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REPUBLIC OF ALBANIA  
MINISTRY FOR EUROPE AND FOREIGN AFFAIRS

**ANNUAL REPORT**

**ON THE IMPLEMENTATION OF IPA II ASSISTANCE**

**UNDER DIRECT AND INDIRECT MANAGEMENT**

**REPUBLIC OF ALBANIA**

**Submitted by**

**The National IPA Coordinator**

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## List of Abbreviations

AA	Audit Agency for the EU Accredited Assistance Programmes
ABER	Annual Budget Execution Report
AD	Action Document
ADA	Austrian Development Agency
ADISA	Agency for the Delivery of Integrated Services in Albania
AFMIS	Albanian Financial Management Information System
AIR	Annual Implementation Report
AKUM	National Agency for Water Supply and Sewerage and Waste Infrastructure
ALSAI	Albanian Supreme State Audit Institution
AMBU	Agency for Water Resources Management
ARA	Albanian Roads Authority
ASP	Albanian State Police
ASPA	Albanian School of Public Administration
BoA	Bank of Albania
BMZ	German Federal Ministry for Economic Cooperation and Development
CBC	Cross Border Cooperation
CCPARS	Cross-Cutting Public Administration Reform Strategy
CEPOL	European Union Agency for Law Enforcement Training
CAP	Country Action Programme
CFCU	Central Financing and Contracting Unit
CfP	Call for Proposals
CIHEAM	Mediterranean Agronomic Institute of Bari
CoE	Council of Europe
CoM	Council of Ministers
CSOs	Civil Society Organization's
CSP	Country Strategy Paper
CUP	Community Upgrading Project
DCM	Decision of Council of Ministers
DIP	Development and Integration Partners
DLDP	Decentralisation and Local Development Programme
DoPA	Department of Public Administration
DTG	Decentralisation Thematic Group
DTS	Donor Technical Secretariat
EAMIS	External Assistance Management Information System
EaSI	Employment and Social Innovation
EC	European Commission
EU	European Union
EUD	European Union Delegation
EUSIWM	EU Support to Integrated Water Management
EUSWAM	Eu Support Waste Water Management and Treatment Services
FA	Financing Agreement
FD	Floods Directive
FMC	Financial Management Control
FO	Front Office
FTP	Financial Planning Tool
FWA	Framework Agreement

GoA	Government of Albania
ICFR	Internal Control Framework Requirements
ICITAP	International Criminal Investigative Training Assistance Programme
ICT	Information and Communication Technology
IFI	International Finance Institution
IPA	Instrument for Pre-Accession
IPMG	Integrated Policy Management Groups
IPRO	Immovable Property Registration Office
IPS	Integrated Planning System
IPSI	Integrated Planning System Management Information System
ISC	Integrated Service Centre
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HEIs	Higher Education Institutions
HIDAACI	High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest
HIPAU	Head of IPA Unit
LGU	Local Government Unit
LM	Line Ministries
MC	Monitoring Committee
MCS	Management and Control System
MARD	Ministry of Agriculture and Rural Development
MHSP	Ministry of Health and Social Protection
MEI	(former) Ministry of European Integration
MEFA	Ministry for Europe and Foreign Affairs
MoFE	Ministry of Finance and Economy
MoHSP	Ministry of Health and Social Protection
MoI	Ministry of Interior
MoP	Manual of Procedures
MoJ	Ministry of Justice
MTBP	Medium Term Budget Programme
MTR	Mid-Term Review
NAIS	National Authority for Information society of Albania
NAO SO	NAO Support Office
NAVETQ	National Agency for Vocational Education and Training and Qualification
NCAC	National Coordinator of Anti-Corruption
NCPs	National Contact Points
NCREAP	National Consolidated Renewable Energy Action Plan
NESS	National Employment and Skills Strategy
NF	National Fund
NGOs	Non-Governmental Organizations
NIPAC	National IPA Coordinator
NIPAC SO	NIPAC Support office
NPEI	National Plan for European Integration
NSDI	National Strategy for Development and Integration
NSIWRM	National Strategy on Integrated Water Resource Management
NSDIQV	National Cross-cutting Strategy for Decentralization and Local Government
OSH	Occupational Safety and Health standards
OPDAT	Office of Overseas Prosecutorial Development, Assistance and Training
OSHEE	Electricity Power Distributor Operator
PAR	Public Administration Reform

PFM	Public Finance Management
PMO	Prime Minister's Office
PMR	Project Monitoring Report
PPC	Public Procurement Commission
RIA	Regulatory Impact Assessment
ROM	Result-Oriented Monitoring
SARs	Sector Approach Roadmaps
SBS	Sector Budget Support
SHUKALB	The Water Supply and Sewerage Association of Albania
SIDA	Swedish International Development Cooperation Agency
SMC	Sector Monitoring Committee
SMEs	Small Medium Enterprises
SoM	School of Magistrates
SPC	Strategic Planning Committee
SPO	Senior Programme Officer
SSC	Sectoral Steering Committee
SRC	Sector Reform Contract
TA	Technical Assistance
TG	Thematic Group
ToT	Training of Trainers
UN	Women-United Nations Women
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
VET	Vocational Education and Training
WBAOs	Water Basin Administration Offices
WFD	Water Framework Directive
WRMA	Water Resources Management Agency
WU	Water Utilities
WWU	Waste Water Utilities

## EXECUTIVE SUMMARY

This is the Annual Implementation Report for the year 2019, prepared by the National IPA Coordinator Support Office (NIPAC SO) in accordance with the provisions of the IPA II Implementing Regulation (Art. 4) and the Framework Agreement between the Government of the Republic of Albania and the European Commission on the arrangements for implementation of Union financial assistance under the Instrument for Pre-accession Assistance (IPA II).

The report covers the implementation of IPA II in Albania during 01/01/2019-31/12/2019 and the country action programmes for the years 2014, 2015, 2016, 2017 and 2018 as well as the programming activities carried out for the action programmes 2019 and 2020 (approved by the IPA Monitoring Committee in November 2019).

### 1. Objectives of the Country Strategy Papers and a brief overview of challenges in the sectors

The Indicative Country Strategy Paper 2014 – 2020 (CSP) is the main document specifying the national priorities for EU financial assistance for the period 2014-2020 with a view to support Albania on its path to accession. The CSP, initially adopted in 2014, was revised by the EU Commission in consultation with NIPAC SO and the Prime Minister's Office, responsible for coordinating the process of drafting the National Strategies. The revised CSP entered into force in August 2018 by amending the Commission Decision C (2014)5770 of 18.8.2014 adopting the Indicative Strategy Paper for Albania for the period 2014-2020.

The CSP 2018 slightly reorganised the national priorities in 7 (instead of 8) sectors as follows: (i) Democracy and governance; (ii) Rule of law & fundamental rights; (iii) Environment, climate action and energy; (iv) Transport; (v) Competitiveness and innovation, agriculture and rural development; (vi) Education, employment and social policies; (vii) Regional & territorial cooperation.

The objective of IPA II assistance in the **Democracy and governance sector** is to strengthen democratic institutions, support the public administration reform process and improve public service delivery for the preparation and implementation of national legislation in line with the European standards and best practice. A further objective is to enhance economic governance and support implementation of a comprehensive public financial management reform. Support to civil society aims at further deepening the democratic culture in the country, by developing an enabling environment and strengthening the capacities of the various actors. As per the revised CSP, this sector still needs improvements in democratic consensus building, and faces a low degree of available human resources, a high degree of politicisation and, in general, an insufficient and slow implementation of the legal framework. Performance based monitoring mechanisms need to be strengthened, while regulatory and fiscal impact assessment

mechanisms have to be established across all ministries with a view to improve the quality of legislative and policy proposals and ensure sound implementation of policies, as well as evidence-based policy making.

**The sector of Rule of law and fundamental rights** includes the functioning of the justice system in Albania such as the relevant activities of the Ministry of Justice, the judiciary and penitentiary institutions. It includes broader issues such as the protection of human rights and the reform process concerning the property rights, as well as media freedom. It also addresses the fight against corruption across the public institutions. Albania has demonstrated commitment to judicial reform and has some level of preparation for implementing the *acquis* and the European standards in this area. A total of 22 laws have been adopted so far, as part of the justice reform package. Following the establishment of The High Judicial Council and The High Prosecutorial Council in December 2018, the Special Structure against Corruption and Organized Crime (SPAK) has been established and the Parliament of Albania elected General Prosecutor of Albania in December 2019, for a full seven-year term. The establishment of new justice and anticorruption institutions are expected to improve investigation of the files of senior officials suspected of corruption and organized crime. Notwithstanding this ongoing work, substantial shortcomings in the judicial system remain regarding inter alia the independence and accountability of judges and prosecutors, the enforcement of decisions, inter-institutional cooperation, and the administration of justice.

The “**Environment, Climate Action and Energy**” sector covers capacity building, support for the adoption of EU-aligned legislation and infrastructure investments, notably in water, floods and waste management as well as climate change actions. Albania is at a very early stage of alignment with the *acquis* in waste and water sectors and the challenges are still manifold. Priority needs include further development of capacities at both central and local level government for developing and implementing policies. Further alignment with and mainstreaming of the EU environment and climate policies and legislation is needed, with effective implementation ensured. This includes in particular climate legislation, monitoring, reporting and verification of greenhouse gases emissions; emissions trading, Effort Sharing Decision; fluorinated gases; ozone-depleting substances; vehicle efficiency and fuel quality standards; carbon capture and storage and other relevant legislation. In the sustainable energy sector, Albania still depends almost exclusively on hydropower for electricity generation and on electricity imports due to limited domestic production and vulnerability to hydrological conditions; however, efforts have intensified to diversify to other renewable energy sources in line with the National Consolidated Renewable Energy Action Plan (NCREAP 2019 – 2020). The adopted National Energy Strategy 2018-2030 will contribute to implementing the Paris Agreement commitments and, be in line with the European Green Deal and the Strategy on Climate Change and its Action Plan while considering, on the other hand, issues of energy security and diversification. However, the country has delayed electricity market reforms and

should accelerate implementation of the connectivity reform measures, especially by removing legal and contractual obstacles to the integration of energy markets.

The **“Transport”** sector covers capacity building, policy development, legislation approximation, and investments in transport, including regional and EU integration of the road, and rail networks, aviation and ports. The transport sector suffers from lack of funds for maintenance. It is therefore important that both resources and tools for public financial management, needed for ensuring long term commitments, should be a pre-condition for successful infrastructure investments. Institutional assessments should be included in future feasibility studies. It is essential that the planning of transport infrastructure investments is done in line with the priorities identified in the government's strategic plans and the South East Europe Transport Observatory (SEETO) comprehensive network development plans.

The scope of the **“Competitiveness, innovation, agriculture and rural development”** sector includes (a) the ability of the agri-food sector to cope with competitive pressure and market forces and to progressively align with the EU rules and standards, (b) increased resilience to adverse effects of climate change, and (c) food safety, veterinary and phyto-sanitary policies. At the same time, the scope of the competitiveness and innovation component includes boosting the overall competitiveness of the economy with a particular focus on SME development and the promotion of tourism, which have a particular potential for growth. This sector is an important element of the EU support to strengthening Albania's economic governance, in addition to public administration reform and public financial management.

The **“Education, Employment and Social Policies”** sector requires support notably for achieving inclusive growth. Beyond informal employment and low participation, there is a need to clearly establish the challenges of the labour market and design relevant capacity building accordingly. Albania needs to improve the quality and relevance of all levels of education and develop its skill base in line with labour market needs. In this sector, IPA funds for the period 2014 -2020 aim to increase the impact of the employment and social inclusion policies in terms of the participation in the labour market and the opportunities for the socially and economically disadvantaged and vulnerable members of society.

## **2. Involvement in programming**

After the approval in the IPA Committee of the Annual National Programme for Albania 2018, in the period May to June 2019 the NIPAC Support Office coordinated the internal procedures for the approval and signature of the respective Financing Agreement between the Council of Ministers of the Republic of Albania and the European Commission. The Financing Agreement was approved with DCM No 476 dated 10.07.2019 and signed the same day by the NIPAC.



IPA 2018 Programming, with a total indicative amount of EUR 94.1 million, will support the following Sectors: i) Democracy and Governance Sector – “Participation in the Union Programmes”, with total amount of EUR 3 million; ii) Rule of Law and Fundamental Rights Sector – “Fight against organized crime and drugs”, with total amount of EUR 19 million, and “EU for Justice Reform”, with a total amount of EUR 42 million; iii) Environment Sector – “EU for a clean environment”, with a total amount of EUR 24.1 million; iv) Competitiveness and Innovation Sector - “EU for Economic Development – Tourism – led local Economic Development”, with focus on Culture Heritage, with a total amount of EUR 6 million.

Moreover, during 2019 NIPAC SO coordinated the process of programming for two Annual National Programmes, IPA 2019 and IPA 2020. Both programmes were programmed at the same time, in order to allow the European Commission and the beneficiary country to prepare for the new IPA III Instrument in the course of 2020. IPA 2019 and IPA 2020 were approved by a Commission Decision in the IPA Committee in November 2019 and it is expected that the relevant Financing Agreements will be signed in 2020.

The programmes to be supported under IPA 2019 are as following: i) “EU for Social inclusion”, with an indicative amount of EUR 50 million; ii) “EU for Circular Economy”, with an indicative amount of EUR 20.65 million.

The programmes and action documents to be supported under IPA 2020 are as following: i) “EU for Good Governance”, with an indicative amount of EUR 48.1 million; ii) “EU for Property rights”, with an indicative amount of EUR 15.7 million; iii) “EU for Rule of Law”, with an indicative amount of EUR 10 million; “Participation on Union Programmes”, with an indicative amount of EUR 1.5 million.

## **Lessons learnt**

Overall, IPA II has well served the purpose of preparing the country for EU membership, through support in complying with the political and socio-economic requirements, legal approximation, and achieving European standards. The approved programmes, including Sector Reform Contracts, reflect the country needs for co-financing important national priorities based on the national and EU development agendas. However, the Albanian institutions applying the sector-wide approach could not rely on mature strategic planning in a context where Line Ministries do not yet have sufficient experience with the stakeholder coordination and consultation processes.

Drafting Sector Reform Contracts is still challenging for Albanian institutions. In this case, the beneficiaries (including the leading institution in the sector benefitting from Sector Budget Support instrument) have not only to go through a new and complex learning process, but also have to act within a tight timeframe. An understanding still needs to be created as regards the

importance of structuring projects into strategies (as opposed to an ad hoc approach), so the sectorial approach is considered a positive example.

### **3. Relations with the European Commission**

The European Union's Pre-Accession Assistance (IPA) for Albania is delivered through a combination of management modes including: direct management by European Union, indirect management with Beneficiary Country, indirect management with entities other than the Beneficiary Country, and shared management with Member States for cross-border cooperation programmes involving Member States of the European Union. Therefore, the whole success of the process relies on effective coordination, communication and collaboration between the different actors involved.

During the period covered by the report, the cooperation opportunities with the EC have been frequent, particularly as regards the establishment and functioning of the Sectoral Monitoring Committees for each sector and the IPA II programming process (for CAP 2019 and 2020) as well as starting the preparation for the upcoming IPA III (2021-2027) programming framework.

Furthermore, ad-hoc meetings to address various issues stemming from the programming and monitoring processes (particularly modifications of targets and timelines, etc.) have been held between the Ministry for Europe and Foreign Affairs (as NIPAC), the EUD and relevant Albanian Institutions. For the programmes in Implementation phase, the communication between GoA and EUD to revise the indicators (as per the Guidelines of Sector Budget Support) and/or other arrangements to steer the programmes in the right direction, has been beneficial.

NIPAC holds monthly coordination meetings with the EUD where the two institutions share all the relevant information regarding IPA management and/or discuss matters of great concern and take decisions when needed. In addition, monthly meetings are also held between the EUD and the CFCU which have resulted beneficial.

### **4. Problems encountered in meeting the required conditions for implementation and in ensuring sustainability, related measures taken/planned**

In this section the problems noticed during the implementation are presented together with measures taken and/or planned:

**Sector Reform Contracts.** Although the legal and operational framework in many sectors is strong, implementation of the sectoral reforms is still a challenge. There is no experience to estimate the cost of implementing strategies which may also involve the establishment of non-realistic / over-optimistic implementation targets under the Sector Reform Contracts (e.g. under "Sector Reform Contract for Employment and Skills", indicator 10 for 2018 "EU OSH -

Occupational Safety and Health- directive and its sub-legal acts are fully transposed into the Albanian legislation”: this target was set without considering that the 7 EU directives on OSH could not be transposed in the established timeframe).

*Related measures taken/planned, recommendations for further action:* Technical assistance mobilised to assist with work on ‘Passport of Indicators’ and expertise mobilised to assist beneficiaries with estimates of the reform costs has been secured for some SRCs. The above-mentioned support should become a generalised practice, also given the new SRCs that will be under implementation in the next years.

**Heavy demand for coordination between multiple programmes.** When sectoral reform is supported by multiple donors in the same sector (for example, PFM is supported by 15 donors), the need to exchange information across donors, and avoiding overlapping, may result in a heavy burden for the staff. An additional burden is created by the need to ensure coordination between the sectoral reform and the EU screening processes, as well as between the reform actions and the implementation of the Medium-Term Budget Programme.

*Related measures taken/planned, recommendations for further action:* Exchange of information currently takes place through the Integrated Policy Management Groups/Thematic Groups meetings; increased use of management information systems is planned under the donor’s coordination mechanism to be rolled out in 2020, which requires procedures and dedication of staff to upload the relevant information into these systems.

**Sustainability of investment is an issue in cases when Beneficiaries do not cash enough revenues to cover related costs for operation and maintenance.** Absence of a clear strategy for the cost recovery of services (set of tariffs based on affordability analyses, polluter pays principle, government subsidy, etc.) leads to the rapid deterioration of assets and ultimately jeopardises the sustainability of the investment.

*Related measures taken/planned, recommendations for further action:* in one case (waste water sector) the Beneficiary was required to formally undertake the support of the investment; for the future, investment should be approved only if a clear strategy for cost recovery of services is in place, and the implementation of such strategy is carefully monitored in order to increase sustainability perspectives in time.

**Failure to meet contracting deadlines.** In a number of cases contracting deadlines for IPA projects were not met and complementary projects could not start as planned. In the case of one Sector Reform Contract (employment) the definition of the scope of the complementary assistance was delayed so that the sector reform contract was implemented without external support. Therefore, although the assistance can still be contracted, the opportunity to improve the outcome and ultimately provide the beneficiary with much needed assistance, including on communication and visibility, was lost. In other cases, procurement deadlines were not met and contracts could not be signed by the expiry of the Final Date for Contracting.

*Related measures taken/planned, recommendations for further action:* Needed technical assistance should be planned on time.

*Note:* This problem and recommendation about the need to meet contracting deadlines are also applicable to sections 10 and 11 under this executive summary, which relate to indirect management.

**Lack of capacities.** While people and their knowledge are crucial to move ahead with the implementation of funds and achievement of the established targets, the Albanian administration is still confronted with a high level of staff turnover and vacant posts. No effective retention policies are in place to retain expert staff involved in EU funds management and implementation.

*Related measures taken/planned, recommendations for further action:* DoPA has been urged to fill the vacant positions as soon as possible. Retention policies should be established to retain experienced staff.

*Note:* This problem and recommendation about the lack of capacities are also applicable to sections 10 and 11 under this executive summary, which relate to indirect management.

**Participation in Union Programmes is slowly improving, but still very modest.** Capacities for preparing applications under Union Programmes are still limited within Albanian institutions, particularly outside the government sector. The same refers to project implementation in the context of trans-national partnerships. Staff turnover at National Contact Points adds to the difficulty for the potential and actual beneficiaries. However, some improvement in the success rate in applications can be noted.

*Related measures taken/planned, recommendations for further action:* Training for potential and actual beneficiaries is planned under technical assistance; more training and information events guiding potential applicants through the process have been organised in line the launch of calls for proposals as they are published by the EC. Continuity of technical assistance should be planned. Further consolidating and strengthening capacities of the network of National Contact Points (NCPs).

**Co-financing, VAT reimbursement and the need to advance reimbursable expenditure for a long period of time are hindering access to CBC Programmes by Albanian local governments and civil society.** In addition to the complexity of procedures under CBC programmes, potential participants find it often difficult to ensure the required co-financing. Moreover, depending on the rules under each Programme, VAT reimbursement and the need to cover travel and other expenditure in advance, lead to cash flow issues for the beneficiaries, particularly local civil society organisations.

*Related measures taken/planned, recommendations for further action:* Regarding the reimbursement of VAT for civil society organisations, on 5 December 2019, the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement was published and entered into force. It amends the previous Guidance of 2015 for the sections related to the reimbursement procedure of VAT.

In addition, a dedicated budget line under the state budget could be established to cover co-financing for Albanian beneficiaries (for approved projects).

**5. Relevant issues stemming from the IPA II beneficiary's participation in the IPA Monitoring Committee and in Sectoral Monitoring Committees (including Joint Monitoring Committees for CBC), if any**

The 2019 annual **IPA Monitoring Committee** meeting was organized on 21 May 2019. The Albanian side presented the progress, achievements and challenges of IPA-funded projects over the last year and together with representatives of the European Commission and the EU Delegation to Albania, agreed on the strategic plan and steps for the forthcoming management period of the IPA portfolio in Albania.

During 2019 significant progress has been made towards making the IPA Sectoral Monitoring Committees (SMC) mechanism fully operational. The NIPAC SO has coordinated and organized two rounds of SMC meetings, in May-June and October-November 2019 for the sectors / sub-sectors (i) Agriculture and Rural Development (ii) Employment and Vocational Training<sup>1</sup> (iii) Transport (iv) Water sub-sector (v) Competitiveness and Innovation (vi) Democracy and Good Governance (vii) Rule of Law and Fundamental Rights.

These forums were co-chaired by senior officials (Deputy Minister level) from the Albanian administration side, and a representative of the European Commission, and reviewed the progress of projects under implementation during 2018-2019 by sector, including financial implementation status and the procurement plan, and the review of progress of each project under IPA I and IPA II, as well as discussing at strategic level, for each sector and/or sub-sector, the overall implementation and the necessary measures to be taken to address problematic issues.

The **Sectoral Monitoring Committee on Democracy and Governance** concluded that despite progress in many areas, further improvement is needed particularly in advancing inter-institutional coordination for the implementation of Public Administration Reform (PAR) to facilitate the release of the variable tranches of the budget support, avoid delays in both the procurement and implementation of projects, speed up the process of establishment of the fiscal cadastre, through a more active engagement of municipalities, and mobilize the necessary human resources to manage key reforms, such as PAR and PFM, etc. During the second SMC meeting held on 12 November 2019, considerable progress was reported in accomplishing each of the operational conclusions of the first round of meetings. As a result, some of the recommendations were closed; however, new ones emerged in particular regarding Civil Society Organisations (CSO) grant schemes to ensure that the next scheme is prepared on time

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<sup>1</sup> In the case of this SMC, due to the earthquake, the planned second meeting was not held in 2019.

and takes on board lessons learnt from the past, enabling the full options of HRMIS, tracking financial injections in the pool of funds concerning the population Census, etc.

In the **Sectoral Monitoring Committee on Rule of Law and Fundamental Rights**, among the highlighted issues were the need to reinforce capacities as regards organisation and coordination relating to drafting, monitoring and reporting public policy, which has been addressed by setting up internal task forces and working groups for various policy areas, technical assistance from IPA and training of the staff. In the Justice sector, special importance was given to the role of School of Magistrates and speeding up the construction of the new premises, as well as improvements regarding its curricula; ensuring the adequate update and governance of the Cross-cutting Justice Strategy and its relevant Action plan, ensuring sufficient staff and budget allocation during strategy implementation, and the need of efficient and adequate use of IPA assistance. Regarding the implementation of the cross-sector Justice Reform a budget allocation of ALL 3,165, 677,000 has been forecasted in the MTBP 2019-2021. In addition, appropriate staff are available for its implementation. Among the recommendations for follow-up in 2020, there is a need to improve the legal drafting process, capacities in statistical/data analysis need to be enhanced for the Justice sector, and a better use of assistance in terms of the cooperation of Investigation Teams is required.

The **Sectoral Monitoring Committee on Environment, Climate and Energy - Water Management** has emphasised the importance of sector governance and coordination among institutions, to ensure the sustainability of EU-funded infrastructure. Together with the beneficiary institutions, the NIPAC must ensure the proper operational monitoring of the results, impacts and sustainability of all IPA actions (regardless of the relevant management mode). Regarding the strategic and legislative level, both the Strategy for Water Supply and Sanitation and the draft Law on water supply and sanitation must be widely and properly consulted with relevant CSOs and include regulatory impact assessment (RIA). A mechanism for monitoring and reporting the implementation of the sector strategies is to be set up. An acceleration in the implementation of water and waste policies and related legislation related to alignment with EU acquis is needed in parallel with progress with the transposition of EU directives. Moreover, the SMC recommended that efforts are intensified to increase investment outcomes, impact and sustainability and set up an appropriate monitoring mechanism with a view to increase the customer base of sewerage systems. Furthermore, a reduction of time between the completion of infrastructure works and the taking over and registration of assets is crucial so that ownership responsibilities are promptly taken over resulting in improved performance and the full achievement of the envisaged results. Staff recruitment and capacity building for the Agency for Water Resources Management, the Agency for Water Supply, Sewerage and Waste and the National Environment Agency are essential for these institutions to fully benefit from IPA 2016 actions. Finally, sector beneficiaries must carry out specific communication activities on their mission and monitor the perception of the general public.

The **Sectoral Monitoring Committee on Transport and Energy** highlighted the revision of the Albanian Transport National Plan for the period 2019-2030, while coordination in the sector should be improved between the Ministry and the agencies and other stakeholders such as civil society and donor partners. The need to strengthen capacities for planning, implementation monitoring and reporting was emphasised. Connectivity reform in the transport sector must continue with the aim to further improve road safety and address transport infrastructure maintenance issues. Moreover, the implementation of the Strategic Framework for Intelligent Transport and plan for road accident blackspots elimination must further progress. Of crucial relevance remains the adoption of the relevant legislation on rail transport and progress with the implementation of the EU acquis on passenger rights in all transport modes. Regarding the SBS on Transport, there is a need to speed up implementation so that the established targets are achieved.

For the **Energy** sector, efforts should concentrate on the diversification of electricity production from hydropower and the promotion of alternative sources of renewable energy. The Energy Efficiency Law should be fully aligned with the acquis and secondary legislation to implement the Directive on the Energy Performance of Buildings should be adopted.

**The Sectoral Monitoring Committee on Competitiveness and Innovation** emphasised the need to strengthen the monitoring and evaluation of the overall Competitiveness and Innovation sector by enabling the Integrated Policy Management Group structure to address the formulation of an overall innovation policy. The authorities committed to establishing a thematic group dedicated to innovation. In addition, the SMC advised the Government to further strengthen inter-institutional policy coordination and social dialogue with all involved stakeholders and ensure a proper 2020 budgetary allocation for the financing of the policy framework for Research and Innovation. Furthermore, Albania will, jointly with the EU, continue to increase its efforts on the communication and visibility of IPA projects in the field of Competitiveness and Innovation, through innovative means and in line with the visibility guidelines of the EU-funded projects. The SMC highlighted that the following strategies need to be revised and/or drafted: 1) National Strategy for Intellectual Property 2016-2020 (NSIP), 2) Inter-Sectorial Strategy on Consumer Protection and Market Surveillance 2020, and 3) Business and Investment Development Strategy (BIDS) 2014-2020 planned to be completed by mid-2020. The drafting process shall take into account the latest Economic Reform Programme priorities. Moreover, the Smart Specialisation Strategy is being developed under support of the EU for Innovation project.

The main findings of the **Sectoral Monitoring Committee on Agriculture and Rural Development** addressed delays on meeting contracting deadlines and cooperation concerns. Cooperation should be enhanced between project teams and the staff of the Ministry of Agriculture and Rural Development to ensure that project tasks and activities are duly carried out. The adoption of sub-sector strategies on laboratories, extension services and veterinary

services in order to develop a clear timeline for the restructuring and strengthening of these sub-sectors including staffing, budget allocations, and indicators of progress is of particular importance. For more efforts on increasing project driven visibility & communication performance is needed. On the other hand, certain sub-systems of IACS (the Integrated Administration and Control System), like the Farmer's Register (system for the unique identification of farmers) should be established as a matter of priority, so that these are able to support the IPARD application process and also to provide general data about the beneficiaries of national support schemes. Strategic options regarding the establishment of LPIS (Land Parcel Identification System) should be explored in order to ensure compatibility and to maximize synergies between the digital cadastre and the LPIS IT systems and that the digital cadastre should be done independently from the establishment of the LPIS. Consultation on all the relevant strategies, amendments and draft laws with the EUD and use the on-going projects to provide support for checks on compliance with EU acquis should be ensured. Relevant institutions need to ensure ownership of the benefits and results of the support. A White Paper Policy to encompass the whole Food Safety system, including a Road Map, and Action Plan should be drafted and adopted addressing the need to advance alignment with EU acquis animal health, plant health and official controls. Sustainability of the equipment provided through IPA assistance, and its operational functionality and maintenance must be ensured. The SMC also recommended that a mechanism at technical level is established to avoid overlapping of interventions between the Italian government funded PROMAS project (regarding LPIS) and the IPA II 2020 Action EU for property rights.

**The Sectoral Monitoring Committee on Education, Employment and Social Policies** has emphasised that the staffing and retention policy of IPA related human resources must receive due consideration by the Ministry of Finance and Economy and the other sectoral institutions concerned with IPA funds implementation. In addition, the SMC stressed the necessity to ensure the sustainability of supplies while urging that contracting technical assistance is accelerated based on the identified needs, especially regarding the communication and visibility of the EU support. The SMC has noted that the proper conditions should be ensured for local governments to receive donor's support while cooperation with NGOs must be enhanced.

Albania has regularly attended the **Joint Monitoring Committees of the different CBC Programmes** where it participates. The main issues highlighted in the JMCs are mainly related to the challenges that Albanian beneficiaries face during the implementation of projects, such as the lengthy VAT reimbursement procedure, difficulties with the pre-financing of expenditure and the mobilisation of co-financing from the own resources of the beneficiary.



## **6. Involvement in Multi-country actions and any related issues**

The European Commission approved the IPA Multi-Country Programme package for 2019 with the Commission's Implementing Decision C (2019/5515) of 19.7.2019. This programme package consists of 14 Action Documents and has a value of nearly EUR 194.1 million for the whole Western Balkans region and Turkey. Albania benefits from this package which focuses on energy efficiency, climate, transport, regional security, floods protection, education, youth, statistics, and others.

Furthermore, during 2019 the European Commission, in cooperation with the NIPAC Offices in the region, consulted and prepared the IPA Multi-Country Package for 2020. There have been several rounds of consultations, where Albania has provided comments and suggestions for the specific Action Documents.

### **Union Programmes**

Albania's participation in Union Programmes is gradually growing but there are still some issues that need to be tackled. General experience from the Albanian context shows that successful participation in Union Programmes requires a high degree of ownership and initiative by the beneficiary institutions. Active involvement by the beneficiaries in coordination, gathering the necessary information on programmes, procedures and working methods as well as in establishing networks and structures and informing the public are essential in order to reap the benefits of participation in Union Programmes and agencies. The Albanian institutions managing the programmes need to show maximum dedication and determination, including adequate staffing and budget resources, to implement their activities to the full satisfaction of all stakeholders (including the project partners).

In addition, they should be very well informed on the benefits arising from the Union Programmes they show interest in, and take the entire preliminary plans and follow up steps that need to be undertaken to participate in the respective programmes. In turn, this requires provisions for permanent staff involved in coordination of participation in Union Programmes. The proper level of awareness of secondary beneficiaries / potential applicants to Union Programmes is also very important, bearing in mind that most of the applicants and beneficiaries are not Government structures.

Some key issues observed that have been common to all Albanian institutions participating in the Union Programmes include:

- There is, in general, a low success rate of Albanian applications and the level of participation of Albanian institutions in Union Programmes is modest, especially for H2020, COSME, and EaSI. The public institutions (Government, universities, research) have in general low motivation to apply for new projects. This is due to lack of incentives for staff involved in projects (in most cases their involvement in these projects adds to their daily tasks).

- Albanian potential applicants prefer to apply as a partner, rather than as lead organisation, recognizing their limited capacities to both draft a competitive proposal and effectively manage project implementation. Reluctance to apply as lead partners reflects a general lack of experience in leading and co-ordinating international projects and often a lack of human and financial resources to dedicate to complex project preparation. This is in particular the case with RTDI Union Programmes such as Horizon 2020 and COSME.
- Generally, there is still a weak coordination between the various institutional actors involved in Union Programmes, leading to insufficient integration, lack of harmonisation and of synchronized actions/initiatives in relation to dissemination of information.
- The National Contact Points (NCP) network needs to be strengthened. The level of responsibility and seniority of NCPs is not uniform. Most NCPs have not been very active in promoting visibility of Albanian community internationally. The NCP system does not capitalise the networking potential of established connections to full potential – there is still room for improvement, and in particular in an active approach to promotion within network and projects idea generation.
- Union Programmes that have a permanent and functionalised help-desk established (costs co-shared by EC and domestic budget) have been functioning better (i.e. Erasmus Plus, Creative Europe).
- Difficulties of successful applicants in coping with financial management procedures. Most of projects as well as direct applicants indicated that Albanian organisations (especially public institutions) face difficulties in dealing with financial management procedures. Most of them are not familiar with EU procedures in managing grants, and in many cases also with the requirements of Albanian financial regulations for managing externally funded projects. In several cases in the past, the VAT exemption for Albanian entities implementing projects funded within the framework of Union Programmes has not been clear or properly applied, thus significantly decreasing the motivation of potential applicants.
- Monitoring of participation should be more proactive – there is a need to adopt measures to receive more feedback from the community, either through incentives or compulsory actions.

## **7. Monitoring and evaluation activities, main lessons learned & follow-up to recommendations**

The monitoring activities carried out by the NIPAC have intensified in 2019 with the full establishment and functioning of the Sectoral Monitoring Committees, which are taking a wider approach to discussing and monitoring all IPA II assistance in the Sector, be it under direct or indirect management, as well as agreeing Operational Conclusions related to the IPA assistance

in the sector and its goals. The follow-up of the Operational Conclusions is monitored regularly by the NIPAC SO.

During the monitoring process (according to an internal risk assessment), or when alerted, in cases of poorly performing actions, where there are significant delays or where specific problems have arisen, the NIPAC SO facilitates the institution of ad-hoc working groups to seek solutions.

The NIPAC has prepared an Evaluation Plan which has been shared with the EUD. A first Interim Evaluation of actions under indirect management IPA 2014 and IPA 2015 is planned to start in the second quarter of 2020.

In the reporting year, a number of compliance review and pre-assessment missions were undertaken in the framework of the Sector Reform Contracts. Their findings are reported on in the text of the AIR.

## **8. Communication and visibility activities**

Communication and visibility activities carried out during 2019 are presented in Annex 1.b to this report.

The NIPAC has prepared a Communication and Visibility Strategy which was also shared with the EUD. The NIPAC SO (and MEFA overall) will be receiving support from IPA funds to strengthen the capacities of the Government of Albania in providing information and communication on the EU accession process and IPA assistance to the general public and key stakeholders. The assistance is expected to start in early 2020. This assistance is considered important for the preparation of a comprehensive communication strategy, preparation and delivery of communication action plan and identification and design of communication tools which are necessary for the well-functioning of Communication and Visibility, as well as support the establishment and effective functioning of the IPA Network of Information Officers.

With regard to Union Programmes' visibility, MEFA is coordinating with the TA Projects to increase their visibility. The "Strengthening of capacities of Albanian institutions with respect to Union Programmes" project which is implemented from 13 March 2019 – 13 March 2022 has prepared the Strategy of Communication and Action Plans for the 9 Programmes where Albania participates. There is a clear requirement to ensure that a range of visibility actions are planned and delivered to ensure the effective dissemination of project results and achievements, as well as to raise awareness amongst the local stakeholders (potential project partners) to participate and benefit from the project. This will ensure that project activities are developed as a partnership process between the technical assistance team and project beneficiaries and stakeholders. The activities of the Project and EU funding visibility will be promoted in public events, activities or publications and during any official communication. Several visibility events will be held during the implementation of the project to increase stakeholder participation and public awareness.

## **9. Donor coordination**

### **External Assistance Coordination Architecture**

Over the last decades, considerable momentum has been built around the establishment of a common external assistance coordination architecture. Government and development partners have collectively and individually established a mechanism for increased effective development cooperation.

The importance of development cooperation and sector coordination, both of which go beyond just aid or development partners coordination, has been highlighted in recent years and has heavily influenced the preparation and concluding analysis of the High-Level forums and Meetings on Development Effectiveness (Busan 2011, Mexico City, 2014, and was re-enforced in Nairobi, 2016).

At the political level, development cooperation functions are led by the Minister of Finance and Economy. At a technical level, these functions are performed by the Directory for Coordination and Provision of Foreign Aid, which was established within MoFE based on the new structure approved in June 2018. This directory is responsible for the daily management of foreign aid coordination in order to build partnerships among all development partners including IFIs, development agencies, civil society organisation, private businesses, etc.

The MoFE collaborates very closely with the Donor Technical Secretariat (DTS), a collective initiative of development partners in Albania to facilitate stronger information exchange between development partners and the Government.

