

ALLEGATO 1



Delegation of the European Commission  
to the Republic of Albania

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## Closed Tenders list

- 30/06/2008  
Lorenzo Natali Journalism Prize 2008
- 19/06/2008  
Support for Civil Society organisations-capacity building and their greater involvement in the European policy debate
- 13/06/2008  
Call for Proposals for the Preparatory Action MEDIA International
- 03/06/2008  
Works for Construction and Renovation at the Central Fleet Management Facility and at the Academy of the Albanian Police
- 27/05/2008  
Supply of IT Equipment for the Albanian National Food Authority
- 26/05/2008  
Call for proposals: Women rights
- 21/05/2008  
Clarification to the Local Open Works Tender
- 13/05/2008  
Clarification for the supply tender "Supply of IT equipment for the Albanian National Food Authority"
- 26/11/2007  
Environmental clean-up and disposal of hazardous waste in the Nitrate Fertilizer Plant in Fier
- 15/11/2007  
Reinforcing the capacities of Albanian trade unions
- 14/11/2007  
Micro-projects under Campaign 4: Advancing equality, tolerance and peace
- 15/09/2007  
REHABILITATION OF INFRASTRUCTURE IN SHKODER, LEZHE
- 15/09/2007  
Rehabilitation of Infrastructure in Shkoder, Lezhe and Tirane Parks
- 31/08/2007  
Support to Marginalised People
- 28/08/2007  
Renovation of Ministry of Finance Treasury District Offices Location – Albania

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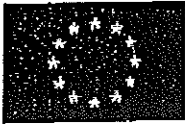
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- 21/08/2007  
Support to Marginalised People
- 13/08/2007  
Renovation of Ministry of Finance Treasury District Offices
- 10/08/2007  
Renovation of the State Publication Center
- 08/08/2007  
Construction of Border Crossing Points (BCPs) in Albania
- 02/08/2007  
Works for Construction and Renovation at the Central Fleet Management Facility and at the Academy of the Alb. Police
- 31/07/2007  
Construction and Rehabilitation works for the Regional Vocational Education Training Centres
- 23/07/2007  
Renovation of the State Publication Centre in Tirana
- 23/07/2007  
Environmental clean-up and disposal of hazardous waste
- 12/07/2007  
Renovation of TIPA building
- 09/07/2007  
Construction of the Centre readmitted 3rd country nationals and centre for asylum seekers
- 09/07/2007  
\*Construction of the Centre readmitted 3rd country nationals and centre for asylum seekers\*
- 08/07/2007  
Construction of Border Crossing points (BPCs) in Albania – Lot 2
- 03/07/2007  
Renovation of TIPA Building
- 29/06/2007  
Renovation of Ministry of Finance Treasury District Offices–LOT 1
- 15/06/2007  
Information Meeting

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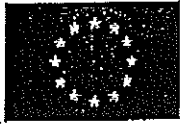
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## Closed Tenders list

- **08/08/2007**  
Works Procurement Notice
- **08/08/2007**  
Renovation of the District Courts in Dibra and Sarande
- **07/08/2007**  
Renovation of Ministry of Finance Treasury District Offices--LOT 1.
- **02/02/2007**  
IT Hardware Equipment and Software for the National Institute of Statistics, INSTAT in Tirana, ALBANIA
- **03/05/2006**  
Office Furniture and ICT Equipment for the National Vocational Education and Training Agency and Training Centres
- **14/11/2004**  
Innovation Fund for VET Schools/Centres

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ALLEGATO 2



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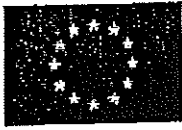
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## Current Tenders list

- [21/07/2008](#)  
Construction of Ten Border Crossing Points (BCPs) in Albania
- [31/07/2008](#)  
Support to Albanian Media
- [12/08/2008](#)  
Rehabilitation of the building for NFA

Note: [Click here to see past tenders](#)



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## Construction of Ten Border Crossing Points (BCPs) in Albania

EuropeAid/127101/L/WKS/AL


The European Community, represented by the European Commission, for and on behalf of the Government of Albania, to award a works contract for the "Construction of Border Crossing Points (BCPs) in Albania" with financial assistance under the Cards 2006 programme of the European Communities.

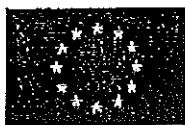
The tender dossier is available at the Procurement Unit of the General Directorate of Customs (Ministry of Finance), Topalli, Head of Procurement Unit, e-mail [etopalli@dogana.gov.al](mailto:etopalli@dogana.gov.al) mob. +355 (0)69.2096566, Rruga Durrësit Lap Albania tel. +355 (4) 243920 upon payment of euro 250 which exclude courier delivery. It is also available for inspection at the premises of the Beneficiary as indicated above.

Possible additional information or clarifications/questions shall be published on the EuropeAid website:  
[http://ec.europa.eu/europeaid/work/procedures/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/index_en.htm)

The deadline for submission of tenders is 21 July 2008 at 16h00

Please download the Procurement Notice below:

Attachment	Size
 Procurement Notice - 127101/L/WKS/AL	86 KB



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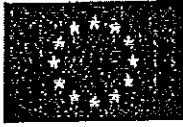
### Support to Albanian Media

EuropeAid/127058/L/ACT/AL

The European Community, represented by the European Union, Delegation of the European Commission to Albania Durrësit 127 / 1, Tirana, Albania is seeking proposals for supporting the Albanian media and its involvement in the policy debate in the context of European integration, with financial assistance from the CARDS 2008 Programme. The full Guidelines for Applicants are available for consultation at Delegation and on the following link: [http://ec.europa.eu/europeaid/work/procedures/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/index_en.htm)

The deadline for submission of proposals is 31 July 2008 at 16:00 hrs local time.

Attachment	Size
 Guidelines for Applicants	224.5 KB
 Annex_A.doc	605.5 KB
 Annex_B.xls	88.5 KB
 Annex_C.xls	21 KB
 Annex_D.pdf	320.27 KB
 Annex_E.pdf	330.22 KB



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## Rehabilitation of the building for NFA

CARDS 2006-EUROPEAID/127220/LWKS/AL

The deadline for submission of tenders is 12 August 2008 at 16h00

Please download the **Procurement Notice** and the **Tender Dossier** below:

Attachment	Size
 127220LWKSAL Procurement Notice.pdf	170.69 KB
 127220 SUP - Tender Dossier	1.08 MB

Albania

ALLEGATO 3

Type of Investment	Project name	Sub project	Description	Sector	Portfolio Class	Year of signing	Project Value	Loan	Equity	guarantees	EBRD Total EBRD finance
Direct Investment	Albania power distribution rehabilitation	-	Upgrade of power transmission, distribution systems and substations.	Power and energy	State	2002	190,441	24,038	0	0	24,038
Direct Investment	Albania power sector reconstruction	-	Modernisation of main hydro power plants, transmission and distribution networks.	Power and energy	State	1999	63,200	30,000	0	0	30,000
Direct Investment	Albania Reconstruction Equity Fund (AREF)	-	International Distribution for Albania Telecoms	Telecoms	Private	1999	179	0	87	0	87
Direct Investment	Albania Reconstruction Equity Fund (AREF)	-	Modernisation, expansion, restructuring and development of small and medium-sized enterprises.	Equity Funds	Private	2002	9,993	0	4,776	0	4,776
Direct Investment	Albanian Telecom	-	Modernisation and expansion of telecommunications network.	Telecoms	State	1992	38,954	6,686	0	0	6,686
Direct Investment	Banca Hajo Albanese	-	Establishment of joint-venture bank with Banca di Roma and National Commercial Bank of Albania.	Bank Equity	Private	1994	27,424	13,753	6,876	0	20,629
Direct Investment	Coca-Cola Titania	-	Establishment of first local soft drink producer and bottling plant	Agribusiness	Private	1993	9,358	2,767	0	0	2,767



