500	
Project 15: e-Government and Personal Data Protection	1.550	1.550	100%	0	0%	3.650	2.450	67%	1.200	33%	5.200	4.000	
<b>Priority Axis: Community programmes</b>	2.200	2.000	91%	0.200	9%	0	0	0%	0	0%	2.200	2.000	2.8%
Project 16: Community Programmes	2.200	2.000	91%	0.200	9%	0	0	0%	0	0%	2.200	2.000	2.8%
<b>TOTAL</b>	<b>33.948</b>	<b>23.920</b>	<b>71%</b>	<b>10.029</b>	<b>29%</b>	<b>115.964</b>	<b>45.940</b>	<b>40%</b>	<b>70.114</b>	<b>60%</b>	<b>149.912</b>	<b>69.860</b>	

\* public and private, national and/or international contributions

\*\* to be implemented through the Council of Europe Development Bank (CEB) in cooperation with Kreditanstalt für Wiederaufbau (KfW). This joint management mode will be carried out within the particular frame of the Municipal Window of the Infrastructure Project Facility.

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

The Community contribution, which represents 47 % of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used.

In the case of grants, final grant beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the project, both for investment and institution building projects, and a minimum of 5% of the eligible expenditure in case of twinning. With view to the twinings foreseen under this decision and the grant agreement with a Member State (project 3: Assistance to Justice System), an exception to this principle in the light of Article 253(1)(d) of the Implementing Rules to the Financing Regulation will be applied due to the effects of the financial crisis on the budget situation of the public administration.

Overall, co-financing is foreseen for 11 out of 16 projects and amounts to 33 % for priority axis 1 – political criteria, 74 % for priority axis 2 – economic criteria, 46 % for priority axis 3 – ability to assume the obligations of membership and 9 % for priority axis 4 - participation in community programmes.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Method of implementation**

The programme will be implemented through centralised management and joint management, in accordance with Article 53a and Article 53d of the Financial Regulation<sup>2</sup> and the corresponding provisions of the Implementing Rules<sup>3</sup>, respectively. The programme will be implemented by the European Commission Delegation in Tirana.

It is foreseen to allocate EUR 9.0 million for rural roads and EUR 5.5 million to water infrastructure projects in municipalities by using the mechanism of the Municipal Window of the IPF. The projects will be implemented by the European Commission by joint management with the Council of Europe Development Bank (CEB) in co-operation with Kreditanstalt für Wiederaufbau (KfW) following Article 53 d (1) c of the Financial Regulation and the corresponding provisions of the Implementing Rules.

CEB is currently subject to an external review in relation to Article 53d of the Financial Regulation. In anticipation of the results of this review it is deemed, based on the long-standing and problem free cooperation with this Organisation, joint management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of the Implementing Rules to the Financial Regulation.

To this end, the Commission and CEB/KfW will conclude the relevant Contribution Agreements.

---

<sup>2</sup> OJ L 248, 16.9.2002, p.1.

<sup>3</sup> OJ L 357, 31.12.2002, p. 1.

#### **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 website<sup>4</sup> at the date of the initiation of the procurement or grant award procedure.

#### **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 of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address: [http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)

#### **4.4. Environmental Impact Assessment and Nature Conservation**

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

In particular, an Environmental Impact Assessment in line with EU standards shall be carried out for the projects if appropriate<sup>5</sup>.

An appropriate nature conservation assessment shall be made for any project, equivalent to that provided for in Art. 6 of the Habitats Directive<sup>6</sup>, that is likely to affect sites of nature conservation importance.

---

<sup>4</sup> Current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/works/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/works/index_en.htm)

<sup>5</sup> Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive).

<sup>6</sup> 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)

## **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 international organisation(s) concerned.

### **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 IPA Implementing Regulation, 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) 2185/96<sup>7</sup>.

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

## **7. NON SUBSTANTIAL REALLOCATION OF FUNDS**

The authorising officer by delegation (AOD), or 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, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

---

<sup>7</sup> OJ L 292; 15.11.1996; p. 2

## **8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME**

Limited adjustments 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 nature<sup>8</sup>, 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.

---

<sup>8</sup> 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.