The Development and Integration Partners (DIP) meetings are regular technical settings where bilateral and multilateral development partners and government representatives meet to discuss and decide on various development coordination issues. A DIP meeting was organised in June 2019 co-chaired by the Deputy Minister of Finance and Economy and the Head of Cooperation of the EU Delegation.

### **Development Coordination Tools**

The Government of Albania is in the process of implementing a comprehensive automated system to strengthen public financial management within the Integrated Planning System (IPS). The External Assistance Management Information System (EAMIS) is designed to support the Government of Albania in effectively managing development funds and promoting an accountable and transparent use of resources. The system has been envisaged to serve as a reliable and credible source of information for externally funded activities. It will also serve as a one-stop-shop for getting information on foreign aid projects and strategic investments projects in Albania.

The EAMIS system will be an integrated nationwide system used by government officials and development partners, providing stakeholders with tools for data entry, analysis and reports. The design of EAMIS was finalised in 2018, including implementation of the contract.

Throughout 2019, work was carried out to test integration of EAMIS with various third-party systems, such as the World Bank's Client Connection, the IATI platform, as well as the other two government systems part of the IPS 2 TF AFMIS and IPSIS, which were being developed during 2019. Mainly due to technical issues, efforts to successfully complete the integrations did not yield the expected outcomes, resulting in EAMIS not fully benefitting from the capabilities automatic data sharing and transfer would have offered. Efforts to increase awareness and involve more partners as active users and contributors to the well-functioning of EAMIS have continued throughout 2019, with additional Memoranda of Understanding signed between MoFE and Development Partners (DIPs, a total of 7). The Unit for the Coordination of Foreign Aid has provided training on the use and functioning of EAMIS for the focal points of those DIPs who are part of or have expressed an interest in being part of the system. It is an ongoing initiative and requests from development partners have been accommodated on an ad-hoc basis. There has been progress in populating the database in EAMIS relating to donor-funded projects, albeit at below-expected levels.

## **INDIRECT MANAGEMENT**

### **10. Overall implementation of IPA assistance under indirect management**

The following analysis concerns only the implementation of IPA assistance under indirect management by Albania, excluding actions for the Support to Union Programmes.

The IPA 2014 National Programme has an overall budget of EUR 16.3 million and consists of two Action Documents "EU Integration Facility" and "Public Administration Reform". Under IPA 2014, 23 contracts have been signed in total. There are 17 contracts under implementation. One supply contract could not be signed within the contracting deadline. Out of the total value of EUR 16.3 million allocated, the total value contracted is EUR 14,688,607.14 or 90.11%.

The IPA 2015 National Programme has an overall budget of EUR 17.2 million and consists of three Action Documents "EU Integration Facility" EUR 4.7 million; "Consolidated law enforcement agencies" EUR 10 million and "Sector Reform Contract for employment and Skills" for complementary support of EUR 2.5 million. Under IPA 2015, 28 contracts have been signed in total. There are 26 contracts under implementation. For the Service Contract "Technical Assistance to Coordinate and Implement National Reform in Employment and Skills" - EUR 2.5 million, the Contracting Authority terminated the contract on 6 February 2019. In case of an early termination of a previously signed contract, the contracting deadline is not applied. This gives the opportunity for these funds to be reused. The tender documentation for the new procedure is being finalized by the beneficiary. From the total value of EUR 17.2 million allocated, the total value contracted is EUR 9,554,633.63 or 55.55%; this does not include the amount of EUR 2.5 million of the terminated contract, which is intended to be contracted during the year 2020.

The IPA 2017 National Programme has an overall budget of EUR 4.5 million and consists of one Action Document “EU Integration Facility”, under which 2 Grant Schemes and 5 twinning projects are planned. During 2019, 2 Guidelines for Grant Applicants and 5 twinning fiches were finalized and submitted to EUD for ex-ante control. The final documents are not yet published. The contracting deadline for IPA 2017 is 30.03.2021.

The IPA 2019 National Programme, approved in the IPA Committee in November 2019, has an overall budget of EUR 4,822,222 and consists of the two Action Documents “EU for circular economy and green growth” with EUR 2.6 million allocation and “EU for Social Inclusion” with EUR 2,222,222 allocation. The financing Agreement for this Programme has not been signed yet. However, the CFCU has prepared an initial draft of the Procurement Plan which consists of 2 Technical Assistance contracts and 1 Grant Scheme. In addition, meetings have been held with the beneficiaries in order to start the drafting of the tender documentation. Th CFCU intends to launch the respective tender procedures with a suspension clause during the year 2020.

### **Financial assistance under IPA II for the 2014-2020 period**

IPA II financial assistance has been programmed on a yearly basis through Commission Implementing Decisions followed by signature of relevant Financing Agreements by the European Commission and the Government of Albania.

In the following table, the IPA II financial assistance to Albania through annual Country Action Programmes 2014-2020, as well as the multi-annual allocation to IPARD for the same period, are presented. Out of a total indicative funding allocation of EUR 639,500,000, as provisionally envisaged under the Revised Country Strategy Paper for Albania for the 2014-2020 programming period<sup>2</sup>, according to the signed Financing Agreements for IPA 2014, IPA 2015, IPA 2016, IPA 2017 and IPA 2018, the Albanian institutions have programmed the amount of EUR 376,886,389. By adding the funding allocation to the IPARD Programme in the amount of EUR 71,000,000, this totals EUR 447,886,389. The IPA Committee approved the indicative amount of EUR 145,950,000 for IPA 2019 and 2020 programming in November 2019, which means that, from the IPA II envelope, Albania has programmed, including the IPARD Programme, EUR 593,836,389 in total. Consequently, IPA II funds still to be committed as envisaged under the Revised Country Strategy Paper are considered to be EUR 45,663,611.

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<sup>2</sup> See Annex 1 to the indicative revised Country Strategy Paper, August 2018

**Table 1. Financial assistance under IPA II for the 2014-2020 period**

Annual Programme	Commission Implementing Decision	Date of signature of the Financing Agreement (FA) by NIPAC	EU contribution as per Financing Agreements EUR	Planned EU contribution Amount EUR
IPA 2014	C (2014)9851 final 17.12.2014	11-Dec-15	66,746,389	
IPA 2015	C (2015)9001 final 8.12.2015	30-Sep-16	89,900,000	
IPA 2016	C (2016)8610 final 13.12.2016	13-Dec-17	64,940,000	
IPA 2017	C (2017)7938 final 23.11.2017	30-Mar-18	61,200,000	
IPA 2018	C (2018)8221 final 5.12.2018	10-Jul-19	94,100,000	
IPA 2019				70,650,000 (indicative)
IPA 2020				75,300,000 (indicative)
IPARD	C (2015)5073 final 20.07.2015	27-May-18	71,000,000	
Total amounts			447,886,389	145,950,000 (indicative)
Total amount (committed and planned)			593,836,389	
Indicative total amount committed under the revised indicative Country Strategy Paper for Albania for the period 2014-2020: EUR 639,500,000 <sup>3</sup>				
Uncommitted and unplanned funds as per January 2020: EUR 45,663, 611				

Source: Ministry for Europe and Foreign Affairs, January 2020

### Financial assistance under IPA II implemented by Albania according to the methods of EU budget implementation

According to the art. 58(1) and 62 of the EU Financial Regulation (No 1046/2018), and art. 7 of the Framework Agreement concluded between the Republic of Albania and European Commission, the methods of the EU budget implementation comprise:

- ‘direct management’ when EU funds are **implemented (that is: contracted and disbursed)** directly by European Commission departments including its staff in the Union delegations under the authority of their respective Head of delegation;
- ‘**indirect management by Beneficiary Country**’ (IMBC) when the tasks of implementation of EU funds are entrusted to a third country, previously defined as ‘decentralised management’: in this case, the management of EU funds is entrusted by

<sup>3</sup> [https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/albania\\_en](https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/albania_en)

the Commission to national authorities – in the case of Albania, to the **Central Finance and Contract Unit (CFCU) established under the authority of the Ministry of Finance and Economy;**

- ‘indirect management with international organisations or other bodies’;
- **Shared management with Member States** for cross-border cooperation programmes involving Member States of the European Union and implemented in accordance with the IPA II Implementing Regulation.

Under the IMBC implementation method, the national authorities of Albania are entrusted to contract and disburse the relevant EU funds, while under the other management modes, the contracting and disbursement process is carried out by the European Union Delegation or other entities such as EU Member States and pillar assessed delegated entities. However, both under the direct management mode and the indirect management with development partners, the national authorities of Albania are involved jointly with the European Commission in programming the assistance as well as in monitoring and evaluation. Therefore, absorption capacity and absorption rates<sup>4</sup> depend on the overall performance of all actors involved, with more responsibilities assigned to Albanian national authorities under the IMBC mode. Under the IMBC mode, the CFCU/Ministry of Finance and Economy is in charge of tendering and contract management including payments.

As presented under Table 1 in the previous section, IPA II for the period 2014-2020 has been financed so far until the year 2018 for a total amount of EUR 376,886,389. Of this total, EUR 41,000,000 or 10.88% are implemented through the IMBC method. The percentage of total EU financial allocation managed by Albania through CFCU/Ministry of Finance and Economy under the IMBC implementation mode is relatively limited, and it has even been decreasing, since the Financing Agreement for IPA 2016.

For the programming period 2019-2020, out of the indicative allocation in the amount of EUR 145,950,000, the IMBC allotment is EUR 6,100,000. Thus, for the entire programming period, the estimated IMBC allotment accounts for 7.93% thereby confirming the decreasing trend of funds allocated under Indirect Management with Albania.

The decreasing trend of IMBC funding allocations does not allow for the proper planning of the CFCU resources and is reported as one of the reasons behind the high employees’ turnover in 2019.

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<sup>4</sup> The term "absorption capacity" usually refers to the extent to which a country is able to fully use all the financial resources allocated by the EU effectively and efficiently<sup>4</sup>. The ability of a country to absorb the allocated funds usually measured by the percentage of absorption<sup>4</sup>.



## Financial implementation of IPA II assistance by the end of 2019

The following table provides an overall view of implementation of IPA II financial assistance for the period 2014-2020 under all methods of implementation:

**Table 2. Financial assistance under IPA II for the 2014-2020 period: allocated, contracted and paid amounts as per 31.12.2019, EUR**

Sector	Allocated	Contracted	Paid
1. Democracy and governance	151,786,389	106,584,623	71,517,968
2. Rule of law & fundamental rights	81,500,000	79,189,843	32,983,470
3. Environment and climate action	48,730,000	28,100,000	3,303,600
4. Transport	24,000,000	23,380,000	11,269,609
6. Competitiveness and innovation	52,600,000	46,600,000	13,806,043
7. Education, employment and social policies	80,000,000	27,349,500	23,264,550
8. Agriculture and rural development	8,700,000	8,637,817	2,667,049
9. Regional and territorial cooperation	3,600,000	4,140,101	2,753,313
20. Support measures	3,130,000	3,137,956	2,823,089
40. Other support activities	2,195,000	4,234,557	2,583,051
<b>Total EUR</b>	<b>456,241,389<sup>5</sup></b>	<b>331,354,397</b>	<b>166,971,742</b>

Source: Delegation to the European Union to Albania, February 2020

From the above table it is observed that circa 72.6% of the allocated funds are contracted as per 31.12.2019 while the funds actually disbursed account for 36.6% of the allocated funds, and 50.4% of the contracted funds, respectively. However, the above figures do not capture the following aspects of the financial implementation of IPA funds:

- The IMBC component of these figures;
- The allocated amounts that were not contracted by the expiry of the Final Date for Contracting (FDC);
- The allocated amounts under Sector Reform Contracts which were eventually not paid due to the lack of achievement of the established performed targets;
- Any unused funds from signed contracts and the expiry of FDC;
- The contracted amounts that were eventually offset on the basis of errors or other irregularities.

It is observed that while for the IPA 2014 Annual Action Programme the contracted amount on the allocated amount was 99.75%, as regards the IPA 2015 Annual Action Programme the percentage of contracted on allocated funds by the contracting deadline of 29 September 2019 was lower due to a number of unsuccessful tender procedures. These are further detailed in the AIR 2019 Sections II.1.6 and II.1.8.

<sup>5</sup> It would appear that the discrepancies in the total allocations under Table 1 and Table 2 mostly originate from sectors 9, 20 and 40.

As part of the analysis of financial allocations and financial disbursement, the following table presents the total amount of IPA II assistance that is subject to conditional disbursement under the Sector Budget Support through 6 Sector Reform Contracts. The allocation to technical assistance and complementary support is not reported in this table, since disbursement of the relevant amounts depends on the tendering, contracting and implementation performance rather than performance with the achievement of the established targets.

As regards the EU contribution supporting the sectoral reforms, the relevant IPA funds are disbursed on the basis of assessment by the Commission services, supported by independent assessors, of the degree of achievement of the established targets.

**Table 3. Financial assistance under IPA II for the 2014-2020 period implemented through Sector Reform Contracts (budget support implemented under direct management), EUR**

No	IPA Year/Sector Reform Contract	EU contribution per Financing Agreement (excluding Technical Assistance)	National Contribution	Amount Received in 2019	Total amount disbursed (EU Funds) cumulatively in Euro at cut-off date 31.12.2019
1	IPA 2014 SRC Public Financial Management (PFM)	40,000,000	0	1,250,000	31,250,000
2	IPA 2015 SRC Public Administration Reform (PAR)	28,000,000	0	3,150,000	14,000,000
3	IPA 2015 SRC Employment and Skills	27,000,000	0	6,650,000	23,500,000
4	IPA 2016 SRC Anti-corruption	9,600,000	0	2,100,000	4,400,000
5	IPA 2016 SRC Transport	21,000,000	0	4,062,500	10,062,500
6	IPA 2018 SRC EU for Justice Reform	34,000,000	0	7,000,000	7,000,000
	Total	159,600,000	0	24,212,500	90,212,500

Source: Ministry of Finance and Economy, February 2020

The analysis of the relevant performance under each of the 6 Sector Reform Contracts was regularly discussed during the Sectoral Monitoring Committees in 2019, as well as during dedicated meetings organised by the NIPAC jointly with the Prime Minister's Office and the relevant institutions, in order to identify and agree with the European Commission any justified adjustments to the targets, in case their achievement proved unfeasible.

## **11. Main horizontal problems encountered in the implementation of IPA assistance and subsequent measures taken/planned**

The main horizontal problems identified related to:

- Lack of full availability and sufficient relevant experience of Members of Evaluation Committees during the evaluation process;
- Better and more realistic programming of projects in order to avoid loss of funds if there are delays in tendering procedures;
- Difficulties in reaching contracting deadlines due to delays encountered in preparing the tendering documents;
- Staff turnover and vacant positions within the different bodies in the Operating Structure, e.g. during 2019 approximately 20% of the CFCU staff left the structure;
- Insufficient expertise and skills of staff within the IPA Operating Structure;
- Although a risk management system is in place, Operating Structure staffs need training in this area.

Measures taken/planned:

- Training needs are analysed with the technical assistances available and all available training opportunities actively pursued;
- A review of the risk management process in order to properly handle and manage the risks. The CFCU plans to carry out a reviewing risk process within March 2020;
- The high hierarchical level of some of the Heads of IPA Units can impact the work processes due to their high workload and level of responsibility. The CFCU will address these issues to the NAO;
- Advance planning of programming and preparation of the tender documentation for indirect management actions, before the signature of the Financing Agreement;
- Closer collaboration between the NIPAC SO, the CFCA and the IPA Units to ensure timely and smooth implementation of IPA assistance;
- Improved monitoring of programming processes in order to act swiftly and effectively where necessary to reallocate funds, including savings;
- Further efforts made to fill vacancies as rapidly as possible, in collaboration with DoPA.

## **12. Recommendations for further actions**

In terms of the implementation of Actions under IMBC, some general recommendations are set out, which apply to all sectors, aiming at the achievement of the objectives of the projects/ measures under the ongoing programmes and improvement of the indirect management implementation system. The following recommendations are put forward:

- Enhancing and strengthening the coordination and working relations between all IPA entities and the EUD;
- Ensure that all staffs within the management and control system are trained including on risk and irregularity management;

- Enhancing communication between all IPA actors for more effective functioning of the IPA management and control system. Strengthening of internal control capacities of the managing structures for indirect management;
- Creating a retention policy for staff involved in IPA management;
- Improving IPA Unit capacities on procurement/tendering process according to PRAG rules/ Twinning manual and the specificities and steps of the tendering process for different types of contracts and on Project Monitoring Reports;
- Communication of risk management activities within IPA entities should be improved. Monitoring procedures need to be strengthened and targets monitored regularly, for non-achievement risks to be identified and adequate measures implemented;
- Ensuring the timely and successful implementation of audit findings/recommendations for a more effective functioning of the IPA management and control system;
- Proposed members of the Evaluation Committee should be competent, qualified and possess relevant technical knowledge; they also need to have broader knowledge of the respective project and be familiar with the PRAG procedures. Replacement evaluators should be nominated for each one of the voting members, to prevent delays in case of unavailability. Capacity building of the evaluation committee members should be ensured in order to ensure the quality of evaluation and its contribution to sound decision-making;
- Preparation of a reserve list of other potential projects ready for financing. In all cases where the implementation of one contract is dependent on a TA contract which supports its implementation, the Contracting Authority should always launch the procurement procedure of the latter with a suspension clause, in order to be able to face any unforeseen circumstances.

### **13. Audits – main findings and recommendations and corrective actions taken**

The Audit Agency for EU Accredited Assistance Programmes (AA) is established pursuant to the relevant framework agreements signed between the Republic of Albania and the European Commission, as an autonomous agency that is functionally independent from any stakeholders of the management and control systems in the allocation and use of EU funds. AA performs its activity independent of the National IPA Coordinator, the National Authorising Officer, management structures and operating structures of the EU assistance.

During the reporting period, the Audit Agency (AA) carried out audits in IPA II structures, aimed at providing assurance that the operation of the management, control and supervision systems in the delegated bodies, as well as the internal audit units, are properly functioning, accounting and financial working arrangements are in place and working in line with the requirements set out in the Framework Agreements and the applicable EC regulations. AA audited all structures and authorities included in the MCS of the Programmes under IPA Policy Areas - Reforms in preparation for EU membership and related institution and capacity building through annual

Country Action Programmes. The full AA activities carried out in 2019 are presented in the annual activity report of the audit authority, to be submitted to EC by 15 March 2020.

The main recommendations of the audits carried out are:

- No written procedures on calculation of the value of irregularities in the MoP of NAO SO. During the audit process it was noted that the MoP of NAO SO describes measures in order to prevent irregularities but it does not have a clear description of the tools related to the calculation of the value after the detection of Irregularities. Given the above references, the lack of the methodology in MoP of NAO SO for calculation of financial errors may not ensure complete, accurate and transparent process of the recovery amounts. In addition, the MoP of NAO SO chapter F – Irregularities does not describe the procedure for the treatment for irregularities and the respective values that may be identified from Audit Authority and EC structures.
- Lack of methodology in the Manual of Procedures of NF for recoveries to the EC. During the audit engagement it was identified that the MoP of National Fund, Version 1 October 2016, section E, Point.6.8 “Recovery of funds”, contains a written procedure regarding the recovery of funds from the contractor/recipient of IPA funds. However, the MoP does not contain a detailed written procedure for identifying and recording, ensuring availability of funds, transferring the corresponding amount to the EC, keeping accounting records of amounts, for the recovery of funds from the National Budget to the European Commission.
- Ineffective risk register prepared by IPA Units. During the review of the documents it was found that the risk register for the year 2018/2019 provided risks identified but they are not related to any written and approved objective by top management. In the risk register table, the columns “Description of the Risk/and its impact” and “Recommendation/corrective measures” provide general descriptions without mentioning the exact responsible sector and the exact measure to mitigate the risk properly and on time.
- Lack of procedures related to recording, monitoring, and reporting irregularity signals. The Manual of Procedures of HIPAU / IPA Unit does not contain a detailed written procedure which has to include specific guidance with steps for the use of staff working within the IPA bodies for recording, reporting and monitoring irregularity signals. The current MoP does not specify the way of reporting when a member of staff notices an irregularity within the structure or outside (for example, how a staff member can report a noted irregularity directly to NAO). Furthermore, the anonymity of the staff member reporting the irregularity signal is not ensured.

Based on the findings and recommendations issued, the audited institutions drafted Action Plans with responsible structures and concrete deadlines for making the necessary changes. Most recommendations addressed to the responsible bodies are in the process of being implemented and/or monitored through action plans.

## II. INFORMATION PER SECTOR

### II.1. Democracy and Governance

In the sector “Democracy and Governance”, 11 actions have been financed under IPA II:

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014

1. Action 1. Sector reform contract for public finance management (direct management)
2. Action 2. EU integration facility (direct and indirect management with Albania)
3. Action 3. Support to public administration reform (indirect management with Albania)
4. Action 4. Support to participation in Union programmes (indirect management with Albania)

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015

6. Action 1. Sector Reform Contract for Public Administration Reform (PAR) (direct management and indirect management with UNDP)
7. Action 2. EU Integration Facility (indirect management with Albania, direct management and indirect management with UN Women)
8. Action 3. Support to participation in Union Programmes and Agencies (indirect management with Albania)

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016

9. Action 1. EU integration facility (direct management)
10. Action 2. Support to participation in Union Programmes and Agencies (indirect management with Albania)

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017

11. Action 1. EU Integration Facility (direct management, indirect management with the UNDP and OCSE, and indirect management with Albania)
12. Population and Housing Census 2020 (indirect management with Albania)

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018

13. Action 1. EU Support for the participation in Union Programmes and Agencies (indirect management with Albania)

In the table below a snapshot of the progress as regards the implementation of actions in this sector is presented, based on financial indicators. Detailed information is provided for Sector Budget Support and Actions under indirect Management by Albania.

	National Contribution	Amount Received	Total amount disbursed (EU Funds) cumulatively
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Sector/IPA Year/Action	EU contribution per FA	Indirect management with Albania		from EC (Pre-Financing)	Amount Contracted (IPA)	in Euro at cut-off date 31.12.2019
<b>2014 Action Programme for Albania</b>						
Action 1 SRC PFM – Budget Support	40,000,000.00		-	-	-	31,250,000.00
Action 1: SRC PAR Complementary Technical assistance	2,000,000.00					
Action 2: EU Integration Facility	13,746,389.00					
		10,300,000.00	N/A	4,796,470.18	9,746,442.14	3,711,535.44
Action 3: Support to PAR	6,000,000.00	6,000,000.00	N/A	3,496,753.00	4,942,165.00	1,816,238.77
Action 4: Support to participation in Union Programmes	1,000,000.00	1,000,000.00	606,338.00	960,000.00	1,000,000	960,000.00
<b>2015 Action Programme for Albania</b>						
Action 1: SRC PAR	27,000,000.00		N/A	N/A	N/A	14,000,000.00
Action 1: SRC PAR Complementary Technical assistance	4,500,000.00					
Action 1: SRC PAR Monitoring and Communication	5,000,000					
Action 2: EU Integration Facility	13,900,000.00					
		4,700,000.00	N/A	2,204,705.3.2	2,781,147.63	1,712,361.58
Action 3: Support to participation in Union Programmes and Agencies	1,000,000.00	1,000,000.00	882,892.07	970,247.40	970,247.40	970,247.40
<b>2016 Action Programme for Albania</b>						
Action 1: EU Integration Facility	4,740,000.00					
Action 2: Support to participation in Union Programmes and Agencies	1,000,000.00	1,000,000.00	1,010,264.24	898,438.58	1,000,000.00	898.438,58
<b>2017 Action Programme for Albania</b>						
Action 1: European Union Integration Facility	14,600,000.00		N/A	-	-	-
		4,500,000				
<b>2018 Action Programme for Albania</b>						
Action 1: Support to participation in Union programmes and agencies	3,000,000.00		1,263,671	-	-	-

To present a coherent sectoral perspective, information is presented by area, i.e. public administration reform, public finance management, the European Union Integration Facility and Support to participation in Union Programmes. In the latter two cases, it should be borne in mind that the actions supported relate also to other sectors, but are reported under this sector in accordance with the allocation under IPA II programming.

## 1. Involvement in programming

The programming process for IPA 2015, 2016 and 2017 Actions under this sector was finalised outside the timeframe of this AIR. In 2019, the NIPAC SO coordinated the programming process for the approval and signature of the Financing Agreement related to the "Action Programme for Albania for IPA 2018".

No actions have been programmed for IPA 2019 under this sector.

During 2019, the NIPAC SO coordinated the process of programming for IPA 2020 which was approved by a Commission Decision in the IPA Committee in November 2019; it is expected that the relevant Financing Agreement will be signed in 2020. The actions to be supported under IPA

2020 related to this sector are: “EU for Good Governance”, with an indicative amount of EUR 48.1 million (EUR 36 million as budget support, and EUR 12.1 million as complementary assistance); the “EU for Property Rights” with an indicative amount of EUR 15,700,00 million; and “Participation in Union Programmes”, with an indicative amount of EUR 1.5 million.

Regarding the Action EU for Good Governance AD - IPA 2020, following the initial scoping mission in 2018, the first consultation meeting between the Prime Minister’s Office and line ministries with the EUD was held in June 2019. NIPAC SO and PMO/DDGG facilitated two rounds of consultation meetings in June-July 2019 with the relevant Albanian institutional counterparts (ADISA, DOPA, ASPA, NAIS, MoEF, MoJ) concerning the indicators and targets of the budget support.

Preparations for the Action EU for Property rights started in November 2018 and continued in 2019 until submission of the final Action Document, with several expert missions. Meetings were held with the Ministry of Justice/ Property Treatment Agency and Ministry of Agriculture and Rural Development, in close consultation with the State Agency of Cadastre under the Prime Minister’s Office.

With regard to the IPA 2015 SRC for Public Administration Reform, some modifications were proposed in relation to several targets following technical discussions between EU Delegation and relevant Albanian institutions:

- Introduction of a partial payment for targets 4.3
- Update of the method of calculation for target 6.3
- Revision of the proposed targets for 4.3
- 1-year postponement of the achievement of the target for indicators 6.3 and 10.3.

Consequently, some parts of Annex IA of the related Financing Agreement were modified in 2019.

## **2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document)<sup>6</sup>**

The integrated mechanism of the sector/cross-sector wide approach under the Integrated Planning System (IPS) as the main system that defines the tools and mechanisms for integrated public policy planning ensuring the effective allocation of financial resources was adopted by Prime Minister’s Order n. 157 dated 22 October 2018, consolidating the sector/cross-sector

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<sup>6</sup> With regard to the Sector roadmaps (SARs), during October 2016 – March 2017 NIPAC supported Line Ministries and other beneficiary institutions to draft the document and the package comprising all the sector roadmaps was sent to EUD in March 2017. However, no updates have been made since a new approach has been adopted for an integrated mechanism as described here.



approach following the establishment of Integrated Policy Management Groups (IPMG)<sup>7</sup>, Sector Steering Committees (SSC)<sup>8</sup> and Thematic Groups (TG)<sup>9</sup>.

The Integrated Sector Wide Approach Mechanism was fully operational and mobilized in 2019. The relevant activities of the IPMGs, SSCs, and TGs in 2019 are reported on at sector level.

The IPMG “Good Governance and Public Administration”, chaired by the Deputy Prime Minister and the SSC Public Financial Management, chaired by the Minister of Finance and Economy enable cooperation at political level for the sector Democracy and Governance. At technical level, there are 6 Thematic Groups<sup>10</sup>.

During 2019, the Integrated Sector Wide Approach Mechanism was fully operational.

In 2019, the IPMG “Good Governance and Public Administration” held 3 meetings on 29.03.2019, 10.04.2019 and 19.06.2019 to discuss progress on the Public Administration Reform (PAR), and progress on the implementation of the recommendations of the PAR-SG and SIGMA. The Decentralisation Thematic Group held 4 meetings, focused on the functioning, implementation and monitoring of good governance and public administration policies, specifically related to the National Cross-cutting Strategy for Decentralization and Local Government (NSDIQV) and donor support coordination. The Civil Service Thematic Group held 4 meetings focusing on the coordination of the institutions responsible for implementing the CCPARS; the revision of the CCPARS Action Plan and its extension to 2022, its costing in the MTBP, and monitoring and reporting on the CCPARS. The Policy Making Thematic Group met twice to discuss the status of implementation of the PAR SG and present the development status of three IPS MIS components (IPSI, AFMIS & EAMIS). The Digitalisation Thematic Group met twice to discuss, among others, the role of NAIS in setting up and improving electronic systems, the National Government Information Society Action Plan under Open Government Partnership (OGP) - Open Data Portal and inter-institutional cooperation for publishing open data, the Albania's Digital Agenda 2015-2020. The Public Service Thematic Group held 24 meetings with participating public administration institutions as well as invited donors to discuss issues related to performance evaluation of state institutions, in the context of improving the way public services are provided. The Statistics Thematic Group held 7 meetings discussing the start of the CENSUS process, on Chapter 18 - “Statistics” and the Strategy for National Statistical System Development.

With regard to Public Finance Management, the Steering Committee for Public Finance Management met 4 times during 2019: on 29.03.2019 to discuss the progress achieved during 2018 and the progress of the revised PFM strategy 2018-2022; on 09.04.2019 to discuss the 2018 Annual Report and the new PFM Strategy 2019-2022; the PFM Action Plan 2019-2022;

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<sup>7</sup> Enabling cooperation at political level for the integrated sector/cross-sector approaches in priority areas (Government priorities).

<sup>8</sup> Enabling cooperation at political level and inter-institutional coordination within sector of special importance.

<sup>9</sup> Enabling cooperation at technical level as well as with development partners within the specific sectors of the respective priority areas.

<sup>10</sup> Policy Making Thematic Group; Anti-Corruption Thematic Group; Decentralization Thematic Group; Civil Service Thematic Group; Digitalisation Thematic Group; Public Services Thematic Group.

PFM reform progress; PFM reform priorities and on 04.09.2019, on the Revised Public Finance Management Strategy 2019-2022 and the PFM Reform Priorities for the Future.

The PFM Technical Committee - a forum held at the technical level for the Public Finance Management sector - held two meetings during 2019.

### **3. Coordination with other instruments and/or donors/IFI's within the sector**

The Thematic Groups established by Prime Minister's Order no. 157 dated 22.10.2018 enable cooperation at technical level in the sector with development partners, within the specific sectors of the respective priority areas; a Lead Development Partner has been nominated for each Thematic Group.

In the PAR area, there are several agreements with international partners, in particular with SIGMA and the EUD.

As one of the key players, SIGMA has made a significant contribution to developing the current administrative framework in Albania. SIGMA is assisting the Prime Minister's Office to improve the monitoring and reporting methodology with regard to the National Strategy for Development and Integration (NSDI) and sector and cross-cutting strategies.

Furthermore, SIGMA is supporting the office of the Deputy Prime Minister and DOPA in the coordination of CCPARS implementation; the PMO on strengthening the evidence-based and participatory policy making through full implementation of the recently introduced regulatory impact assessment system and improvement in public consultation; the MoJ on the implementation of the Code of Administrative Procedures; the MoFE on improving the quality of the internal financial control of public funds; the Public Procurement Agency, the Public Procurement Commission and the Ministry of Finance and Economy on promoting sound EU practice, through workshops and legislative drafting, for the development of the public procurement review function and public private partnerships/concessions; and the Albanian State Supreme Audit Institution on implementation of their strategic development plan for 2018-2022.

The STAR 2 Project – “Consolidation of the Territorial and Administrative Reform” (July 2016-December 2019), implemented by the UNDP, is supported by a number of international development partners through a pooled funding mechanism. International partners include: The European Union, the Government of Sweden through Swedish International Development Agency, the Government of Italy through Italian Development Cooperation, Swiss Government through Swiss Development Cooperation, and the United States through the United States Agency for International Development and UNDP. The project benefits all 61 Local Government Units (LGUs), strengthening institutional and administrative capacities of local administrations, increasing local service delivery efficiency, quality, coverage, accessibility and inclusiveness for men and women and enhancing local democracy through fostering citizen-oriented governance and participatory decision making, leveraging the roles of women as actors of change.

Furthermore, during 2019, continuous cooperation was in place in this sector with other donors/IFIs, including GIZ (through an expert seconded to ADISA), the World Bank under the Citizen-Centric Service Delivery Project, the UNDP, the Austrian Development Agency and others.

With regard to Public Finance Management, a very valuable collaboration during the preparation of the PFM Strategy 2019-2022 has been the strong support by Albania's Development Partners, including the EUD, IMF, WB, SIDA, USAID, Austria and Switzerland. The strategy was sent for comments to Albania's Development Partners and their comments were reflected in the document, contributing to improving the strategy. The MoFE was assisted by the "Technical assistance to support the strengthening of the capacities for the implementation of the public finance management strategy" designed to support the implementation of the public finance management reform strategy for 2014-2020 alongside the EU-funded PFM Sector Reform Contract, in collaboration with the EU funded Centre for Excellence in Finance (CEF), IMF experts, in the expansion and revision of the PFM strategy.

With regard to the EU Integration Facility project "Enhancing the Bank of Albania's alignment with EU acquis", there are several complementary projects in course funded by other instruments/donors:

- o the EU-funded "Programme for Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration to the European System of Central Banks" which started implementation in the second quarter of 2019, focusing particularly on specific issues in the areas of banking supervision, financial stability, recovery and resolution, monetary policy, payment systems, statistics, compliance and EU integration, governance policies, accounting and internal audit.
- o Technical assistance is provided to the Bank of Albania from the Swiss State Secretariat for Economic Affairs through the programme "Implementation of the second phase of the Bilateral Assistance and Capacity Development for Central Banks 2018 -2022", by enhancing the monetary policy analysis and implementation and the financial stability.
- o The Bank of Albania has continued to benefit from the technical assistance of IMF and World Bank in different areas.

Regarding the support to INSTAT for the Population and Housing Census 2020, there are several activities funded by other donors:

- o The Swiss Development Cooperation (SDC) will provide support through expertise and training for the mapping and geospatial information as well as purchase of the computer application for map updating, necessary equipment for the software customization, testing on the application with tablets, preparation of all other applications elements and IT hardware and software for the ICT infrastructure of the Census. The government of Albania will cover the cost

of personnel for map updating, salaries of 6,000 enumerators and training cost for the fieldwork, tablets for the data collection process and power-banks. Part of the Government contribution will be the rental of storage for tablets and office space.

- o SIDA has supported Census 2020 activities through the purchase of workstations for IT staff and computer desktop for the GIS office through a direct grant. In addition, SIDA has committed to supporting Census operations with an estimated total amount of 1.3 million EUR. The support is focused on the salaries for the fieldwork staff (controllers), the publicity campaign and the preparation of the thematic reports.

- o The International Organisation for Migration (IOM) has provided tablets as a donation through GIZ support for the survey on Migration. These tablets will be used for the Census map update.

#### **4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting**

IPA II actions under “Democracy and Governance”, particularly the Sector Reform Contracts under which public administration reform and public finance management are financed, contribute, directly or indirectly, to strategic planning and budgeting and administrative capacity building; contracts implemented or envisaged under the EU Integration Facility also have such effects.

The Government’s priorities in the field of Public Administration Reform focus on the implementation of the new Civil Service Law and administrative procedures with a view to enhancing professionalization and depoliticizing of public administration. Simplification of procedures is a key component of the PAR Strategy, for civil service and Administrations, as well as for administrative procedures of citizens.

Regarding Public Administration Reform, the implementation of the IPA II actions has contributed to achieve the objectives set out in the PAR Strategy and Digital Agenda. PAR focuses on improving the overall administrative capacity, including the reform of public administration institutional structures, the improvement of the management of civil service wage reform and the capacity building in public administration. Furthermore, the policies’ aim is to substantially improve the quality of public services and to ensure a more rapid approximation with EU standards and requirements. Significant progress has been registered several areas of Public Administration Reform. The policy framework for PAR is in place and remains relevant. The institutional set-up for policy management, co-ordination and monitoring is established. The policymaking and coordination mechanism have been strengthened by a more efficient Sector Wide Approach Mechanism for coordination, programming and monitoring across all public administration sectors which, with the established integrated policy management groups and sector steering committees, also contributes to more consistent monitoring of the implementation of the reforms.

In 2019, the Government initiated the extension of the strategic framework of public administration reform for the period of 2020-2022. It was concluded that four main strategic goals (pillars) of the CCPARS continue to be relevant and represent key priority areas where further focus of public administration reform should be directed. Accordingly, the extended Action Plan (2018-2022) was developed through a series of consultations with all responsible institutions, subject to public consultation and discussed at the IPMG Good Governance and Public Administration; it was approved by the Council of Ministers through CoMD no. 697 dated 30 October 2019. The costs for the implementation of the CCPARS have been determined and 96% of the funding required for the Action Plan (2018-2020), and 93% for the new Action Plan (2018-2022) have been accounted for within the Multi-annual Budget Programme. The rate of the implementation of activities in the CCPARS Action Plan (2018-2020) has steadily progressed in 2018-2019.

The quality of policymaking has improved, demonstrated through efforts to conduct RIA for all draft laws (initially primary laws) and improve the process. Regular training has been organised with SIGMA support to ensure RIA is properly implemented.

The IPA 2014 funded “Support to improve citizen-centric public service delivery” is in line with commitments of South East Europe 2020 Strategy (SEE 2020 Strategy) with regards to the fifth pillar “Governance for growth”. Activities under this action document aim at increasing government effectiveness (percentile rank as measured by the WBI index). This action also addresses the SEE 2020 strategy’s objective to have effective public services by strengthening the state through making public institutions more robust and credible and through improving the quality of the public services delivered to the public. The project and related actions have assisted with regard to alignment with Acquis 32 – Internal Controls and other Acquis requirements as contributing to the development of internal control system, improvement of service delivery standards and controls in relation to service quality improvement.