EBRD Investments 1991-2007

Type of Investment	Project name	Sub-project	Description	Sector	Portfolio Class	Year of signing	Project Value	Loan	Equity	EBRD Total EBRD	guarantee	finances
Direct Investment	Din River cascade rehabilitation	-	Upgrade of main hydro power plants.	Power and energy	State	1994	34,165	1,445	0	0	0	1,445
Direct Investment	Durres port	-	Loan to finance a ferry terminal and related infrastructure at the port of Durres.	Transport	State	2007	40,000	14,000	0	0	0	14,000
Direct investment	Elromax	-	Construction and operation of five supermarkets.	Agriculture	Private	2006	18,000	6,333	3,167	0	0	9,500
Direct Investment	Fier-Topelene road rehabilitation project	-	Upgrading and construction of the road from Fier to Topelene.	Transport	State	2005	109,000	35,000	0	0	0	35,000
Direct Investment	Fushine Krnje cement factory	-	Installation of new cement production line.	Manufacturing	Private	2004	98,979	20,386	0	0	0	20,386
Direct Investment	Hotel Rogner	-	Construction of three-star hotel in Tirana.	Property and tourism	Private	1994	23,985	15,784	3,941	0	0	19,704
Direct Investment	INSIG	-	Pro-privatisation equity investment in leading insurance provider.	Non-bank financial institutions	Private	2003	10,247	5,124	0	0	0	5,124
Direct Investment	Levan-Vlore road	-	Loan to upgrade the road from Levan to Vlore.	Transport	State	2007	60,200	22,000	0	0	0	22,000
Direct Investment	Micropack Albania	-	Construction of a food packaging plant.	Agriculture	Private	2005	5,500	2,500	0	0	0	2,500
Direct investment	National Commercial Bank	-	Restructuring of commercial banks operators and strengthening of capital base.	Bank Equity	Private	2000	7,768	0	2,392	0	0	2,392

EBRD investments 1991-2007

Type of Investment	Project name	Sub project	Description	Sector	Portfolio Class	Year of signing	Project Value	Loan	Equity	guarantee	EBRD Total EBRD finance
Direct investment	Power transmission and distribution project	-	Upgrade of power transmission and distribution systems.	Power and energy	State	1995	80,800	100	0	0	100
Direct Investment	Power transmission substations upgrade	-	Upgrading of six transmission substations crucial to Albania's energy transmission system.	Power and energy	State	2006	37,340	16,000	0	0	16,000
Direct Investment	ProCredit Bank Albania (formerly FEFAD Bank)	-	Financing for micro and small enterprises.	Small business finance	Private	1999	4,738	0	1,077	0	1,077
Direct Investment	Road rehabilitation project	-	Emergency improvements to 30 km section of road between Elbasan and Librazhd.	Transport	State	2002	24,873	16,987	0	0	16,987
Direct Investment	SME recovery credit line	Banka Hedo-Albanese	Credit line to assist small and medium-sized enterprises.	Bank lending	Private	1998	984	984	0	0	984
Direct investment	Tirana Airport Privatisation Project	-	Upgrading of facilities at the airport.	Transport	Private	2005	50,300	21,000	0	0	21,000
Direct Investment	Tirana Hotel	-	Operation of three-star hotel in Tirana.	Property and tourism	Private	1993	18,367	8,150	2,717	0	10,867
Direct Investment	Tirana municipal transport	-	Comprehensive upgrade of roads in Tirana.	Municipal and infrastructure	State	2006	14,600	14,600	0	0	14,600
Direct Investment	Vlora thermal power plant	-	Construction of oil-fueled thermal power station.	Power and energy	State	2004	103,791	40,000	0	0	40,000

Type of Investment	Project name	Sub project	Description	Sector	Portfolio Class	Year of signing	Project Value	Loan	Equity	guarantee	EBRD Total EBRD finance
Direct Investment	Vodafone Albania	-	Expansion of GSM mobile network.	Telecoms	Private	2003	72,500	24,706	0	0	24,706
Direct Investment	Western Balkans Local Enterprise Facility	Agrietal	Establishment of an olive oil production plant.	Agribusiness	Private	2007	1,000	0	500	0	500
Direct Investment	Western Balkans Local Enterprise Facility	BI-Invest	Establishment of a greenfield concrete production plant in Lushnje, Albania.	Manufacturing	Private	2007	1,001	0	700	0	700
Direct Investment	Western Balkans SME Finance Facility	Banika Popullore	Credit line to Banika Popullore for on-lending to small and medium-sized businesses.	Bank lending	Private	2006	5,000	5,000	0	0	5,000
Regional Investment	Balkan Accession Fund	-	Finance provided to a private equity fund investing in medium-sized businesses.	Private Equity funds	Private	2005	5,245	0	1,120	0	1,120
Regional Investment	EnerCap	-	Private equity fund dedicated to investing in renewable energy and energy efficiency projects in central and south-eastern Europe.	Power and energy	Private	2007	5,000	0	1,250	0	1,250
Regional Investment	European Fund for Southeast Europe	-	Privately managed public/private investment fund which will provide financing for micro, small and medium-sized businesses as well as housing and rural finance in Albania, Bosnia and Herzegovina, Montenegro and Serbia.	Small business finance	Private	2006	2,000	0	2,000	0	2,000
Regional Investment	Southeast Europe Equity Fund II	-	Equity fund investing in private funds in south-eastern Europe.	Equity funds	Private	2005	1,761	0	1,751	0	1,761

EBRD investments 1991-2007

Type of Investment	Project name	Sub project	Description	Sector	Portfolio Class	Year of signing	Project Value	Loan	Equity	EBRD Total EBRD guarantee	EBRD finance
Regional Investment	South-eastern Europe Joint Power Ventures	-	Investment in the acquisition or development of energy assets in the Southeast European Energy Market, covering Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Montenegro, Romania and Serbia.	Power and energy	Private	2007	86,000	0	\$,500	0	\$,500



## Albania

South East Europe

Finance contracts signed

Filter			
From	1990		
To	2008		
Sector			
Eligibility			
<input type="button" value="Go"/>			
Name	Sector	Signature date	Signed Amount
<u>EUROPEAN FUND FOR SOUTHEAST EUROPE</u>	Services	30/11/2007	318,750
<u>LEVAN - VLORE ROAD</u>	Transports	16/11/2007	23,000,000
<u>PORT OF DURRES FERRY TERMINAL</u>	Transports	27/12/2006	18,000,000
<u>EDUCATION DEVELOPMENT LOAN</u>	Health, Education	16/10/2006	12,500,000
<u>FIER - TEPELENE ROAD PROJECT</u>	Transports	15/06/2005	35,000,000
<u>VLORE THERMAL POWER PLANT</u>	Energy	29/09/2004	40,000,000
<u>MUNICIPAL WATER INFRASTRUCTURE</u>	Water, sewerage	22/12/2003	27,000,000
<u>PORT OF DURRES - INFRASTRUCTURE REHAB.</u>	Transports	28/12/2001	17,000,000
<u>POWER TRANSMISSION AND DISTRIBUTION</u>	Energy	30/10/2001	30,000,000
<u>EUROPEAN ROADS</u>	Transports	08/12/2000	34,000,000

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15 record(s)		



## Albania

South East Europe

Finance contracts signed

Filter			
From	1990		
To	2008		
Sector			
Eligibility			
<input type="button" value="Go"/>			
Name	Sector	Signature date	Signed Amount
<u>DURRES-VORE HIGHWAY</u>	Transports	05/02/1998	22,000,000
<u>POWER TRANSMISSION</u>	Energy	15/11/1996	12,000,000
<u>EAST-WEST ROAD CORRIDOR</u>	Transports	08/12/1995	24,000,000
<u>APEX GLOBAL LOAN</u>	Global loans	02/06/1995	5,000,000
<u>FERRY TERMINAL</u>	Transports	01/06/1995	5,000,000
<input type="text" value="10 rows"/> Page 2/2 15 record(s)			

## COMMISSION DECISION

C(2007)2245 of 31/05/2007

on a Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Albania

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

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

Whereas:

- (1) Regulation (EC) No 1085/2006 creates a coherent framework for Community assistance for candidate countries and potential candidate countries. Article 6 (1) of that Regulation requires that the assistance shall be provided on the basis of multi-annual indicative planning documents established by country in close consultation with the national authorities.
- (2) In accordance with Article 6 (3) of Regulation (EC) No 1085/2006 assistance for countries listed in Annex II to that Regulation shall be based on the European Partnerships and cover the priorities and overall strategy resulting from a regular analysis of the situation in the country and on which preparation for further integration into the European Union must concentrate.
- (3) Albania is listed in Annex II to Regulation (EC) No 1085/2006.
- (4) The Council adopted on 30 January 2006 the European Partnership with Albania<sup>2</sup>.
- (5) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006,

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<sup>1</sup> OJ L 210, 31.7.2006, p.82

<sup>2</sup> Council Decision 2006/54/EC of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Albania (OJ L35, 7.2.2006, p.1)

HAS DECIDED AS FOLLOWS:

*Sole article*

The Multi-annual Indicative Planning Document (MIPD) for the years 2007-2009 for Albania attached to the present Decision is hereby adopted.