The Population and Housing Census, supported under the 2014 EUIF, represents one of the pillars for data collection on the number and characteristics of the population of Albania, and should form a central part of an integrated National Statistical System, which may include other censuses (for example an agricultural census), surveys, registers and administrative files. It will contribute to the creation of a building and dwelling register and of population registers on the national level which will enable the collection of more disaggregated data at lower level (municipality, gender, age etc.) and will improve the current methodology according to EU and UNECE recommendations. In addition, the improved methodology will contribute to and be reflected in the availability of SDGs indicators. For small geographical areas or sub-populations, it may represent the only source of information for certain social, demographic and economic characteristics. The Census 2020 will also provide a unique source for a solid framework to develop sampling frames for the organization of household’s surveys during inter-censal period and the support for the preparation of agriculture census. In addition, the progressive alignment of Albanian statistics production with the requirements set in the Chapter 18 of the EU acquis requires the collection, elaboration and dissemination of data according to standard

processes, formats and technologies. Part of the SDGs indicators will be provided by Census data complemented by other sources as administrative and surveys data. Furthermore, Census 2020 will provide data on disability, ethnic communities and religious/faith groups. Since the Census gives the possibility of having data disaggregated at the smallest geographical level, the inclusion of the topics that are considered relevant for national priorities are of added value. The Census 2020 will contribute to the creation of a building and dwelling register and of resident population register, which will be the source of annual population and housing statistics in the future.

Activities undertaken under the PFM Action, including the ones related to the administrative capacity building, have a direct effect on an improved strategic planning and budgetary process in Albania. The Strengthening Public Finance Management Technical Assistance (PFM TA) project has supported the MoFE in rolling out the updated MTBP preparation methodology to selected line ministries. Specifically, the main focus is on the review of the Budget Programme Classification (BPC), key performance indicators (two levels - outcomes and outputs with targets), and the introduction of the medium-term baseline expenditure projections of budget programmes.

In terms of budget consultation, the approach in Albania was scaled up with the support of the PFM TA project towards engaging more with the demand side (CSOs) as well as engaging with other international development programmes and organisations, most notably UN Women and the Open Society Foundation for Albania to provide insight on the approach previously followed in support of MoFE budget consultation activities. A two-day training course was delivered for CSOs on 10–11 April 2019 to enhance CSO capacities to understand the budget cycle and identifying entry points for more meaningful participation in budget planning, and execution – a user friendly narrative summary of the training curriculum will be shared with the EU funded CSO facility.

The PFM TA also supported MoFE in improving the content and process for the Annual Budget Execution Report (ABER) preparation, in particular the implementation of an updated and a more transparent ABER structure, the improvement of the explanation of expenditure / revenue deviations from the approved Budget Law, as well as the need to report on all major budget classifications in a more comprehensive fashion (including revenue, functional, administrative, etc.). which were implemented in the 2018 ABER, submitted to the Council of Ministers (CoM) for approval in early June 2019.

With regard to the EU Integration Facility project “Enhancing the Bank of Albania’s alignment to EU acquis”, in view of future membership of Albania in the EU, the Bank of Albania (BoA) is preparing to adopt and implement the EU standards of the European System of Central Banks (ESCB). The recommendations of the 2014 “Needs analysis for BoA” prepared under the Technical Cooperation Programme with the central banks of the Western Balkans preparing their accession to the European System of Central Banks (ESCB) provide a solid base for the areas to be tackled and on what remains to be accomplished in order to fulfil the ESCB

requirements for membership which will be addressed through this project. The project is aimed at the closure of the identified gaps which will speed up the process of adjustment to European standards, in cooperation with European Central Banks.

The Twinning Project ‘Support to ACA to increase skills for planning and conducting inspections and solve competition cases and capacity building actions in order to prepare accession negotiations’ aims at providing support to the Albanian Competition Authority (ACA) and contributing to strengthening its administrative and institutional capacities in order to ensure its mission to protect the free and effective competition in the market based on EU Acquis. This objective is aligned with relevant goals of the main national strategic and programming documents, particularly the National Strategy for European Integration, the Indicative Country Strategy Paper and the National Plan for European Integration 2019-2021, aiming at maintaining free and effective competition in the market, enhancing market integration and market surveillance through the application of competition rules and principles, applying the provisions of law.

The impact of the project “Technical Assistance in carrying out effective market surveillance in line with the acquis” in 2019, has led to the development of relevant national administrative capacity in the sector as follows:

- improved product safety and reliability of legislation in the field of Legal Metrology;
- increased knowledge and awareness of employees of MSI and the Directorate of Economic Development of MoFE in new principles of market surveillance gained during the Study Visit to MS authorities of EU member states;
- increased knowledge and awareness of employees of MSI and strengthened capacities to perform market surveillance activities, in particular in product fields, by providing trainings and assistance in drafting guidelines;
- increased understanding and awareness on the importance of Market Surveillance for the promotion of product safety and reliability and consumer protection in society.

## 5. Operating structure(s) in place and related changes

The Operating Structure or the implementation institutional arrangements (in the case of “Support to participation in Union programmes”) **for the actions under indirect management by Albania** in the sector are set out in the table below:

IPA Programme/Action	Operating Structure
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014</b>	
<b>Action 3. EU integration facility</b>	<b>(i) Contracting Authority (CFCU)</b> <b>(ii) NIPAC Support Office</b> <b>(iii) IPA units in Beneficiary institutions</b> (MEFA, MoFE, INSTAT, MoIE, Energy Efficiency Agency)
<b>Action 4. Support to public administration reform</b>	<b>(i) Contracting Authority (CFCU)</b> <b>(ii) NIPAC Support Office</b>

IPA Programme/Action	Operating Structure
	<b>(iii) IPA units in Beneficiary institutions</b> (Department of Public Administration, NAIS, ADISA)
<b>Action 5. Support to participation in Union programmes</b>	<p>(i) <b>Overall national coordinator:</b> MEFA;</p> <p>(ii) <b>Union Programmes and responsible line ministries:</b></p> <ul style="list-style-type: none"> <li>• COSME – Coordinator, Ministry of Economic Development, Trade, Tourism and Entrepreneurship (MEDTTE), now Ministry of Finance and Economy (MoFE);</li> <li>• Horizon 2020, Erasmus + – Coordinator, Ministry of Education and Sports (MES) now Ministry of Education, Youth and Sports (MEYS);</li> <li>• Horizon 2020 – Coordinator, Ministry of Innovation and Public Administration (MIPA) now the Agency for Research, Technology and Innovation (ARTI);</li> <li>• Creative Europe – Coordinator, Ministry of Culture (MC);</li> <li>• Employment and Social Innovation and Europe for Citizens – Coordinator, Ministry of Finance and Economy;</li> <li>• Europe for Citizens– Coordinator, Ministry of Culture;</li> <li>• Customs 2020 – Coordinator, Albanian Customs Administration (ACA);</li> <li>• Fiscalis – Coordinator, General Directorate of Taxation (GDT);</li> <li>• Justice – Coordinator, Ministry of Justice (MoJ).</li> </ul> <p>(iii) <b>Responsible structure for reimbursement of payments for entry tickets</b> - National Fund (NF), Ministry of Finance and Economy (MoFE).</p>
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015</b>	
<b>Action 2. EU integration facility</b>	<p>(i) <b>Contracting Authority</b> (CFCU)</p> <p>(ii) <b>NIPAC Support Office</b></p> <p>(iii) <b>IPA units in Beneficiary institution</b> (Ministry for Europe and Foreign Affairs, Bank of Albania, Albanian Competition Authority, Ministry of Culture)</p>
<b>Action 3. Support to participation in Union Programmes and Agencies</b>	As for the 2014 Action.
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</b>	
<b>Action 2. Support to participation in Union Programmes and Agencies</b>	As for the 2014 Action.
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017</b>	
<b>Action 1. EU integration facility</b>	<p>(i) <b>Contracting Authority</b> (CFCU)</p> <p>(ii) <b>NIPAC Support Office</b></p> <p>(iii) <b>IPA units in Beneficiary institutions</b> (Ministry for Europe and Foreign Affairs, General Directorate of Customs, Energy Efficiency Agency, General Directorate of Intellectual Property, National Tourism Agency, Commissioner for Data Protection and Access to Information)</p>
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018</b>	
<b>Action 1. Support to participation in Union Programmes and Agencies</b>	As for the 2014 Action.

Some changes have been made in IPA Units. INSTAT has established a Census organizational structure to manage and implement Census activities, and conduct successfully the Population



and Housing Census 2020 in Albania. The team, in collaboration with TA experts, follows and monitors on a daily basis the implementation of the action. Regarding administrative changes, the IPA Unit within INSTAT has been rearranged; consequently, the Head of IPA Unit and the Programming Officer have been replaced on 9 September and 11 November 2019, respectively. Following an audit finding, the IPA Unit in MEFA has been placed in another Department within the Ministry, under the Directorate for Territorial Cooperation Department which is functionally independent from the programming and implementation of IPA National Action Programmes.

## **6. Information on the implementation of programmes in the sector**

The following section provides key information on the implementation of contracts under indirect management by Albania in the sector in 2019 by area and Financing Agreement. With regard to the IPA 2014 Action Programme for Albania, only activities in course in 2019 are reported on. The main achievements of the actions in implementation are reported in the following section II.1.7.

Additionally, information is provided on the performance of the Sector Reform Contracts under “Democracy and Governance” in 2019. The impact of the Sector Reform Contracts on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting has been reported in sub-section II.1.4.

### **IPA 2014 ACTION PROGRAMME FOR ALBANIA**

#### **Action 1: Sector Reform Contract for Public Finance Management**

With reference to the implementation of the Sector Reform Contract for Public Finance Management, the fifth of six compliance review missions took place in Tirana from 4 to 14 March 2019. The evaluators focused their mission on the following activities: (i) An assessment of the credibility and potential sustainability of the Government macroeconomic policy; (ii) Commitment control and debt reporting of outstanding arrears; (iii) Mid-term review of the implementation of the PFM Reform strategy; and (iv) Specific Requirements for Taxes and Public Procurement Commission. The sixth compliance review mission for the assignment was undertaken in Tirana from 23 September to 4 October 2019.

In May 2019, a disbursement request for the 3<sup>rd</sup> variable tranche was made, specifically for indicator 4.3 and 5.3 in the amount of EUR 1,875,000. The EUD confirmed the fulfilment of indicator 5.3 for the amount of EUR 1,250,000.

During 2019, the Ministry of Finance and Economy prepared the Public Finance Management Strategy 2019-2022, which replaces the earlier Strategy for the period 2014-2020, based on the 2018 Mid-Term Review (MTR) of the Strategy, aiming to extend the PFM Strategy and Action Plan beyond 2020 for an additional two years to 2022 to enable a smooth transition to the Instrument for Pre-Accession Assistance (IPA) post-2020. This revised Strategy aims to consolidate lessons learned, outputs and results agreed after the Mid-Term Review carried out

in 2018 and to serve as a framework and guideline to guide improvements in PFM results for 2019- 2022. In addition, it enables the Government of Albania to include those PFM measures that have emerged as necessary since 2014 within the framework so that these priorities can be addressed effectively. The PFM strategy was approved by the Council of Ministers Decision no. 824, date 18.12.2019.

The strategy has been subject to an extensive public consultation, specifically:

- MoFE, assisted by the Technical Assistance on Public Finance Management, organised a multi-stakeholder workshop on 13.03.2019 with Development Partners and Civil Society Organisations (CSOs) in order to present the findings of the MTR, Study Tour and the proposed priorities of the revised/extended PFM Strategy. The objectives of the workshop were: (i) To share the findings of the PFM Strategy and MTR; (ii) To highlight the achievements and challenges to date in the implementation of each Pillar; (iii) To consider the vision for the PFM Strategy and key reform priorities going forward; and (iv) To receive the views of key stakeholders (including PFM-related Development Partners and CSOs) on: PFM reform progress and priorities going forward.
- On 8 July 2019 the strategy was published in the Electronic Registry for Public Notification and Consultations;
- On 30 July 2019 the Public Finance Management Strategy Consultation Workshop was organized where Development Partners and CSOs participated. The key objectives were: (i) To introduce the vision for the PFM Strategy and key reform priorities going forward; (ii) To examine the context within which the new strategy will operate; (iii) To share the New Action Plan of PFM 2019-2022; and (iv) To receive the views of key stakeholders.
- Comments from Line Ministries have been received through the e-Act system;
- On 6 August 2019, the PFM Technical Committee meeting was held to discuss the draft revised PFM Strategy 2019-2022. After reflecting the comments, on 4 September the PFM Steering Committee was held, in which the document was approved in principle.

The Annual Review of implementation of the updated budget processes was completed by the Technical Assistance for Public Finance Management (PFM TA) (IPA 2014/032813.01 - service component). The purpose of the report has been to assess the progress and compliance of the budget preparation process with the redesigned methodological approach in order to identify the main remaining gaps and necessary corrective actions for next budget preparation cycle.

The report was completed in April 2019 and it has been discussed with major stakeholders in the MOFE as well as the PMO and selected pilot ministries.

Following revision of the MTBP methodology (outlined by the Standard Budget Preparation Guidelines) and introduction of the baseline methodology, the PFM TA assisted the MoFE in rolling out the updated budget preparation methodology to selected line ministries. During the 2020-2022 budget preparation cycle, the project assisted six ministries, including the Ministry of Education, Youth and Sports (MOEYS), Ministry of Agriculture (MOA), Ministry of Health (MOH), Ministry of Justice (MOJ), Ministry of Infrastructure and Energy, and MOFE. Specifically, the main focus is on the review of the Budget Programme Classification (BPC), key performance

indicators (two levels - outcomes and outputs with targets), and the introduction of the medium-term baseline expenditure projections of budget programmes.

MoFE acknowledged the need for the improvement of the content and process for the Annual Budget Execution Report (ABER) preparation, in particular the implementation of an updated and a more transparent ABER structure, the improvement of the explanation of expenditure / revenue deviations from the approved Budget Law, as well as the need to report on all major budget classifications in a more comprehensive fashion (including revenue, functional, administrative, etc.). The PFM TA supported MoFE in the implementation of these improvements in the 2018 ABER, submitted to the Council of Ministers (CoM) for approval in early June 2019.

### **Action 2: European Union Integration Facility**<sup>11</sup>

- Technical Assistance in carrying out effective market surveillance in line with the acquis (service contract) - Beneficiary Institution: Ministry of Finance and Economy – Duration: August 2018 – April 2020 - Contract value: EUR 499,400;
- Support for the implementation of Population and Housing Census 2020 activities in Albania (direct grant) - Beneficiary Institution: INSTAT - Duration: December 2018 – December 2022 - Contract value: EUR 4.8 million. Under the Direct Grant for the Population and Housing Census, three phases of Census activities are envisaged: (i) Preparatory activities for the conduction of the PHC 2020 in Albania (December 2018 – September 2020); (ii) Fieldwork- data collection (October - November 2020); (iii) Post-survey activities - data processing, analysing, preparation and dissemination of the results (December 2020 – November 2022). INSTAT has procured Technical Assistance for the Census operational activities, which initiated in July 2019, and will cover five main components: Census Management and Organization; Census methodology, questionnaire and quality assurance; Mapping and Geospatial Information; Tabulation, Analyses and Dissemination; and Information technology and data processing as well as communication activities. Low-value procurements have been made for furniture, vehicle rental, and ICT;
- Support in the Energy Efficiency Sector and the Renewable Energy Sources (RES) Development (service contract)- Beneficiary Institution: Ministry of Infrastructure and Energy – Duration: February 2019 – August 2020 - Contract value: EUR 294,650;
- Support to civil society organizations for the implementation of capacity building actions to increase policy dialogue and awareness on European Integration process – Grant scheme – 12 grants were contracted for a total value of EUR 757,949.14 as detailed in the table below.

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<sup>11</sup> Contracts which terminated by 31.12.2018 are not included here.

Grant Contract Name	Amount (EUR)	Beneficiary	Start date	End date
Grant contract for civil society “Building the path for European Entrepreneurs and SMEs”	32,392.44	Studies and Development Centre	11.12.2018	10.04.2020
Grant contract for civil society “I choose European Union”	33,075.00	United Pro LGBT Cause in Albania (LGBT)- Lead Applicant	11.12.2018	10.12.2019
Grant contract for civil society “Promoting entrepreneurship and entrepreneurial learning among young people and women in Albania”	38,970.36	Albanian National, Professional, Businesswomen and Crafts’ Association (SHGPAZ)	11.12.2018	10.06.2020
Grant contract for civil society “E-Citizens, Albania in Europe!”	45,710.38	Albanian Students Abroad Network Alumni (ASAN)	11.12.2018	10.02.2020
Grant contract for civil society “Europe citizen so far so close”	54,448.80	Institute of Development, Migration and Integration	11.12.2018	10.02.2020
Grant contract for civil society “Improving knowledge of organic agriculture farmers related to European Integration process”	43,121.90	Institute for the Promotion of Social and Economic Development- Lead Applicant	11.12.2018	10.04.2020
Grant contract for civil society “Starting from the grass-roots: Civil society Role in the EU Integration Process in Albania”	94,838.00	Akademia e Studimeve Politike- Lead Applicant	11.12.2018	10.06.2020
Grant contract for civil society “Deliberating socio-economic impact of EU Integration- Albanian case and regional experiences”	68,700.00	European Movement of Albania	11.12.2018	10.04.2020
Grant contract for civil society “Exploring EU to better prepare for a long journey- 10 questions/answers”	59,290.00	Infinet Plus	11.12.2018	10.12.2019
Grant contract for civil society “Young towards EUROPE!”	99,136.07	“MESDHEU” CENTER	11.12.2018	10.06.2020
Grant contract for civil society “Building the European future at home: youth engagement in the process”	88,268.00	World Vision Albania- Lead Applicant	11.12.2018	10.04.2020
Grant contract for civil society “Applying Sector Approach to Civil Society Contribution in EU Integration of Albania-CONNECT”	99,998.19	Cooperation and Development Institute- Lead Applicant	11.12.2018	10.04.2020

### **Action 3: Support to public administration reform through law enforcement and Innovative ICT processes**

Under the IPA 2014 action Support to public administration reform through law enforcement and Innovative ICT processes (IPA 2014/032813.04), implemented under indirect management by Albania, three projects were under implementation during 2019:

- Implementation of civil service reform across the public administration (service contract) – Beneficiary Institution: DOPA – Duration: July 2018 – January 2021 - Contract value: EUR 2.836.500;
- Establishment of computer-based solutions to enable implementation of several components and control mechanisms (supply contract) - Beneficiary Institution: DOPA – Duration: January 2019 - December 2019 - Contract value: EUR 899,915;
- Support to improve citizen-centric public service delivery – service contract – Beneficiary institution: ADISA - June 2017 - May 2019 - Contract value EUR 1,205,750.

### **IPA 2015 ACTION PROGRAMME FOR ALBANIA**

#### **Action 1: Sector Reform Contract for Public Administration Reform**

Regarding the implementation of the IPA 2015 Sector Reform Contract for Public Administration Reform, a request for the disbursement of EUR 3,150,000 was made in 2019, corresponding to the achievement of 4.5 indicators (4 of them fully met<sup>12</sup> and one partially met<sup>13</sup>).

Due to the postponement by one year of the achievement of the target for indicators 6.3 and 10.3 (for 2020) approved on 22.07.2019<sup>14</sup>, the third variable tranche will be divided in two partial payments in two consecutive years (2020 and 2021), the first of a maximum of EUR 5.6 million and the second of a maximum of EUR 1.4 million to be disbursed according to the achievements of the set targets.

During the implementation of the sector reform contract there are several assessment missions whose **specific** objective is to carry out a preliminary review of the General and Specific Conditions in order to provide an early warning to the Beneficiary and the Commission Services of any factors which might inhibit compliance on the part of the Beneficiary. The underlying goal is to identify those indicators where the Beneficiaries are at risk of non-compliance and to give them time to take remedial actions before the Review Team makes its final assessment and recommendations. In 2019, there was a pre assessment mission of the Sector Reform Contract

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<sup>12</sup> Indicator No. 5 “Vacancies are efficiently filled in line with the civil service law”

Indicator No. 8 “Backlog of final court decisions in relation to civil servant appeals is enforced”

Indicator No. 9 “Public services provided at a higher level of automation”

Indicator No. 10 “Access to information”

<sup>13</sup> Indicator No. 3 “Regulatory impact assessment in place”

<sup>14</sup> Ref. Ares(2019)4760729 - 22/07/2019 - Addendum 5 to Annex IA of the Financing Agreement for the IPA 2015 Action Programme for Albania (CRIS No. 2015/038-715), Sector Reform Contract for Public Administration Reform

from 21 October – 11 November 2019 at the end of which the assessors noted that progress had been made by the Albanian institutions towards the achievements of the indicators' targets, particularly in terms of the policy framework<sup>15</sup>. The assessors also concluded that the Government is compliant with most of the specific indicators related to the Civil Service HRM, although there are some concerns related to the challenges for expansion of the HRMIS to LGUs and independent institutions.

However, some critical areas where further improvements are needed were identified, such as policy drafting and strategic planning capacity which varies greatly from institution to institution; the need to improve the capacity to implement regulatory impact assessments; the need to advance policy monitoring capacity in line ministries, to ensure that the progress towards achieving policy goals is monitored, analysed and evaluated, and the revision of policies or drafting new policies is based on evidence and evaluation results. Furthermore, coordination between the PMO, MEFA, and MoFE needs to be further strengthened, with a particular focus on ensuring a better quality of planning and implementation of NPEIs. Finally, the human resource capacity of line ministries needs to be strengthened, particularly in policy planning, monitoring and evaluation areas in order to improve the Government's capacity to implement the reforms efficiently and effectively. Progress was noted in improving the quality of policymaking, demonstrated through efforts to conduct RIA for all draft laws (initially primary laws), and as regards public consultation, there was an improvement to the quality index of public consultation of 1.9 points.

The Assessors concluded that there have been noticeable efforts made towards achieving the targets for both General and Specific conditions of 2019. However, the potential compliance rate for 2019 is still comparatively low. The assessors also noted that there is a need to strengthen the human resources (both in terms of the number of staff and their capacity) in the Prime Minister's Office. The Assessors also concluded that for the further implementation of reforms, there is a need for technical assistance at the Prime Minister's Office as well as in the ministries and their downstream institutions, in particular to enhance the capacity of the personnel responsible for the policy and strategic planning function in the line ministries and subordinated agencies.

There has been significant activity related to Public Administration Reform in 2019. Due to the fact that the relevant existing strategies related to the four thematic areas for IPA assistance end in 2020<sup>16</sup>, intensive work was conducted by all institutions part of PAR, within the mechanism of the IPMG and Thematic Groups, under the coordination of DoPA and with the support of the DDGG in the PMO, as the technical secretariat of the IPMG, for the extension of these strategies for at least two years to provide the required strategic framework for the IPA

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<sup>15</sup> Pre-Assessment Report January 2020.

<sup>16</sup> Strategies on Public Financial Management, Public Administration Reform, Fight Against Corruption, Decentralisation, Digitalisation, Employment and Skills, Social Protection, Pre-university Education and the Policy document on Social Inclusion

support. The process included discussion with the European Commission and the costing of activities in the MTBP 2020-2022. In the drafting process, in order to have a clear, well-formulated, measurable and costed activities, the following elements were considered and reflected:

- the progress of activities during the period 2018-2020;
- the challenges encountered and lessons learned during 2018-2020;
- the recommendations of the Annual Report of the European Commission, SIGMA's Monitoring Report recommendations;
- financial resources necessary for the implementation of activities.

A public consultation was carried out in July 2019.

The New Action Plan 2018-2022 for the Cross-Cutting Public Administration Reform Strategy (CCPARS) was approved by the Council of Ministers Decision no. 697 dated 30.10.2019.

DoPA has continued to monitor the implementation of the CCPARS' new Action Plan 2018-2022 and has started work on the preparation of the 2019 Annual Monitoring Report, which will be available on DoPA's website within the first quarter of 2020.

#### **Action 2: European Union Integration Facility**

- Enhancing the Bank of Albania's alignment with EU Acquis (Twinning) - Beneficiary Institution: Bank of Albania – Duration: September 2019 - September 2020 - Contract value: EUR 799,948. The contract started on 1 October 2019 and the opening ceremony was held on 19 December 2019 at the Bank of Albania. 9 expert missions have already been implemented;
- Support to the Albanian Competition Authority (ACA) to increase skills for planning and conducting inspections and solve competition cases and capacity building actions in order to prepare accession negotiations (Twinning) - Beneficiary Institution: Albanian Competition Authority – Duration: July 2019 – July 2020 - Contract value: EUR 700,000;
- Building capabilities of the Albanian Public Administration on free movement and fight against illicit trafficking of Cultural goods (Services) - Beneficiary Institution: Ministry of Culture – Duration: September 2019 – September 2020 - Contract value: EUR 249,000;
- Support to the General Directorate of Standardization in aligning legislation and work procedures with the Union acquis and CEN&CENELEC criteria, aiming to prepare DPS to become full member of CEN&CENELEC (Services) - Beneficiary Institution: Ministry of Finance and Economy – Duration: September 2019 – September 2020 - Contract value: EUR 299,750;
- Support to civil society organizations for the implementation of capacity building actions to increase policy dialogue and awareness on European Integration process – Grant scheme – 13 grants were contracted for a total value of EUR 647,359.63 as detailed in the table below.

Grant Contract Name	Amount (EUR)	Beneficiary	Start date	End date
Albanian youth for EU integration	61,621.41	EuroPartners Development	27.9.2019	26.9.2020
Enhanced social dialogue and improved employment policies in Albania in the view of the EU integration process	36,826.85	Centre for Labour Rights	27.9.2019	26.1.2021
Albanian youth action on the EU acquis	40,000.00	Institute of Social Studies and Humanities	27.9.2019	26.9.2020
Enhance the capacities of Local CSOs to contribute in negotiation process	69,710.05	Democratic Integration and Development Centre	27.9.2019	26.11.2020
Europe respects Human Rights	62,527.39	Together for life	27.9.2019	26.1.2021
Paving the way towards a sustainable Natura 2000 network in Albania: the case of Narte-Pishe-Poro complex site.	37,329.95	Protection and Preservation of Natural Environment in Albania	27.9.2019	26.3.2021
Europe for Albanian youth (EU4A)	55,986.15	Corporate Social Responsibility Communication Centre	27.9.2019	26.1.2021
YouThink enabling the proactive participation of youth in policy and legislative development of Albania and its implication in the process of European Integration	64,000.00	Institute for Policy and Law	27.9.2019	26.9.2020
Increasing Awareness of CSOs and SMEs on the importance of circular economy in line with the EU Circular Economy Package	35,364.92	Centre for Competitive Skills (CCS)	27.9.2019	26.9.2020
Increasing civil awareness on standard energy efficiency measures in Albania	39,099.19	INTBAU	27.9.2019	26.3.2021
Academy of European Integration and Negotiations	68,300.00	AIEN-Academy of European Integration and Negotiations	27.9.2019	26.3.2021
Financial literacy through the lens of EU integration process: Mind genomics approach for the active citizenship and CSOs	36,686.72	UET Centre	27.9.2019	26.9.2020
FarmHer	39,907.00	People and Ideas	27.9.2019	26.9.2020

Additionally, under the EUIF, the CFCU contracted several low-value service contracts which were in implementation in 2018:

- Preparation of the Tender Dossier for the supply contract "Establishment of mobile radio and data network and purchase of end user equipment for main districts MC LTE -



Beneficiary Institution: ASP (Albanian State Police) / Ministry of Internal Affairs – Duration: November 2018 – June 2019 - Contract value: EUR 20,000<sup>17</sup>;

- Experts (assessors) to assist in the evaluation of grant applications received in the framework of the call for proposals under IPA 2015 and IPA 2017 NP (indirect management)"/"Support to Civil Society Organisations for the Implementation of Capacity Building Actions to Increase Policy Dialogue and Awareness on European Integration Process" Beneficiary Institution: CFCU – Duration: July 2019 – January 2021 - Contract value: EUR 7,050.

The following were not contracted within the contracting deadline under IPA 2015:

- Capacity building for proficient and highly motivated civil servants to strengthen their skills and capacity to manage the EU Integration and negotiation process, indicative budget EUR 1,000,000;
- Technical Assistance to support the Ministry for Europe and Foreign Affairs and Central Finance and Contracting Unit to effectively support the programming and implementation of EUIF instrument – CSO grant contracts, indicative budget EUR 300,000;
- Supporting the Ministry of Infrastructure and Energy to implement the new European electronic communications code and the open Internet access regulation, indicative budget EUR 300,000.

Further information on the issues concerning delays in contracting and the contracting rate under IPA 2015 in this sector and subsequent measures taken is provided in sub-section II 1.8.

### **IPA 2017 Action Programme for Albania**

#### **European Union Integration Facility (IPA 2017/ 040-209.01)**

With regard to the IPA 2017 EUIF activities under indirect management by Albania, no activities have been contracted yet. The following summarises the progress in procurement in 2019, as further detailed in Annex 3:

- Grant scheme "Capacity building for Civil Servants of the Public Administration including trainings/internships in EU Member State administrations and scholarship scheme for school years 2019-2020 and 2020-2021" (the Department of Public Administration - DOPA) - indicative budget EUR 2,000,000. The Guidelines for Grant applicants were prepared and submitted for ex-ante approval to the EUD on 26 November 2019. The call is expected to be launched in February 2020;
- Grant scheme "Support to Civil Society Organizations for enhanced cooperation with state institutions in relation to the European Integration process" (MEFA) – indicative budget EUR 700,000. The final version of the Guidelines for Grant Applicants was

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<sup>17</sup> Further considerations on the issues concerning this contract and its implication for the planned Activity Establishment of mobile radio and data network and purchase of end user equipment for main districts MC LTE under the sector "Rule of Law and Fundamental Rights" are presented in sub-section 11.2.8.

submitted for ex-ante approval to EUD on 30 December 2019. The call is expected to be launched in February 2020;

- Twinning Fiche “Institution building for alignment with the EU acquis and enhanced ability to meet economic criteria in relation to intellectual property law” (MoFE) – indicative budget EUR 350,000 was prepared in 2019 and resubmitted to EUD for ex-ante control on 23 December 2019. The Twinning is planned to start in August 2020;
- Twinning Fiche “Institution building for alignment with the EU acquis and enhanced ability to meet economic criteria in relation to energy efficiency” (Energy Efficiency Agency/Ministry of Infrastructure and Energy) – indicative budget EUR 400,000 was prepared in 2019 and resubmitted to EUD for ex-ante control on 31 December 2019. The Twinning is planned to start in September 2020;
- Twinning Fiche “Institution building for alignment with the EU acquis and enhanced ability to meet economic criteria in relation to data protection” (Commissioner for Data Protection and Access to Information) – indicative budget EUR 400,000 was prepared in 2019 and resubmitted to the Twinning Coordination Team in Brussels on 20 December 2019. The Twinning is planned to start in August 2020;
- Twinning Fiche “Institution building for alignment with the EU acquis and enhanced ability to meet economic criteria in relation to the Union Customs Code (Customs Administration/MoFE) – indicative budget EUR 400,000 is under preparation and initial comments have been received from the EUD; the indicative timeline for the start of the Twinning is September 2020;
- Twinning Fiche “Institution building for alignment with the EU acquis and enhanced ability to meet economic criteria to support upgrading of tourism services” (National Tourism Agency/Ministry of Tourism and Environment) – indicative budget EUR 250,000 is being prepared and under discussion with the EUD.

#### IPA 2018 Support to Union Programmes

With regard to Albania’s participation in Union Programmes, for the year 2019, Albanian Institutions paid the entry tickets for the participation in 9 Union Programmes:

- COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs);
- EaSI Programme (Employment and Social Innovation) supports government initiatives and strategies, to modernize the labour markets, social security systems increase the rates of employment, in particular among young people, supporting job creation etc.;
- Erasmus + is the European Union’s Framework Programme for education, training, Youth and Sports 2014 to 2020. It aims to support projects, partnerships, events and mobility in the areas of education, training youth and sport;
- Horizon 2020 supports research and innovation that opens up a wide range of opportunities to stimulate growth and create new jobs, to offer assistance to public universities to strengthen advice and carrier canthers etc.;

- Fiscalis 2020 Programme supports the Albanian General Directorate of Tax Administration towards enhancing the administrative capacity of tax authority and advancing technical progress and Innovation, ensuring effectiveness of tax collection, on the fight against fiscal fraud and tax evasion, reducing the administrative burden for tax authorities and the compliance costs for taxpayers etc.;
- Customs 2020 Programme supports capacity building and experience sharing for the Albanian Custom Administration working on the identification, developing and applying best working practices in all areas of customs processes;
- Creative Europe Programme will contribute to enhance artistic expression and creativity, promote the cultural and linguistic diversity, increase the quality of art works, promote Albanian writers and authors in Europe and vice versa etc.;
- Europe for citizens Programme is focused on two thematic areas: (i) European Remembrance and (ii) Democratic engagement and civic participation;
- Justice Programme shall contribute to further development of a European area of justice based on mutual recognition and mutual trust. This programme was ratified by the Albanian Parliament in February 2017.

The Ministry of Justice has signed the Memorandum for the European Union Fundamental Rights Agency which will become effective as of 1 January 2020.

The main activities implemented in 2019 covering Albania's participation in Union Programmes were focused on strengthening MEFA's role in the overall coordination of the process, reviving the NCP network, initiating the institutional sustainability of the structure, supporting NCPs to activate the management of the Programmes they are in charge of and provide hands on support for organising Information and Training Days in synergy with other EU-funded projects and strengthen networking and partnerships with counterparts. Regular meetings were also organised individually with the institutions managing Union Programmes in Albania and MEFA. Efforts are undertaken to increase information and participation of potential beneficiaries in Union Programmes through direct support to potential applicants to benefit from Union Programmes when calls for proposals are open, info sessions, seminars, information dissemination, trainings etc.

MEFA, with the support of a Technical Assistance for Union Programmes, has completed the following:

- Revised the Manual of Procedures for Union Programmes
- Initiated the Reactivation of the NCP Network with MEFA leading the process – reconfirmation of NCPs.
- Initiated the first steps towards institutionalisation of management of Union Programmes in Albania in coordination with MEFA.
- Organised 2 targeted Study Visits for the institutions managing Union Programmes:
  - in Portugal for H2020 COSME/EEN NCPs
  - In Brussels (Group 1) for Justice, EaSI, Customs 2020, Fiscalis, H2020.

- Dissemination of information to all Albanian potential applicants through the 61 EU Units in Municipalities for the Europe for Citizens 3 opened Calls for Proposals for 2019 Round 2 and 2020 Round 1.
- More than 45 representatives from Civil Society Organisations have been trained on the Europe for Citizens open CfP.
- More than 25 representatives from EU Units and Donor Aid Coordination in 18 Municipalities have been trained on the 2<sup>nd</sup> CfP under Europe for Citizens focusing on Municipalities.
- Information has been provided to the 61 EU Units from all the 61 Municipalities on Erasmus Plus in coordination with Erasmus Plus National Office and the TA for Union Programmes.
- Union Programmes were represented to other events, such as the European Innovation Council (EIC) Road show Event organised in Tirana in coordination with AKKSHI (23 July).
- 50 representatives from the Chambers of Commerce at national and local level, representatives of the business community and associations operating on the tourism field, representatives of the banking system, Albanian District Councils etc. have been trained in regard to Union Programmes.
- Thematic trainings on H2020 have been conducted in Faculties of Foreign Languages and Agriculture, with more than 67 representatives from the academia.
- 55 representatives from NGOs in the culture field and Media on Creative Europe open CfPs have been trained.
- Outreach to more than 2000 individuals through social media –facebook for all the events – trainings, CfP opened regarding Union Programmes.

## **7. Main achievements in the sector**

The main achievements of the contracts implemented under indirect management by Albania in the sector are presented below<sup>18</sup>. The main achievements regarding the Sector Reform Contracts for Public Finance Management and Public Administration Reform are also reported.

### **IPA 2014 ACTION PROGRAMME FOR ALBANIA**

#### **Action 1: Sector Reform Contract for Public Finance Management**

A set of **PFM** Strategy instruments have been achieved such as: legislative changes; capacity building activities; Integrated Financial Management System (SMIF); as well as changes in the management and process culture which have developed through the implementation of the measures taken.

These have resulted in:

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<sup>18</sup> In the case of Support to Union Programmes, information is only reported in these sections on the IPA 2018 Action.

- Fiscal consolidation through the implementation of fiscal rules and financial oversight and fiscal risk management, debt-to-GDP ratio continues the downward trajectory, which began in 2016. There has been improvements on forecasting capabilities and strengthen evidence-based policy making;
- A rigorous and prudent procedural framework is provided to ensure a better alignment of strategic plans with the Medium Term Budget Programme;
- The processes and institutional capacity for initiating, evaluating, prioritizing and approving public investment projects have been strengthened and improved;
- MoFE has approved the guideline for the identification of the cases of financial problems of LGUs, the determination of the conditions when a LGU is considered as bankrupt and of the authorities that will be responsible for administering the LGU in such cases. In the medium term, the MoFE will enforce the implementation of the law no. 68, dated 27.04.2017 *“On local self-government finances”*, in all LGUs;
- MoFE published a national monitoring report on budget execution at local level in September 2019 with the aim of identifying the key performance indicators for each budget programme, and helping LGUs to use them in their monitoring reports and also in the preparation of the medium term budget programme.
- Revised tax policies, increasing the capacity of the tax and customs administration to collect revenue, and reforming the property tax and establishing a fiscal cadastre that is under data entry process;
- Periodic monitoring of multi-year commitments and liabilities through the system to ensure prevention and settlement of arrears;
- Increased the effectiveness of the public procurement system in line with international best practices that guarantee high transparency, accountability, control and value for money;
- Ensuring the efficient management and control of external funds through the EAMIS system;
- Accounting Reform has been undertaken, consisting of the development of accounting legal and regulatory framework for switching to accrual accounting, which has started through the implementation of a new action plan;
- The timely and reliable production of Government Finance Statistics;
- The publication of annual and yearly reports containing accessible information on financial and non-financial performance;
- Improvement of regulations for public assets valuation and inventory;
- A more structured and timely engagement with citizens, civil society organizations and academia in budget planning, monitoring and reporting;
- The Public Internal Financial Control system is strengthened and has been implemented in central and local government including managerial accountability, internal audit and public financial inspection;
- Strengthened external audit function by aligning it with the standards of the International Organization of State Audit Institutions.

### **Action 2: European Union Integration Facility**

The project Technical Assistance in carrying out effective market surveillance in line with the *acquis* has achieved the following results:

- the improvement of product safety and reliability legislation in the field of Legal Metrology;
- the increased knowledge and awareness of employees of MSI and DoED of MoFE in new principles of market surveillance gained during the Study Visit to MS authorities of EU member states;
- the increased knowledge and awareness and strengthened capacities of employees of MSI to perform market surveillance activities in particular in product fields by providing trainings and assistance in drafting guidelines;
- an increased understanding and awareness on the importance of Market Surveillance for the promotion of product safety and reliability and consumer protection in society.

With regard to the Population and Housing Census 2020, the preparatory activities are ongoing in 2019, as planned. INSTAT has procured Technical Assistance and capacity building for the Census operational activities, which has initiated. The Census 2020 is following the UN and EUROSTAT recommendations in order to achieve the overall target. The recruitment for 2019 has been finalized as planned, including field work staff totalling 242 persons and a total of 17 Administrative staff.

The work in 2019 was dedicated mostly to preparatory activities for conducting the pilot Census, which serves for testing of all aspects of the main Census. It consisted of testing methodology, IT system and organizational aspects of the Census. The pilot Census was conducted in the period 21 October - 6 December 2019, in 10 municipalities, involving 12,500 households. The data in the field was collected through handheld devices, involving the CAPI application, which allows live data imputation, checks, and controls and validation, before final data transfer to the main server. Monitoring systems were developed in the course of the reporting period, and the necessary procurement of goods and/or systems/licenses was finalised. Findings from the pilot Census will serve for further preparation of all aspects of the main Census.

The project “Support in the Energy Efficiency Sector and the Renewable Energy Sources (RES) Development” is under implementation, albeit with some delays reflecting organisational changes in the first semester, which have led to an updated workplan and limited achievements in 2019. The main achievements so far include: a Report on the Energy Efficiency Agency’s (EEA) Work Programme for 2020, the Preparation of internal rules and procedures for handling tasks and the Identification of the type of energy advice that the Agency will be able to give to consumers and industry (First Draft).

Concerning the Grant Scheme “Support to civil society organizations for the implementation of capacity building actions to increase policy dialogue and awareness on European Integration process” none of the grant contracts have been completed in this reporting period; the achievements shall be reported in the AIR 2020.

### **Action 3: Support to Public Administration Reform**

The IPA 2014 "Implementation of civil service reform across the public administration" is ongoing. Its main achievements in 2019 are:

- Policy Paper prepared on the new salary reform for the civil servants;
- Improvement and further enhancement of the harmonization of job descriptions based on successful practices and lesson learned, adapted to the civil service legislation of Albania and the spirit of the career system;
- Improvement of the performance appraisal process through the preparation of a Manual for performance appraisal and job classification which was presented to 4 focus groups from DoPA and line ministries as well as training provided to HR managers on performance appraisal;
- Enhanced clarity in the main work processes in line ministries through the design of a methodology for determining their processes' workflows, associated with document management and preparation of a manual of procedures. Other activities are on-going.

The supply component of the same action, "Establishment of computer-based solutions to enable implementation of several components and control mechanisms" has been successfully finalised. All hardware infrastructure and proposed systems have been installed and both the testing and training phases completed as well as the pilot phase. This has enabled the unification and standardization of Human Resources management procedures in the civil service (local and central level) through the upload of legal basis, templates, modules in the integrated communication platform administrata.al and their extended use.

The IPA 2014 project "Support to improve citizen-centric public service delivery" (completed in 2019) has made significant achievements in the sector:

- Improved Legal and Regulatory framework dealing with Public Service Delivery and approximated with EU legislation: The Legal review "Revision of current legal framework related to public services delivery", an assessment of the current legal framework of line ministries under the scope of public service delivery, the assessment of the Code of Administrative Procedures, proposed changes to the Law on Public Services, Review of the results of Business Process Re-engineering and Front Office separations, identification of legal changes required in the legal framework of institutions involved in public service delivery, Corruption Risk Assessment (CRA) methodology and Corruption Risk Assessment conducted for 5 institutions involved in public service delivery, and anti-corruption management plan prepared and approved by ADISA represent some of the achievements under this objective;
- Updated and enhanced inventory system of public services in Albania: the Information Service Card was developed and approved, an On-line Data Collection Platform developed with the functionality requested by ADISA including data from 10 line ministries and 88 institutions, also including information about documents needed in the public service delivery process. In total 8454 documents related to public service delivery and 674 application forms were uploaded to the On-line Data Collection Platform;
- Improved design of the public service delivery system in terms of operational standards, administrative procedures and performance measurement;

- Improved channels of service information communication and actual delivery through uniformity of service delivery ensured by developed Integrated Service Centre Operations Manual;
- Definition of a sustainable business model including financing modality for front office service delivery;
- Strengthening of ADISA capacities to cope with all the new responsibilities envisioned under the institutional reform on public services, through extensive training, study tour, meetings with international donor organisations etc.

## **IPA 2015 ACTION PROGRAMME FOR ALBANIA**

### **Action 1: Sector Reform Contract for Public Administration Reform**

In relation to the indicators set by the Sector Reform Contract, the following achievements can be reported:

- Over 90% implementation of the annual recruitment plan in line with the Law on Civil Servants and its secondary legislation, exceeding the target set for the specific indicator.
- Progress has been made in making the HRMIS operational and enabling the generation of staff salary and payroll reports for the state administration institutions. Furthermore, the capacity of state administration institutions in the use of HRMIS was enhanced through HR and finance employees being trained yearly by DoPA.
- Significant efforts have been made by DoPA to support the state administration institutions in the implementation of the final court decisions, thus ensuring a higher percentage of implemented court decisions.
- Increase in the number of public services provided at a higher level of automation.
- Increase in the requests for information dealt with, according to Article 15 of the Law.

Furthermore, in terms of progress in the implementation of the CCPARS, the situation related to its funding has improved over the recent years. The costs for the implementation of the CCPARS have been determined and 96% of the funding required for AP (2018-2020), and 93% for AP (2018-2022) have been accounted for within the Multi-annual Budget Programme. The rate of the implementation of activities in the CCPARS Action Plan (2018-2020) has steadily progressed in 2018-2019.

### **Action 2: European Union Integration Facility**

Several projects in this Action and the grant scheme initiated in the last quarter of 2019; their achievements will be reported on in the AIR 2020.

The Twinning Project 'Support to ACA to increase skills for planning and conducting inspections and solve competition cases and capacity building actions in order to prepare accession negotiations' has supported the ACA in adopting guidelines for the evaluation and abuse of



dominant position in the market and has developed new guidelines for remedies based on the notice of the European Commission.

## **IPA 2018 ANNUAL ACTION PROGRAMME FOR ALBANIA**

### **Support to Union Programmes**

Regarding Union Programmes' entry tickets for 2019, the payments were made for all 9 programmes.

Other achievements are as follows:

- Albanian institutions continued the efforts towards the improvement of coordination and management of Union Programmes through increasing the capacities and empowering the NIPAC SO as well as National Contact Points (NCPs) of each Programme;
- A Guideline on Managing Union Programmes in Albania was finalized and distributed. This document provides comprehensive information in regards to Union Programmes in Albania;
- Memoranda of Understanding were signed between MEFA and each institution involved in the coordination of Union Programmes;
- Practical Toolkits for potential applicants (under Horizon 2020 and Creative Europe Programmes) were developed and widely disseminated;
- The number of Albanian applicants and beneficiaries has increased as a result of an intensive capacity building action with direct national training, coaching, seminars, conferences, and round tables for all Union Programmes.

The European Investment Fund (EIF) and Alpha Bank Albania signed a Euro 25 million agreement for the financing of Albanian SMEs in 2019, as part of the EU's COSME Loan Guarantee Facility programme that supports SMEs' access to financing. This is the first COSME programme agreement signed in Albania. Under this agreement, Alpha Bank Albania will grant loans to Albanian SMEs with limited available collateral, with the backing of COSME guarantees from 1 October 2019. It is expected that approximately 200 businesses will benefit from new financing, with reduced collateral requirements, at more favourable conditions.

Based on the most recent data available<sup>19</sup>, the successful Albanian applicants for Union Programmes are set out below.

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<sup>19</sup> Data availability varies from programme to programme.

COSME: The successful applicants in the COSME are shown in the table below:

COSME				
Year	Name	Albanian Beneficiary	Estimated total budget	Budget Albania
2016	Erasmus for Young Entrepreneurs	Protik (partner)	481,092.99	24,173.00
	Entrepreneurship is a Woman	Centre for Competitiveness Promotion (partner)	427,887	52,893.00
	EEN Albania	AIDA (Lead - 8 members of Albanian Consortium)	188,737	188,737
Sub-total				265,803.00
2017	GIVE - Green ICT Development	Albanian Information Technology Association (partner)	197,857.98	184,79.94
	EEN Albania	AIDA (Lead - 3 members of Albanian Consortium)	188,738	188,738
Sub-total				207,217.94
2017	Erasmus for Young Entrepreneurs	Regional Development Agency of SME (partner)	554,192,59	49,465.00
	Erasmus for Young Entrepreneurs	Protik (partner)	588,682,66	46,558.75
Sub-total				96,123.75

In the case of **Erasmus +**:

International Credit Mobility (ICM): Albania has benefited from 234 projects (out of 254 applications), 2118 outgoing exchange quotas and 1329 incoming exchange quotas.

Erasmus Mundus Joint Master Degrees (EMJMDs): – Albania applied in two proposals, but neither were selected.

Cooperation for Innovation and Capacity building in Higher Education (CBHE): Albania has benefited from 10 projects (out of 39 applications). 5 of these will be coordinated by Albania.

Jean Monnet: Albania was awarded 2 projects out of 8 applications.

Overall, Albania is performing better in all components of Erasmus + compared to the previous year.

#### Horizon 2020:

The table below shows the number of applicants awarded projects for Albania.

It can be noted that although the number of awarded projects is broadly the same, in the last two years there has been quite a significant increase in the amount of funds received. It is also worth noting that the number of project applicants differs quite significantly from year to year.

In terms of the success rate, an improvement can be seen in 2019 with a success rate of 15% compared to 6% in 2015.

Horizon 2020			
Year	Project Applicants	Awarded projects	Amount (EUR)
2015	112	7	328,713
2016	62	4	132,939
2017	16	6	133,130
2018	98	9	1,832,791
2019	47	7	861,899
<b>TOTAL</b>	<b>335</b>	<b>33</b>	<b>3,289,472</b>

### **Creative Europe:**

Culture - Sub-Programme Literary translations strand, 2 Albanian applicants were selected for funding in 2019:

- Albas Editing House: 58,127.37 EUR
- Dituria Editing House: 59,979.60 EUR

For the Culture Call on "Support for European cooperation projects", the Ministry of Culture organized an Info-Day on 16.10.2019. There was one application from Albania but it was not selected for funding.

For the Media Sub-Programme, there was one indirect beneficiary of EUR 25,000 due to the participation of Albanian films in the "Transylvania International Film Festival 2019" in Romania.

**Europe for Citizens:** Albania has been awarded 2 projects in Town Twinning (1) as lead; 2 projects in Networks of Towns; and 3 projects in European Remembrance.

**Customs 2020:** Albanian Customs Officials have participated in 9 different activities (meetings, working groups, seminars, study visits etc).

**Fiscalis:** GDT participated in 4 meetings (2 workshops, 1 project Group and 1 Communication Meeting). 2 working visits are also planned, to be completed within March 2020.

**8. Any significant problems encountered in implementing the tasks entrusted** e.g. delays in contracting, and subsequent measures taken/planned.

### Actions under Indirect Management by Albania

Significant delays in contracting were encountered in the implementation of IPA 2015 European Union Integration Facility, which led to the decommitment of funds, as detailed below.

In the case of the planned IPA 2015 "Capacity building for proficient and highly motivated civil servants to strengthen their skills and capacity to manage the EU Integration and negotiation process" the funds could not be contracted within the contracting deadline due to insufficient time for the re-launch, since no tender applications were submitted within the deadline of 26

June 2019. With the closure of this call without any applications, an inquiry was started by DoPA to investigate the main causes that may have led the relevant institutions not to apply, in order to make necessary amendments and simplify future calls of the same nature. A similar project has been prepared under IPA 2017 EUIF that will take into consideration the lessons learned; targeted visibility activities are foreseen to ensure the spread of the information to all entities that may be interested to apply. The call is foreseen to be launched in the beginning of 2020. In the case of the Technical Assistance to support the Ministry for Europe and Foreign Affairs and Central Finance and Contracting Unit to effectively support the programming and implementation of EUIF instrument – CSO grant contracts, the evaluation process did not result in a successful tenderer. As a result, this contract could not be concluded within the contracting deadline.

In the case of the Technical Assistance Supporting the Ministry of Infrastructure and Energy to implement the new European electronic communications code and the open Internet access regulation, which was launched close to the contracting deadline, the tender procedure was unsuccessful because no sufficient quality offer was received and as a result the Contracting Authority cancelled the procedure on 17.08.2019.

The CFCU has analysed in detail not only these three projects where funds were decommitted but all the lessons learnt in 2019 concerning the implementation of IPA 2015; the main conclusions are reported in the Executive Summary sections 11 and 12 as they are horizontal and affect Indirect Management with Albania across all sectors.

From the experience garnered so far through the indirect management of the EUIF, encompassing different areas of the acquis in highly-specialised areas, it can be noted that the preparation of high-quality tender documentation is a time-consuming and highly-complex process, which involves significant commitment from the Albanian beneficiary institutions, especially regarding technical specifications in the case of supply contracts: this also regards issues such as the quality of the work of any experts contracted and the punctual respect of internal deadlines for preparing drafts of technical documentation so that contracting deadlines can be met. IPA Units in the beneficiary institutions need to work more closely with the specialist units concerned and any external expertise contracted for the preparation of documentation.

Some critical issues were encountered during the implementation of individual IMBC projects; these are briefly illustrated below with the measures taken to address them.

In the case of the IPA 2014 project “Support in the Energy Efficiency Sector and the Renewable Energy Sources (RES) Development” initial delays to the project start-up were registered due to certain organizational changes within the MoIE and delays in the appointment of responsible persons on behalf of the Beneficiary that, in turn, prolonged the inception period, the organisation of the kick-off meeting and the organisation of the 1st SC meeting. Further delays have been due to the vacancy of the position of General Director of the EEA following the

resignation of Ms. Cipa. However, following the appointment of Mr. Berberi as General Director, his commitment to the project has resulted in an overall revision of the workplan and the speeding up of the implementation of many tasks; consequently, the appropriate measures can be considered to have been taken and the project is progressing in accordance with the revised workplan.

In the case of the IPA 2014 project “Support to improve citizen-centric public service delivery” project implementation, a risk to the project due to changes in the reporting lines for ADISA was identified as at the beginning of 2019. The risk was successfully mitigated as many project activities had been completed and the newly appointed DPM was provided with detailed information on the project status, interim achievements and outstanding activities and supported by regular interaction with all involved parties in order to ensure the appropriate level of commitment and ownership.

During the first year of IPA 2014 PHC 2020 project implementation, the following issues were encountered:

- Because of the delayed start of the Technical Assistance project, which aims to provide INSTAT with external expertise and capacity building for Census activities, the Pilot Census plan of activities was postponed to 21st October 2019. However, the Pilot was carried out successfully.
- There have been some problems in the data collection process due to the 6.4 magnitude earthquake that affected Albania on 26 November 2019.
- Due to the resignation of Key Expert 5, responsible for supporting the Census GIS activities, there are delays in the evaluation of the Pilot findings.

With regard to the implementation of the IPA 2014 Grant Scheme “Support to Civil Society Organizations” the main problem identified is related to the low capacities of Albanian CSOs in implementing the grant contracts. The main challenge is related to the procurement procedures by the beneficiaries; in many cases deficiencies have been identified. The MEFA IPA Unit and CFCU shall organise tailored trainings to the beneficiaries implementing the grant contracts. In addition, during first trimester of 2020 a dedicated technical assistance for monitoring grants under implementation<sup>20</sup> will be operational in order to extensively assist beneficiaries to improve their performance.

In the context of the Action “Support to participation in Union Programmes and agencies”, the following problems have been identified:

- There is the need to institutionalise the management of Union Programmes;

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<sup>20</sup> Support the Ministry for Europe and Foreign Affairs (MEFA) and CFCU to effectively support the programming and implementation of EUIF instrument –grant contracts to CSOs

- Systematization of data and preparing qualitative reports on benefits of Union Programmes for Albania;
- Need for training to strengthen the capacities of Albanian potential applicants, both from state institutions but especially by non-government entities;
- Generally, potential applicants from Albania prefer to apply as partners, rather than as lead organisation, recognizing their limited capacities in both drafting a competitive proposal and effectively managing project implementation of what may be complex, multi-partner projects;
- Lack of NCP sustainability, due to continuous staff turnover.

It can be noted that significant efforts have been made in this respect, in particular to provide support and training to Albanian beneficiaries also through activities at Municipality level and sector organisations such as Chambers of Commerce. Furthermore, the reactivation of the NCP Network led by MEFA and the reconfirmation of NCPs will increase NCP sustainability.

#### Public Administration Reform

The Department of Public Administration periodically monitors and reports on the work towards the achievement of the indicators. In the now final year of this programme the following challenges have been identified that need to be addressed in order to have better compliance:

1. Increase capacities of the Policy and Strategic Planning units across the state administration institutions to improve the quality of draft policies and ensure coherent strategic framework for the further reforms across all sectors.
2. Strengthen the policy monitoring and particularly policy evaluation capacity in both line ministries as well as at the Prime Minister's Office in order to ensure that
  - the implementation of reforms is thoroughly analysed using advanced analytical tools and techniques,
  - the progress towards achieving the policy goals is evaluated,
  - the revision and drafting of new policies are evidence-based and takes into account the evaluation results.
3. The information on the number of final court decisions is not complete, making it difficult to assess the compliance with the achievement of the related target. To address this issue, DoPA launched an electronic platform which aims not only to collect data for DoPA but also serves as a tool for data collection and analysis for the state institutions themselves. Measures have been taken to ensure the functioning of the new system and work continues to ensure that all institutions upload their judicial data.
4. Even though progress has been made towards the generation of payrolls through the HRMIS, this indicator was not met. In order to address this issue, DoPA plans to conduct in cooperation with NAIS, a self-assessment exercise after reaching the level of 100 state administration institutions using the HRMIS for generating payroll reports. DoPA and NAIS garnered considerable experience in 2019 and the HRMIS payroll module has been

improved to accommodate various specific individual cases. The self-assessment is meant to analyse the previous work experience and to build the further efforts on the lessons learnt. Furthermore, the self-assessment is also supposed to analyse if all specific features and specific individual cases of pay systems have been included in the HRMIS software. The conclusions of the self-assessment would help to plan and design further software improvements.

5- Due to the number of institutions that currently generate payroll reports and the continuous trainings that need to be held to include all institutions, the Unit currently dealing with the HRMIS lacks human resources to carry out all the required work. To address this matter, the expansion of this Unit will be requested and discussed with NAIS.

## **9. Recommendations for further actions**

Budget support for PFM, PAR and AC are close to their completion and pave the way for follow up action to further strengthen reform implementation. In general, the conclusions from lessons learnt have supported the needs for additional TA to further implement the civil service reform, the reform of subordinated agencies and independent institutions, improving services delivered to citizens, improve sector coordination, strengthening PFM and transparency with a view to fight corruption, and supporting municipalities, among others, to clarify competences, strengthen capacity, and to strengthen local fiscal autonomy. Moreover, lessons learned from ongoing sector budget support programmes highlight the need for political leadership, commitment and strong coordination, and stability of the public administration, especially for cross-cutting reforms to be implemented across government, both at central and local levels, and for further engagement through policy dialogue.

The integrated planning system – which is ready to be put in operation - needs strong coordination and adequate human resources as well as further capacity building to secure sustainability. While the IT systems are expected to be up and running from 2020, a longer-term process is required for government staff to operate the systems.

For specific actions to enhance and strengthen reform implementation for the two key priority areas in this sector are provided below:

In the case of PAR, the following recommendations were made in the Pre-Assessment Report<sup>21</sup> on the SRC:

- Policy drafting and strategic planning capacity across the state institutions varies greatly from institution to institution. Some of the strategic documents and accompanying action plans are well drafted with required impact assessments conducted, alignment

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<sup>21</sup> January 2020 following the Pre-assessment Mission 21 October – 11 November 2019.

with other relevant strategic and planning documents ensured, implementation costs estimated and included in the mid-term budget.

- There is a need to improve capacities in drafting policies, as well as the capacity to implement regulatory impact assessments in the line ministries in order to ensure coherent and sound strategic framework for the reforms in all sectors, as well as the need to enhance the capacity of the relevant units at the PMO.
- Policy monitoring capacity in line ministries should be advanced further, to ensure that the progress towards achieving the policy goals is monitored, analysed and evaluated, and the revision of policies or drafting new policies is based on evidence and evaluation results.
- Coordination between the Prime Minister's Office, the Ministry of Europe and Foreign Affairs, and the Ministry of Finance and Economy needs to be further strengthened, with a particular focus on ensuring a better quality of planning and implementation of NPEIs.
- Human resource capacity of line ministries needs to be strengthened, particularly in policy planning, monitoring and evaluation areas in order to improve the Government's capacity to implement the reforms efficiently and effectively.

Furthermore, the following Operational Conclusion of the 2<sup>nd</sup> Sectoral Monitoring Committee "Democracy and Governance" recommends further action in the area of PAR:

- *The need for DoPA to provide a specific action plan for the achievement of the target on the generation of payroll reports through the HRMIS, and in particular on the specific financial and human resources needed.*
- *The need to enhance collaboration with the Local Government Units (possibly through the Agency for Local Government Units) as per the extension of the HRMIS to the municipalities.*

Several measures to address the challenges faced during implementation of **PFM** Reform are part of the revised Public Finance Management Strategy 2019 -2022. The level of arrears at the central and local level continues to be a challenge. An important priority of the strategy is to reduce arrears and enhance managerial accountability.

Despite improvements so far, costing and translating national strategies into the Medium-Term Budget Programme (MTBP) and annual budget need to be further strengthened.

MoFE is working to improve the link between the costs on national strategies and the MTBP. The AFMIS system is currently operational and the Ministry of Agriculture and Rural Development data for MTBP 2020-2022, phase 2, have been entered into the system. The other ministries and budgetary institutions will begin this process in January 2020, as most of the respective users are configured in the system. Furthermore, the IPSIS system is expected to be in the testing phase in January too so that they can move in parallel with populating the data needed to have a clear framework of the costs of the strategies and their reflection on the MTBP.



The MoFE, in collaboration with the Department of Public Administration (DoPA) will fill out the vacant positions. All vacancies have been uploaded to the DoPA platform by the MoFE. DoPA is processing information on vacancies and has started the announcement process.

The second Sectoral Monitoring Committee “Democracy and Governance” recommended further action in PFM as follows:

- *Provide updates on the full establishment of the fiscal cadaster, particularly on the challenges and actions for public awareness-raising, and in particular, on the revision to the property law. Confirm the state of data availability and its population in the system for all municipalities.*

In terms of the implementation of Actions under IMBC, some general recommendations are set out below, which apply to all sectors, aiming at the achievement of the objectives of the projects/actions under the ongoing programmes and improvement of the indirect management implementation system.

The main recommendations include:

- Strengthen the Coordination and working relations between all IPA entities and the EUD;
- Build IPA Units capacities through trainings regarding the technical implementation, monitoring and reporting;
- Improve IPA Units capacities on the procurement/tendering process according to PRAG rules/ FWC Guidelines / Twinning manual and of the specificities and steps of the tendering process for different types of contracts;
- Ensure familiarisation with the rules and procedures regarding the flow of funds (planning, requesting, channelling, transferring, suspension and reallocation) and improving the theoretical and practical knowledge of planning the EU and co-financing funds;
- Raise IPA staff awareness of the procedures, principles and responsibilities regarding the accounting of IPA funds and related co-financing, creating a practical knowledge of preparation / control of financial statements for IPA funds;
- Ensure a sufficient understanding of risk assessment and management and the efficient communication of risk management activities among IPA actors;
- Improve IPA Units capacities in preparing Tender documents and in Tender evaluation procedures;
- Improve IPA Units capacities in monitoring and reporting;
- Enhance communication between all IPA actors for a more effective functioning of the IPA management and control system (ensuring all actors receive information necessary to fulfil their role).;
- Ensure the successful implementation of the findings/recommendations by audits for more effective functioning of the IPA management and control system.

As regards the participation in Union Programmes, the following actions should be taken in the future:

- Maintaining focus on strengthening institutional capacity and capability to participate in Union Programmes and increase local ownership of the process;

- Institutionalise and strengthening the capacities of the network of NCPs, thereby ensuring their active coordination role;
- Need to focus on those Union Programmes that have the lowest rates of performance;
- Need to further determining and enforce clear roles and responsibilities on all levels;
- Need to strengthen the Network of Contact Points and inter-institutional coordination - as crucial factor for an effective coordination of Union Programmes;
- Need to strengthen project preparation capacities of Albanian applicants to Union Programmes;
- Need to keep a systematic flow of information to potential applicants in Union Programmes;
- Need to improve interactive online information exchange on Union Programmes in Albania.

#### **10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken**

During 2019, the IPA unit within DoPA was subject to audit from the AA and a verification visit from the CFCU. Being subordinated to the PMO, the IPA unit within DoPA has never been subject of an internal audit. To address the issue of the lack of internal audits, DoPA has been in official communication with the MoFE requesting auditing services from the audit structure within the Ministry. Following this communication, at the end of 2019, an agreement for providing such services was signed between the Minister of MoFE and the head of DoPA.

The IPA 2014 Project “Support to improve citizen-centric public service delivery” was subject to several audit and verification missions, from the Audit Agency for EU-accredited assistance programmes, the CFCU and internal audit. Some of the recommendations imply that ADISA should start collecting data in support of an analysis of the measurable changes in the delivery of public services, as well as guarantee equal access to marginalised groups, by specifically articulating the requirements of marginalised groups (people with disabilities and the Roma minority) in the legal amendments to be adopted by the Government. These requirements should include appropriate infrastructural accessibility for the disabled as a priority, along with other facilities to ensure equal access to public offices.

Regarding the PHC 20, during the reporting period, an audit by the Audit Authority was conducted. The main findings were related to the preparation of the checklists for the tendering; the need to initiate and coordinate with the NIPAC office the modification process of the Manual of Procedures of the IPA Unit to ensure that written policies and procedures exist establishing what is expected at all levels and specifying detailed actions. The IPA unit has taken all the measures to fulfil audit recommendations.

During this reporting period (year 2019) the IPA Unit in MoFE was audited by the Internal Audit as well as by the Audit Agency for the EU Accredited Assistances Programme. No major issues have been reported for the contract “Technical Assistance in carrying out effective market surveillance in line with the *acquis*”.

A major finding of the audit on the IPA Unit in MEFA in 2019 was that the Ministry should change the organisation of the IPA Unit, in order to avoid conflict of interest and assure a clear segregation of duties; the lack of the workload analysis of each staff member was also noted. To address this finding, in October 2019, the IPA Unit in MEFA was placed in the Territorial Cooperation Department which is not involved in the programming and implementation of IPA National Action Programmes, with a new composition formalized through Ministerial Order No. 642, dated 14.10.2019. The IPA Unit prepared the work load analysis for 2019-2021 in October 2019.

## II.2. Rule of Law and Fundamental Rights

In the sector “Rule of Law and Fundamental Rights”, 5 actions have been financed under IPA II: COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015

1. Action 4. Consolidation of law enforcement agencies - support to the Albanian State Police and Prosecutor’s Office (direct management and indirect management with Albania)

COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016

2. Action 3. Sector Reform Contract for the Fight against Corruption in Albania (direct Management)
3. Action 4. Consolidation of Justice System in Albania (direct management)

COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018

4. Action 2. EU for Rule of Law - Fighting organised crime and drugs (direct management and indirect management with entrusted entities)
5. Action 3. EU for Justice Reform (direct management)

In the table below an overview of the progress as regards the implementation of actions in this sector is presented, based on financial indicators.

Sector/IPA Year/Action	EU contribution per FA	Indirect management with Albania	National Contribution	Amount Received from EC (Pre-Financing)	Amount Contracted (IPA)	Total amount disbursed (EU Funds) cumulatively in Euro at cut-off date 31.12.2019
<b>2015 Action Programme for Albania</b>						
Action 4: Consolidation of law enforcement agencies - support to the Albanian State Police and Prosecutor’s Office	13,000,000.00				-	-
		7,000,000	3,000,000	2,800,000.00	6,773,486.00	
<b>2016 Action Programme for Albania</b>						
Action 3. Sector Reform Contract for the Fight against Corruption in Albania – budget support	8,300,000.00					4,400,000.00
Action 3. Sector Reform Contract for the Fight against	1,700,000.00					

Corruption in Albania – complementary support						
Action 4. Consolidation of the Justice System in Albania	12,500,00.00					
<b>2018 Action Programme for Albania</b>						
Action 2. EU for Rule of Law - Fighting organised crime and drugs	19,000,000.00			-	-	-
Action 3. EU for Justice Reform – Budget Support	34,000,000.00					7,000,000
Action 3. EU for Justice Reform – Complementary Support	8,000,000.00					

## 1. Involvement in programming

The programming process for IPA 2015 and 2016 Actions under this sector was finalised outside the timeframe of this AIR. Involvement in programming for IPA 2018 for this sector was reported in the AIR 2018. In 2019, the NIPAC SO coordinated the process for the approval and signature of the Financing Agreement related to the "Action Programme for Albania for IPA 2018". IPA 2018 will support Rule of Law and Fundamental Rights Sector through two Actions: "EU for Rule of Law - Fight against organized crime and drugs" and "EU for Justice Reform".

No actions under this sector have been programmed for IPA 2019.

During 2019, the NIPAC SO coordinated the process of programming for IPA 2020 which was approved by a Commission Decision in the IPA Committee in November 2019; it is expected that the relevant Financing Agreement will be signed in 2020. The action to be supported under IPA 2020 related to this sector is: "EU for Rule of Law", with an indicative amount of EUR 10 million.

Based on the Financial Agreement for the IPA Action Programme 2018, under the Sector Reform Contract EU for Justice Reform in Albania, Technical Assistance for the Contract implementation is foreseen for a value of EUR 2.2 million. The Draft ToR on Technical Assistance was submitted to the EUD in September 2019.

In the framework of the IPA 2018 Action "EU for Rule of Law - Fighting organized crime and drugs", the following activities were carried out in 2019:

- The twining fiche "*Transformation of the Academy of Security with EU Standards*" was drafted and approved. The implementation of the project will start on 13 January 2020 with Finland/Estonia.
- Regarding the activity "*EU Support for effective management of green and blue borders in Albania*", during July-October 2019, a project proposal has been drafted in cooperation with the EU Delegation, Albanian State Police/General Directorate for Border and Migration, Ministry for Europe and Foreign Affairs, foreign experts and the International Center for Migration Policy Development (ICMPD). In December 2019, the contract was signed between EUD and ICMPD and the project will start implementation in February 2020.
- Regarding the activity "*Support for effective fight against organized crime with special investigative tools and forensic analysis*", in May 2019, a list of needs for equipment and technology in support of Police Laboratories was sent to the EU Delegation. In

September, the EUD informed that the project will be implemented by a EU member state; Spain has expressed an interest in being the project leader, while Italy and the Netherlands have also expressed an interest in acting as a partner. Furthermore, in November 2019 bilateral meetings were held with representatives of Spanish law enforcement agencies and the EU Delegation to begin preparatory work and identify needs for support in equipment, technology, software and trainings. The Deputy Minister of Interior Mr. Lamallari and representatives of the Police Science Institute and the Central Task Force chaired the meetings. The budget allocation proposals and the work plan are expected to be submitted in February 2020 by the implementing authorities.

The above-mentioned activities foreseen in the Action Document IPA 2018 “EU for Rule of Law - Fighting organized crime and drugs” will contribute to an effective and efficient law enforcement system to fight organized crime and drugs trafficking and support socio economic development in affected communities. In addition, they will improve the capacity of the Albanian State Police and the General Prosecutor Office and relevant agencies in tackling organized crime including drug trafficking and cannabis cultivation as well as the capacity of the Ministry of Health and Social Protection and the Institute of Public Health to analyze drug use and of selected municipalities to deliver services and alternative livelihoods to communities vulnerable to cannabis cultivation and trafficking.

With regard to the IPA 2016 Sector reform contract for the fight against corruption in Albania, some modifications to the Financing Agreement were made in relation to several targets: namely the re-distribution of databases between Police and Prosecution, keeping the total of four new databases, for indicator target 3.3, the proposal of other databases for the targets foreseen for 2019, a revised method of calculation for indicator 4.3, adjustment of the full and partial payment target for indicator 4.3, adjustment of the means of interpretation for indicator 4.3, adjustment of targets for indicator 5.3 and an increase in the partial payment target proposed for indicator 1.3 for the performance year 2019. Furthermore, part of the undisbursed funds of the performance year 2017 are re-directed towards a targeted technical assistance. Consequently, some parts of Annex IA of the related Financing Agreement were modified in 2019<sup>22</sup>.

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<sup>22</sup> Ref. Ares(2019)5812162 - 17/09/2019 Addendum I to the Financing Agreement for the IPA 2016 Action Programme for Albania (CRIS No. IPA/2016/38-717

**2. Overview of results in moving towards a fully-fledged sector approach** (i.e. targets reached as per sector roadmap in the Sector planning document)<sup>23</sup>.

In the justice area (anticorruption), three meetings of the Sectoral Steering Committee on Justice Reform / Institutional Mechanism of the Crosscutting Justice Strategy were held, as well as one Working Group meeting on the implementation of the Crosscutting Justice Strategy (01.03.2019, 06.06.2019, 21.06.2019, 27.09.2019). The Anti-Corruption Thematic Group, in its function as Coordination Committee for the Implementation of the Inter-sectoral Strategy against corruption 2015-2020, held 3 meetings on 04.04.2019, 10.07.2019 and 20.09.2019. The topics discussed were the Annual Report on the implementation of Action Plan of the Intersectoral Strategy against corruption 2018 and the quarterly and semi monitoring reports of the Action Plan implementation 2019. The Coordination Committee for the Implementation of the Inter-sectoral Strategy against corruption 2015-2020, held 3 meetings on 04.04.2019, 10.07.2019 and 20.09.2019.

The Inter-Sectoral Strategy against Corruption, being a crosscutting strategy, is based on the principle of coordination between institutions in order to achieve the objectives included in the NSDI by implementing a systematic and integrated approach.

The Ministry of Justice, in the role of the National Anti-Corruption Coordinator, has begun the process of reviewing the 2018-2020 Inter-sectoral Anti-Corruption Strategy Action Plan, and has planned concrete anti-corruption measures with a duration till 2023. The extension of the Action Plan until 2023 has emerged as an urgent need for the purpose of programming IPA 2019 and 2020 funds, which requires timely dissemination of strategic documents. The 2019-2023 Action Plan has gone through a comprehensive consultation process with the participation of key stakeholders who play an important role in the fight against corruption, including central and local government administration and independent institutions. Meetings have also been organized with international organizations and partners and with civil society.

In the Home Affairs sector, during 2019, 2 high level meetings of the Sectoral Steering Committee for Internal Affairs were chaired by the Minister of Interior to discuss sectoral reform issues such as: discussion and analysis of the relationship between seized and confiscated assets, guaranteeing the electoral process - the obligations and willingness of state institutions to support a free and peaceful electoral process, and discuss and validate the GoA 2019-2020 Work Plan on Rule of Law. The first anti-trafficking donor coordination meeting was held on 24.09.2019. The purpose of the meeting was to coordinate programmes and activities,

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<sup>23</sup> With regard to the Sector roadmaps (SARs), during October 2016 – March 2017 NIPAC supported Line Ministries and other beneficiary institutions to draft the document and the package comprising all the sector roadmaps was sent to EUD in March 2017. No further updates have been made as an integrated mechanism for the sector/cross-sector approach has been established under the Integrated Planning System (IPS), as the main system that defines the tools and mechanisms for integrated public policy planning ensuring effective allocation of financial resources. This mechanism is presented in section II.1.2.

exchange information and experience, and avoid any possible project overlap efforts. The meeting presented the measures taken by the Albanian government in the fight against trafficking in persons, emphasizing the anti-trafficking mechanisms and priorities of the Albanian government, based on the strategic goals, specific objectives and activities of the National Action Plan 2018-2020.