Done at Brussels, [...]

*For the Commission*

*[...]*

*Member of the Commission*



ANNEX

**Instrument for Pre-accession Assistance (IPA)**

**Albania**

**Multi-annual Indicative Planning Document**

**2007 – 2009**

## List of abbreviations

CAFAO	Customs and Fiscal Assistance Office
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-border cooperation
CEFTA	Central European Free Trade Agreement
MEI	Ministry for European Integration
DFID	UK Department for International Development
DIS	Decentralised Implementation System
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECAA	European Common Aviation Area
EIB	European Investment Bank
EIDHR	European Initiative for Democracy and Human Rights
EU	European Union
EURALIUS	European Justice Assistance Mission
FAO	International Food and Agriculture Organisation
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für technische Zusammenarbeit
IBM	Integrated Border Management Strategy
IFI	International Financial Institutions
IMF	International Monetary Fund
INSTAT	Albanian Institute of Statistics
IA	Interim Agreement
IPS	Integrated Planning System
IOM	International Organisation of Migration
IPA	Instrument of Pre-accession Assistance
IPR	Intellectual Property Rights
KfW	Kreditanstalt für Wiederaufbau
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
NGO	Non-Government Organisation
NIPAC	National IPA Coordinator
LCDP	Local Community Development Programme
OSCE	Organisation for Security and Cooperation in Europe
PAMECA	EC Police Assistance Mission
PAR	Public Administration Reform
PHARE	Poland and Hungary: Aid for Restructuring of the Economies
PMU	Programme Management Unit
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
Sida	Swedish International Development Agency
SME	Small and Medium-sized Enterprises
SPO	Senior Programming Officer
TAEIX	Technical Assistance Information Exchange Office
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VET	Vocational Education and Training
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organisation

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## Preface

The main objective of the **Instrument for Pre-Accession Assistance (IPA)**<sup>1</sup> is to help the country to face the challenges of European integration, to implement the reforms needed to fulfil EU requirements and progress in the Stabilisation and Association Process and to lay the foundations for fulfilling the Copenhagen criteria for EU membership.

The IPA instrument consists of five components (IPA-I) the Transition Assistance and Institution Building component; (IPA-II) the Cross-Border Cooperation component which applies to border regions between beneficiaries from member states, candidate states and countries in pre-accession status; (IPA III, IV and V) the Regional, Human Resources and Rural Development components which are planned for Candidate Countries.

Potential candidate countries will receive assistance through components I and II of IPA. Potential candidate countries and candidate countries that have not been accredited to manage funds in a decentralised manner (DIS) should however be eligible, under component I, for measures and actions of a similar nature to those which will be available under components III, IV and V.

The basic policy documents for setting down the priorities for programming of assistance under IPA are the European Partnership, the Strategy Paper, which presents the Commission's overall enlargement policy for the candidate and potential candidate countries, as well as the Annual Report on progress made on the road towards the EU, including implementation and enforcement of EU standards. IPA will allow flexibility in order to respond to possible new priorities identified in annual Progress Reports of the Commission.

This **multi-annual indicative planning document (MIPD)** is the strategic document for IPA. It is established for a three year rolling period, with annual reviews. It follows the Multi Annual Indicative Financial Framework (MIFF) which indicatively allocates funds per beneficiary and per component. It draws on the pre-established IPA components.

The priorities set out in the MIPD components will serve as a basis for the annual programming of EU funds in 2007, 2008, and 2009.

## Executive Summary

The assessment of Albania's progress in the implementation of the Stabilisation and Association process has led to a number of priorities, which need to be addressed in this MIPD. These priorities have been outlined in three key areas, **Political Requirements, Socio-Economic Requirements** and **European standards** as well as in the requirement of Albania's participation in **Cross-Border Cooperation**.

Despite the progress of Albania in the consolidation of the stability of its institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, continued efforts remain necessary in order to ensure good governance.

Albania needs further support to improve the socio-economic situation of the country and its population, particularly improving the business climate, reduce unemployment, better link education system with employment and strengthening the social welfare services.

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<sup>1</sup> Council Regulation (EC) No 1085/2006 of 17 July 2006, Official Journal L210, page 82.

As a potential candidate country, Albania must continue its efforts to comply with the approximation of legislation and adoption of EU standards, whereas implementation and enforcement should be accelerated through the establishment and capacity building of agencies and institutions. Sectoral policies, customs, integrated border management and migration and asylum policy will be also supported.

Regional co-operation is an essential requirement of the SAp. IPA supports cross-border co-operation with adjacent candidate and potential candidate countries

Pre-accession assistance shall prepare the country for decentralised management of EU assistance through capacity building of relevant administrative departments and institutions as well as by establishing internal controls and audits.

In view of the accumulation of institution building projects from previous CARDS programmes, and following consultations with the Albanian authorities, a considerable part of 2007 funds should be allocated to acquis related infrastructure projects. IPA 2008 should ensure the continuation of CARDS 2006 institution building projects. Revision of the decentralised implementation system set up in Phare will be sought.

Although components I and II have a separate allocations in the MIFF, complementarity and synergy between actions programmed under the two components shall be ensured.

**Table 1: Albania: Multi-Annual Indicative Financial Framework 2007-09 in million € (current prices)**

	2007	2008	2009	2007-2009
<i>Institution Building and Transition Support</i>	54.3	61.1	70.9	186
<i>Cross-Border Cooperation</i>	6.7	9.6	10.3	26.6
<b>Total</b>	<b>61</b>	<b>70.7</b>	<b>81.2</b>	<b>212.99</b>

## **Section 1 – Assessment of strategic priorities and objectives**

### **1.1 – Introduction**

The Multi-annual Indicative Planning Document (MIPD) 2007 - 2009 is the key strategic planning document for assistance to Albania under the Instrument for Pre-Accession Assistance (IPA). It takes account of the main reform priorities as identified in the European Partnership<sup>2</sup>, the Stabilisation and Association Agreement and Interim Agreement, the enlargement package (regular report) as well as the Albania's National Strategy for Development and Integration and the National Plan for the Approximation of the Legislation and SAA Implementation.

Albania signed a Stabilisation and Association Agreement (SAA) with the EU on 12 June 2006, entering a new phase of mutual commitments on a wide range of political, trade and economic issues. Trade-related parts of the SAA are implemented through an Interim Agreement while the ratification of the SAA is being completed. Therefore, Albania should undertake the necessary reforms to comply with its obligations.

<sup>2</sup> Council Decision of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2004/519/EC (2006/54/EC)

The priorities identified in MIPD 2007-2009 respond to European Partnership priorities and SAA and Interim Agreement requirements, which are the baseline documents for this multi-annual indicative planning document. In this respect, Albanian authorities have developed a National Plan for the Approximation of the Legislation and SAA Implementation (July 2006), outlining the strategy on how to realise the European priorities.

These principles and priorities set out in the multi annual indicative planning document will serve as a basis for the annual programming of EU funds in 2007, 2008, and 2009.

The multi annual indicative planning document has been prepared in wide consultation *inter alia* with Albanian authorities and civil society in Albania, EU Member States, as well as international financial institutions.

Albanian authorities were consulted formally through the Ministry for European Integration (MEI) and provided their comments to the MIPD. The MEI organised a series of workshops in May and July to facilitate the discussion on the MIPD between the European Commission and the line ministries and agencies of Albania.

The views of civil society actors in Albania were taken into account through consultation on the priorities and detailed scope of the present MIPD. The Commission met with representatives of the different Civil Society networks in Albania and received positive feedback on the draft planning document.

The Commission met also with representatives of the European Member States, United Nations Development Programme (UNDP), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD) and USAID to discuss the strategic orientation of the planning document and to get feedback on their assistance programmes in Albania. Co-ordination of assistance to Albania is continuous between the European Commission and the World Bank through the joint EC/WB office in Brussels.

## **1.2 - Objectives of pre-accession assistance**

The objectives of EU assistance to Albania are based on the needs assessment described in this section. They are in line with Albania's own sectoral reform and development strategies. The strategic objective of pre-accession assistance to Albania is to support the country in moving towards membership of the European Union. IPA will support Albania in meeting the political, economic and *acquis*-related criteria for membership.

Against this background, IPA will support the implementation of Albania's National Strategy for Development and Integration, the National Plan for the Approximation of the Legislation and the Stabilisation and Association Agreement (SAA) as well as other relevant strategies in areas related to the EU integration process.

Albania's main challenge over the next three years will be preparing for compliance with SAA requirements. The following key reform areas have been selected given their relevance for the implementation of the SAA/Interim Agreement commitments and considering the comparative advantage of EC assistance in certain areas, in particular in *acquis* related fields.