### **3. Coordination with other instruments and/or donors/ IFI's within the sector**

In the **Justice** sector the EU has provided substantial support to the Albanian authorities in the areas of Justice Reform, Fight against Corruption and other topics affecting these areas. Previous IPA assistance focused on key institutional reforms and capacity building of the various actors of the justice sector, primarily through assistance to the modernisation of the justice system (EURALIUS projects). In addition, a number of infrastructure projects have considerably increased the capacity of the judicial and penitentiary system to comply with international standards. The EU stands as a leading donor also in relation to the promotion of human rights as a result of several projects financed under the civil society facility and in the framework of the European Instrument for Democracy and Human Rights. IPA I assistance in the sector amounted to over EUR 86.5 million. Various other donors are providing support in the area of justice and fundamental rights, e.g. Sweden, Italy, Netherlands, as well as the United States and the United Nations.

Enhancing donor coordination is one of the activities planned in the framework of the **SRC Fight against Corruption**. This result is achieved through activities carried out both under the first and the second complementary action envisaged, i.e. the second complementary action is interlinked with the sectoral monitoring to be undertaken in the relevant IMPG, where relevant donors are represented. Partners, donors and civil society representatives have been invited in all meetings of the Inter-Sectoral Coordination Committee for the implementation of the Anti-Corruption Strategy, in order to discuss achievements and challenges in the sector. A wider coordination meeting with partners and donors in the field of anti-corruption was held on 11.10.2019. In this meeting integrated action in the fight against corruption and coordination of donations and activities to implement the measures of the Anti-Corruption Action Plan were discussed. The institutional needs for training and financing in implementing anti-corruption measures were also presented.

With regard to anti-corruption, several complementary projects were ongoing in 2019. The Twinning Project (IPA 2013) 'Support to the formulation, coordination and implementation of anti-corruption policies in Albania', (implemented by Austria and Germany) ended on 8 May 2019. The overall objective of the Project has been to improve mechanisms for the formulation, coordination and implementation of anti-corruption policy in line with international standards, best practices and EU integration priorities.

Under the UNDP, the Institute for Democracy and mediation (IDM) will contribute to the development of integrity plans, which are one of the preventive measures foreseen in the Inter-sectoral Strategy against corruption, through the Project “Strengthening the Integrity of Central Government: Integrity Plan for the Ministry of Justice of the Republic of Albania”.

In addition to PAMECA V (April 2017 – August 2020), which provides support to the Ministry of Interior, Albanian State Police and Prosecutor Offices, current EU funded assistance includes:

- The Multi-Country Action Programme 2019 “Supporting a More Effective Administration of Justice in Corruption and Organised Crime Cases in the Western Balkans through Trial Monitoring” will focus on supporting a more effective administration of justice in organised crime and corruption cases in the Western Balkans through trial monitoring. It will implement trial monitoring, establish a track record of the judicial response in organised crime and corruption cases, provide actionable recommendations to authorities, and disseminate findings. The objective of the action echoes the Sofia Declaration, the Sofia Priority Agenda, and the Western Balkans Strategy, that refer to the introduction of trial monitoring in the field of serious corruption and organised crime as a means to create a track record and ultimately make progress in strengthening the Rule of Law in the region. Albania benefits from this Action which has a total EU-funded budget of EUR 6 million.
- The regional project IPA MC 2017 “Countering serious crime in the Balkans” implemented by GIZ, CILC and the Italian Ministry of Interior. The specific objective of the action is to raise the effectiveness of and cooperation among regional and national capacities in tackling occurring forms of Serious and Organised Crime, including the recovery of illegal financial gains obtained through diverse types of cross - border crime and the fight against illegal migrant smuggling.
- Regional project “Financial Investigation In-Service Training Programme”, implemented by CEPOL and UNODC. The programme is to develop and sustain institutional capacity of the Albanian law enforcement agencies in order to prevent, investigate and prosecute transnational organized crime and financing terrorism.
- Regional Programme and bilateral “Building the Capacities of and Strengthening Cooperation between Law Enforcement Officials in the Western Balkans”. The aim of this project was to improve international law enforcement strategic and operational cooperation among beneficiaries as well as between beneficiaries.
- iPROCEEDS - Cooperation on Cybercrime implemented by the Council of Europe. Supports compliance with relevant standards regarding cybercrime and crime proceeds including the Budapest Convention on Cybercrime (CETS 185) and the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198) of the CoE.

Infrastructure support includes the Reconstruction of the facilities of the Special forces of the Police (Reconstruction of RENE, IPA 2012), and Building of Hani i Hotit, IPA 2012 and “Rehabilitation of the border crossing point of Morine-Kukes, IPA 2009.



The project “Computerization of fingerprints for collecting data on escorted, arrested and detained persons (LiveScanners)” financed under IPA 2013 aimed to increase the capacity of ASP in ensuring scientific evidences for the identification of the suspected persons for criminal offences through the improvement of administration of the data and computerization of fingerprints and palm prints and which included the purchase of equipment for fingerprints Livescanner, the upgrade of AFIS System and fingerprint computing and data collection for the escorted, arrested and detained. After the implementation of this project the time it took to complete the identification procedures was greatly reduced. Prior to implementation identification could take up to 3 weeks, afterwards it could be done in as quickly as 30 seconds.

Other donors in this sector are Organization for Security and Cooperation in Europe (OSCE), the International Criminal Investigative Training Assistance Program (ICITAP), the United Nations Office on Drugs and Crime (UNODC), the Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT), the Export Control and Related Border Security (EXBS) Programme as well as bilateral donors, among them Austria, France, Italy, Spain, Sweden, the United Kingdom and the United States. The key assistance projects financed by these other donors are as follows:

- Respond to the organized crime, USAID;
- Strengthening the Community Policing in Albania, SIDA;
- Support for units of law enforcement coordination (ILECUs), Austria;
- Improvement of capacities for the criminal information analysis and for the investigations with initiative in the region, between Kosovo Police and Albanian State Police, DCAF;
- Case management system, ICITAP.

EURALIUS is also actively cooperating with USAID/Justice For All in assisting the High Judicial Council (HJC) and the High Prosecutorial Council (HPC) in setting-up and their first year of activity.

#### **4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting**

During 2019, the Assembly of the Republic of Albania has adopted two legal acts as part of the judicial reform (Judicial Police Law and Private Judicial Enforcement Law), with a total of 22 laws adopted so far, as part of the justice reform package.

The High Judicial Council (HJC) and The High Prosecutorial Council (HPC) were established in December 2018. Since their creation, these institutions have undertaken a number of measures to address the most urgent priorities and shortfalls of the judicial system and other relative

duties in their area of responsibility. In December 2019, the Parliament of Albania elected the General Prosecutor of Albania for a full seven-year term. The Special Structure against Corruption and Organized Crime (SPAK) was also established before the end of the year. The establishment of the new justice and anticorruption institutions are expected to improve the investigation of the files of senior officials suspected of corruption and organized crime. Notwithstanding this ongoing work, substantial shortcomings in the judicial system remain regarding inter alia independence and accountability of judges and prosecutors, enforcement of decisions, inter-institutional cooperation, and the administration of justice.

The IPA 2016 Action on the Consolidation on Justice System in Albania (EURALIUS) continued to assist the institutional strengthening of the Ministry of Justice. In the Justice area, EURALIUS V activities have effects both from the perspective of administrative capacity in the sector and of strategic planning and budgeting. National administrative capacity in the sector was strengthened through institutional building, organisational development, training/workshops (e.g. on strategic planning and budgeting) and new legislation prepared and adopted. In institutional and organisational terms, the Justice Monitoring Commission (JMC) started functioning, the Justice Appointment Council 2019 was established as well as the High Judicial Council (HJC) and of the High Prosecutorial Council (HPC). These councils were supported in their first year of activity by EURALIS. Major support was also provided to the School of Magistrates (SoM).

As regards strategic planning and budgeting, EURALIUS assisted the MoJ in the process of revising the Action Plan of the Cross-Sector Justice Strategy, including a costing of the actions. EURALIUS continued to support the Parliamentary Law Committee in the finalisation of the justice reform package, including – in the reporting period - the Judicial Police Law (adopted by the Assembly on 25 April 2019), the Strategy for Public Legal Education for 2019- 2023 (adopted on 25 April 2019) and the Private Judicial Enforcement Law (adopted on 8 May 2019). EURALIUS also continued to support courts and prosecution offices in regard to managerial and organisational matters.

With a view of enhancing the IT support of Albanian justice institutions, EURALIUS continued to assist the governance institutions, courts and prosecution offices in several IT related matters.

Regarding IPA 2015 - “Consolidation of Law Enforcement Agencies - Support to the Albanian State Police” the activities implemented have increased the professional capacities of law enforcement agencies for proactive investigation in the fight against organized crime and fight against money laundering and drug trafficking through the technical assistance provided until now. The main goal of this component is to provide support to the high-level officials to translate policy decisions into strategic and operational plans consistent with EU integration requirements and best practices in the area. Key activities include support to develop further target group’s capacities to identify priorities, draft strategic and action documents, support EU integration structures and their work practices regarding inter-institutional cooperation,

identify priorities and needs for donor funding as well as improvement of IT and communication infrastructure.

PAMECA V has assisted the beneficiary with advisory support, in several in-house and regional trainings, workshops, study visits, legal assessment reports, expert opinions, advisory support in the fight against organized crime, financial crime and corruption and fight against terrorism. An evaluation mission has assessed the situation regarding the risk analysis model and practices at the Albanian Border Crossing Points and provided ad-hoc assistance. PAMECA V has provided ad-hoc strategic advice on planning and development of ASP and EU integration processes. Site visits were performed in three counties of Vlora, Fier and Saranda regarding the preparation of work for the extension of the 112-emergency number.

Regarding the supply contract “Supply of vehicles for standard and specialized operations for the Albanian State Police”, a timely response to requests from the community for public safety will be provided and the opportunities for illegal activities and drug trafficking reduced with equipment and infrastructure for the Albanian State Police.

## 5. Operating structure(s) in place and related changes (if the case) relevant

The table below presents the Operating Structure / implementation institutional arrangements for the actions under indirect management covered by this report in the sector “Rule of Law and Fundamental Rights”:

IPA Programme/Action	Operating Structure
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015</b>	
<b>Action 4. Consolidation of law enforcement agencies - support to the Albanian State Police and Prosecutor's Office</b>	(i) Contracting Authority (CFCU) (ii) NIPAC SO (iii) IPA Unit of Beneficiary institution (Ministry of Interior, Albanian State Police)
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</b>	
<b>Action 3. Sector Reform Contract for the Fight against Corruption</b>	<b>Direct management</b> <b>Implementation responsibilities:</b> Ministry of Justice, Ministry of Finance and Economy
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018</b>	
<b>Action 3. Sector Reform Contract EU for Justice Reform</b>	<b>Direct management</b> <b>Implementation responsibilities:</b> Ministry of Justice, Ministry of Finance and Economy

During 2019, the vacant positions of Head of the Sector of IPA Projects and the Director of the Directorate of Project Conception and Feasibility in the Ministry of Interior were filled. The Director of the Directorate of Projects Conception and Feasibility was appointed in August 2019 as the Head of IPA Unit. This has increased the quality and effectiveness of the work in the IPA Unit as both civil servants have experience in project management and IPA funds implementation.

The Prime Minister order no. 114 date 4.09.2019 “On the approval of the structure and organics of the Ministry of Justice” established the new Directorate of Programmes and Projects in the field of Anticorruption. It is composed of two sectors, one for projects and monitoring of anticorruption network (1 head of sector and 3 specialists) and the other sector for programmes in the field of anticorruption (1 head of sector and 5 specialists).

## **6. Information on the implementation of programmes in the sector**

Information regarding the implementation of the Sector Reform Contracts for the Fight against Corruption in Albania and for Justice Reform and on the contracts implemented under indirect management by Albania in the sector is presented below.

### Sector Reform Contract for the Fight against Corruption in Albania

In line with the Financing Agreement for the IPA 2016 Programme for Albania, one request for disbursement of second variable tranche of the Sector Reform Contract for the Fight against Corruption in Albania was submitted on 29.03.2019. The request amounted to EUR 2,400,000. The European Commission concluded that the general criteria were confirmed and the compliance against specific variable tranche indicators, i.e. 1.2<sup>24</sup>, 2.2<sup>25</sup> and 5.2<sup>26</sup> was considered met and in the case of indicator 4.2<sup>27</sup> partially met. Therefore, a payment of EUR 2,100,000 was disbursed.

By letter (2019) 2397668 dated 29/03/2019, Sector reform contract for the fight against corruption in Albania - Communication of the Ministry for Europe and Foreign Affairs – Ares, the European Commission confirmed the proposed changes by Albania to the targets of the indicators for 2019, namely:

- the Re-distribution of databases between Police and Prosecution, keeping the total, of four new databases, for indicator target 3.3. The proposal of other databases for the targets foreseen for 2019;
- revised method of calculation for indicator 4.3;
- adjustment of the full and partial payment target for indicator 4.3;
- adjustment of the means of interpretation for indicator 4.3;
- adjustment of targets for indicator 5.3.

In addition, the partial payment target proposed for indicator 1.3 was set at 75% instead of 60% for the year 2019; the target for indicator 5.3 (the percentage of the number of awarded negotiated procedures without prior publication versus the total number of awarded

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<sup>24</sup> Implementation of the Law on Whistleblowing and Whistleblower Protection

<sup>25</sup> Political party finances audited in line with EU/ACFA recommendations

<sup>26</sup> Share of contracts awarded by negotiated procedure without publication of the contract

<sup>27</sup> Number of financial inspections carried by the Financial Inspection Unit of the Ministry of Finance and Economy

procedures is set to below 8%. Part of the undisbursed funds of the performance year 2017 is re-directed towards a targeted technical assistance.

During 2019, the Ministry of Justice, in the role of the National Anti-Corruption Coordinator, reviewed the Inter-sectoral Anti-Corruption Strategy Action Plan 2018-2020, and drafted a new Action Plan with concrete anti-corruption measures for the period 2019-2023. The revision of the current Action Plan and its extension until 2023 is a necessity for the programming of IPA 2019 and 2020 funds, which requires timely approval of a strategic document. The 2019-2023 Action Plan aims to implement on time the 18 objectives of the Inter-sectoral Strategy against Corruption, reduce progressively and sustainably corruption, strengthen the institutional integrity and promote good governance values.

In the framework of the technical assistance provided as complementary support in the Sectoral Contract for the Fight against Corruption during 2019, expertise was provided for the Communication and Visibility Plan 2018-2020, and financial support regarding the activity of Integrity week “Run against corruption”.

#### EU for Justice Reform

Based on the Financing Agreement for the IPA 2018 Action Programme for Albania, EU for Justice Reform, the request for disbursement of the first fixed tranche for 2019 was made, as foreseen in the Sector Reform Contract for Justice. There are numerous quantitative measures that demonstrate the good progress in the implementation of the Justice Sector Reform and continued credibility and relevance thereof and the eligibility criteria for disbursement. The fixed tranche of EUR 7 million was disbursed.

In this sector, indirect management by Albania is envisaged only under the IPA 2015 Action Consolidation of Law Enforcement Agencies for two supply contracts. The two supply contracts related to the “Supply of vehicles for standard and specialized operations for the Albanian State Police” and “Establishment of mobile radio and data network and purchase of end user equipment for main districts MC LTE” were envisaged to be implemented during 2019.

The contract related to the “Supply of vehicles for standard and specialized operations for the Albanian State Police” for patrolling, policing, transport of police officers of frontline service and to conduct frontline operations such as antidrug, border and migration police activities as for a total of 196 vehicles in two lots:

#### **LOT 1: Vans**

- **96 pcs** - Mono brand two-wheel drive Vans (8+1 seats)- Ford Tourneo
- **51pcs** - Mono brand four-wheel drive Vans (8+1 seats) - Ford Transit

#### **LOT 2: Off Road SUV**

- **49 pcs** - Mono brand off road four-wheel drive SUV - Land Rover Discovery

The tender was published on 28.08.2018 (EuropeAid/13489/IH/SUP/AL).

Regarding LOT 1, the CFCU, as Contracting Authority, referring to the Evaluation Report, in June 2019 informed that the Evaluation Committee recommends the cancellation of the tender

procedure considering that all the technically acceptable tenders exceed the financial resources available. The Contracting Authority, based on PRAG Rules, invited four tenderers from the previous procedure that met the selection criteria to negotiate their offer. Only two tenderers submitted their offers. One of the tenderers did not comply with the minimum requirements of the Technical Specifications.

For the implementation of Lot 1, a contract with Excelor Holding Group was signed on 1<sup>st</sup> November 2019, for a value of EUR 4,735,380, and end date 1 May 2020.

Concerning the delivery of the vehicles, the 96 two-wheel drive Vans were due to be delivered by the end of December 2019, but delivery was postponed until the second half of January 2020, due to unforeseen circumstances related to the import and installation of additional police equipment by the contractor. The 51 four-wheel drive Vans are expected to be delivered by the end of January 2020.

Regarding LOT 2, a contract with Avto Engineering Holding Group was signed on 17 July 2019, for a value of EUR 2,038,106, and end date 17 January 2020.

In November, the Contactor delivered all the vehicles as requested by the beneficiary to the “Technical Materials Supply Centre”, Mullet, Tirana. The Head of the IPA Unit with representative of ASP has organized on-the-spot checks to monitor and confirm that all the supplies delivered comply fully with the Technical Specifications (TS) of the Contract / Technical Offer in terms of quantities and nature of the supplies.

On 3 December 2019, the Provisional Certificate of Acceptance was signed by the Contractor, the CFCU/ Contracting Authority and Beneficiary Ministry of Interior.

The Directorate General of State Police has set up a working group to follow the necessary procedures in cooperation with the IPA Sector/Mol, during the implementation phase until the signing of the provisional and final acceptance certificate.

As reported in the AIR 2018, the tender procedure for the “Establishment of a mobile radio network and purchase of Radio equipment for main district based on TETRA standard” was cancelled in 2018, based on the decision of the ASP to use a different technology other than TETRA. The prior information notice for the new tender “**Establishment of a mobile radio and data network and purchase of end user equipment for main districts MC LTE**” was published on 28 December 2018. The CFCU contracted a foreign expert to draft the Technical Specifications and the Tender Dossier based on MC-LTE technology. Delays occurred in the finalization of the Technical Specifications, Market Study and relevant annexes of the tender dossier by the expert and the beneficiary, and it was no longer possible to conclude the contract within the contracting deadline. The available funds were partially reallocated:

- EU funds in the amount of EUR 300,000 were reallocated to LOT 1, Supply of vehicles for standard and specialized operations for the Albanian State Police IPA 2015.
- Co-financing in the amount of ALL 53,600,000 was reallocated to equipment for the “Order Police” (individual and collective protection and use of force equipment such as shields, bullets,

etc.). The remaining national funds from the co-financing of the LTE project are expected to be reallocated in 2020 for other needs and projects of the MoI/ASP.

## 7. Main achievements in the sector

### IPA 2015 Consolidation of law enforcement agencies - support to the Albanian State Police

Under the indirect management supply component, the specialist equipment LOT 2: 49 pcs - Mono brand off road four-wheel drive SUV - Land Rover Discovery were delivered to the ASP and the Provisional Certificate of Acceptance signed.

### IPA 2016 Sector Reform Contract to support fight against corruption

In the framework of the SRC for the Fight against Corruption, based on the review mission Report of independent experts, June 2019, the overall implementation of the Action Plan 2018-2020 is on track and progress was satisfactory during 2018, especially in the implementation of the Preventive Approach. As 12 objectives out of 18 have been realized and the implementation of 4 objectives is ongoing, satisfactory progress is expected also in future.

In 2019, according to the draft Monitoring Report January-December 2019, which monitors the implementation of the Inter-Sectoral Strategy against Corruption 2015-2020, the following targets were achieved:

Indicator	Target for 2019	Achievement
1. Implementation of the Law on Whistle-blowing and whistle blower protection	80%	100% achieved
2. Political party finances audited in line with EU/ACFA recommendations	Annual finance reports and if applicable campaign finance reports plus preliminary and final audit reports of the five biggest political parties are published by the CEC in line with amended Electoral Code and Law on Political Parties and followed up in line with the law (number of sanctions imposed and documentation of important instances there of) Sufficient number of verifications of independent audit reports conducted by CEC and followed up as necessary (number of sanctions	100% achieved.

Indicator	Target for 2019	Achievement
	imposed and documentation of important instances thereof).	
3. Access to information for police and prosecution to improve efficiency of investigations.	Police has access to 1 additional database; Prosecution Office has access to 3 additional databases. Police have access to the Albanian Notary Register. Prosecution services to have online access to Electronic Register of the Institute of Social Security, Register with refund electronic subscriptions, insurance burden register.	Access to 0 additional databases for the Police; 4 additional databases for the Prosecution. Prosecution services to have online access to Tax Office register, Electronic register of the Institute of Social Security, National Register of Vessels, Register of Building Permits (assessment in Q1 2020).
4. 100% of eligible cases received by the Financial Inspection Unit of the Ministry of Finance and Economy are inspected by the end of March 2020.	% of eligible cases received by the Financial Inspection Unit	14 inspections which fulfil the legal criteria for inspection were carried by the Financial Inspection Unit (12 inspections completed, 2 inspections under process).  Report due March 2020.
5. Share of contracts awarded by negotiated procedure without publication of the contract.	Less than 8%	100% achieved

### IPA 2018 EU for Justice – Sector Reform Contract

The justice system in Albania has recently undergone a series of in-depth reforms in order to meet European Union principles in this system. Through the implementation of Law no 76/2016 "On some addenda and amendments to the Law no 8417/1998 "Constitution of the Republic of Albania", as amended, Albania initiated the implementation of justice reform. The constitutional changes and the package of organic laws adopted in the framework of justice reform contain clearly defined provisions that guarantee independence, impartiality, professionalism, the integrity of the judicial system, and improve accountability and monitoring mechanisms of its functioning. Good progress has been made through continued implementation of the justice reform. The re-evaluation of all judges and prosecutors has advanced steadily and delivered substantial results.

The Cross-Sector Justice Strategy has set out strategic objectives that cover major issues, including the independence, efficiency, effectiveness and accountability of justice institutions. The new measures of the 2019–2021 Action Plan, in implementation of the Inter Sectoral Justice Strategy aim to intensify the organization and functioning of the new above-mentioned justice bodies, as well as to deepen the technical-professional qualifications of the justice system



through the continuous qualification of judges, prosecutors and judicial administration. The Action Plan, 2019–2021 boosts the improvement of the judiciary through the introduction of IT administration systems and other infrastructure improvements.

The establishment of the high Prosecutorial Council and the Establishment of the High Judicial Council are two pillars for an independent and qualitative judicial system.

The justice reform has brought about significant changes in the institutional setting of the Albanian judiciary. Existing institutions have been modified and new institutions have been created by the constitutional amendments and by specific organic laws. The newly created institutions are the following:

- High Judicial Council (HJC)
- High Prosecutorial Council (HPC)
- High Justice Inspectorate (HJI)
- Justice Appointments Council (JAC)
- Court against corruption and organized crime
- Special Prosecutor's Office against corruption and organized crime
- Special Investigation Unit/National Bureau of Investigation
- Re-evaluation Institution.

#### **8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned**

Regarding the planned supply contract “Establishment of a mobile radio and data network and purchase of end user equipment for main districts MC LTE” there were several reasons for the delays in the finalization of the Technical Specifications, Market Study and relevant annexes of the tender dossier by the expert and the beneficiary. In the first half of 2019, the IPA Unit in the Ministry of Interior was not fully functional and there was a lack of coordination with the CFCU. It is important in the future that discussions include the MoFE, MEFA and the EUD, especially regarding the procurement plan.

#### **9. Recommendations for further actions**

Regarding the overall implementation of the Sector Reform Contract for the Fight against corruption, the most important recommendations are:

- The finalisation of the Action Plan with costed measures;
- Further quality and focused technical assistance needed by the Beneficiary on certain core issues;
- The initiative of more regular AC SBS Policy Dialogue coordination meetings;
- More visibility should be given to the monitoring process in order to promote participation of a wide variety of stakeholders in the monitoring process;

- Ensure coherence between MTBP provisions and SBS disbursements.

Furthermore, due consideration needs to be taken of the problems encountered during the implementation of indicator 3.2 of the Sector Reform Contract due to the high costs for access in the required databases for 2019 and the protection of personal data as a legal obstacle for accessibility.

In the SRC Coordinator Committee meetings in 2019, the performance of SRC indicators was discussed in the context of monitoring the Sector Reform Contract. To improve performance in achieving specific Anticorruption SRC indicators, two Steering Committee meetings were held with institutions responsible for specific indicators in 2019. These meetings discussed the progress made regarding the achievement of the targets by the responsible institution and the changes to the targets of the indicator 3.3 and 4.3.

In the case of actions implemented under IMBC, there is a need for close and continued collaboration between CFCU, NIPAC, EUD and the direct Beneficiary until the finalization of implementation.

Regarding the Justice sector, the Twinning Project ‘Support to ACA to increase skills for planning and conducting inspections and solve competition cases and capacity building actions in order to prepare accession negotiations’ under the IPA 2015 EUIF has noted delays and lengthy court proceedings and recommended further efforts be made to increase the availability and quality of training for judges on competition policy.

## **10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken**

During 2019, the IPA Unit in the Ministry of Interior was subject to audit by the Internal Audit Directorate, and the Audit Authority/AA and verification visits by the Finance and Contracting Unit (CFCU) and NAO Support Office. The findings and recommendations related mainly to:

- Fulfillment of the Vacant Positions within the IPA Unit (General Director, Director, Head of Sector and the position of Head of IPA Unit/HIPAU should be assigned to a high-level manager dedicated only to IPA projects);
- The need for training of the staff of the IPA Unit;
- The excessive workload of the staff working on IPA projects. The IPA Projects sector should request at least one additional position in the organizational structure;
- The IPA Beneficiary has to ensure that possible irregularities noted lower down the organization are reported appropriately and followed up, including protection for ‘whistle-blowers’. The NAO SO should initiate and coordinate the modification process of the Manual of Procedures of SPO/IPA Unit with the Operating Structure in order to ensure that written policies and procedures exist establishing what is expected at all levels and specifying detailed actions;
- Drafting written procedures for the delivery of goods and registration in accounting in collaboration with the CFCU;

- Performance appraisal at the end of each phase of each project and at the end of each project.

Based on these findings and recommendations, the HIPAU and IPA Unit in the Ministry of Interior have drafted the Action Plans with the responsible structures and concrete deadlines for addressing them. All recommendations were addressed to the responsible bodies like Department of Public Administration, Department of Human Resources, the Heads of the institution, etc. 80% of the recommendations have been implemented.

### II.3. Environment, Climate Action and Energy

In the sector “Environment, Climate Action and Energy”, 2 actions have been financed under IPA II:

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016

1. Action 5. Support to the Water Management Sector (indirect management by entrusted entities)

#### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018

2. Action 4. EU for a cleaner environment (Indirect management through delegation agreement to Kreditanstalt für Wiederaufbau (KfW))

In the table below an overview of the actions in this sector is presented, based on financial indicators.

Sector/IPA Year/Action	EU contribution per FA	Indirect management with Albania	National Contribution	Amount Received from EC (Pre-Financing)	Amount Contracted (IPA)	Total amount disbursed (EU Funds) cumulatively in Euro at cut-off date 31.12.2019
<b>2016 Action Programme for Albania</b>						
Action 5. Support to the Water Management Sector	4,000,000					
<b>2018 Action Programme for Albania</b>						
Action 4. EU for a cleaner environment	24,100,000.00					

#### 1. Involvement in Programming

The programming process for the IPA 2016 Action under this sector was finalised outside the timeframe of this AIR. Involvement in programming for IPA 2018 for this sector was reported in the AIR 2018. In 2019, the NIPAC SO coordinated the process for the approval and signature of the Financing Agreement related to the "Action Programme for Albania for IPA 2018". IPA 2018 will support the Environment, Climate Change and Energy Sector through one Action: “EU for a cleaner Environment – Support for Wastewater Treatment”.

One Action under this sector has been programmed for IPA 2019: EU for Circular Economy and Green Growth, for an indicative value of EUR 20.65 million which has been approved by the IPA Committee on 12 November 2019; the conclusion of the Financing Agreement is pending.

The programming process started in September 2018, with the assistance of external experts. Facilitated by the NIPAC SO and EUD, two meetings were held with the Ministry of Tourism and Environment (October 2018 and February 2019), and a meeting with the Ministry of Infrastructure and Energy, the National Agency for Water Supply and Sewerage and Waste Infrastructure (AKUM) and 10 municipalities (November 2018). The programming mission also met with the private sector and donors' representatives in order to define an area for intervention. A national workshop was also held in December 2018 for the consultation of main activities proposed for IPA 2019 EU for the Circular Economy.

## **2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document)<sup>28</sup>**

### Water Sector

In the water sector many steps forward have been taken. The **National Strategy on Integrated Water Resource Management (NSIWRM)** adopted in 2018) is currently under implementation. The National Sector Programme (NSP) for water was finalized in 2017; although not adopted, it is used currently as a reference document for the Albania water sector overall and the identification of medium and long term needs in the sector.

Based on the Prime Minister's Order no. 157, dated 28.10.2018 "in order to take measures for the implementation of a wide sectoral / cross-sectoral approach, as well as the establishment and functioning of the sectoral / cross-sectoral integrated mechanism", the Water Resources Management Agency (WRMA) serves as Technical Secretariat of the IPMG - "Integrated Water Management", whose function is carried out by the National Water Council. Two thematic groups have been established under the IPMG, respectively for water resources and water & sanitation reform. The TG for water resources met three times, focused on the implementation of the NSIWRM, financial and budgetary issues and presentation and discussion of different ongoing projects on water management sector, including flood risk, water quality EU legal framework transposition, donor contributions to IWRM in Albania, and MTBP compliance with the NSIWRM. The TG for water and sanitation reform held regular meetings in 2019 to discuss the proposed National Strategy of the Water Supply and Sewerage Sector, 2020-2030, Sector Law Update, AKUM Structure, Master Plan Update, upgrading the Sector Financing Module to

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<sup>28</sup> With regard to the Sector roadmaps (SARs), during October 2016 – March 2017 NIPAC supported Line Ministries and other beneficiary institutions to draft the document and the package comprising all the sector roadmaps was sent to EUD in March 2017. No further updates have been made as an integrated mechanism for the sector/cross-sector approach has been established under the Integrated Planning System (IPS), as the main system that defines the tools and mechanisms for integrated public policy planning ensuring effective allocation of financial resources. This mechanism is presented in section II.1.2.

incorporate the 2017 official data collected and recorded by the Monitoring Unit (AKUM) and conduct training of MoIE staff and / or other entities designated by MoIE in using the model; contribute to the definition of the Action Plan for the Water and Sewerage Sector, performance indicators for the years 2020, 2030 and 2040 for the water supply services used in the Model, the Draft Law on Water Supply and Sewerage Sector, and the IPA 2016 Action Support to the Water Management Sector.

The Government of Albania has declared as a high priority ensuring access to safely managed drinking water and sanitation and considers support to these services as vital for sustainable national development; raising the living standards and well-being of the population and substantial health improvement. The Government reforms are designed to have a transformational impact on improved water supply and sewerage service delivery which will help to reduce poverty and inequity and contribute to economic growth and sustainability. The National strategy for water supply and wastewater 2020-2025 has been drafted, with the support of the German Government through GIZ, and is now published for public consultation, including its Regulatory Impact Assessment.

The water sector is organized as a two-tier system, with national government being responsible for sector strategies and policy development, and local governments for service provision. The Central Government has the primary role of channelling donor and treasury funds for capital improvements, based on needs assessment through National Master Plans and needs expression by local governments. It also provides sovereign guarantees on loans from international financial institutions and operating subsidies to water utilities to cover their energy costs. The Government of Albania has also developed a long-term Financing Strategy for the Water Supply and Sewerage Sector in Albania, which includes setting National Sector Policy Objectives and Targets and lining up investments priorities.

The water supply and sewerage sector are governed by different primary and secondary legislation, which turn into a complex legal framework, leading in some cases to overlapping of competencies between different institutions. As is, the legal perspective is complex, considering that the water supply and sanitation is a decentralized function carried out by the local government units (Municipalities).

### Energy Sector

The Sector Steering Committee on Connectivity enables cooperation at the political level and inter-institutional coordination regarding the energy sector, while the Energy Thematic Group enables cooperation at technical level as well as with the development partners, within the specific sectors of the respective priority areas. During 2019, three meetings of the TG were held: on 22.02.2019, as part of the preparation of the final draft of the National Plan for European Integration 2019-2021 to agree on the EU Directives and other acts to be transposed

In the energy field for the period 2019-2021, taking into consideration the recommendations of the last two EU progress reports, MTBP 2019-2021 and the Annual Analytical Plan 2019.

The second meeting on 25.4.2019 discussed the draft laws deriving from the law on performance in buildings, the law on renewable energy sources and the law on energy efficiency, the law on the energy sector as part the Analytical Plan 2020 and the technical assistance needed to draft the acts.

The third meeting on 11.07.2019 discussed the establishment and operation of the Inter-Institutional Working Group (GNP) and thematic groups in 5 dimensions - energy security, renewable energies, energy efficiency, decarbonisation of the economy, research and innovation for the drafting of the National Energy and Climate Plan and a preliminary study by the Energy Community Secretariat for the determination of national energy efficiency targets, renewable energies and greenhouse gases.

The new national energy strategy 2018-2030 has been adopted. The National Consolidated Renewable Energy Action Plan (NCREAP 2019 – 2020) foresees the expansion of installed electricity and generators based on renewable sources to 738 MW to ensure the achievement of the national target of RES consumption (38%) in 2020.

### **3. Coordination with other instruments and/or donors/ IFI's within the sector**

#### **Water Sector**

The water sector is supported by many donors and there is a strong need for donor coordination in the sector. ADA and SIDA have been proposed as donor coordinators to serve as focal point donors for water resources management, under the IPMG.

Furthermore, a joint agreement with the World Bank and SIDA to cooperate on providing institutional support to AWRM/AMBU towards the EU integration (Screening / Accession / Negotiations) process has been signed.

On 1 November 2019 with the collaboration of UfM (Union for the Mediterranean), a workshop on Towards Sustainable Financing of Water Resources Management in Albania: National Workshop under the UfM Financial Strategy for Water was held in the Ministry for Europe and Foreign Affairs, with the participation of the main central and local institutions and donors active in the sector.

Given the multiplicity of donor actions in the sector, the coordination of the IPA 2016 Action with other instruments and donors/IFIs is presented at Component level.

Under the IWM component of the 2016 Action, a preliminary analysis of the institutional setting and legal framework was carried out; in its framework the outputs produced by other relevant projects such as 'Water Resources and Irrigation Project' World Bank / SIDA, the GIZ water programme for Albania, the "Programme for Improving National Early Warning System and flood prevention in Albania" (PRONEWS), the Supporting Albanian Negotiations in Environment, Chapter 27 (SANE27) Project were assessed. Coordination meetings were organised with the EU

Support to Waste Water Management and Treatment Services Project, the World Bank / SIDA water programme, the GiZ water programme for Albania, the SIDA funded SANE 27, the EU funded PRONEWS Project. This has allowed for the identification of the precise areas of interest that are closely linked to the implementation of the EU Support to Integrated Water Management (EUSIWM).

The main objective of the project “On the establishment of institutional and regulatory platform for governance and functioning (IRP) of the National Water Resources Cadastre in Albania”, financed by the World Bank and SIDA, is to provide consultancy services and support to the water sector in Albania by establishing an institutional and regulatory reform for governance and functioning of the water resources cadastre. The platform will ensure the functioning of 3 main pillars for operating the national for water resources cadastre related to: a) data generation; b) data processing, analyses and validation; c) data interlinkages, publishing and their access. The implementation of this project creates synergies with the activities foreseen by the EUSIWM especially those linked with the expected result 2 and 3 of the project.

The overall objective of PRO NEWS is to ensure increased resilience to floods by strengthening National Early Warning System of Albania and improving disaster prevention in line with EU Good Practices. In relation to Component 3C, where WRMA is a beneficiary, this programme aims to provide support for the creation of flood risk maps, in compliance with the EU Flood Directive, through technical support and training for the preparation and use of Flood Risk maps.

Cooperation is ongoing with the regional GIZ programme “Asset Management Advisory Services to Water Utilities in South-Eastern Europe” which started in January 2019. The ‘EU Support Waste Water Management and Treatment Services’ (EUSWAM) & the ‘Customer and Performance Oriented Drinking Water and Sanitation Services’ (CPWS) project are working closely in the area of developing asset registers at Water Utilities (WUs) and Wastewater Treatment Plants (WWTPs) for performance improvement in operation and planning. WUs involved in the EUSWAM Action are included in the GIZ asset management project.

The new project ‘SANE 27’ through the Swedish Environmental Protection Agency aims at improving the legal and regulatory framework in the environmental sector in Albania under the Chapter 27 of the EU accession negotiations with Albania. Synergy is expected regarding the approximation of the Urban Wastewater Treatment Directive (UWWTD) as well as the Sewage Sludge Directive. Activities proposed under EUSWAM for UWWTD implementation are closely coordinated with SANE27.