The needs assessment is based on a comparison of the actual progress in reform areas as described in the 2006 progress report and the progress expected by the SAp. IPA assistance will also take into account the lessons learned in the implementation of CARDS and ensure continuity of EC assistance with the previous CARDS programme.

The needs assessment points to a number of priorities which need to be addressed with EU financial assistance. These priorities will be summarized under the headings **Political Requirements, Socio-Economic Requirements, European Standards and Cross-Border Co-operation.**

The main focus of EU assistance continues to be institution building, where Albania requires substantial EU assistance to address European Partnership priorities. However, there is also a considerable need for large infrastructure projects to help Albania meet *acquis* requirements, in compliance with the National Plan for the Approximation of the Legislation and the Stabilisation and Association Agreement (SAA) In particular, meeting the conditions under the environmental *acquis* implies high costs. Therefore, in view of the accumulation of institution building projects from past CARDS programmes, and following consultations with the Albanian authorities, a considerable part of 2007 funds could be allocated to *acquis* related infrastructure projects. IPA 2008 should ensure the follow-up of CARDS 2006 institution building projects.

In order to improve Albania's capacity to make rapid progress towards the EU, continued efforts remain necessary to increase the effectiveness of its executive and legislative bodies. The relevant institutions should have sufficient capacity to meet European standards, including for implementation and enforcement. This situation will be taken into account in project selection.

As regards the socio-economic situation, Albania has broadly achieved macroeconomic stability, with strong growth (5.5% GDP) and controlled inflation. However, factors impeding economic development should be addressed e.g. poor infrastructure including unreliable power supply, legal certainty on property ownership and rule of law enforcement. Welfare services as well as education and labour market systems will also have to be improved. EU assistance should complement the support provided by other donors in these areas.

Decentralised management is a long term objective of IPA. Given the current conditions for financial execution in Albania, full decentralisation will not be sought under the MIPD 2007-2009. Nonetheless, pre-accession assistance in this period will support the country's preparation for decentralised management of EU assistance through capacity building of relevant administrative departments and institutions, including internal control and audit.

Based on the above mentioned needs, the pre-accession assistance should focus on:

- improving governance and the rule of law, particularly in the public administration, judiciary and police
- supporting economic development and enhancing social cohesion
- adopting the *acquis* and building capacity for transposing, implementing and enforcing the *acquis*
- strengthening of ties with neighbouring countries and EU Member States

Furthermore, the following cross cutting issues will have to be reflected in all activities programmed under IPA:

- *Civil Society* will be supported by the European Initiative for Human Rights and Democracy as well as under IPA. Civil Society is understood as including employers' organisations, trade unions and local government associations as well as non-

governmental organisations. Related activities in Albania under IPA programmes will be co-ordinated with Western Balkan regional activities for civil society.

- *Environmental impact assessment* is compulsory concerning proposals for new infrastructure investments projects.
- *Equal opportunities and non-discrimination* will be respected as regards gender and minorities at the programming and implementation stages, particularly in relation to socio-economic support programmes.
- Furthermore *minority and vulnerable groups' concerns* will be reflected in all activities programmed under IPA, in particular where public services, legislative matters and socio-economic development are concerned.
- Specific action instruments promoting *good governance*, with particular attention to *fighting corruption*, will be incorporated on a horizontal basis.

### 1.3 - Overview of past and on-going pre-accession assistance

Over the period 1991-2006 Community assistance to Albania has totalled about EUR 1.3 billion, of which about EUR 635 million was delivered through the Phare programme. Other significant types of assistance have included substantial food and other urgent humanitarian aid, balance of payments support, support to elections via OSCE, the TEMPUS programme of assistance to small projects in the higher education sector, and loans from the EIB.

Between 2000 and 2006 Albania benefited from around EUR 330 million of EU assistance. Since 2001 CARDS has been the main EC financial instrument for Albania. CARDS assistance, which supports Albania's participation in the SAP, targets 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%). Management of EC projects has been transferred to the EC Delegation in Tirana, in close cooperation with the Albanian Ministry of European Integration. The implementation of EC assistance programmes has improved, with the existing backlog gradually being reduced.

The support provided through CARDS in 2005 and 2006 was mainly focused on European Partnership priorities, which take into account the political and economic situation in Albania and the requirements Albania must fulfil in order to be able to implement an SAA. Total CARDS assistance allocated to Albania in 2005 and 2006 amounts to EUR 86.7 million.

The Tempus programme has provided considerable support to the modernisation and the reform of the higher education system in Albania. Since 1992, Tempus has funded over 90 cooperation projects with EU higher education institutions in the areas of curriculum development, university management and structural reform.

The EU agreed at the 2003 Thessaloniki summit to open participation in **Community programmes** to the Western Balkan countries, following the model of previous enlargements. A Framework Agreement between the Community and Albania on participation in Community Programmes was signed in November 2004. The Community ratified the Agreement in May 2005, and Albania did so in May 2005. The Albanian financial



contribution ('entry ticket') required to cover the expenses of its participation in the programmes may be partly paid through the CARDS budget.

Albania also benefits from the **Regional CARDS programme**, which in 2005 has an overall budget of EUR 40.4 million to support actions of common interest for the Western Balkan region, for example in the fields of infrastructure, institution building and cross-border cooperation in conjunction with Interreg activities.

In addition to CARDS assistance, Albania is also a priority country for the European Initiative for Democracy and Human Rights, and benefits from the LIFE environmental programme, as well as from the 6<sup>th</sup> Framework Programme for Research and Development.

The Commission has signed in May 2005 a Memorandum of Understanding to grant **macro-financial assistance** to Albania (up to EUR 25 million: EUR 16 million grant + EUR 9 million loan), which stipulates that the assistance will be disbursed in at least two instalments and will be conditional to 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. The first tranche was paid in November 2005 (3M€ grant) and in March 2006 (9M€ loan) following the ratification of the Loan Agreement by the Albanian parliament. Albania fulfilled the remaining conditions to enable the disbursement of the second instalment (13M€ grant) given the approval of the new Law on the Banking Sector in July 2006 and the efforts made to limit delays in the judicial process.

**Table 2: EC Assistance to Albania (1991-2006)**

Phare	€ 635 million
CARDS	€ 330 million
Macro-financial assistance	€ 150 million
ECHO	€ 142 million
EIDHR	€ 5 million
<b>Total</b>	<b>€ 1262 million</b>

Experience with previous CARDS assistance has shown that the future assistance under IPA needs to consider the following issues:

- EC assistance must be in line with the EU policy for Albania and projects should be developed taking into account the priorities of the European Partnership and SAA/Interim Agreement obligations. Projects which do not comply with strategic documents are in principle not eligible.
- Increasing local ownership is essential for the effective targeting of the support and achieving the agreed results in line with EU standards. Significant efforts have been undertaken to involve Albania's institutions in the planning and programming process for EC assistance. The Ministry for European Integration (MEI) benefited from substantial CARDS 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 transferring the responsibilities to the Government of Albania.
- Revision of the decentralised implementation system set up in Phare (Programme Management Units – PMUs) will be sought.

- In view of the flexibility provided by IPA to incorporate certain sectors from other components into Component I, and given the accumulation of institution building projects from previous CARDS programmes, EU acquis related infrastructure will be given priority for IPA 2007 annual programme, particularly in the area of environment and justice and home affairs
- All EC assistance must be interlocked with Albania's institutions development and action plans. The aim is to design assistance in relation to the Albania strategic plans and to design strategic plans in relation to assistance and EU approximation needs.

### 1.3.2 Relevant IFI and bilateral assistance

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

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

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

Close working relations are maintained with the IFIs (EIB, EBRD, World Bank, KfW).

*Public administration reform: Sweden, Netherlands, UK, EC, UNDP, WB, Spain*

*Rule of Law and the security sector: Germany, Sweden, COE, EC, OSCE, UNDP, USAID, Spain*

*Civil society and media sector: Austria, Canada, Germany, Sweden, Netherlands, CoE, OSCE, EC, UNDP, US, WB*

*Human rights and the protection of minorities: Canada, Greece, Germany, Spain, Sweden, UK, USAID, CoE, OSCE, UNICEF, WB*

*Economic Development: Austria, France, Greece, Germany, Italy, Sweden, Netherlands, UK, USAID, EBRD, EIB, WB, Switzerland, Spain, South Korea*

*Education, Employment and Health: Austria, Canada, Denmark, Germany, France, Greece, Italy, Netherlands, Spain, Sweden, Switzerland, UK, USAID, EC, CEB, IsDB, ILO/IPEC, WHO, WB*

*European Standards (including Food Safety, Energy, Agriculture and Environment): Austria, Czech, Germany, Greece, Italy, Kuwait, Japan, the Netherlands, Spain, Sweden, Switzerland, UK, USAID, COE, EC, EBRD, EIB, IFAD, IsDB, OPEC, OSCE, UNDP, UNIDO, WB*

*Infrastructure (including roads, railway, waterways and air transport): Austria, China, Germany, Italy, Norway, Luxembourg, Turkey, Japan, Switzerland, South Korea, EC, EBRD, EIB, IsDB, UAE, WB*

Reference to cross-cutting issues only: Cf. Annex C

## **Section 2 – Pre-accession assistance strategy for the period 2007-2009**

### **2.1 Strategic Choices**

Based on the operational needs assessment and priorities in point 1.2 and on the feedback received from the consultation with national authorities, member states, international organisations and civil society representatives, the following strategic choices have been made:

Under Component 1 - Transition Assistance and Institution Building, IPA will support Albania in coping with the political, socio-economic and *acquis* related requirements of the SAP.

#### **Political requirements:**

Under the CARDS programme, substantial progress has been made in building institutional capacity in the public administration, judiciary and police. However, limited capacity and high staff turnover in areas such as customs have restricted the impact of the assistance. IPA will therefore further support reforms in these areas.

One of the lessons learned in the implementation of past pre-accession assistance is that strengthened European integration structures and effective parliamentary work are vital to fostering reform. Assistance will therefore be provided in these areas.

Further support will be provided to develop the capacity of the media and of civil society to contribute to democratic stabilisation and TO the social and economic development of the country.

#### **Socio-economic requirements:**

IPA will assist Albania's economic development by supporting the establishment of regulatory capacity and the enhancement of entrepreneurial know-how. Further assistance will support the development of the SME sector and the facilitation of trade flows. Education reform will be supported to promote the development of the economy and of society. Active labour market measures will contribute to reducing unemployment. The capacity of bodies offering social services will be strengthened.

#### **European Standards:**

IPA will help Albania align with the *acquis* in internal market, sectoral policy and justice, freedom and security fields. Emphasis will be placed on supporting the development of sectoral strategies and policies and a regulatory framework compatible with European standards. Further emphasis will be placed on supporting the establishment and building the capacity of agencies and institutions required for the implementation and enforcement of sectoral policies. For the year 2007, support in *acquis* related infrastructure projects is foreseen.

Through its component II, IPA will support cross-border co-operation by establishing joint programmes at the borders with the adjacent candidate and potential candidate countries, through the involvement of Albania in the interregional IPA/Adriatic cross-border programme and by supporting Albania's participation in joint projects under the European Regional Development Fund (ERDF) transnational/interregional programmes where relevant. Albania has already benefited from EC-financed cross border co-operation with positive results.

Cross border co-operation is crucially important for stability, cooperation and economic development in Albania's border regions. The aim of EC assistance will be to develop local capacity in relation to cross border co-operation in all of Albania's border regions while also targeting specific local development projects. Development of cross-border co-operation is dependent on the capacity of authorities responsible for regional policy. Design of institution building activities under IPA components I and II should therefore aim to maximise mutual additionality, complementarity and catalytic effect.

In translating the objectives set out in Section 1.2 into specific priorities for assistance within the 3-year horizon of this document, particular attention will be paid to sequencing, programme maturity, absorption capacity, the availability of funds and of alternative sources of financing, and synergies with the activities of other donors. In many cases, details can only be assessed at the annual programming stage.

The priorities programmed under the Albania MIPD are closely coordinated with other EU-sponsored co-operation activities and with the IPA Multi-Beneficiary MIPD 2007-2009. Selected programmes under IPA will be co-ordinated with the donor community in Albania to ensure coherence and complementarity.

The MIPD for Albania will finance the following activities programmed under the Multi-Beneficiary MIPD 2007-2009: Nuclear Safety, Tempus and Erasmus Mundus. Assistance is planned for the support to the customs and taxation administration, supplementing existing programmes in the area and allowing them to continue or ensuring follow-up to current actions.

## **2.2 Component I - Transition Assistance and Institution Building**

For 2007 – 2009, the main areas of intervention for component I are broadly grouped under the following heading, following the Copenhagen criteria logic:

- Political requirements
- Socio-economic requirements
- European standards

The below listed sub-components form part of an annual programme. The adopted project proposals under the sub-component shall follow the priorities and financial allocations provided in the MIPD.

Financial support will be provided to the following list of indicative actions to realise the above mentioned main priorities and objectives. It will be the responsibility of Albania to establish its exact scope during the elaboration of the adopted project proposals. In certain key areas, EU *acquis* related infrastructure projects may be programmed.

Project maturity and the outcome of projects under on-going programmes, as well as the implementation schedule of past programmes, will be taken into consideration when planning the assistance.

### 2.2.1 Political requirements

One of the main political challenges remains the co-operation between the government and opposition in order to push reforms forward. Albania has made some progress on democracy and the rule of law, including fighting corruption, which is a key European Partnership priority. However, the restructuring of many ministries has temporarily reduced capacity in some areas of the public administration. Limited progress has been achieved regarding human rights and the protection of minorities.

The *parliament* is assuming a full role politically and its committee on European integration has been very active. The parliament is now more transparent and its relations with other constitutional bodies have been effective, but it still faces technical and administrative shortfalls. More co-operation between government and opposition is needed to enable important work, such as electoral reform and addressing Stabilisation and Association Agreement (SAA) obligations, to go ahead.

The *government* has adopted a plan to fulfil European Partnership and SAA obligations. It is creating structures to co-ordinate the substance of EU reforms and manage the resources to implement them. Co-ordination between these structures is essential. Better use of expertise in drafting legislative proposals is needed. The restructuring of many ministries has temporarily reduced capacity in some areas of the *public administration*. It is important now to build upon the changes to strengthen effectiveness. Some staff changes have taken place without due attention to the civil service law. Appointments in the administration continue to be politically influenced. Public service management, career structures and pay remain poor.

A new law should improve the career structure and case allocation methods for judges. Transparency has been increased somewhat *in the judicial system*. Some progress has been made in enforcing judgements. However, overall progress in improving the justice system has been limited. Progress is needed on improving recruitment procedures for judges and employment conditions for judicial administrators. The competences of the two judicial inspectorates need to be properly divided. Co-operation between the police and the judiciary needs to be improved. Execution of judgements remains poor overall. Legal certainty is needed to provide a positive climate for trade and investment. The Commission further supports the judicial reform through the European Justice Assistance Mission (EURALIUS) since 2005.

Efforts are underway to improve the organisation of the *police*. Cooperation with the customs and intelligence services has improved, but improvement of case management and internal control structures is needed. Cooperation between police and the judiciary at central level has somewhat improved. However, much scope remains for improvement in concrete results. Better co-ordination between police and judiciary at local level and greater efforts to combat high level corruption in these bodies are needed. Stronger witness protection is required. Support in this area is provided through the EC Police Assistance Mission (PAMECA).

The *fight against corruption* has led to large-scale public service dismissals. The number of public officials prosecuted for corruption has increased. A high-level anti-corruption task force has been set up and the law on conflicts of interest has been improved. The High Inspectorate for Disclosure and Verification of Assets is now more effective and steps have been taken to increase public administration transparency. Where anti-corruption measures

have gone beyond constitutional limits, the constitutional court has intervened. Further institutional measures to prevent corruption are now needed, as it remains a serious problem. The fight against corruption is a priority for the implementation of the SAA.

Limited progress has been achieved regarding *human rights and the protection of minorities*. Human rights' training for justice personnel is now obligatory. Pre-trial detention rules have improved. Albania's ombudsman has been more active on human rights. However, enforcement of international standards on torture prevention, prison conditions, and the rights of detainees, particularly in pre-trial detention, remain weak. Recent changes to the composition of the media supervisory authority should be implemented appropriately. The legal framework for media freedom remains inadequate and poorly implemented. Fostering media freedom is a key European Partnership priority. Albania has begun to create a legal framework to protect minorities; implementation of international commitments remains incomplete and further efforts are needed to promote tolerance. Albania's Roma strategy has led to some worthwhile initiatives, but suffers from a lack of resources. Roma children are particularly vulnerable to human trafficking.