A close cooperation is established already between GIZ and KfW regarding several cities of the EUSWAM action. With the municipality and Water Utility (WU) of Himara which is a pilot city in the German government funded CPWS project, it is targeted to improve management, institutional, financial and technical skills and increase water supply and sanitation services. The improvement of the water supply and sewer network and the WWTP of Himara city are planned through a KfW project (EUR 40 Million), which should be managed by the WU Himara.

Good coordination will also be sought during 2020 in the city of Orikum (a subdivision of Vlora municipality) regarding investments planned in that coastal city to improve the sewer system. That project is also in the remit of a KfW project.

### **Energy Sector**

#### **Energy Efficiency (EE):**

GIZ plans to support energy efficiency through its Open Regional Fund (ORF) for the Western Balkans region between 2018-2021. GIZ has prepared a new web tool for monitoring, verification and evaluation of the implementation of the National Energy Efficiency Action Plan (NEEAP) 2017-2020. The EE monitoring procedures follows the requirements of the EU Directive on EE that was incorporated into the Albanian legislation.

GIZ is currently preparing the implementation of an interdisciplinary capacity building intervention in Albania to achieve the following results: (1) Commitment of the Mayors and municipal councils on establishing energy management units will be realized primarily, (2) Job descriptions for the staff of the energy management unit will be prepared, (3) Energy management unit staff will be trained and provided with the necessary tools to do their job properly, (4) Channels and procedures of communication between energy management units and the Ministries/Agencies will be established.

#### **Renewable Energy:**

EBRD - Support to the Government for Development of Solar Powered Capacities: in May 2017 the EBRD and the MoIE signed a Memorandum of Understanding on cooperation to develop the regulatory framework for solar power and the subsequent development of solar power projects. Following the signing of this MoU, the Bank is now proceeding to provide assistance to the Government of Albania, through engaging a consultant to provide support in: i) drafting the secondary legislation and regulatory framework for the competitive procurement of solar PV projects in Albania, and ii) assisting in the implementation of a competitive bidding process to procure 50-100 MW solar PV capacity in Albania.

### **4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting**

### **Water Sector**

The progress in the water sector in strategic terms has been described above. During 2019, EUSIWM provided capacity building through workshops to different institutions and training on technical and a legal issue of WRMA and River Basin Administrative Offices at local level, which have directly contributed to improving administrative capacity in the sector. The expectation under result 1 of the project EUSIWM on the transposition of the EU relevant Directives has created a clear instrument to prepare the NPEI 2020-2022 forecast on the progress of the transposition of the applicable directives such as Water Framework Directive, Drinking water



Directive, Groundwater Directive, Bathing Water Directive, Floods Directive, Urban Waste Water Treatment Directive, Nitrates Directive.

Under EUSWAM, the activities carried out to support local water utilities (trainings, study tours, integration into the customer service portal developed by GIZ) have contributed to strengthening the administrative capacities at local level. At central level, continuous support was provided for the functioning of the new structure within AKUM; a well-designed capacity development plan for the new assigned tasks is crucial. In this respect EUSWAM has supported AKUM in preparing a new Internal Regulation and job descriptions which have been approved, and is working on a Manual of Procedures due in April 2020 which will establish clear processes and procedures for the new tasks. Training for staff has initiated both in Albania and in Germany and a first workshop for the implementation of UWWTD will be held in 2020. The Strategic development plan for AKUM 2020-2025 will be prepared in 2020 as it has been tendered in 2019.

Specific attention has been paid to awareness-raising and communication on occasion of the World Environment Day for national and local stakeholders and the general public with regard to water and waste water management and treatment services. Environmental education campaigns are ongoing with 9<sup>th</sup>-year school students and high schools in coastal areas on water monitoring through experiments and science projects. School visits to wastewater treatment plants in Durres and Vlora have been conducted and will be an ongoing educational activity.

Awareness and Communication Plans for the Water Utilities of Vlora, Durresi and Saranda are under preparation to guide them in better communication with their customers.

### **Energy Sector**

The IPA 2014 “Support in the Energy Efficiency Sector and the Renewable Energy Sources (RES) Development” consisting of 2 Components related to Energy Efficiency (EE) and Renewable Energy (RE) will support both the EEA and the MoIE in their functional and technical capacities; in particular, in the case of the Ministry, capacity in the RE sector will be developed supporting the establishment of technical schemes and regulatory framework in RES. Details on the project are provided in Section II 1 Democracy and Governance, as it is financed under the European Union Integration Facility.

### **5. Operating structure(s) in place and related changes**

No actions in this sector are implemented under indirect management.

The table below shows the implementing structures for this Action.

IPA Programme/Action	Operating Structure
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</b>	
<b>Action 5. Support to the Water Management Sector</b>	<p><b>Entrusted entities</b> selected for the implementation: Austrian Development Agency and GiZ</p> <p><b>Implementation responsibilities:</b> Secretariat of the Agency for Water Resources Management (AMBU)</p> <p>National Agency for Water Supply and Sewerage and Waste Infrastructure/AKUM</p> <p>Ministry of Agriculture, Rural Development and Water Administration</p>

Information reported in the following sections relate to the IPA 2016 Action Support to the Water Management Sector.

Information on the implementation of the IPA 2018 Action EU for a cleaner Environment – Support for Wastewater Treatment – implemented under indirect management through delegation agreement to Kreditanstalt für Wiederaufbau (KfW) - will be provided in the AIR 2020.

The IPA 2016 Action Support to the Water Management Sector is made up of two components:

- EU Support to Integrated water management (EUSIWM);
- EU Support to Wastewater management and treatment services (EUSWAM).

The Agency for Water Resources Management (AWRM/AMBU) is the direct beneficiary for the EUSIWM project based on the Agreement between the Government of Albania and ADA signed on 14 November 2018. It was recently established in 2018 (the former Technical Secretariat of the National Water Council). In addition, the structures at the river basin level were re-organized. Currently four water basin administration offices (WBAO) operate and support the work of six river basin Councils in their work.

The main partners and beneficiaries of EUSWAM include (i) implementation partners: these are essentially selected WUs and AKUM at the central level but also to a lesser extend the Agency for Water Resource Management (AWRM/AMBU), the Water Regulatory Authority (WRA), the Water Supply and Sewage Association of Albania, the Ministry of Tourism and Environment and the National Environment Agency and (ii) Beneficiaries: these include the population and households of the coastal municipalities targeted by the action which are served by water and sewerage services delivered by the WUs. Those areas dependent on tourism will particularly benefit from the expected improved waste water services and resulting coastal receiving water quality improvement.

## 6. Information on the implementation of programmes in the sector

The IPA 2016 action in this sector focuses on two priority areas: a) integrated water management and b) waste water management and treatment services. Complementary to

other interventions in the same sector, the action ensures that the water sector is managed in an integrated and sustainable way, in line with EU policies and legislation, and with requirements under chapter 27 (Environment) of the Stabilisation and Association Agreement. The first component of the Action is implemented under Delegation Agreements by Austrian Development Agency (ADA) and the second by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ).

The EUSIWM Project (first component of the action) aims to support Albania by assisting the national authorities to align national legislation in the area of water management with the EU water related legislation and in particular the Water Framework Directive 2000/60/EC (WFD) and Floods Directive (FD) and to strengthen administrative capacities. There are four expected results to be achieved through the implementation of the project.

It can be noted that there was a delay in the implementation of activities in relation to the envisaged workplan due to the fact that the procurement procedure for local experts took longer than expected. This has impacted on the full achievement of the planned results for 2019.

In 2019, the following activities were conducted for each expected result:

**Expected Result 1:** “Legal framework in the field of water management is improved in an inclusive and evidence-based manner, and implemented and enforced in line with the EU requirements”.

- Analysis Report prepared on national legal framework related to water management, main provisions and responsible authorities;
- In-depth technical analysis of the provisions of EU water-related Directives and existing national legislation, particularly the provisions of the WFD and the existing law on IWRM 111/2012 as amended by law 6/2018;
- Draft legal package prepared for the transposition of Marine Strategy Framework Directive, including the draft legal acts;
- Draft by-law prepared on groundwater management;
- Draft by-law prepared on the characterisation of water bodies;

The legal team (working group) inside AWRM/AMBU has been established and is fully in charge of the elaboration of the draft legal acts prepared by the EUSIWM project experts.

**Expected Result 2:** “River Basin Management Plans are implemented for the selected River Basins, and in line with the EU requirements”.

- Draft Roadmap/Template for preparation of the Ishem-Erzeni river basin management plan;
- Technical Note prepared identifying main recommendations for capacity development in preparation of the river basin management plan;
- Work Plan for Ishem-Erzen RBMP prepared / agreed with AWRM/AMBU;

- Technical Note prepared on Delineation of the sub-basins for Mat/Ishem/Erzen river basin district – shared with WRMA key staff;
- The main criteria for delineation of the sub-basins within the Mat/Ishem/Erzen river basin district identified – elaborated in details with AWRM/AMBU key staff;
- The 1st maps on delineation of the sub-basins for Mat/Ishem/Erzen prepared, in close cooperation with AWRM/AMBU key staff – 15 sub-basins in total;
- Workshop conducted in April 2019 on basic knowledge on the Water Framework Directive and RBM planning process for key staff from AWRM/AMBU and River Basin Administration Office (RBAO) of Tirana (Mat/Ishem/Erzen river basin district);
- Workshop conducted in July 2019 on the flow duration curve and environmental flow, technical issues related to RBM planning and decision - making process for key staff from AWRM/AMBU and RBAO of Tirana (Mat/Ishem/Erzen river basin district);
- Establishment of the database on existing available historical data related to the water flow in the Ishem-Erzen river basin –gauging stations identified in cooperation with AWRM/AMBU key staff;
- Field visit conducted in July 2019 at the delta of Ishem river – groundwater pressure identification;
- Maps prepared, in strong cooperation with AWRM/WRMA on groundwater illegal wells identified for Mat/Ishem/Erzen river basin district;
- 1st monitoring campaign for Ishem-Erzen river basin for basic physical – chemical parameters completed in September 2019 – Analysis Report on water quality status under preparation by the contracted accredited Laboratory;
- 1<sup>st</sup> monitoring campaign for groundwater in Ishem-Erzen river basin – chemical parameters completed in November;
- Maps prepared for Ishem-Erzen rivers with identification of the monitoring/sampling (location + GPS coordinates database established) sites (new ones) – used for the 1st monitoring campaign under EUSIWM project;
- Under preparation/mapping of additional monitoring / sampling locations for Ishem-Erzen river basin (identification of parameters, locations on map, budget required, any laboratory equipment necessary for analysis, reagents to be purchased, etc);
- Technical Notes prepared on improving the decision making regarding the water resource permitting - shared and discussed with AWRM/AMBU key staff (key suggestions already included in the AWRM/AMBU revised draft);
- Technical Note prepared on Consultation procedures for river basin management planning process for AWRM/AMBU – shared and discussed on implementation steps;
- Draft programme on consultation phases for Ishem-Erzen river basin management plan prepared and discussed with AWRM/AMBU;
- Prepared the Statement of Public Consultation for the notification of the preparation of the Ishem-Erzen river basin management plan for AWRM/AMBU – document signed and stamped by AWRM/AMBU published on the official website:

<http://www.WRMA.gov.al/wp-content/uploads/2019/10/190521-VS-Draft-Statement-of-Proposed-Consultation-Measures-for-the-Ishem.pdf>

- Under preparation the DRAFT Statement of Significant Water Management Issues for Ishem-Erzen river basin – to be presented / discussed with key stakeholders in a Roundtable meeting;
- Prepared and conducted a survey for RBMP competence identification at AWRM/AMBU staff – analysis completed and sensitive data stored at EUSIWM Project office;

The technical River Basin Management (RBM) Expert Group (EG) based at AWRM/AMBU to work closely with EUSIWM experts and key water sector institutions in Albania is being established.

**Expected Result 3:** “Institutional capacity at river basin level, to implement Integrated Water Management, is enhanced”.

- Analysis of the institutional framework regarding integrated water resource management in Albania;
- Identification of the main institutional gaps from the existing policy/strategic documents, plans and programmes related to water;
- Workshop organized in May 2019 on introduction to capacity development – key staff at WRMA and RBAO of Tirana;
- Analysis of the job descriptions for all positions in WRMA and RBAO offices – identification of main tasks, overlaps, gaps in relation to RBM planning process, etc.;
- Identified list of key stakeholders involved in water management– shared / discussed with WRMA staff;
- Capacity assessment completed on main institutional framework for water management – role of WRMA and relevant other institutions;
- Field visits at all RBAO in Shkoder, Fier and Vlore for capacity assessment during September 2019 – including the analysis of physical infrastructure available for staff;<sup>1<sup>st</sup></sup> survey designed and circulated on identification of the current capacities – core WRMA staff – in relation to key tasks of implementation of the Water Framework Directive and RBM preparation/ implementation;
- Questionnaire on capacity assessment prepared for all staff employed in WRMA, both central and local level – disseminated among staff;
- Training modules for WRMA staff related to RBM planning process under preparation;
- Preliminary SWOT analysis on role and responsibility of WRMA in relation to RBM preparation and implementation process;
- Analysis of the physical assets and budget under the management of WRMA for both the central office and river basin administration offices.

**Expected Result 4:** “The budgetary framework and economic analysis of water extraction and water use at basin level is improved in line with Water Framework Directive principles, including review of the tariff structures and review of respective enforcement procedures”.

Preparatory analyses were carried out related to this result in 2019.

The second component, EUSWAM aims to reduce pollution in Adriatic and Ionian coastal waters via strengthened capacities and the operation and maintenance of waste water infrastructure along the coast and in selected municipalities that have benefited from EU support for the development of their waste water management infrastructure.

The following activities were carried out in 2019:

**Expected Result 1: The performance of selected wastewater utilities along the coast of Albania has improved.**

- Detailed assessment of the selected coastal water utilities performance and capacities prepared.
- Classification of findings and preparation of recommendations for each WU in three fields: Administrative and Legal set-up; Technical Infrastructure; Financial and Commercial Status
- Recommendation how to formalize and implement a performance and business-oriented system in all levels of the utility management and operation (incl. incentivizing mechanism) through baseline studies
- Recommendation on design and implementation of a capacity development programme for the WUs to improve relevant KPI and capacities on all levels through baseline studies
- Technical Workshop 9 September 2019: “Findings, Recommendations and Planning the Future Steps for Coastal Water Utilities and Wastewater Treatment Plants” attended by 40 participants
- Action Plans for each utility have been developed with WUs for improvements of KPIs.
- Training on WWTP O&M and Laboratory Procedures on 28-29 October 2019
- Training on Non-Revenue Water and water balance on 19 November 2019
- Formalize and implement performance and business-oriented system in all levels of the utility management and operation (incl. incentivizing mechanism, ongoing);
- Design and implement a capacity development programme for the WUs to improve relevant KPI and capacities on all levels (ongoing).

**Expected Result 2: The new National Agency for Water Supply, Sewage and Solid Waste (AKUM) was strengthened, with a particular focus on the wastewater subsector**

- Initial Report for the Training Need Assessment delivered to AKUM staff;
- Methodology and Operational Guidance for the Manual of Procedure’s elaboration-prepared and delivered to AKUM;

- Training workshop “Advancing the Development of the EU UWWTD in Albania” held on 9 October 2019 with AKUM staff;
- Delivery of the proposed activities for the implementation of UWWTD, role of AKUM as key actor;
- Delivery of the training programme for AKUM staff including budgeting and training schedule;
- Delivery of the list of training providers in Albania;
- Delivery of individual training passport for each member of staff including general trainings, specific training, budget, training provider is almost completed (80%);
- ToRs prepared for the elaboration of the AKUM institutional development Plan (2020-2025), and launch of procurement procedures.

**Expected Result 3. Existing coastal WWTPs are properly operated and maintained.**

- Four rounds of sampling with Accredited SCA laboratory of all inlet/outlet of all coastal WWTPs;
- Identification of the WWTPs laboratory needs for equipment, calibration of existing equipment and preparations of TS for laboratory equipment procurement;
- Detailed Baseline studies prepared and submitted to partners for their comments during the technical workshop on 9 September 2019;
- Classification of findings and preparation of the recommendations for each WWTP in three fields: Administrative and Legal set-up; Technical Infrastructure; Financial and Commercial Status;
- Review/improvement of quantity and quality monitoring for effluents (incl. methodology of monitoring, ongoing);
- Elaboration of training plans for the WWTPs laboratory specialists (ongoing);
- Review/improvement of quantity and quality monitoring for effluents (incl. methodology of monitoring, ongoing);
- Technical Workshop on 9 September 2019 to present the findings and recommendations of detailed baseline studies and the structure of the action plan;
- Preparation design and monitoring of the action plan for improvement of O&M of WWTPs, in close collaboration with established workgroups of WUs.

**Expected Result 4. The awareness and participation of all stakeholders in the sector has increased in line with the EU acquis requirements and the principles of public administration**

**Awareness activities**

- Environmental Education activities in year 9 and high schools of Shkodra, Lezha, Durrës, Kavaja, Vlora, Saranda, Peqin, Cerrik and Himara. School children learn how to monitor water and practice it on the water resources of the area. The results are posted on <http://monitorwater.org>.

- Communication and Awareness Plans for Water Utilities of Vlora, Durres and Saranda (Kick off meetings, collection of data and preliminary findings with three WUs for development of the plans).

The visibility activities carried out by EUSWAM in 2019 are presented in Annex 1b.

## **7. Main achievements in the sector**

During 2019, significant progress was made regarding the Water Resources Management Agency, in the context of it becoming a fully functional, effective and efficient institution, fulfilling its legal functions, tasks and responsibilities. The four Water Basin Administration Offices (RBAO) became fully functional, considering new staff were recruited. The support of EUSIWM project on capacity building prospective is very important for the WRMA and RBAO development. Since all the directorates and sectors at central and local level have been structured and the main positions are filled, there are sufficient conditions for progress with the capacity building programme. During the reporting period three meetings of this thematic group were held.

The first meeting of the “Water Resources” Thematic Group was held on 15 February 2019 led by the Water Resources Management Agency (AWRM) focusing on the evaluation of implementation of the short term Action Plan of the “National Strategy for Integrated Water Resource Management 2018 – 2027”. The first step was to assess the compliance of predicted Mid-Term Budgetary Programme 2019 – 2021, with activities required by this Strategy for WRMA and other involved line ministries. This served to create the possibility to review and rearrange the budget in line with the requirements of the Action Plan of the NSIWRM. The second meeting of the Thematic Group “Water Resources” was held in on 28 May 2019, focusing on the need for better coordination within institutions regarding the functioning of the Water Resources Thematic Group and defining the obligations associated with the implementation of the IWRM Strategy action plan and the necessary changes to the MTBP by each institution.

The third meeting of the Thematic Group “Water Resources” was held on 31 October 2019, through the National Workshop “Towards Sustainable Financing of Water Resources Management in Albania” under the Union for Mediterranean (UfM) Water Financing Strategy. The aim of the workshop was the sustainable financing of water resources management, sharing with the development partners the needs and problems of water management today in the financial context. The UfM Water Agenda directly contributes to fulfil the requirements under Chapter 27 – Environment and to achieve Sustainable Development Goal (SDG) 6 in the Mediterranean region, as well as several other SDGs. Key messages from the workshop are that while there are significant financing needs, and there are significant opportunities to increase operational efficiency and value-for-money of investments, the key bottleneck is absorption capacity. The workshop took into account that the process of EU accession is the strongest driver for reform and investments. The workshop helped Albanian authorities to improve



alignment of national goals and strategies with regional (UfM) strategies as well as the SDGs and showcase the analytical work carried out in the drinking water supply and sanitation (WSS) sub-sector.

For the second component of the action (EU Support to Wastewater Management and Treatment Services), the main achievements in 2019 are:

**Needs addressed related to Result 1:** Improvements in the performance of selected wastewater utilities along the coast of Albania:

The first trainings for WU staff are completed. The active participation of the water utilities and AKUM for exchange of vision and practices with international experts.

**Needs addressed during the year related to the Result 2:** Strengthening the new National Agency for Water Supply, Sewage and Solid Waste, with particular focus on the wastewater subsector.

Following the approval of the structure and organigramme of AKUM by Prime Minister's Order no 13 dated 21 January 2019, AKUM has been supported closely in its institutional development and human resource capacity building.

Performance contracts for 2019 have been prepared by GIZ in close cooperation with the MIE and AKUM. 90% of performance contracts are signed between AKUM and the mayors of municipalities.

A monitoring matrix is under preparation by AKUM in close consultation with GIZ. So far, the 6 WUs of the EUSWAM action and 5 WUs of the CPWS have been trained by GIZ expert on:

- Data collection and management
- Reporting of data to relevant institutions
- Implementation of the performance agreements and instruments to achieve performance indicators set and agreed between parties.

The training programme for staff of AKUM has been prepared and shared with donors working in the sector. GIZ is preparing trainings that will be supported under current programme. AKUM staff participated in training organised for the utilities and one training organised in Germany.

**Needs addressed related to the Result 3:** Improvement in the operation and maintenance of existing coastal WWTPs. The diagnostic assessment has been completed in the baseline studies.

## **8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.**

Regarding EUSIWM the main challenges were related to the procurement procedures for the local experts. While the procurement and contracting of the first five international experts were completed in March 2019, the process for contracting local experts took longer than expected

and was finalized in August 2019. As a consequence, there have been delays in the implementation of some of the activities foreseen as part of the project work plan for 2019. Although many activities were initiated, very few were completed in accordance with the workplan. This led to the delay of the work plan implementation for the preparation of Ishem - Erzen and Mati River Basin Management Plans. Furthermore, another major problem identified is related to drafting the project work plan for 2020 in line with the Agency's annual work plan. Consequently, AWRM/AMBU has started official communication with the ADA project office to jointly coordinate the work plan for 2020.

Regarding EUSWAM, the following issues have been identified:

Limited cooperation interest of targeted municipality administration:

The municipalities tend to delegate to the WUs activities needed in connection with implementation of the Action. The fact that a number of key staff in municipalities have been replaced by newly-elected majors has been noted.

Incomplete implementation of the DoCM No. 63 dated 27.1.2016 regarding the transfer of assets to WU and ancillary conditions:

- The General Administrators are not selected based on the DoCM;
- Some performance contracts to be signed between Mayors and General Administrators of WUs are missing;
- General Administrators are appointed on a political basis which disrupts staff efficiency;
- Frequent staff turnover, especially in managerial and well-trained staff hamper smooth coordination with established workgroups;
- Dependence of WU management staff of the WU directly on Mayor goodwill affecting efficiency following the election.

Lack of installed metering of water production:

None of the WUs has a functioning SCADA programme to monitor and control water production.

Different billing software in each WU:

All the software is poorly maintained and historic customer data are weakly backed-up and protected.

Municipal taxes lower the cost recovery ratio of WUs:

The inclusion of municipal tax in the WU bill affects the collection rate of the WUs and lowers the cost recovery ratio. In some cases, the municipality tax is higher than the charges that customer pays for water consumption and sewage removal and treatment.

Fragmented multiple reporting requirements of coastal WUs:

WUs are required to report to a multiplicity of central institutions (AKUM, PMO, NEA, WRA), as well as to the Prefecture, especially during the summer. This overloads WU staff; the absence of a centralized information system on WUs operation complicates project data collection.

Heavy demand for coordination between multiple programmes:

The multiplicity of projects and programmes ongoing in Albania in the water sector is applying a heavy burden on staff for the coordination and exchange of information among different donors and actors working in the sector. Several processes need to be coordinated in parallel such as:

- EU screening processes, chapter 27 (responsibility of SANE 27);
- Review of water supply and wastewater master plan (responsibility of KfW);
- Financing model for water supply and wastewater (responsibility of WB);
- New proposed project on planning implementation of EU water sector regulatory requirements (responsibility of SIDA).

Implementation of MTBP 2019-2021 In line with GoA priorities namely:

- Ensure 24 hours water supply for the coastline by 2023;
- Reduce 20% NRW by 2021;
- Drafting of the national strategy for water supply and wastewater in Albania (supported by CPWS).

Impact of the earthquake in some of the water utilities:

Water utilities like Durres (majority) have been affected by the earthquake in terms of infrastructure as have some of the KPIs. This was also highlighted by Water Regulatory Authority in the annual report published for 2019.

## **9. Recommendations for further actions**

Regarding the implementation of EUSWAM, the Project Steering Committees made specific recommendations; the main recommendations are summarised below:

- Efforts should be made to increase LGU engagement as an important factor in project implementation;
- AKUM – Continues monitoring of the operation of the new structure of AKUM is essential as adaptation is needed and flexible mechanisms should be in place to adapt them in line with requirements. An organisational plan should be developed followed by a 5-year action plan;
- The EUD should be informed at an early stage in the planning of communication, awareness and visibility activities;
- Specific workshop with AKUM should be organised to see how the restructuring has been achieved;
- Coordination with other projects assisted AKUM is needed;
- Technical units within the water utilities are a crucial and sustainable structure for future investments; targets should be established and monitored and business plans of WUs should be linked with the action plan of Technical units;
- Communication plans of WUs need to be sustainable. Key messages for different target groups of the project should be delivered with different tools;
- Customer Service Portal (CSP) should have links from other institutions, donors,

- programmes to enable information for the customers;
- The organisation of Study visits should continue and could be combined with a touring exhibition of materials and results among WUs.

### Water Management

The following recommendations have been made from the implementation of the IPA 2016 Action so far:

- With regard to Integrated water management, steps should be taken towards the identification of the fundamental prerequisites needed for water quality protection such as the establishment of a nationwide monitoring network and water laboratories. A fully WFD compliant Vjosa RBMP, including an outline programme of measures, will certainly require additional funding.
- In general, the need to improve cooperation & coordination among water sector stakeholders towards joint issues related to water management has been highlighted.
- Regarding wastewater management, improved document exchange and data sharing procedures between the WUs, AKUM and MoIE should be included in the future update of important strategic documents such as the National Strategy and the sector Law.
- MoIE has the responsibility to coordinate all programmes and donors financed water supply and wastewater projects in Albania. Measures being explored to improve coordination include (i) improved steering communications and instruments used by MoIE, (ii) strengthened mechanisms for interaction within the working group promoting active participation of other ministries and institutions that can trigger improved responses to the processes managed by MoIE, (iii) enriched communication among the donors which can encourage streamlined and coordinated procedures and reporting by MoIE regarding issues affecting development partners actions, programmes and projects in the sector.
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The Operational Conclusions of the two Sectoral Monitoring Committee meetings held on Water Management (14.05.2019; 12.11.2019) provide recommendations for actions in the sector. Only those Operational Conclusions that have not been addressed in the reporting period are indicated below, with some relevant updates regarding this reporting period.

The following Operational Conclusions are pending from the 1<sup>st</sup> Sectoral Monitoring Committee:

- *The Ministry for Infrastructure and Energy agreed to put in place a strong mechanism for monitoring and reporting on the implementation of the sector strategies by the time the new water and sewerage strategy is approved. The beneficiary institutions expressed their commitment to further improving governance in the sector, as outlined in respective strategic documents. They expressed their intention to pay particular attention to coordination among relevant institutions, which is key in view of the complexity of the water sector. Their ability to address outstanding implementation and*

*sustainability issues depends on the success of their efforts to secure better governance and coordination.*

- *The Ministry for Infrastructure and Energy expressed its intention to clarify the regulatory framework and set up an appropriate financing mechanism with a view to increasing the customer base of sewerage systems, thereby increasing project outcomes, impact and sustainability (as well as revenue)*
- *The beneficiary institutions should pay attention to reducing the time between the completion of infrastructure works and the taking over and registration of assets as part of overall efforts to improve workflows towards enhanced performance and achievement of results;*
- *The Agency for Water Resources Management (AWRM/AMBU) and the Agency for Water Supply, Sewerage and Waste (AKUM) have confirmed their commitment to intensifying staff recruitment in 2019, which the Delegation stressed is a requirement for them to fully benefit from IPA 2016 capacity building actions.*

The following Operational Conclusions were made at the 2<sup>nd</sup> Sectoral Monitoring Committee meeting:

*On sector monitoring and sustainability:*

- *The Albanian Institutions will set up mechanisms to ensure the monitoring and sustainability of donor-funded projects. This means ensuring there is a well-functioning mechanism in place and that there are tools to monitor its functioning and ensure sustainability. Action Plans must be concrete and the planned actions/milestones must be delivered and progress monitored. Key indicators, including the population effectively connected to networks and treatment plants, should be monitored. The mechanisms will have to be in place by the next SMC meeting.*
- *The MoIE will finalise the new strategy on water supply and sewerage in view of its adoption in 2020, and inform the next SMC on the monitoring arrangements in place for the strategy.*
- *Specific actions are needed to speed up the connection of the population to waste water infrastructures to increase impact and sustainability. The MoIE/AKUM will provide information on the planned increase of waste-water connections and users (indicating the time frame and the expected % increase), and on the concrete measures, mechanisms and budgets proposed or decided to reach such goals. This will have to be transmitted to SMC members by the next SMC meeting.*
- *The MoIE/AKUM will set up the system for the ex-post monitoring of waste water projects outcomes, in particular in terms of the numbers of people served by the utilities in towns or areas served by WWTPs/networks built with EU funding, including the system of information collection from the utilities and information on how the customer base is increasing. This will have to be transmitted to SMC members by next SMC meeting.*

- *Regarding the sustainability of the Vlora 2 sewerage project, the Action Plan requested on Sewerage will need to be worked out and agreed by the parties as soon as possible in November 2019, and sent to the EUD to address the payment interruption before the end of the project (December 2019).*
- *Regarding the sustainability of the hydro-meteorological stations network, the MoD will, before the next PRONEWS steering committee on 5 December 2019, clarify the status of registration of assets, and the arrangements made for the maintenance of the hydro-meteorological stations in Albania. If these arrangements are temporary commitment taken by the Ministry of Defence until a permanent solution is agreed, the MoD will inform on the progress concerning the definition of the permanent solution.*

*On policy and legislation implementation, and sector capacity building*

- *An increase in the implementation of water and waste policies and related legislation related to alignment with EU acquis is needed. Progress in the transposition of EU directives is also required in parallel. The Albanian Institutions commit to address these needs;*
- *Capacity development plans in the key sector agencies (AKUM, AMBU, NEA, and for the future civil protection agency under MoD) are needed to respond to these objectives. Staff working in AKUM, AWRM/AMBU notably, need to be properly trained for their new current and future tasks. Therefore, the Albanian Institutions will inform by next SMC meeting on progress in elaborating such capacity development plans;*
- *WRMA and AKUM will continue efforts in staff recruitment, which will also allow full benefit from IPA 2016 projects implemented by ADA and GiZ, and from projects financed by SIDA. MoD will staff the new civil protection agency at a sufficient level in 2020 so that the new Agency becomes operational rapidly and can build on the PRONEWS project. Progress on staffing and qualifications in the key agencies will have to be reported by next SMC meeting;*
- *The MoIE/AKUM, AWRM/AMBU, and the MoD will prepare key needed regulations to improve the implementation of legislation notably in fields related to IPA projects. Priorities will include flood risk management, hydro-meteorological services, early warning system, water quality monitoring, water and waste-water permitting; waste water connections, etc. The progress will be reported at the next SMC meeting;*
- *The MoIE/AKUM, AWRM/AMBU and the MoD will address priority legislative needs to transpose EU directives, notably the EU Flood directive, the Urban waste-water Treatment directive, and the Marine directive. Progress will be reported at the next SMC meeting.*

*On communication*

- *AKUM and AMBU will carry out specific communication activities on their mission and monitor the perception of the general public, in close cooperation with ongoing IPA 2016 projects. The results will be reported at the next SMC meeting.*

### Energy Sector

The Operational Conclusions of the two Sectoral Monitoring Committees held on Transport and Energy (16.05.2019; 15.11.2019) provide recommendations for actions in the energy sector. Only those Operational Conclusions that have not been addressed in the reporting period are indicated below, with some relevant updates regarding this reporting period.

- *Albania should continue efforts to diversify electricity production from hydropower and to promote alternative sources of renewable energy, especially through secondary legislation to allow small producers of electricity from photovoltaics (with capacity under 500 kW) to sell their surplus to the grid;*
- *Albania should fully align the Energy Efficiency Law with the acquis;*
- *Albania should draft and adopt secondary legislation to implement the Directive on the Energy Performance of Buildings;*
- *The progress in achieving the targets of the NCREAP 2019 – 2020 should be monitored;*
- *The Energy Efficiency Agency should ensure that it is fully prepared in advance for the implementation of the Twinning Project; the Agency is invited to discuss with ARA their experience so as to set up for a strong and solid implementation in advance.*

### **10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken**

#### **II.4. Transport**

In the “Transport” sector, one (1) action has been financed under IPA II:

#### **COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016**

1. Action 6. Sector reform contract for transport sector (direct management)

In the table below an overview of the progress as regards the implementation of actions in this sector is presented, based on financial indicators.

<u>IPA Year/Action</u>	<u>EU contribution as per FA</u>	<u>National contribution</u>	<u>Amount Received from EC (Pre-Financing)</u>	<u>Amount Contracted</u>	<u>Total amount disbursed (from EU Funds)</u>
A	B	C	E	F	G
<b>2016 CAP</b>					
<b>Action 6. Sector reform contract for transport sector (DM – budget support)</b>	21,000,000.00	N/A	-	-	10 062 500
<b>Action 6 – Complementary actions (DM)</b>	3,000,000.00	N/A	-	-	-
<b>TOTAL</b>	<b>24,000,000.00</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **1. Involvement in programming**

The programming process for IPA 2016 Actions was finalised in 2017, thus outside the timeframe of this AIR.

## **2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document)<sup>29</sup>.**

The role of the Integrated Policy Management Group (IPMG) for the transport sector is played by the Connectivity Sectoral Steering Committee (SSC), which is also the Sectoral Monitoring Committee (SMC) for IPA. This Committee is supported by the Thematic Group (TG) on Transport and its Technical Secretariat, established by the Orders of the Minister of Infrastructure and Energy, as follows:

- Order no. 77 dated 19.02.2019 “On the establishment of Technical Secretariat of the Connectivity Sectoral Steering Committee and of the Technical Secretariats of the Thematic Groups on Transport, Energy and Telecommunication and Broadband”;
- Order no 78, dated 19.02.2019, “On the composition of the Thematic Groups on Transport, Energy and Telecommunication and Broadband”.

The Connectivity SSC, the TG on Transport and its secretariat are fully operational. The TG met on 08.03.2019 to discuss the 2<sup>nd</sup> Sectoral Monitoring Report on the Transport Strategy and the advancement of the IPA 2016 Sector Reform Contract (SRC) and the budget support indicators, as well as the drafting of an Action Plan for the implementation of the SRC. The meeting of the TG on 02.05.2019 was organized with representatives from EUD to discuss the preparation of the MTBP (first phase), the final draft of the 2<sup>nd</sup> Sectoral Monitoring Report to be submitted to the SCC, the implementation of the draft acts provided for in the NPEI 2019 – 2021 for the sector and the performance evaluation of budget support indicators. The consolidated Monitoring Report was approved in the meeting of the Thematic Group on Transport on 24.06.2019.

## **3. Coordination with other instruments and/or donors/ IFI's within the sector**

Substantial funding through CARDS and IPA I and other international donors has been mobilized over the years for the Road sector in various areas such as road network development, preparation of legislation, capacity development and other areas. This financial support was

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<sup>29</sup> With regard to the Sector roadmaps (SARs), during October 2016 – March 2017 NIPAC supported Line Ministries and other beneficiary institutions to draft the document and the package comprising all the sector roadmaps was sent to EUD in March 2017. No further updates have been made as an integrated mechanism for the sector/cross-sector approach has been established under the Integrated Planning System (IPS), as the main system that defines the tools and mechanisms for integrated public policy planning ensuring effective allocation of financial resources. This mechanism is presented in section II.1.2.



delivered mainly in the form of loans from IFI, as the WB, being the leading in transport, the European Bank for Reconstruction and Development (EBRD), the Central European Bank (CEB), the European Investment Bank (EIB).

Currently, the road sector is being supported by the World Bank “Road Maintenance and Safety Project (RRMSP)” (February 2017- February 2022). Under this project, five-year performance-based maintenance contracts have been signed with four private contractors for the periodic and routine maintenance of 1,392 km of Primary and Primary-Secondary roads of the national road network. All four contracts are under implementation. The results-based approach is consistent with the Government’s on-going strategy to grant concessions for the operation and maintenance of a number of highways.

Under the Connectivity Technical Assistance Facility - CONNECTA – financed under the WBIF, a three-year Road Safety Inspection plan for each of the Western Balkans countries and 580 km of roads were inspected on the indicative extension of TEN-T Road Core/Comprehensive Network in the Western Balkans. Based on the findings and recommendations from the Study, a list of priorities of road sections for immediate road safety improvements has been identified. The inspected road segments are included in the list of priority roads in the above-mentioned RRMSP. The Albanian institutions are working to improve the existing national system for continuous Road Crash Data Collection, in line with the CONNECTA Recommendations. The Roadmap for the improvement of the existing national system for road crash data will be developed and implemented with the assistance of the World Bank. This assistance started its assignment in January 2019 with a duration of 21 months.

The Agreement between the Government of Albania and the World Bank for the project: “Provision of support to introduce the ITS on the maritime transport through the deployment of a VTMS including but not limited to a) preparation of a Feasibility study; b) support to implementation of the VTMS along the whole coastal sea”, value 5.6 million euro, was signed on 19 June 2019; this was ratified by Parliament with law 62/ 2019 “Facilitation of trade and transport in Western Balkans with a multi phases programme approach” which approved the loan for three projects, including the VTMS project - totalling 17.6 million euro.