### 2.2.1.1 Main priorities

- Support to the **political system** in order to improve the electoral system and regulatory functions of the Parliament.
- Support to the **Civil Society** in order to promote the creation of a genuine partnership between authorities and Civil Society in the democratic stabilisation and the economic and social development of the country.
- Support the improvement of the **Media Sector** to develop an independent, high quality public service broadcasting system and a regulatory environment in line with European standards.
- Contributing to the **Reform of the Public Administration** in order to obtain a reformed, streamlined, harmonised, effective, transparent and service oriented public administration, capable of leading Albania through the Stabilisation and Association Process.
- Support to the **Police Reform** to assist Albania to gain a police force which is operating in an efficient and sustainable structure, capable of fulfilling its role in the enforcement of the Rule of Law.
- Support to the **Reform of the Judicial System** with the overall strategic objective of an independent, reliable and efficient functioning judiciary that guarantees the rule of law.
- Support to the **vulnerable groups** (minorities.- including Roma, women, children, handicapped) to overcome their vulnerable and economic fragile situation and to protect them against discrimination. Support to victims of trafficking.

### 2.2.1.2 Expected results

The following results are expected to be achieved until the end of the first IPA programming cycle (2009):

- Electoral system improved by definitive lists of voters.
- The Parliament will perform regulatory and oversight functions smoothly.
- A permanent dialogue between authorities and the civil society is developed and NGOs and their coalition partners improve their internal communication and become better "watchdog" and also stronger partners of the Government. Local governments will have adopted transparent mechanisms for the disbursement of local funds foreseen for NGO projects.
- An effective, transparent and predictable regulatory framework for the media reformed in line with European standards. The performance of Broadcasting Authority significantly improved in this period.
- The implementation of legislation related to the Public Administration reform will be undertaken. European integration structures will be strengthened. Local governments' capacity is improved, with particular focus on local development.
- Considerable progress in the implementation of a sound financial management will be made.
- An advanced anti corruption policy will be in place.
- The justice sector institutions in Albania institutional system are proper functioning. The number of pending cases before courts will be reduced, the penitentiary system improved and the prosecution strengthened.
- The police reform will have significantly progressed.
- A policy against the social exclusion, minorities and vulnerable groups will be adopted and there will be visible progress on its implementation. Capacity of bodies dealing with vulnerable groups (both at central and local level) will meet the required standards for the implementation of their obligations.

### **2.2.1.3 Programmes to be implemented**

- Improving the electoral process through the support to the address system and civil registry.
- Support the Parliament to improve its institutional capacities, particularly for its legislative, regulatory and oversight functions.
- Capacity building for civil society organisations and municipalities, and the definition of systems and channels of permanent communication and transparent procedures between civil society and government.
- Support in the reform, strategy development, adoption and implementation of the laws regulating the media and in form of technical assistance to the Broadcasting Authority. Support to the work of NGOs and the media community in the drafting and establishment of a self-regulation system.
- Implementation of the Public Administration reform, modernisation and streamlining of the entire public administration through institution and capacity building and reform

of the human resources management, at both central and local level. Support to the Civil Service Commission. Support to local governments and administrative and fiscal decentralisation.

- Support to the European integration structures, including the Ministry for European Integration and the Department for Strategy and Donor Coordination.
- Support to the development of a public internal and external financial control strategy and the preliminary steps of the relevant services for the preparations of the decentralisation of community assistance.
- Improvement of Albanian public debt management.
- Continuation of the police reform process, including fight against organised crime, prevention of terrorism and anti-money laundering.
- Provision of the conditions for adequate staffing, infrastructure and equipment to the Judiciary. Support to the High Council of Justice will continue. Institution and capacity building for the Ministry of Justice, subordinated and other independent institutions. Assistance to the penitentiary system. Strengthening the prosecution.
- Institution and capacity building for bodies offering social services, including social inclusion of vulnerable groups and minorities, trafficked persons. Support to the Ministry of Labour, Social Affairs and Equal Opportunities.

## 2.2.2 Socio-economic requirements

Albania has broadly achieved macroeconomic stability. This has contributed to its progress towards being a functioning market economy but further reforms must be pursued.

Economic growth continued to be strong (estimate GDP of 5.5% for 2005) and has a positive *impact on employment and decline poverty levels*. The macroeconomic policy mix remained adequate. Monetary policy was credible and managed to keep inflation low. Fiscal consolidation further advanced and reforming the public and tax administration contributed to improved fiscal stance. Administrative barriers to market entry were reduced. However, the deficits of external accounts markedly widened and the export base remained very weak.

Regarding *industry and SMEs*, a revised action plan on removing administrative barriers to business and a new umbrella organization to promote investment, export and SMEs are in place. However, progress on improving the business environment and reducing the informal economy continues to be slow.

Albania's legal framework for *procurement, privatisation and concessions* needs to be improved. Shortcomings in the business climate, such as legal uncertainty and weaknesses in law implementation, poor infrastructure, or unreliable power supply impede economic development. Enforcement of *property rights* continued to be weak and only marginal progress was achieved in improving efficiency of the judicial system. Strengthening of the *regulatory and supervisory* framework for the non-bank financial sector constitutes a major challenge. The privatisation process is not yet completed and the restructuring of state-owned enterprises, in particular of the electricity utility, needs to be pursued without delay.



Certainty on *property ownership* is vital to fulfil SAA commitments and is a precondition for the domestic and foreign investment needed for economic development. A new executive agency may speed up property restitution, but the process currently remains very slow. Land ownership rights have not been guaranteed, particularly in urban and coastal areas.

Albania should also focus on promoting *employment and social cohesion*, including measures to improve the way social protection systems focus limited resources. The main outstanding legislative and regulatory issues remain the creation of a modern legal framework regarding labour law and occupational health and safety and its implementation, creation of labour inspectorate for the entire country, reform of the pension and social protection system and development of social dialogue.

Some progress took place in the area of education, including approval of national strategies for secondary and vocational training.

### 2.2.2.1 Main priorities

- **Developing improved and coordinated economic and fiscal policies** to assist in the stabilisation of the macro-economic environment, to streamline public expenditures, to improve the business climate and to reduce unemployment
- **Improving Corporate Governance** to support sustainable growth in Albania.
- **Improving Trade Policy** to facilitate the implementation of the Interim Agreement, bilateral Free Trade Agreements and CEFTA, to continue the necessary reforms to comply with WTO rules and obligations.
- Support the improvement of the **social welfare services**.
- Advancing the reform of the **education and VET system** to support the development of economy and society. Creating a link between the education system and the labour market.
- Developing active **labour market measures** in order to combat unemployment, in particular long-term and youth unemployment.

### 2.2.2.2 Expected results

The following results are expected to be achieved until the end of the first IPA programming cycle (2009):

- Capacity building of the Ministry of Finance and the Ministry of Economy will have led to improved and coordinated economic and fiscal policies.
- Cooperation between relevant bodies and government institutions will be enhanced.
- Trade obligations under the SAA and Interim Agreement, bilateral FTAs, CEFTA and WTO will be addressed.
- The institutional framework for entrepreneurship and SME developments and management training delivery system will be established and operational. Investment climate and the business environment in general will be improved through the support

to SME and regional economic development. Improvement of the research/innovation policy.

- Progress in the implementation of the European Charter for Small Enterprises, particularly through acceleration and modernisation of company registration system.
- Standards for education will be adopted and implemented. Secondary and post-secondary VET will be further modernised. The institutional set-up of universities will be strengthened, the academic information network will be established and new modular curricular will be developed. The interaction between the universities and the private sector should be strengthened.
- EU requirements on labour and minimum social standards will be implemented.
- Capacity of bodies offering social services (both at central and local level) will meet the required standards for the implementation of their obligations.

### **2.2.2.3 Programmes to be implemented**

- Support to the comprehensive development of the immovable property system.
- Assistance to bring corporate governance up to international standards, including assistance to corporate restructuring, turn around management and business advisory programmes.
- Assistance to support business registration and licensing system. Assistance to foster SME and regional economic development.
- Assistance to the implementation of the European Charter for Small Enterprises
- Capacity building assistance to the Bank of Albania, particularly improving statistics and supervisory tasks.
- Capacity building for the development and the implementation of a comprehensive trade policy and regulatory framework, impact assessment and legal support to harmonise with WTO rules and the Interim Agreement and EU acquis. Institutional support to attract foreign direct investment and to promote export. Facilitate CEFTA implementation.
- Assistance to the education, training and employment sectors. Support to continue the reform process in the Vocational Education and Training (VET) sector. The interventions supported in this area will be implemented in close coordination with the Tempus programme, which will be part of the Multi-Beneficiary MIPD 2007-2009. The dissemination and exchange of best practice in the targeted areas will be further enhanced.
- Assistance to the reform of the labour and employment sector to approximate to the EU requirements on labour and minimum social standards.
- Institution and capacity building for bodies offering social services (both at central and local level).

### 2.2.3 European Standards

Albania has made progress in aligning its legislation, policies and capacity with *European standards*, particularly in the fields of fighting organised crime, of customs and of competition. Pushing forward reform in areas such as public procurement, intellectual property and food safety, veterinary and phytosanitary policies is vital for successful SAA implementation.

Progress has been made in some *internal market* fields, but in others much work will be needed to fulfill Albania's SAA obligations. There has been some progress in adopting and monitoring standards. Capacity for accreditation, metrology and market surveillance is being strengthened, but legislative improvements and better co-ordination are needed. Coherence of structures for consumer and health protection has improved. They now need to be strengthened. The SAA includes commitments regarding the *movement of workers*, freedom of *services* and freedom of *establishment*. There have been no notable developments regarding movement of workers. Discrimination on registration fees for foreign companies has been removed. Procedures for business registration have been simplified but remain relatively unclear. Barriers to establishment and restrictions on capital movement remain.

An effective *customs* system is vital to implement the SAA. Customs revenue has risen following substantial customs reforms. Progress has been made on computerisation, customs rules and management of origin. Cooperation between police and customs has been strengthened. Improved infrastructure and further *acquis* alignment is now needed. The administration of *taxation* has been simplified, and progress made on computerisation and risk analysis. Further alignment with EU legislation and a comprehensive tax collection and control strategy are now needed.

Albania has undertaken commitments in the area of *competition* under the SAA. Regarding *anti-trust*, the functioning of the Competition Authority has improved, but it is held back by the scarcity and inexperience of its staff. *State aid*-related SAA preparations are on track. The legal framework and inventory is now complete. The State Aid Department's operational independence now needs to be ensured.

A new *public procurement* law is pending, and public procurement training has been expanded, but the current legal framework is not in line with the *acquis*. The Public Procurement Agency remains weak. Progress in this field is vital for improving public sector governance, a key European Partnership priority, and for fulfilling SAA obligations. Regarding *intellectual property rights (IPR)* a trademark, patent and industrial design database has been launched. An IPR unit has been set up in the customs administration. However, the copyright office is not yet operational and IPR enforcement remains weak. Considerable strengthening is required to fulfill SAA commitments.

As regards *sectoral policies*, progress in *agriculture* has been very limited. An increase in sales and in investment in some products has taken place, but productivity and competitiveness remains low. Compliance with EU *food safety, veterinary and phytosanitary* requirements, vital to successfully using SAA and interim agreement trade conditions, remains poor. The *fishery* service controls the landing of fish, but the illegal damaging of stock continues.

Regarding both *environment* and *transport*, some progress has been made on horizontal legislation, but implementation and infrastructure development remain weak. The *energy*

sector remains very weak. Albania has ratified the Energy Community Treaty and has begun to adopt the relevant laws, but electricity losses have increased and bill collection has dropped. Albania is lagging behind in its preparedness to take on SAA commitments on *information society and media*. Regarding electronic communications and information technologies, liberalisation laws need to be implemented and enforced. The regulatory framework is not yet in line with the *acquis*. The telecommunications regulator is not sufficiently active. Regarding *financial control*, the Public Internal Financial Control Policy Paper has been endorsed by the government. Legal and regulatory progress has been made but it remains at an early stage. There has been reasonable progress in the area of *statistics* but further significant efforts are required to establish the necessary capacity.

Training and document security for *visa* administration have improved. No centralised IT network is in place, and legal changes are still required. New equipment and better co-ordination has led to some progress on *border management*, but an integrated border management strategy is not yet in place. Border management infrastructure needs to be strengthened. Laws on *asylum* comply with international standards, but implementation needs to improve. Albania has improved its internal coordination and cooperation with neighbouring countries to combat illegal *migration*. It is important that Albania ensures sufficient staffing to fulfil its obligations under readmission agreements.

Concerning the fight against *organised crime, money laundering, drugs, trafficking in human beings and counter terrorism* there have been progress in some areas; however, all fields require determined and sustained attention.

### 2.2.3.1 Main priorities

- Support to the **development of strategies and policies** in order to establish sectoral policies and a regulatory framework compatible with European standards.
- Support to the **establishment and capacity building of agencies and institutions** required for the implementation and enforcement of the sectoral policies, including mechanisms for the verification of EU compatibility of government policies and draft laws.
- Support to the **IBM reform, fight against organised crime** and visa, asylum and migration policies.

EU *acquis* related infrastructure projects will be given priority during IPA 2007 programming.

### 2.2.3.2 Expected results

The following results are expected to be achieved until the end of the first IPA programming cycle (2009):

- The legal framework for standardisation, metrology, accreditation and certification of products will be in line with EU standards and best practices and the institutional capacity and professional expertise of the quality infrastructure institutions will be strengthened.

- The institutional set-up of key market actors, particularly state aid authorities, the Competition authority, the Public Procurement Agency, the Directorate for Patent and Trade Marks and related agencies, Office for Copy Rights, INSTAT, the Consumer Protection bodies and the Bank of Albania, will be improved.
- The development of the agriculture and rural development sector will contribute to economic growth.
- Food safety, veterinary and phytosanitary will be progressively aligned to the acquis and the competent national administrative capacities will be established and operational.
- The National Environment Strategy will be implemented. Financing schemes for infrastructure will be in place and environment management standards will be adopted.
- Regional, agricultural and rural development strategies will possess an environment protection component and public awareness concerning environment will be increased.
- The reform of the energy sector will be improved and a comprehensive energy strategy will be adopted and under implementation.
- The alignment of the transport sector to the acquis will be advanced and transport infrastructure will be improved. The area of air transport, the ECAA agreement will be applied.
- The information society will be further developed. There will be a competitive market for electronic communications through the enforcement of the relevant national provisions by a strong and independent regulatory authority. The legislative gaps will be addressed as well as a move towards the adoption of national legislation to transpose and implement the (current) EU regulatory framework.
- The capabilities of the law enforcement agencies in the fight against money laundering, drugs organised crime, terrorism, corruption and trafficking will be enforced.
- The Integrated Border Management (IBM) strategy will be implemented.
- Visa policy in line with EU lists and efficient procedures for the issuing of visa will be in place.
- Asylum and migration policies will be in line with the EU acquis.
- Customs and taxation reforms will be improved.
- The accomplishment of the address and civil registry should allow issuing reliable ID cards.

### **2.2.3.3 Programmes to be implemented**

- Assistance to improve the legal framework for quality infrastructure and to enhance the thereto related institutional and professional capacity. Support to the market surveillance system including capacity and institution building of the Authority for Financial Supervision.
- Capacity and institution building for the Competition and State Aid Authorities to support the administrative capacity, development of legislation, inventory, monitoring and control of state aid and further alignment with the acquis.
- Capacity building for the Public Procurement Agency in order to develop and implement acquis compatible legislation.
- Capacity building for the Directorate of Patents and Trademarks and Intellectual Property Rights implementation and enforcement agencies and strengthening of the IP legal environment. Capacity building to the establishment and functioning of the Albanian Office for Copyrights and related legislation.
- Assistance to INSTAT to build up institutional capacity to produce and publish basic statistical data harmonised with European standards, in particular in the areas of national accounts, labour statistics and business statistics; and to assist for holding a census.
- Assistance to strengthen consumer protection policy and consumer associations.
- Assistance with the aim to support the alignment to the agricultural acquis, to increase economic growth by developing agriculture and rural development sector and institution and capacity building with the aim to prepare the sector to absorb pre-accession funds as well as support to increase the competitiveness of agriculture and agro-food chain.
- Assistance to develop fisheries policy closer to European standards.
- Assistance with the aim to support the alignment as regards EU norms and standards in the food safety, veterinary and phytosanitary domains.
- Support to increase bio security measures of various animal diseases.
- Support to the implementation of the national environment strategy by focusing on acquis transposition and enforcement. Assistance with the aim to improve the Albanian environment through investments in environmental infrastructure, the introduction of environmental management standards, the integration of environment measures into the regional and rural development, the establishment of an integrated and comprehensive environment information system and through awareness raising on environmental issues.
- Support implementation of existing strategies as regards water and sanitation systems.
- Assistance to continue with the implementation of the National Transport Plan and developing institution and capacity of relevant authorities in the transport sector (road,

- rail, air, and maritime) to align with the acquis, including infrastructure. In the case of air transport, assistance to continue with the implementation of the ECAA Agreement.
- Establishment of preconditions and facilitation of loan provision for the upgrade of the infrastructure network.
  - In the energy sector, support to the implementation of the national energy strategy and of the Energy Community Treaty.
  - Support to the development of the Information Society. Capacity building to the Telecommunications Regulatory Entity to introduce, ensure and enforce competition in the communications sector in line with the EU regulatory framework. In addition, assistance directed at the further alignment of the legislation to the EU framework.
  - Institutional support and capacity building in the visa, asylum and migration field; support to the implementation of the Albanian action plan for Integrated Border Management, including equipment and necessary infrastructure improvements.
  - Assistance to improve capabilities to fight against money laundering, drug trafficking, terrorism and organised crime. Anti-trafficking measures.
  - Assistance should be provided to issue reliable ID cards.
  - Support to the customs and taxation reforms and capacity building to the Albanian customs and tax administrations.
  - Support to the establishment and operation of a Data Protection Agency.