Donor coordination is assured through the participation of donors in the Connectivity Sectoral Steering Committee.

#### **4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting**

The overall objective of the “Sector reform contract for transport sector” is to contribute to an efficient transport system, integrated in the region and in the EU network, which promotes economic development and the citizens’ quality of life by focusing on road transport. Implementing the Transport Strategy and Action Plan 2016-2020 at specific objective level, the

programme supports the improvement of Albania's international accessibility and competitiveness.

Progress in implementing the overall transport sector strategy 2016–2020 has been satisfactory: legislation is being reformed and road conditions are improving. Railway reform is under way, and the civil aviation sector is being strengthened. Progress is slower in the maritime sector: there is a need to update the Maritime Code and give greater autonomy to the General Maritime Directorate, to improve the governance of the maritime sector.

The Second Review of the Albanian National Transport Plan (ANTP3), funded by the EU, was presented to the MoIE and all stakeholders on 15 January 2019. The Strategic Environment Assessment of the ANTP3 was completed as well, in accordance with Law No 91/2013 "On the strategic environmental assessment". After the issuing of the Environmental Statement from the Ministry of Tourism and Environment in May 2019, the MoIE prepared the draft DCM which was sent to the line ministries for their opinion in September 2019. The opinion of the Ministry of Justice had been received and it may be the case that the ANTP3 does not have to be approved by a DCM since it is not prepared based on an existing Law. The ANTP3 was approved by the Order of the Minister of Infrastructure and Energy in January 2020.

Coordination in the sector has been improved not only between the Ministry and the agencies but as regards relations with stakeholders such as civil society, donor partners etc. through the Connectivity Sectorial Steering Committee, which shall in future also be opened to CSOs and relevant stakeholders, and the Thematic Group (TG) on Transport (chaired by the Deputy Minister) and its Technical Secretariat.

An important contribution to administrative capacity and the effective use of public finance in the sector is being provided by the service contract "Capacity Building for Public Private Partnership (PPP) Management Skills Development in the Albanian Transport sector" which is strengthening the capacities of a wide pool of Albanian staff working in public administrative and relevant agencies through training and coaching in procurement and contract management in the context of roads PPP preparation and management. More specifically, the project aims to support the public administration in: modifying the project selection system under the PPP scheme; improving the tendering procedure and contract conditions; and involving agencies other than the PPP sectors in the Ministry to expand their vision of implementing PPP schemes.

The Twinning "Strengthening the capacity of the Albanian Road Authority in applying good governance practices for planning, managing, procuring, implementing and maintaining road investments" will contribute to improving the sector governance including strengthening of capacities for planning, implementation monitoring and reporting of the Albanian Road Authority; the latter is especially important in view of the need to report on the achievement of outcomes and impacts.

## 5. Operating structure(s) in place and related changes

No actions in this sector are implemented under indirect management.

The following structure is in place for the implementation of the Sector Reform Contract.

IPA Programme/Action	Operating Structure
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</b>	
<b>Action 6. Sector reform contract for transport sector</b>	<p><b>Direct management</b> for Sector Budget Support and Direct management for complementary technical assistance (EU Delegation to Albania)</p> <p><b>Implementation responsibilities:</b> Ministry of Infrastructure and Energy Coordination for all Sector Budget Support: Ministry of Finance and Economy (MoFE)</p>

## 6. Information on the implementation of programmes in the sector

In this section, the progress on the Sector Reform Contract and the complementary support are presented.

Based on the Financing Agreement for IPA 2016 Action Programme for Albania, “Sector Reform Contract for Transport Sector with focus on roads”, the Ministry of Infrastructure and Energy (MIE) on June 2019 submitted the request for disbursement of the first variable tranche for the year 2018 through the Ministry of Finance and Economy/MFE for 4,350,000 EUR out of 5,000,000 EUR following the achievement of 7 out of 8 indicators for 2018. The good progress of the reform and the eligibility criteria for disbursement are reflected in the positive development in the transport sector.

Following the request of MFE for the reimbursement of the first variable tranche of the SRC, the EUD granted 4,062,500 euro which was disbursed to the national budget in December 2019, recognizing only partial compliance of Indicator 4<sup>30</sup>.

In terms of the challenges that lie ahead, indicator no 2<sup>31</sup> of the SBS was not met for 2018 and remains a challenge. A working group has been set up chaired by the Deputy Minister to consider what action to take concerning a request for changes or a postponement, since it will be very difficult to achieve the targets set for this indicator. The MoIE is also considering whether to ask for a duly-justified postponement of the Indicator n. 5<sup>32</sup> target for a one-year period. It is fully understood that requests for changes to indicators must be supported by objective reasons. On 13.11.2019, a workshop was held with the “Technical Assistance for monitoring, communication and visibility of Sector reform contract - IPA 2 2016 Support to

<sup>30</sup> Number of black spots in the National Road Network.

<sup>31</sup> Share of works supervision contracts which include the requirement for providing confirmation on adherence to technical specifications quality and quantity control records into the supervision reports and are time based (instead of lump sum)

<sup>32</sup> Length (Kilometres) of national road network covered by ITS systems in operation.

Transport with Focus on Roads” to discuss progress made during 2019 towards meeting the SRC targets for 31 December 2019.

Under complementary support of the IPA 2016 Sector Reform Contract, the implementation of the contract "Capacity Building for Public Private Partnership (PPP) Management Skills Development in the Albanian Transport sector" started on 19.11. 2018. The overall objective is to improve the capacities of the Ministry of Infrastructure and Energy and Albanian Roads Authority (ARA) on developing skills and legislative framework concerning Private Public Partnership financing methods in the road transport infrastructure construction, operation and maintenance.

Another project funded under complementary support of the IPA 2016 Sector Reform Contract is the Twinning "Strengthening the capacity of the Albanian Road Authority in applying good governance practices for planning, managing, procuring, implementing and maintaining road investments" with a value of EUR 1,300,000 with the Polish Road Organisation. Implementation started on 19 October 2019. ARA has assigned three component leaders to the project (one for each component) who will work closely with their counterparts during the implementation phase. As the project is in such an early stage, its achievements will be reported in the AIR 2020.

Investments in the roads sector during this reporting period are mainly concentrated on the Albanian Core Network. Among the priority projects of the Government of Albania is the Adriatic – Ionian Corridor (Route 2b/Corridor VIII/ Route 2c), which is 305 km long. This highway/expressway in Albanian territory includes the following projects:

- Construction of the Lezha By-pass, 4 km, estimated cost 24.6 million euro. The ToRs for the Feasibility Study for the construction of the Lezha By-pass in Albania funded under WBIF, with a grant of 350,000 euro, are pending revision. Implementation of the grant has been put on hold pending revision of the ToRs;
- Construction of the Tirana By-pass (Kashari – Vaqarri – Mulleti), 22 km, an estimated cost 109 million euro. The Detailed Designs are under preparation. In the 5<sup>th</sup> call for investment under WBIF, in December 2019, the MoIE applied for the construction of the Tirana By-pass.
- Construction of the Tepelena Bypass, 3.5 km, estimated cost 38 million euro. The works started in July 2018, financed by the Albanian state budget, and the contract duration is 22 months;
- Construction of the Gjirokastra By-pass, 8.7 km, estimated cost 14 million euro. The Feasibility Study, Detailed Design and Environment Impact Assessment are completed.

Other road investments ongoing in 2019 are:

- The Tirana – Elbasan road segment, originally planned to be completed in 2016, after delays, was completed in June 2019;
- The construction of the Fieri and Vlora By-passes works are progressing. The foreseen completion date is February 2021;

- In the Qukësi – Qafë Pllloça road segment, the works are progressing. The revised deadline for the completion of works for Lot 1 and Lot 2 is April 2020, whereas for Lot 3 it is December 2020;
- The Vlora River Road, which is under construction;
- The Tirana Ring Road, (South – West side), which is due to be completed in 2020.

Under the Connectivity Reform Measures Package, in collaboration with Montenegrin counterparts, a joint action plan was developed for the border crossing points between the Republic of Albania and Montenegro.

## **7. Main achievements in the sector**

The service contract "Capacity Building for Public Private Partnership (PPP) Management Skills Development in the Albanian Transport sector" has improved the capacities of a pool of about 30 Albanian experts working in the public administration and related agencies from the MoEI; Albanian Road Authority (ARA); Ministry of Finance and Economy; Concession Treatment Agency; and Public Procurement Agency concerning Private Public Partnership financing methods in the road transport infrastructure construction, operation and maintenance. During April-September 2019, the group received in-class training modules; 2 study visits were conducted in November and December 2019 and on the job training was carried out.

## **8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.**

## **9. Recommendations for further actions**

The Operational Conclusions of the two Sectoral Monitoring Workshops held on Transport (16.05.2019; 15.11.2019) provide recommendations for actions in the transport sector. Only those Operational Conclusions that have not been addressed in the reporting period are indicated below, with some relevant updates regarding this reporting period. It should be borne in mind that these recommendations do not solely refer to the roads sector.

The following Operational Conclusions are pending from the 1<sup>st</sup> Sectoral Monitoring Committee:

- *The MoIE should continue implementing connectivity reform measures on transport with the aim of improving road safety and of addressing transport infrastructure maintenance issues; it should pursue the implementation of the plan for road safety inspections and audits, and prepare the Strategic Framework for Intelligent Transport solutions (ITS) and implement ITS on roads.*

In this respect, the implementation of ITS is in the very early stages. ARA has already internally approved the ToR and is currently considering the options of financing the

implementation of the ITS through the above-mentioned World Bank project (RRMSP) currently under implementation, which is addressing road safety.

- *In the area of rail transport, Albania should adopt the relevant legislations for setting up of the relevant agencies in line with the new railway code.*

Drafts of the railway legal package (four laws), pursuant to Law no. 142/2016, dated 22.12.2016 “Railway Code of the Republic of Albania”, were prepared by EU Technical Assistance and submitted at the end of July 2019: the draft laws were submitted by the MoIE for public consultation; no suggestions, additions or complaints were received. The entire railway legal package has been sent for an opinion to other ministries. The MoIE is working on reflecting these opinions.

- *In the area of maritime transport, Albania should follow up on finalizing its application for membership in the Paris MoU on Port State Control, improving the quality of vessels under its flag, and should establish a vessel traffic monitoring and information system (VTMIS).*

In this respect, the MoIE is working on improving the quality of the vessels under the Albanian Flag. With the order of Minister, no 342, 17.09.2019 a Working Group was established to analyse and take measures to improve the performance of the Albanian Maritime Fleet. Since then 3 working group meetings have been organised. One of the conclusions was the necessity for audit missions to be carried out in the Albanian Register of Shipping (ARS) and General Maritime Directorate (GMD) for the assessment of their procedures. In this respect, 3 audits have been conducted in the ARS and GMD. The Working Group is now evaluating all the documents collected from these Authorities. The Working Group will elaborate a set of recommendations and a specific Action Plan to improve the quality of Albanian flag vessels which will be shared with relevant national institutions.

- *In the area of air transport, Albania should finalize the first transitional phase of the European Common Aviation Area (ECAA) Agreement.*

The ECAA entered into force in December 2017. By EC Decision no. 1/2019 (31 July 2019) Annex I to the Agreement was updated. Albania is in the process of fulfilling its obligations under this Annex, which is part of the 1st phase of the Agreement. The process of meeting the conditions for completing the first phase of the Multilateral Agreement on the Establishment of the European Common Aviation Area (ECAA) is ongoing due to the changes in the Annex. Albania is in the process of fulfilling its obligations under this Annex, which is part of the first phase of the Agreement.

- *Albania should implement the EU acquis on passenger rights regarding maritime transport<sup>33</sup>.*

The MoIE communicated that the process to implement Reg. No 1177/2010 “concerning the rights of passengers when travelling by sea and inland waterways” will start in 2020.

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<sup>33</sup> In the case of road, rail and air transport, the acquis has been adopted.

The following Operational Conclusions are pending from the 2<sup>nd</sup> Sectoral Monitoring Committee:

- *The Ministry should start preparations for extending the National Strategy for Transport Sector beyond 2020 using the support from available facilities. (ie JASPERS, TAIEX)*
- The MoIE is in the process of discussing with the EUD the possibility to use high-level expertise in this sector to provide support, such as JASPERS, as well as other instruments, for the preparation of the new Transport Strategy and its action Plan covering the years 2021-2026.
- *Coordination in the transport sector should consider all institutions and agencies involved as well as other stakeholders such as civil society, donor partners, associations etc.*

The MoIE accepts that there is room for improvement in relations with stakeholders and donors to share the work of the Connectivity Sectorial Steering Committee; TCSOs and other stakeholders active in the sector will be invited to forthcoming meetings.

- *More analysis of the data collected in the Monitoring Reports for the implementation of the Transport Strategy and Action Plan needs to be made for a proper follow up of performance indicators trend and planning of activities to achieve the necessary results.* The Third Monitoring report of the strategy will start soon and will address this recommendation.
- *The MoIE and ARA should continue implementing connectivity reform measures on transport with the aim of improving road safety and of addressing transport infrastructure maintenance issues; it should pursue the implementation the plan for road safety inspections and audits, and prepare the Strategic Framework for Intelligent Transport solutions (ITS); develop and implement a plan for road accident blackspots elimination.*

Albania is in the early stages of introducing ITS to its transport network, often lacking interconnection and coherence between its different transport modes. The development of ITS in Albania will contribute significantly to the creation of an integrated, safe and efficient transport system. MoIE is in discussion with the World Bank for support for the drafting of the ITS Strategy and its Action Plan 2021-2026, and the establishment of a Traffic Management Centre

With regard to the Sector Reform Contract and the indicators for the budget support, and given the challenges that have emerged, if the MoIE or ARA had any requests for modification to the indicators, target or year of achievement, the duly justified request must be made to the EUD in the first quarter of 2020.

#### **10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken**

A review mission was held by the “Technical Assistance for monitoring, communication and visibility of Sector reform contract - IPA 2 2016 Support to Transport with Focus on Roads” during the period 1–26 July 2019 to confirm that the general conditions for disbursement of the support have been met, and to assess and verify the level of achievement, by the end of 2018, of the triggers that release the funds under the variable tranche.

A further interim mission was arranged for the period 4–15 November 2019. Following the submission of the Detailed Review report in August 2019, the purpose of this November mission was to follow up issues related to the policy dialogue in the road transport sector. An Aide-Memoire was issued with detailed findings and recommendations regarding the Transport Strategy and Progress towards the target indicators.

## II.5. Competitiveness and innovation, agriculture and rural development

In the sector “Competitiveness and innovation, agriculture and rural development”, 4 actions have been financed under IPA II:

### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016

1. Action 7. Support to Food Safety, Veterinary and Phytosanitary Standards (direct management)
2. Action 8. Support to the Fishery sector (direct management)

### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017

3. Action 4. EU support to a tourism-led model for Local Economic Development (indirect management with EBRD and SIDA)

### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018

4. Action 5. EU Economic Development - Tourism-led local economic development, with focus on cultural heritage (indirect management with an entrusted entity)

In the table below an overview of the progress as regards the implementation of actions in this sector is presented, based on financial indicators.

Sector/IPA Year/Action	EU contribution per FA	Indirect management with Albania	National Contribution	Amount Received from EC (Pre-Financing)	Amount Contracted (IPA)	Total amount disbursed (EU Funds) cumulatively in Euro at cut-off date 31.12.2019
<b>2016 Action Programme for Albania</b>						
Action 7. Food safety and veterinary	5,000,000.00	-	-	-	-	-
Action 8. Support to the Fishery sector	3,700,000.00		1,400,000.00			
<b>2017 Action Programme for Albania</b>						



EU support to a tourism-led model for Local Economic Development	46,600,000.00					-
2018 Action Programme for Albania						
EU for Economic Development - Tourism-led Local Economic Development, with focus on Culture Heritage	6,000,000.00					

## 1. Involvement in programming

Regarding Competitiveness and Innovation, in 2019, the NIPAC SO coordinated the programming process for the approval and signature of the Financing Agreement related to the "Action Programme for Albania for IPA 2018" which includes the Action EU Economic Development - Tourism-led local economic development, with a focus on cultural heritage.

With reference to Agriculture and Rural Development, during 2019, progress has been made on the IPA 2020 Action "EU for Property Rights" (included under Democracy and Governance). The Ministry of Agriculture and Rural Development contributed to the preparation of the action which is one of the priorities of the Government of Albania. As referred to in the 2019 EC Progress Report, there has been no progress related to the building of a Land Parcel Identification System (LPIS) and this upcoming intervention is crucial in the context of developing a dynamic land market through the establishment of a clear property rights framework in Albania.

Given the progress made in the restitution of land, the Albanian authorities should start the process as soon as possible. The Integrated Administration and Control System (IACS) has yet to be fully implemented, but certain ongoing activities related to the farm register and animal register are currently being undertaken, as reported in sub-section 3 below.

The expected outcomes of the action are the following: i) Re-engineered State Cadastral Public Services; ii) Developed regulatory framework for modernised property rights registration and integrated land management procedures and technology; iii) reformed institutional framework; iv) Central Integrated Land Management system is designed and developed; v) Preparatory actions carried out for setting up the land parcel based agricultural monitoring system; vi) Property rights and land management data digitalized.

## 2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document)<sup>34</sup>.

<sup>34</sup> With regard to the Sector roadmaps (SARs), during October 2016 – March 2017 NIPAC supported Line Ministries and other beneficiary institutions to draft the document and the package comprising all the sector roadmaps was sent to EUD in March 2017. No further updates have been made as an integrated mechanism for the sector/cross-sector approach has been established under the Integrated Planning System (IPS), as the main system that defines

In 2019, the IPMG Competitiveness and Investments met three times (17.5.2019; 25.6.2019; 6.9.2019), four meetings of Thematic Group on Foreign Investment were held (11.7.2019; 17.7.2019; 28-29.8.2019; 30.9.2019) and 7 meetings held for the Thematic Group of Agriculture and Rural Development. (6.2.2019; 17.4.2019; 6.5.2019; 3.7.2019; 9.7.2019; 12.7.2019; 18.9.2019). Topics of discussion included the Presentation of the 2019 Small and Medium Enterprise Policy Index for the Western Balkans and Turkey prepared by the OECD, the discussion of the draft Unified Investment Law, the Analysis of the current situation regarding foreign investment attraction strategies and programmes; the Analysis of the current situation on "Potential Business Capacities for Obtaining Authorised Economic Operator (AEO) Status", and in the context of agriculture and rural development, the progress of the IPARD programme and the preparation of a strategic action plan for extension service among others.

The main focus in policy concerning Competitiveness and Innovation has been the digital transformation of public service delivery to citizens and businesses through the digitalization process, which has the possibility to reduce corruption and bureaucracy as well as enabling a reduction in time and costs in providing services and promoting transparency. Based on the OECD SME Policy Index 2019, compared to 2016, Albania continues to be the leader in the Region for the SME operational environment for business registration and licensing, as well as digital services. But challenges remain for innovation capability as illustrated in the latest OECD Competitiveness Report: the role of institutions in supporting SMEs, research & innovation, the quality of infrastructure for supporting access to foreign markets, need for an effective innovation ecosystem. The National Strategy for Intellectual Property 2016-2020 (NSIP), the Inter-Sectoral Strategy on Consumer Protection and Market Surveillance 2020 and the Business and Investment Development Strategy (BIDS) 2014-2020 will be reviewed and new strategies drafted, with the assistance of GIZ; the ToRs are currently being developed and the Action Plans will be revised. In terms of BIDS, a new Strategy will be developed. Based on the Final Monitoring Report of BIDS, it was observed that there were some gaps, especially regarding the ownership of the Strategy and Action Plan, and a lack of performance in terms of targets and institutional capacities, as well as a lack of inter-institutional coordination. The MoFE confirmed that BIDS will be consistent with the Economic Reform Programme Documents and that also the latest recommendations from the OECD SME Policy Index and OECD Competitiveness Outlook 2018 will be taken into consideration in the ToRs related to revision / preparation of relevant strategies. Furthermore, the Strategy on Sustainable Tourism Development and its Action Plan was adopted on 19 June 2019.

The National Strategy for Culture 2019-2025 was adopted in December 2019 <https://kultura.gov.al/programi-i-kultures-2019-2025/>.

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the tools and mechanisms for integrated public policy planning ensuring effective allocation of financial resources. This mechanism is presented in section II.1.2.

In order to structure a Smart Specialization strategy, one of the top priorities is the objective analysis of the region's/countries' current situation, namely S3 Mapping; with financial support from the 'EU for Innovation' project, the Fraunhofer Institute (Germany) was contracted to prepare a full mapping of economic and scientific potentials, and coordinate closely with the national partner organisations during the mapping process.

Agriculture and rural sector priorities are defined in the Inter-Sectoral Strategy for Agriculture and Rural Development (ISARD 2014-2020), also aligned in the EU-supported IPARD programme 2014-2020.

The ISARD provides for interventions in three policy areas: i) rural development policy; ii) national support schemes for farmers, development of rural infrastructure and ensuring equal opportunities; and iii) institutional development, implementation and enforcement of EU regulatory requirements.

The rural development policy has four priorities for the period 2014-2020:

- Enhancing farm viability and competitiveness of agriculture and food-processing, while progressively aligning with Union standards
- Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry
- Balanced territorial development of rural areas promoting social inclusion, poverty reduction and balanced economic development in rural areas
- Transfer of knowledge and innovation in agriculture, forestry and rural areas and assistance with implementation of rural development policies

The current ongoing projects with focus on food safety, veterinary and phytosanitary standards, and support to fishery sector under implementation are in line with the national strategic objectives.

### **3. Coordination with other instruments and/or donors/ IFI's within the sector**

As regards the 2017 Action "EU support to a tourism-led model for Local Economic Development", the EBRD will make available additional resources up to EUR 65 million (EUR 60 million under a sovereign guarantee loan and EUR 5 million for small loans via local participating local institutions). The latter committed an additional TA, under which was prepared a Scoping Study and identified the potential investments to be financed through this programme.

The Albanian Competition Authority (ACA) is the beneficiary of a United Nations Conference on Trade and Development (UNCTAD) project following the recommendations drawn from the peer review report performed by UNCTAD, where the ACA participated voluntarily. The project implemented focused mainly on the training of judges on competition legal aspects, offering some assistance to ACA staff etc.

Coordination between multiple donors supporting the agriculture and rural development has been followed up by MARD interactively, to avoid overlapping. During the reporting period a donor coordination meeting was organized by MARD on 19 November 2019 with the support of the lead donors in agriculture (the EU and GIZ), also attended by representatives of DG AGRI. Participating donor institutions and IFIs were: the European Delegation to Tirana (EUD), the Austrian Development Agency (ADA), the Italian Agency for Development Cooperation, the Japan International Cooperation Agency (JICA), KfW, the Embassy of France, the Embassy of Germany, the Embassy of Hungary, the Embassy of Switzerland, the Embassy of the Netherlands, Helvetas Swiss Intercooperation, GIZ, EBRD, the Food and Agriculture Organization of United Nation in Albania (FAO), UNIDO, UNWOMEN, USAID, and the World Bank (WB). This approach has resulted to be very positive. Furthermore, during these meetings, the current interventions of the main donors were identified and ideas were exchanged to develop upcoming interventions in line with national policies and strategies.

Currently the below-mentioned IPA I projects are running in parallel to the 2016 action in the food safety, veterinary and phytosanitary sector:

IPA 2013 National Programme implemented under decentralized management:

- “Strengthening food safety laboratories in Albania” (EUR 4.4 million, including EUR 0.4 million from Albanian Government co-financing) with the purpose to increase the role of laboratory system toward improved levels of food safety throughout the whole food chain;
- “Improving the productivity of the Livestock sector” (EUR 2 million, including EUR 0.2 million from Albanian Government co-financing) with the objective to increase farm income from livestock sector while ensuring economic feasibility, social fairness and environmental sustainability.

In the rural development sector, the following projects financed by other donors are currently under implementation:

- “Sustainable Development of Rural Areas in Albania” project (EUR 2 million) financed by the Government of the Federal Republic of Germany and implemented by GIZ in 2019. This project aims to improve the preconditions for sustainable income opportunities in rural areas.
- “Programme for the modernization of the agricultural sector” (PROMAS) with a total budget of EUR 10 million which includes three specific projects:
  - Strengthening the Albanian Paying Agency for the Disbursement of Contributions to Agriculture (ARDA) - with a total budget of EUR 5 million;
  - Sustainable Development of Albanian Olive Sector with a total budget of EUR 3 million;
  - Pilot project for the creation and experimentation of a simplified insurance system for covering the risks of agriculture.

- “Programme for the reinforcement of the Agriculture and Rural Development Agency for the disbursement of grant in agriculture” – (EUR 3 million), financed by Italian Government as a soft loan in line with the financing agreement signed in June 2013. This project aims to strengthen the administrative capacity of Paying Agency (ARDA) with a specific focus on Farm Register and LPIS system as a step for the establishment of IACS (Integrated Administration and Control System).

With regard to the coordination between PROMAS and IPA Assistance in the sector, the Project Management Unit was established in June 2019, and has completed the definition of the criteria for the development of IACS and the functional requirements of its software and hardware components. In particular, the PMU has worked on the definition of the system requirements for the Farm Register (FR), Land Parcel Identification System (LPIS) and Payment System (PS). Currently the PMU is working on the final draft of the tender dossier and on the presentation of a preliminary demo of the IACS platform to be performed jointly with the support of the Ministry of Agriculture of Italy (TA contract) held at the end of 2019 which will be followed by the full completion of the tender dossier and the start of the procurement process. MARD has taken note of the need to share with the EUD the process and draft documents, and during the donor coordination meeting on 20.11.2019 it was also agreed to share what has been done so far with the representatives of DG AGRI. One operational conclusion of the 2<sup>nd</sup> Sectoral Monitoring Committee on Agriculture and Rural Development regarded the commitment of MARD to provide details on the progress of the PROMAS project regarding the IACS system and updates on the timeline and steps for the establishment of the Farmers Register under the PROMAS project, as well as on the progress on the Farm Accountancy Data Network. Further coordination will be assured with PROMAS – LPIS component and the IPA II 2020 Action EU for property rights. The MARD shall establish a mechanism at technical level through cooperation with the Prime Minister’s Office and the EUD to avoid any overlapping interventions by the two projects.

A complementary donor-funded project currently implemented in the fishery sector is:

- Project “Institutional assistance for the development of the Albanian Maritime Economy” (EUR 1.6 million) funded by the Italian Agency for Development Cooperation and implemented by CIHEAM Bari which aims to strengthen the Albanian institutions through activities related to human resources, training and skills development in the fisheries, aquaculture and eco-systemic goods and services sectors for coastal tourism development.

#### **4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting**

“Support to Food Safety, Veterinary and Phytosanitary Standards” project is implementing activities related to national administrative capacity building in the field of food safety and

veterinary services. This support is expected to have direct impact on the reinforcement of capacities of MARD, National Food Authority, Food Safety Veterinary Institute and other stakeholders, in the frame of legal approximation and negotiations process. It will have the knock-on impact on preparations for the Chapter 12 bi-lateral screening process, with the overall logic of a well targeted support of strengthened food safety, veterinary and phytosanitary systems in Albania, with consequent benefits in terms of human health, trade, industry competitiveness and economic development.

The project is expected to have a positive impact in relation to strengthening the food safety system and related reforms. The preparation of a National Food Safety Policy (White Paper) as output from this project can be important in this regard and requires significant buy-in by the relevant Albanian State Authorities. Notwithstanding the delay in opening negotiations on EU Membership and the impact that this has on building momentum towards the bi-lateral screening process, the benefit to Albania of proceeding to invest and commit to reforms related to food safety is high. Consumer health, opening new export markets, building domestic industry competitiveness, supporting tourism and supporting rural economic development and jobs will be supported by a strong food safety system.

With reference to the project “Support to fishery sector” the impact of the project will be the development of the capacity of the Albanian fishery administration to design, implement, enforce and monitor the relevant policy measures and regulations. Furthermore, the expected results from the action will increase the capacities of the administration to implement the fisheries' strategic documents in line with the budgetary plan and government priorities.

## 5. Operating structure(s) in place and related changes, if relevant

No actions in this sector are implemented under indirect management.

IPA Programme/Action	Operating Structure
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</b>	
<b>Action 7. Food safety and veterinary</b> <b>Action 8. Support to fishery sector</b>	<b>Implementation responsibilities:</b> Ministry of Agriculture, Rural Development and Water Administration
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017</b>	
<b>Action 2. EU support to a tourism-led model for Local Economic Development</b>	Indirect Management: The European Bank for Reconstruction and Development (EBRD) for component 1 and 2 The German Society for Development Cooperation (GIZ) and the Swedish International Development Cooperation Agency (SIDA) for component 3 <b>Implementation responsibilities:</b> Albania Development Fund
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018</b>	
<b>Action 5: EU Economic Development - Tourism-led local economic development, with focus on cultural heritage</b>	Indirect management by an entrusted entity <b>Implementation responsibilities:</b> Ministry of Culture

The Albanian Development Fund (ADF), on the basis of DoCM No. 438 dated 18.07.2018, has been entrusted with the functions of the National Agency for Regional Development and of the 4 former Regional Development Agencies and the Regional Economic Development Agency, which has been merged with the ADF. The ADF was actively involved in the programming process for the 2017 action “EU support to a tourism-led model for Local Economic Development”. The Albanian Development Fund was designated the Albanian beneficiary representative in the “EU support to a tourism led model” Action by DoCM No 653 dated 25.09.2019.

No actions in this Sector are being implemented under indirect management by Albania.

The 2018 Action EU Economic Development - Tourism-led local economic development, with focus on cultural heritage was not initiated in 2019; however, the approval of the National Strategy for Culture in December 2019 - a condition for implementation - means that the Action will start and it will be reported on in the AIR 2020.

## **6. Information on the implementation of programmes in the sector**

### IPA 2016 Support to Food Safety, Veterinary and Phytosanitary Standards

Activities are reported on the first year of the 4-year action “Support to Food Safety, Veterinary and Phytosanitary Standards”. Operations in Albania have been fully set up by The Food Safety Authority of Ireland-led consortium, a core team of resident and non-resident national and international advisors is established and significant fact-finding and relationship-building work has been undertaken, the Ministry of Agriculture and Rural Development (MARD), the National Food Authority (AKU), the Food Safety & Veterinary Institute (ISUV), the Regional Veterinary and Phytosanitary Agencies, Customs Authorities are fully engaged with the team. Visits have been made to Border Crossing Points, Food Business Operators (FBOs), the Public Health Institute (PHI), Central Inspectorate and other relevant project stakeholders. The intervention logic of the project is valid and the three specific objectives that encompass policy & structures, strengthened communication, administrative reform, capacity-building and legislative approximation remain relevant. Notwithstanding the uncertainty regarding the commencement of negotiations, and the knock-on impact that this has on preparations for the Chapter 12 bi-lateral screening process, the overall logic of the support remains well targeted and supportive of strengthened food safety, veterinary and phytosanitary systems in Albania, with consequent benefits in terms of human health, trade, industry competitiveness and economic development.

The following activities were conducted in 2019:

- Proposal of an outline structure for a National Food Safety Strategy, which will require associated commitments to a prioritised legislative agenda, administrative reform and investment;

- Comments on the structural reform of the veterinary services and laboratory services have been provided, on the back of earlier EU-supported projects: final government-level decisions will be required for follow-on technical support to be effective;
- In October 2019, a 5-day multi-agency workshop was held in Dublin for 14 staff from the MARD, ISUV, AKU and PHI. This workshop highlighted the importance of an integrated approach to multi-annual national control planning and considered food monitoring programmes, contaminants surveillance, methodologies for strengthened risk-based inspection-planning of food business operators, data requirements, food safety communication and stakeholder engagement;
- A 2-day workshop held to share the experience of Croatia on Chapter 12 and to map the anticipated steps and road-map for the bilateral screening process and provision of on-going follow-up support to the Integration Unit in the MARD;
- Development of a draft 2020 training plan. An initial introductory training module for AKU inspectors responsible for FBOs working on 'fisheries products' was held in December 2019 to be followed-up with further, more detailed, technical workshops and capacity-building in 2020 in accordance with the plan. This support will be linked with eventual structural changes within the food safety, veterinary and phytosanitary services and organisation of controls;
- Provision of support on drafting a new Plant Health Law, to be aligned with 'Regulation (EU) 2016/2031 on protective measures against plant pests', and support to address the official control requirements for plant health under Regulation (EU) 2017/625.
- Comments on the proposed amendments to the existing food law and veterinary law in Albania, with a recommendation that further work on new framework food and animal health laws is required;
- Proposed of a 14-point legislative agenda to the Ministry and plan to proceed with support to GMO regulation, a new Feed & feed Safety Law and new Plant Protection Products law in 2020 (to be coordinated with the 2020 National Plan for European Integration under Chapter 12 and the findings of the ongoing legislative gap analysis);
- Preparation of a template to provide a framework for a Chapter 12 Strategy & Action Plan and ongoing support provided with regard to the legislative gap analysis. This provides a clear framework to capture progress with regard to administrative reform, legislation and national programmes and strategies, notably in relation to animal identification and movement control, classification of establishments, animal disease controls and contingency planning, animal welfare and other key areas of EU law. The above-mentioned Strategy & Action Plan is expected to be one of the 'Opening Benchmarks' for EU negotiations.

Progress on the food safety communications component of the action have been limited to date. This has been due to a combination of operational and strategic constraints. Food safety is a contentious issue in Albania and stakeholder engagement needs to be managed carefully; a new approach is proposed in the 2020 Annual Workplan to address this.



### **IPA 2016 Support to Fishery sector**

During the inception phase, the fishery sector was analysed in terms of administrative organization and economic sector. The government intends to implement a robust fishery sector strategy but sector developments are still at an early stage because improvements need time, financial resources and know-how. As recently mentioned in the 2019 EC Progress Report for Albania, despite some progress, the fishery sector continues to suffer various problems already identified in EC reports. In this respect, the priorities are the following:

- Efficient and effective implementation of the fishery sector strategy leading to appropriate management of fisheries resources;
- Reliable data collection on catch and landing statistics, including from small fisheries, to better adjust the fishing fleet's capacity to the available fishing resources;
- Reactivation of the vessel monitoring system (VMS) and strengthening of inspection and control to deter illegal, unreported and unregulated fishing.

The administration in this sector is currently severely understaffed and appropriate skills are not available, with special regard to fisheries management capacities and the capacity to collect and analyse landing and stocks, biological, environmental and socio-economic data on fisheries, aquaculture, processing, and the fish market. There are no monitors at fishing ports as required by Law 64/2012 "On Fisheries", as amended. The Fisheries Inspectorate is based in MARD and has a dual dependence on the Directorate of Fisheries and Aquaculture Services and the General Inspectorate. A serious institutional weakness remains within the Fisheries Inspectorate sector because there is no fisheries enforcement capacity and so administrative capacity remains weak. The inspectors are disproportionally distributed around the country and are insufficient to provide the 24/7 coverage requested by the EU target. There is an urgent need for the qualification of fishery inspectors for control in the sea, in ports, during transport, the handling process and in the market for the sale of fish and its by-products. Specifically, the training should cover information on how to check the fishing tools, the fishing sizes, protected fishing species and collect data on Total allowable catches (TAC). On the other hand, the fisheries inspectorate suffers from a lack of land and water logistics equipment.

Furthermore, the inspection activities are not well coordinated with other public bodies involved in the enforcement of rules in the fisheries sector. There have been some efforts with regard to inspections that are carried out in coordination with other bodies such as the Coast Guard and State Police. However, such joint operations take place on an ad hoc basis through the Inter-Institutional Maritime Operational Centre rather than on the basis of a risk-based inspection strategy.

Consequently, the need for restructuring of the Fisheries Administration was identified. This arises as a necessity for the sustainable management of the sector and the process of aligning the sector with EU requirements.

### **IPA 2017 EU support to a tourism led model**

For the action Components 1 and 2, there have been some delays due to the lengthy procedures for the preparation of the Loan and Grant Agreement with EBRD that is required for the implementation of the action. The Steering Committee of this project has been established and the 1<sup>st</sup> meeting was organized on 16 January 2020.

In the case of Component 3, EU for Innovation, the following activities were carried out aimed at strengthening the capacity for innovation among the innovation ecosystem actors addressing 3 main target groups:

- Target group start-ups: through Open consultation hours for start-ups and the launch of a flexible start-up support programme
- Target group Innovation Support Organisation: through Capacity development workshops, Training of Trainers for Pitching and Kick-off of Hackathon Series for Universities
- Target group policy makers: expert meetings organised on Start-up law with main stakeholders and start-up consultation process

Activities aimed at building linkages within the Albanian innovation ecosystem and internationally included Social Network Analysis to understand the structures of the entrepreneurial ecosystem, the development of a Diaspora Mentorship Program for Albanian entrepreneurs and the identification of potential mentors and the concept of a Startup in Residence Programme.

In terms of funding innovative start-ups and innovation support organizations, two Calls for Proposals were launched in 2019. In the first call, there were 163 applications from start-ups and 31 from Innovation Support organisations; 8 start-ups and 2 Innovation Support Organizations were awarded.

The project also funded the mapping process for a Smart Specialisation Strategy and a study on the Entrepreneurial Ecosystem in Albania with a Focus on Tirana.