#### **2.2.4 Types of assistance to be provided**

The assistance under Component I, Transition Assistance and Institution Building, may be provided in the form of twinning/twinning light and TAIEX support, technical assistance, procurement of equipment, works, investments and grant schemes. Under certain conditions assistance in form of budgetary support could be provided. A financial contribution will be provided for the participation in the Community programmes.

#### **2.2.5 Financial indications**

The following indicative financial weight is allocated for each of the major areas of intervention:

Area of Intervention	Percentage Range
Political Requirements	25 – 30 %
Economic Requirements	25 – 30 %
European Standards	50 – 60 %*

*\* For 2007 the planned allocation is around 60% of IPA funds under this heading. For the years 2008 and 2009 we expect a percentage of 45-55%.*

### **2.3 Component II: Cross Border Co-operation**

#### **2.3.1 Current situation and past/ongoing EU assistance**

Since 2003, cross-border cooperation activities involving all Western Balkan countries have been supported through the CARDS Regional Action Programmes:

1. The CARDS 2003 Regional Action Programme included a Technical Assistance project Cross Border Institution Building (CBIB), € 2 million;
2. The CARDS 2004 Regional Action Programme provided funds (€15 million) for the participation of Western Balkan countries in cross-border and transnational cooperation programmes with neighbouring Member States. CARDS has provided funds for the participation of Albania in the IT-Adriatic INTERREG/CARDS Neighbourhood Programme, the IT-Albania INTERREG/CARDS programme, the GR-Albania Neighbourhood Programme and in the INTERREG III B transnational CADSES Neighbourhood Programme;
3. The CARDS 2005 Regional Action Programme continued the support for participation in Neighbourhood Programmes and provided additional funds to initiate cross-border programmes at the borders between Western Balkan countries themselves (total € 17,2 million).

The CARDS 2006 Regional Action Programme, currently under preparation, should continue providing support for the participation in Neighbourhood Programmes and for initiating cross-border activities at Western Balkans' internal borders.

### **2.3.2 Programmes under the IPA Cross-border Co-operation Component**

As far as cross-border co-operation with Member States is concerned, Albania will participate in the IPA CBC "Adriatic" programme which should cover the coastal regions (at NUTS III level, or equivalent) of Member States and candidate/potential candidate countries sharing a maritime border across the Adriatic. This programme will build on the current Italy-Adriatic and Italy-Albania Neighbourhood programmes.

At the border with Greece, the IPA CBC programme will replace the current Greece-Albania Neighbourhood programme. The Albanian eligible regions (territorial coverage may be reviewed once Albania adopts the NUTS level III classification), along the land and maritime borders with Member States, are as follows:

**Adriatic:** Shkoder, Lezhë, Durrës, Fier, Tirana, Vlorë.

**GR-Albania:** Vlore, Gjirokastrë, Korçë

IPA CBC will operate on both sides of the border on the basis of *one* set of rules, thus providing the opportunity for fully equal and balanced programming and decision making structures between Member States and Candidate and Potential Candidate Countries. Since measures financed under IPA CBC need to benefit both parties, joint programmes, joint management and joint financing of projects will be required. Thus IPA CBC is meant to promote enhanced co-operation and progressive economic integration and coherence between the European Union and the Candidate and Potential Candidate countries.

In the same vein, IPA Component II will also support cross-border programmes to be initiated between Albania and the adjacent candidate and potential candidate countries.



In addition, building on the experience gained in the context of the CADSES programme, IPA Component II funds are available, as appropriate, to support the participation of Albania in the relevant Structural Funds transnational programmes where Albania is eligible (e.g. the "South –East European Space" programme, the successor of CADSES). Participation of Albania in ERDF interregional programmes could also be considered, as appropriate.

### 2.3.3 Major areas of intervention

Major areas of intervention should focus on the border areas only.

#### IPA CBC Adriatic Programme

Building on the relevant current programmes, the major areas of intervention under this programme are likely to be:

- Protection and enhancement of the environment, culture and infrastructure of the Cross border territory;
- Economic development;
- Actions for strengthening co-operation: it will concern system interventions on strengthening institutions, harmonisation of systems, promotion of democracy, employment, security, social inclusion and the valorisation of human resources;

#### IPA CBC Greece–Albania

Building on the experience of the current programme, the major areas of intervention under this programme are likely to be:

- Economic Development and Employment;
- Environment;

#### IPA CBC programme between Albania and the Western Balkan neighbouring countries

- **Democratic Stabilization and Administrative capacity building.** The interventions will aim at enhancing civil society dialogue and strengthening civil society organizations, strengthening institutions, harmonisation of systems, promotion of democracy and strengthening cooperation between national and regional administrations. The interventions will aim also at fostering cooperation between youth actors.
- **Justice and Home Affairs.** The interventions will aim at supporting enhanced cooperation between structures that deal with matters concerning this domain, including activities such as prevention and fight against national and international organised crime, illegal migration and border security.
- **Economic and Social Development.** Interventions in this area will aim at promoting trade and competitiveness and supporting the activities of SMEs, including in the areas of handicraft, tourism, agriculture and rural development, as well as the preservation of cultural heritage. Interventions will also aim at improving public health services, education and employment.

- **Infrastructure.** The interventions will aim at facilitating investments in infrastructures with a transnational dimension. Particular areas of focus are transport networks, border infrastructures, energy and environment.
- **Technical assistance:** The interventions will aim at assisting common structures, information, public awareness, evaluation, monitoring, surveillance, control and support activities to the programme management.

### 2.3.4 Main Priorities and objectives

Main broad objectives under IPA CBC programmes would be:

- Development of cross-border economic, social and environmental activities of border areas
- Address common challenges in the field of environment, public health, prevention and fight against organised crime, etc.
- Ensure efficient and secure borders
- Promote legal and administrative cooperation
- Promote local "people to people" type actions

### 2.3.5 Expected results and time-frame

It is expected that after the first year of the programming cycle, the partner countries will have established the relevant joint multi-annual CBC programmes and priorities, will have set up joint management structures and agreed on joint implementation procedures. In the remaining two years, the agreed projects shall be implemented.

### 2.3.6 Types of assistance to be provided

#### CBC programmes:

The identification of suitable joint projects to be financed should primarily take place through competitive joint call for proposals agreed between participating countries.

Pre-identification of projects with a genuine cross-border value by the CBC Joint Monitoring Committee is also possible.

#### Participation in ERDF transnational programmes:

The participation of Albania will follow the implementing rules of those programmes.

### 2.3.7 Financial indications

Within the IPA Component II funds, the following indicative amounts are earmarked for participation of Albania in CBC programmes with EU Member States:

<i>CBC programmes</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
<i>Adriatic</i>	<i>3.163</i>	<i>5.402</i>	<i>5.893</i>

*GR–Albania*                      0.873                      1.491                      1.626

(million €, current prices)

For the CBC programmes between border regions of Albania and adjacent potential candidate countries and for the possible participation of Albania in the relevant ERDF transnational/interregional programmes, the following indicative amount of funds have been earmarked (million €, current prices):

2007: € 2.653

2008: € 2.706

2009: € 2.760

## Annex

**Table 3: CARDS Funding Allocations: Key Sectors 2002 – 2006 (€Million)**

Civil society and media	€ 8.5 million
Justice and home affairs	€ 104.8 million
Public Administration reform	€ 16.3 million
Investment climate	€ 5.1 million
Trade	€ 13.5 million
Infrastructure	€ 34.9 million
Environment	€ 22 million
Education and employment	€ 13 million
Agriculture	€ 3 million