## **7. Main achievements in the sector**

### **Agriculture and Rural Development**

Considering that both projects have been in the first year of the implementation, progress on achievements in the food safety and fishery sector have been limited to date. As the projects started early 2019, the diagnosis of the current development in the sector was developed during inception phase of both projects. This due to a combination of operational and strategic constraints. Furthermore, both sectors are complex ones and specifically food safety is a contentious issue in Albania and stakeholder engagement needs to be managed carefully. In addition, the project interventions are wide and involve a considerable number of stakeholders and cross cutting issues to be taken into consideration.

### **Competitiveness and Innovation**

The Action EU for Innovation is now on fully track in spite of initial delays in the first two components.

**8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.**

Concerning the implementation of the IPA 2016 Support to Food Safety, Veterinary and Phytosanitary Standards project, the complexity and scope of this action has been understood by all parties. The action is not consultancy-driven and is more consistent with a 'twinning' approach. Consequently, the eventual success of the action depends on a high level of structured collaboration between the project consortium and the beneficiaries, their absorption capacity and a high and sustained level of political commitment to reforms and investment across the food safety, veterinary and phytosanitary domains. There are many competing demands and pressures on staff time and priorities. The proposed use of a 'working group' approach to tackle specific priorities has been found not to have been successful. Further elaboration of more effective collaboration mechanisms is required and the integration of the project with existing groups and work-processes will be helpful in this regard.

Regrettably, regarding the IPA 2017 Action EU support to a tourism-led model for Local Economic Development, the complexity in finalising the loan agreement that was essential for the implementation of the envisaged activities led to significant delays regarding Components 1 and 2. This issue has now been resolved and the Steering Committee is functional.

Activities need to speed up to ensure timely implementation. It is suggested that NIPAC supports strong inter-institutional collaboration and close monitoring of progress at technical level.

**9. Recommendations for further actions**

Extensive collaboration with involved parties (EUD, Contractors, Albanian responsible institutions) is needed for the adequate implementation of the contracts. Interactive communication between Contractors and technical Directorates within MARD is foreseen as a corrective measure. Actions have been taken with regard to nomination of technical counterparts of MARD officials who are expected to work proactively with the project experts.

In the line of the further actions to be taken and based on the recommendation and conclusions from the 2<sup>nd</sup> Sectoral Monitoring Committee on Agriculture and Rural Development, MARD will focus on the following actions in order to address the issues raised for the sector such as:

- Ensure consultation on all the relevant strategies, amendments and draft laws with the EUD and use the on-going projects to provide support for checks on compliance with EU acquis;
- Work closely with the IPA 2016 Support to food safety, veterinary and phytosanitary standards project over the next 6 months to propose a White Paper Policy to encompass the whole Food Safety system, including a Road Map, and Action Plan. This should

address the need to advance alignment with EU acquis animal health, plant health and official controls as reported in the 2019 Progress Report regarding Chapter 12;

- Providing the priorities to be supported under IPA funds for the preparation of the detailed design based on the investment plan for Vlora Fishing Port.

Regarding the IPA 2017 Action EU support to a tourism-led model for Local Economic Development, activities need to speed up to ensure timely implementation. It is suggested that NIPAC supports strong inter-institutional collaboration and close monitoring of progress at technical level.

## 10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken

No findings have been reported.

## II.6. Education, employment and social policies

In the sector “Education, employment and social policies”, 2 actions have been financed under IPA II:

### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014

1. Action 6. Economic and social empowerment of Roma and Egyptian communities (indirect management with UNDP)<sup>35</sup>

### COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015

2. Action 5. Sector Reform Contract for Employment and Skills (direct management and indirect management with Albania).

In the table below a snapshot of the progress as regards the implementation of actions in this sector is presented, based on financial indicators. Detailed information is provided for Sector Budget Support and Actions under indirect Management by Albania.

Sector/IPA Year/Action	EU contribution per FA	Indirect management with Albania	National Contribution	Amount Received from EC (Pre-Financing)	Amount Contracted (IPA)	Total amount disbursed (EU Funds) cumulatively in Euro at cut-off date 31.12.2019
<b>2014 Action Programme for Albania</b>						
Action 6. Economic and social empowerment of Roma and Egyptian communities	4,000,000.00	-	-	-	4,000,000.00	3,642,688.00
<b>2015 Action Programme for Albania</b>						

<sup>35</sup> It can be noted that this Action refers to two ELARG Sectors, namely: Fundamental Rights and Employment, Vocational Education and Training, Social Inclusion; however, the DAC Sector indicated is 11330 – Vocational Training and the activities are considered to be more related to this sector.

Action 5. Sector Reform Contract for Employment and Skills	27,500,000.00					23,500,000
Complementary Technical Assistance to coordinate and implement the national reform in the field of employment and skills		2,500,000.00				

## 1. Involvement in Programming

One Action under this sector has been programmed for IPA 2019: EU for Social inclusion for an indicative value of EUR 50 million (EU funds) of which EUR 30 million allocated for the budget support component and Euro 20 million for the complementary support, which has been approved by the IPA Committee on 12 November 2019; the conclusion of the Financing Agreement is pending.

The programming process started in September 2018, with the assistance of external experts, and several scoping missions were carried out through the process; meetings were held with Ministry of Health and Social Protection– Directorate of Budgeting and Directorate on Social and Health Policies, Ministry of Finance and Economy - macroeconomic, local government finance and employment departments, Ministry Education, Youth and Sports - Directorate of Budgeting and Directorate on Pre-university Education, Agency for Decentralisation and Support to Local Government.

The contract “Technical Assistance to Support the Reform on Employment Policies and Vocational Education and Training” under indirect management foreseen under the Sector Reform Contract has not been contracted yet. The Terms of Reference have not been approved yet for this contract.

The Prior Information Notice was published on 15 November 2019. After the comments received by EUD, the Contract Notice was re submitted for publication on 30 December 2019.

## 2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document)<sup>36</sup>.

Inter-institutional coordination for this sector is assured through the IPMG for Employment and Skills, which was active during 2019 discussing the progress of government reforms in the employment and social sectors, presenting and agreeing on the Monitoring Report 2018 and

<sup>36</sup> With regard to the Sector roadmaps (SARs), during October 2016 – March 2017 NIPAC supported Line Ministries and other beneficiary institutions to draft the document and the package comprising all the sector roadmaps was sent to EUD in March 2017. No further updates have been made as an integrated mechanism for the sector/cross-sector approach has been established under the Integrated Planning System (IPS), as the main system that defines the tools and mechanisms for integrated public policy planning ensuring effective allocation of financial resources. This mechanism is presented in section II.1.2.

the Revised Action Plan for the Employment Sector Strategy. A new policy paper has been presented and approved in the field of disability: "Disability Assessment Reform in the Social Protection System".

At IPMG level two meetings were held: on 08.05.2019 to discuss the progress of the National Strategy for Employment and Skills and Action Plan 2019 - 2022, and on 16.09.2019 to discuss the Monitoring Report on the implementation of the measures of the Action Plan of the National Strategy for Social Protection 2015-2020; the Presentation of Social Protection Strategy 2019-2022, Action Plan and Costing in view of the MTBP.

### **3. Coordination with other instruments and/or donors/ IFI's within the sector**

The sector is supported by multiple bilateral and multilateral donors, including the Swiss (Swiss Development Cooperation – SDC), German, Austrian, Italian Cooperation, UNDP, and the European Union.

Currently-running projects in the Employment and Skills sector include:

- **SDC-funded UNDP Skills Development for Employment (SD4E) project (2019-2022 - CHF 2.5 million)**.will support the MoE in the process of revising the National Employment and Skills Action plan 2019-2022, preparing the necessary bylaws to functionalize the National Agency for Employment and Skills, further the reform process of the Active Labour Market programmes, and support NAVETQ in leading the first self-assessment process of the 44 public VET providers
- **The SDC-funded RISI Albania project (2018-2021 - CHF 7.5 million)** to provide more employment opportunities to young women and men in Albania, aged 15-29, in a socially inclusive and sustainable way.
- **The SDC-funded Swisscontact Skills for Jobs (S4J) project (2019-2023 - CHF 10 million)**: The project focuses on four economic sectors with growth and job creation potential: Hospitality & Tourism, ICT, Textile and Construction.
- **The German-funded GIZ ProSEED programme (2017-2020: EUR 19 million in total)** builds on achievements and results of the GIZ VET Programme 2010-2016, which introduced the model MFC in Kamza as a new type of VET provider, development and support to implementing the 24-days training programme “Basics of didactics” to several hundred VET teachers and instructors and introduction of a tracer system for VET graduates.
- **The Austrian Development Cooperation is financing ALTOUR** that is supporting the development and of quality tourism education in Albania focusing on the Tourism School in Korça and Saranda.
- **The Kreditanstalt für Wiederaufbau (KfW) bank from Germany** is planning to invest € 4.5 million in the upgrading of facilities and workshop equipment in VET in Albania.
- **The European Training Foundation (ETF)** supports policy dialogue and monitoring for the employment and skills sector, and related programme or project design and

implementation as a service to the European Commission/ EU Delegation and IPA in Albania.

The 2014 IPA “Economic and social empowerment of Roma and Egyptian communities – booster for social inclusion” action (ESERE), whose implementation is delegated by EUD to UNDP, ensures a strategic integration and cohesion with other projects of UN organizations in the country working in the areas of human security, human rights and vulnerable communities. The Social Inclusion Sector Working group (with the participation of bilateral, multilateral donors and UN organizations) also dealing with Roma issues, is used extensively for bringing on board new partners and maximizing the impact of project interventions.

ESERE is coordinated with the ROMACTED project and the Roma Integration 2020 and has created synergies with the “Promoting human rights and protecting minorities by building an active regional network of relevant bodies that foster the implementation of national legislation in line with European standards and practices” project, implemented by the Council of Europe. The Project also exchanges information with the Joint EU/CoE Action “Fighting bullying and extremism in the education system in Albania”.

#### **4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting**

The overall objective of this Sector Budget Support (SBS) was to contribute to a more inclusive and effective labour market by supporting the employment and skills development policy of the Albania Government as defined in the National Employment and Skills Strategy (NESS) 2014-2020.

EUR 6.65 million was disbursed to the Albanian national budget in relation to the implementation of the IPA 2015 SRC for employment and skills for the year 2018, the final year of implementation. The assessment conducted has concluded that five out of ten indicators (1.3, 3.3, 4.3, 5.3, 9.3) were fully compliant with the requirements set for payment for 2018, two indicators (8.3, 10.3) were partially met, and three indicators were not met (2.3, 6.3, 7.3). Consequently, out of an overall EUR 27.5 million for the Budget Support, EUR 23.5 million was disbursed, namely 85.45% of the total allocation.

Priorities for Government action are defined in the National Employment and Skills Strategy 2019-2022 (NESS 2022) and the related Action Plan. The NESS 2022 was adopted by the Council of Ministers in October 2019.

With the support of the UNDP Skills Development for Employment Programme, the Ministry of Finance and Economy carried out the Mid-Term Review of NESS 2020. The results and recommendations of this review were presented and endorsed by the IPMG in December 2018. The vision of the Employment and Skills Strategy 2014-2020 is estimated to be the same for the

period 2019-2022 and more specifically the vision is: "Higher skills and better work for all women and men". The Mid-Term Evaluation Report estimated that all 4 strategic priorities are still relevant and will not change. The strategy revised the indicators until 2022, in close cooperation with INSTAT. In addition, the Action Plan 2019-2022 details the Indicators/Targets for its implementation, and the budget planned for each measure, in cooperation and with donor input. Each measure will be implemented by using the funds planned in the MTBP, or under the donor projects that are being implemented, as well as under the approved projects that will start to be implemented. The four strategic objectives in the revised Action Plan are:

- A. Foster decent job opportunities through effective labour market policies;
- B. Offer quality vocational education and training to youth and adults;
- C. Promote social inclusion and territorial cohesion; and
- D. Strengthen the governance of the labour market and qualification systems.

In 2019, the fourth Annual Monitoring Report 2018 on the implementation of the National Employment and Skills Strategy 2014-2020, was finalized. The results showed that the progress is overall satisfactory. During 2018, out of 52 actions, 49 actions or 94% of the total actions have been initiated. Considering the reported information from public agencies involved in the implementation of the strategy, the average level of implementation for the initiated actions is advanced. The demonstrated progress is linked to both the high commitment of the government, and the support provided through EU sector budget support and other international donors.

The Government of Albania has maintained the momentum in the execution of the NESS reform, with the adoption of the majority of bylaws and instructions related to the implementation of the new VET law and AQF law in 2019; the remaining secondary legislation is in an advanced stage of preparation. The adoption of Law No.15 / 2019 "On Employment Promotion" in March 2019, completed the legal framework related to employment policies / programmes and skills development (bylaws being drafted). More importantly, it has created ample space for the diversification of Employment Promotion Programmes and employment services, placed the providers of employment and vocational education and training under the management of the National Agency on Employment and Skills (NAES), and established a Social Employment Fund (for the employment and upskilling of people with disabilities). The Council of Ministers approved the establishment of the NAES in July 2019 (DoCM 554/2019), and the approved structure of the new Agency envisages a significant increase in human resources at the central level (from 36 to 90).

The complementary technical assistance accompanying the SRC is forecast to commence in the third quarter of 2020. The overall objective of the TA is to strengthen the capacity of the Government and especially the MoFE and other stakeholders to implement the revised NESS strategy. It will also provide assessment, policy advice, capacity building etc. to the MoFE and other stakeholders involved in relation to the implementation of the reforms process.



The "Economic and Social Empowerment for Roma and Egyptians - a booster for social inclusion" project has been a multi-sectoral and multi-stakeholder EU funded intervention that aims to promote the economic and social empowerment of Roma and Egyptian communities in Albania focusing on the municipalities of Tirana, Durrës, Shkodra and Berat. The project has supported the Government of Albania in advancing the social and economic inclusion of Roma and Egyptians through a series of policies and actions. The project has not only exceeded its targeted results, but has established a qualitative, functioning model while producing profound changes in service delivery approach within. It has made an impact on all aspects of the complex, multidimensional facets of the integration process and reality of Roma and Egyptian communities in Albania. Its main impact lies in the transformation of communities and stakeholders' awareness, attitudes and work practices. The results and outputs of the ESERE project are measurable and with immediate effect on the target beneficiaries. It has accurately responded to targeted community social inclusion challenges by applying a transformative approach that has stimulated all stakeholders – from community members to institutions and the civil society - constituting the integration set-up, to work more efficiently together, while delivering tangible results. ESERE has been designed to be supportive of strategic and policy priorities: from the community, municipal level to the national level. Moreover, the project has contributed to achieve other relevant sectoral priorities: Youth, Employment, Gender Equality, Anti-discrimination etc. and is a showcase of support to Roma integration policies for the Western Balkans.

In addition, ESERE has produced sustainable results both for its end beneficiaries – as the majority of those engaged in professional upgrading and self-employment activities showed durable perspectives – and for the formal social inclusion set up in Albania. The model established has achieved a strong degree of institutionalization and can be made sustainable with further consolidation support. Furthermore, the project has increased the capacity of Roma and Egyptians to participate in local development and planning of central and local level institutions to address social inclusion.

## 5. Operating structure(s) in place and related changes (if the case) relevant

The Operating Structure (in the case of complementary technical assistance under the Sector Reform Contract under indirect management by Albania) in the sector is set out in the table below:

IPA Programme/Action	Operating Structure
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015</b>	
<b>Action 5. Sector Reform Contract for Employment and Skills - complementary technical assistance –indirect management with Albania (TA)</b>	<b>(i) Contracting Authority (CFCU)</b> <b>(ii) NIPAC SO</b> <b>(iii) IPA Unit of Beneficiary institutions</b> Ministry of Finance and Economy National Employment Service NAVETAQ (National Vocational Education and Training Agency)

In the case of the 2014 Action "Economic and Social Empowerment for Roma and Egyptians - a booster for social inclusion", implemented under indirect management by the UNDP, the regional and local authorities of Tirana, Durres, Shkoder and Berat were key partners in implementing the activities of the project at the local level. Memoranda of Understanding were signed with the local authorities of the four intervention areas where roles and duties as regards project implementation are clearly stipulated.

## **6. Information on the implementation of programmes in the sector**

During 2019, the 2014 Action "Economic and Social Empowerment for Roma and Egyptians - a booster for social inclusion" (ESERE) was successfully completed. Its achievements are reported in the section below.

## **7. Main achievements in the sector**

The overall impact of ESERE lies in increasing the capacity of Roma and Egyptians to participate in local development and planning of central and local level institutions to address social inclusion, which has been achieved through the following results:

- Increased employment and skills development opportunities accessed by Roma and Egyptians women and men;
- Employment gap between Roma and Egyptian communities and the majority of the population reduced;
- Community Led Local Development (CLLD) for Roma and Egyptian inclusion at the local level through integrated, inclusive and sustainable development;
- Procedures, models, tools and guidelines are established and made operational based on the Integrated Approach and a Behavioral Change Model to support better access of Roma and Egyptian communities to basic services and to foster a tolerant and inclusive society in Albania;
- Support to the implementation, monitoring and evaluation of the National Action Plan for Roma and Egyptian Integration in the Republic of Albania, 2015-2020 at the national, regional and local level;

The main achievements of “**Economic and social empowerment of Roma and Egyptian communities**” for 27,302 ESERE direct beneficiaries were:

- 883 Roma and Egyptians employed through 7 Active Labour Market Measures (ALMM);
- 64 businesses benefited grant agreements for an ALMM;
- 132 Roma and Egyptians participants of the Basic Literacy and Life Skills;
- 26 teachers/instructors trained on Basic Literacy & Life Skills Courses;

- 68 personnel of National Employment Service trained on Roma and Egyptian communities' employment and vocational education coaching;
- 300 Public Officials trained at central and local levels on ROMALB, social care and behavioral change;
- Over 1,771 Community-based social care services provided;
- 13 Community Upgrading Projects have been implemented;
- At least 10,000 direct beneficiaries benefited from Improved infrastructure, sewage system, water connection etc.;
- 1772 parents and students benefited from inclusive education & disaggregation;
- 99 beneficiaries profited from adult education;
- 20 Roma and Egyptian CSOs involved and strengthened;
- 12,187 Direct beneficiaries of the Roma and Egyptian CSO initiatives;
- 15 Inclusive Policy Responses adopted at Central and Municipal levels.

**8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned**

N/A

**9. Recommendations for further actions**

Following the successful completion of the ESERE project in June 2019, the following recommendations have been proposed:

**Key Recommendation 1: Develop a project proposal for a next ESERE phase and actively mobilize funds (with the EU); Pursue a targeted effort of R&E inclusion; Fund a Roma targeted project:** Achieving Roma integration is a much longer process than social inclusion. Since the Roma integration challenge is the highest, ESERE has built a strong Social Inclusion model, but in practice, the Roma integration model is not yet sufficiently anchored with municipalities and institutions; it needs to scale up results and lobby more with local and national governments, so they fully take over their roles in implementation.

**Sub recommendation 1.1:** *Organise a workshop to take stock of all best practices to produce a "how to" manual" describing the field experience-based ESERE model with its mechanism of social inclusion.*

**Sub recommendation 1.2:** *Include Roma and Egyptian communities from other municipalities with a view to replicate the model, while keeping as targeted locations the four existing Municipalities in order to bring the model at a more advanced stage and secure sustainability of results.*

**Key Recommendation 2: Strengthen the Roma and Egyptian inclusion model and use this opportunity to provide a tested and strong model for mainstreamed social inclusion in Albania:** Use and extend the ESERE effective intervention to develop a model of inclusion that

is not just relevant to Roma and Egyptian communities but also applicable to address inclusion of all excluded or marginalized communities in Albania (unique opportunity and practice, gives more sense to the social investment made by the EU).

**Sub-recommendation 2.1:** *Set the conditionality of recommended ESERE next phase social inclusion activities to the release of central government matching (social funds) contribution.*

**Sub-recommendation 2.2:** *Strengthen implementation practice. The process of integration can suffer no disruption.*

**Sub-recommendation 2.3:** *Build and promote stories of successful integration.*

**Sub-recommendation 2.4:** *“Break the ghetto” i.e. apply a more targeted approach by prioritizing support to the most excluded Roma and Egyptian communities, i.e., settlements physically isolated from urban centers.*

The 1<sup>st</sup> Sectoral Monitoring Committee was held on 8 May 2019 for the sector “Education, Employment and Social Policies”. The following Operational Conclusions are still pending:

- *The European Union recognised the importance of the revision of the NESS, and encourages the Albanian authorities to identify, target and implement the necessary measures to increase the inclusion of population at risk of exclusion in employment and VET, and outreach to rural areas.*
- *In particular, Albania should adjust the network of VET institutions and offers to reduce the mismatch with the labour market, improve teacher skills and learning materials, and develop flexible offers for VET delivery (school based/work-based VET).*
- *Albania will strengthen the monitoring and evaluation of the overall education and VET reform and skills anticipation in coordination with Civil Society Organisations and the private sector.*
- *With regard to Social Protection and Inclusion, Albania will use the momentum of the revision of the Social Protection National Strategy to further consolidate the planning and support to the decentralization process of social care services and other reforms under this framework. The role of the local authorities in the policy reform will be streamlined, including procurement and operational functions.*
- *The GoA will increase the efforts to create an enabling environment for participation of Non-Governmental Organisations (NGOs) in the procurement and outsourcing of social care services at local and national level.*
- *Effective funding mechanisms and regulations for the functioning of the Social Fund will be established by the Albanian authorities in a transparent and equitable way, to ensure continuity and sustainability of social services established at local level.*
- *The two policy frameworks under revision will ensure gender mainstreaming across objectives/ indicators and actions.*

## **10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken**

N/A

## **II.7. Territorial cooperation and regional cooperation**

### **1. Involvement in programming**

During 2019, the Ministry for Europe and Foreign Affairs as National Coordinator for Territorial Cooperation has worked closely with counterpart structures to enable the smooth implementation of the Territorial Programmes in which Albania participates. Particular attention was dedicated to the coordination of Calls for Proposals, the signature of Financing Agreements and actions aimed at strengthening of the capacity of Albanian applicants.

By end of 2019, Albania (as well as other participating countries) received the Border Orientation Paper for some of the Cooperation Programmes with member states such as Interreg Adrion, Interreg Mediterranean, Interreg IPA CBC Italy-Albania-Montenegro and Interreg IPA CBC Greece-Albania. The first meetings of the (pre) Task Forces for the new programming period were held in the frame of Interreg Adrion (08.10.2019) and Interreg IPA CBC Italy-Albania-Montenegro (26.11.2019).

For IPA-IPA CBC Programmes, a clear programming framework for post-2020 will be in place by April 2020.

### **2. Progress made in implementing the CBC programme and in particular in achieving the specific objectives per thematic priority (including qualitative and quantitative elements indicating progress in relation to targets)**

The main developments for each CBC programme are presented below. Information is provided on all the territorial cooperation programmes Albania participates in.

IPA II CBC Programme Albania – Kosovo: the second Call was launched during May 2019 and closed on 30 August 2019, with a budget of around EUR 2.04 million (EU Contribution) and focused only on one thematic priority, “Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management”. A one-day training for potential applicants was organized on 11 June 2019 in Tirana, attended by 42 participants. 2 projects were selected and contracted; implementation will start during the first semester of 2020.

In addition, the Financing Agreement for 2018 allocations was approved and signed by the end of December 2019.

IPA II CBC Programme North Macedonia – Albania: the second Call for project proposals was closed on 1 February 2019, with a budget of EUR 2.8 Million (EU Contribution) and focused on the priorities of: tourism, culture and environment. 5 projects were selected to be financed. Their implementation started in late 2019 and is on-going.

During June-July 2019, the Operating Structures organised seven information sessions on both side of the border with 168 participants. The relevant stakeholders invited were Civil Society Organizations, Ministries, Agencies, Directorates and LGUs. The aim was to identify concrete project ideas for strategic investments. The budget available was circa. EUR 5 million to finance 1-2 projects with major infrastructure components in the fields of tourism, culture, competitiveness and environment. These info sessions were focused on providing detailed information and practical advice for the preparation of strategic project ideas. As a result, 19 preliminary strategic proposals were submitted, out of which 7 are short-listed for further evaluation.

In addition, the Financing Agreement for 2018 allocations was approved and signed by the end of December 2019.

IPA II CBC Programme Montenegro – Albania: The second Call for Proposals was open from February to May 2019, with a total budget of EUR 2.8 million. This Call was launched for two priorities of the programme: Environment and Employment. 2 info sessions for potential beneficiaries were organised in Albania, respectively on 4 April 2019, in Lezha (26 participants) and 5 April 2019, in Shkodra (47 participants), aiming to foster the capacities of the potential grant applicants in the preparation of project proposals and address technical issues of the 2nd CfP. Currently the evaluation process coordinated by the CFCU of Montenegro (as Contracting Authority) is still on-going. It is expected that 7-8 projects will be contracted.

The Financing Agreement for 2018 allocations for this Programme was approved and signed by the end of December 2019.

IPA II CBC Programme Italy - Albania – Montenegro: the third Call for proposals was closed in June 2019 and the list of successful projects announced in December 2019; contracting is pending. The Call addressed all four priorities of the Programme (tourism, competitiveness, environment, and transport) with a total budget of EUR 13.5 million. One of the main problems identified at Programme level is the low absorption of funds by the project beneficiaries due to difficulties encountered during the implementation phase, as well the delay in starting projects and receiving pre-financing.

IPA II CBC Programme Greece – Albania: in the framework of the fourth Call for proposals, 31 projects were selected with a total value of approximately EUR 4.5 million for Albanian beneficiaries, that will be implemented in the four counties: Berat, Vlora, Gjirokastra and Korça. These projects are still in the contracting phase and implementation is expected to begin during the first quarter of 2020.

Currently, 46 projects are under implementation from the first three Calls for proposals with a total amount of approximately EUR 15 million for Albanian Beneficiaries. Almost all the projects have experienced significant delays in implementation due to the prolonged procedures in the Ministry of Finance and Economy for the opening of the bank accounts for the projects and the transfer of pre-financing.

In the meantime, regarding the fifth Call, which is a targeted Call, the coordination process continued for the finalisation of the project focused on “Forest fire protection”, with an indicative value of approximately EUR 2.4 million; the Albanian partners are the Ministry of Tourism and Environment, the Ministry of Defence (Directorate General of Civil Emergencies) and the Municipality of Berat. The project is expected to be contracted within May 2020.

Interreg Adriatic – Ionian (ADRION) Programme: the third Call for proposals was open from 20 May 2019 to 12 September 2019, focusing on two priorities: Priority Axis 1 – Innovation (Smart Region) and Priority Axis 3 – Transport (Connected Region). 13 project proposals were submitted with the participation of 11 Albanian partners. Currently, the submitted project proposals are under evaluation by the Joint Technical Secretariat.

35 projects were funded under the 1st Call for Proposals with the participation of 26 Albanian partners. 186 applications were submitted for the second Call for Proposals focused on Priority Axis 2 – Sustainable Region, including 210 Albanian partners. On 17 July 2019, the Monitoring Committee approved 22 projects with a total allocation of EUR 33.3 million (EU funds). The list of successful projects includes 27 Albanian partners with a total budget of EUR 2.9 million.

Transnational Cooperation Programme Interreg Mediterranean (MED): the 3rd Call for modular projects, and the 2nd Call for horizontal projects were closed in 2019. 13 modular projects and 8 horizontal projects were approved. Albania was involved in 14 applications for modular projects and 1 application for horizontal projects.

Transnational Cooperation Programme Interreg Balkan – Mediterranean: the 30 projects contracted from the first Call (including 40 Albanian partners) have been under implementation in 2019. Since all the available funds were contracted during the first Call, no further Calls for proposals are foreseen.

Finally, the Ministry for Europe and Foreign Affairs, in the capacity of the National Coordinator for the Macro-Regional Strategy for the Adriatic and Ionian (EUSAIR), has closely followed and actively contributed to the work processes related to the implementation of the Strategy in Albania.

### **3. A summary of problems encountered in implementing the CBC programme and any corrective actions taken, as well as recommendations for further corrective actions**

The implementation of the Technical Assistance Service Contracts for the three IPA-IPA Programmes where Albania participates still remains a challenge. The demanding internal administrative procedures for approvals (for example: requests for travel and per diems, requests for payments etc.) are due to the fact that a national public administration has to deal with a service contract essentially designed for the private sector. In addition, the fact that requests for the use of incidental expenditures have to be sent for approval to the respective EU Delegation for the travel of each OS representative makes this management process more complicated. This results in the late payment of travel expenses and the need for the individuals concerned to anticipate the travel costs from their own resources.

Measures have been taken to resolve this. Starting from December 2019-January 2020, the Technical Assistance for the three IPA-IPA Programmes will be implemented according to the new grant contracts. The problems related to the previous TA Service Contracts are expected to be minimised; however, the smooth implementation of the new TA contracts may still remain a challenge.

With regard to the implementation of the Technical Assistance for the Programmes where the Albanian Ministry of Finance and Economy (CFCU) acts as First Level Control Office, significant delays have been identified for the certification of expenditures due to the lack of capacities in the FLC Office. The change to the organisational chart of the CFCU (as of 2020) has recognised and addressed this issue, also through an increase in the number of staff assigned to First Level Control.

VAT reimbursement and co- financing are an issue for the implementation of projects by Albanian beneficiaries, especially local CSOs. New guidance was issued by the Minister of Finance and Economy on VAT reimbursement (Guidance No. 34 of 5.12.2019) following consultations with CSOs; regular official communications with the Ministry of Finance and Economy to monitor the implementation of the new guidance is recommended.

#### **4. Monitoring, including data collection arrangements and where applicable evaluation activities**

Monitoring is an on-going process and has an important role to play in the management of all the CBC programmes, in confirming that each Programme is making good progress, determining whether or not the programme continues to pursue the original targets and in identifying potential problems occurring, so that corrective action can be taken.

During 2019, in cooperation with EUD of Montenegro and Kosovo and the respective Joint Secretariats, monitoring visits have been carried out for all the projects implemented under Montenegro-Albania and Albania-Kosovo IPA CBC Programmes. Additionally, some monitoring



visits in cooperation with the JS have been organised for the projects financed under the Interreg IPA CBC Greece-Albania Programme.

Problems identified were in general related to the reimbursement of VAT, the opening of the bank accounts for the projects, delays in the transfer of funds and the lack of cooperation between partners.

A monitoring system is partially established with the assistance of the Cross Border Institutional Building project (CBIB+), as the main tool for monitoring the overall implementation of the IPA-IPA Programmes. The National Authorities and the Joint Monitoring Committees shall be responsible for monitoring the Programme's physical implementation in accordance with the principles of sound financial management.

During the reporting period no evaluation at programme level was performed for any of the Territorial Cooperation Programmes Albania is participating in.

Approximately 200 Territorial Cooperation projects are currently under implementation for with an approximate value of EUR 41.7 million for Albanian beneficiaries.

## **5. Communication and visibility activities**

During the reporting period, a significant number of communication and visibility activities took place with the aim to promote the Programmes and raise awareness of the public on the possibilities offered through the Programmes as well as to build capacities of potential applicants for the participation in the CfPs launched under the Programmes. For all the Programmes that have launched Calls for Proposals during 2019, Info Days and Visibility events have been organised. For almost all the programmes, Implementation Seminars for Albanian beneficiaries have been organised addressed to projects under implementation. Furthermore, activities were organized as well in the framework of European Cooperation Day (September 2019).

## **6. Coordination with the partner country/ies**

During 2019, no obstacles or problems have been identified during the coordination with all the partner countries, including National Authorities and Managing Authorities. The cooperation and coordination can be considered as very satisfactory.

### **Indirect management**

#### **1. Operating structure(s) in place and related changes, if relevant.**

Albania participates in only one CBC Programme under indirect management, namely the IPA CBC Montenegro-Albania 2014-2020, managed by Montenegro. The Operating Structure on Albanian side is composed of:

- Head of OS (MEFA)
- CBC Body (MEFA)
- Control Body (CFCU, Ministry of Finance and Economy)

During 2019 there were no changes as regards the Head of the Operating Structure or the Head of the CBC Body, while the Head of the Control Body was changed in August 2019.

Following the approval of the Programme Level Control Procedures on 15 November 2019 by the Montenegrin NAO, the Albanian Control Body will take over the control of expenditures of Albanian beneficiaries.

**2. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.**

One of the main problems identified is the lengthy assessment process of the project-proposals by the Joint Evaluation Committee established by Montenegro and Albania, in line with the provisions of the Framework Agreement. The assessment process is made in accordance with the Framework Agreement, and therefore there is little room for manoeuvre.

**3. Recommendations for further actions**

The CFCU is implementing a detailed Action Plan in order to ensure the First Level Control activities are carried out in a timely fashion in 2020.

**4. Implemented audits – main findings & recommendations and corrective action taken**

The main findings of audits carried out are reported below.

- 1) With regard to IPA CBC Montenegro-Albania, the deficiency related to lack of Programme level control procedures has been present for some time with the consequence that the Albanian Control Body did not conduct the control of expenditures of Albanian beneficiaries. During this period, the Montenegrin CFCU verified and approved the expenditure of the project partners from Albania. Respecting the Framework Agreement and Bilateral Arrangement, there was no legal basis or formal agreement between the countries on the basis of which the CFCU could verify the costs of Albanian project partners. Furthermore, by controlling the costs of Albanian project partners, the Montenegrin CFCU compromised the eligibility of approved expenditure because it controlled costs in a language that was not understood and costs

under Albanian national regulations for which it did not have any adequate training. This leads to the risk that the expenditure of Albanian project partners is ineligible because they have not been approved by the Albanian Control Body.

However, following the approval of the Programme Level Control Procedures on 15 November 2019 by the Montenegrin NAO, the Albanian Control Body will take over the control of expenditures of Albanian beneficiaries.

2) Programme level control procedures do not describe detailed procedures with respect to horizontal processes (Human Resources, Irregularities, Risk Management, and Annual Management Guarantee etc.) It may have impact on inappropriate implementation of tasks and responsibilities during different processes.

Following the approval of the Programme Level Control Procedures on 15 November 2019 by the Montenegrin NAO, these findings have been addressed.

### III. PERFORMANCE INDICATORS

#### III.1. Democracy and Governance

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014</b>						
<b>IPA 2014 Public Administration Reform</b>	Advancement in the IPA II Country Strategy Paper composite indicator for government and PAR, notably the average of the index for Government Effectiveness, Burden of Government Regulation and Regulatory Quality (distance from EU average = 100)	World Bank and World Economic Forum	75.37 (2010)	85.29	89.54	n/a
	Increase of public administration employees registered in HRMIS	Department of Public Administration annual report	0%	All central administration and 50% of local administration	100% of central and local administration	Up to 31 December 2019 there are 75012 positions in the HRMIS, out of which 60240 had registered personnel files.  As for the institutions that are generating

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						payroll through HRMIS, the latest number is 120.
	Increased number of state administration institutions who maintain a document registry and database	Annual report of Commissioner of Data Protection and Right to Information	n/a	Central registry and 80% of state administration registers in place	All state administration institutions have and maintain registries in place	The Commissioner's office has monitored all the public authorities during 2019 on the publication of the transparency programme. As a result, 246 authorities have published on their official web pages the transparency programmes, 236 have published the contacts of the Information Coordinator and 189 have published the register of questions and answers based on law no. 119/2014 "The right of Information".
<b>IPA 2015 Sector Reform Contract on Public Administration Reform</b>	Increased share (ratio) between total funds estimated in the last five adopted sector strategies and total	SIGMA annual report			<b>1.3 Full Payment:</b> At least 80% of the total estimated funding needs in last five adopted	List of strategic documents adopted by DCM during January-September 2019

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	funding identified for the corresponding sectors within the MTBP				sectoral strategies covered in the MTBP 2020-2022 (SIGMA indicator)  <b>Partial payment:</b> At least 70% of the total funds estimated in the last five sectoral strategies covered under the corresponding sectors in the MTBP 2020-2022	
	Increased annual rate of implementation of the National Plan for European Integration	Annual NPEI implementation report (MEFA)			<b>2.3 Full Payment:</b> NPEI for 2019 is implemented to the rate of at least 90%.  <b>Partial payment:</b> NPEI for 2019 is implemented to the rate of at least 80%	Based on the Monitoring Reports of NPEI, for the period January - December 2019 out of a total of 144 legal acts planned, 87 were adopted or 60%.
	Adoption of full regulatory impact assessment (RIA)	PAR Strategy implementation report	Data for 2018		<b>3.3 Full Payment:</b> All impact assessments of	64% the average score for the quality of impact assessment of

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	methodology and its increased application and quality				important legislation prepared in 2019 receive a good average score for quality (PAR Strategy indicator 2a)  <b>Partial payment:</b> At least 50% of impact assessments of important legislation prepared in 2019 receive a good average score for quality (PAR Strategy indicator 2a)	acts submitted for the approval to the CoM for the period January - December, 2019.
	Increased quantity of legal acts which have passed through an extensive public consultation process and show evidence of involvement of the public and stakeholders in the process	PAR Strategy implementation report			<b>4.3 Full Payment:</b> The average score for quality of the public consultation process on draft legislation is at least 7.0 points (PAR Strategy indicator 2b)  <b>Partial payment:</b>	Index of Public Consultation for the year 2019 is 5.12 points score for the quality and 71.42 % regarding the draft legislation adopted by Council of Ministers which passed through the public consultation process.

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
					The average score for quality of the public consultation process on draft legislation is at least 6.0 points (PAR Strategy indicator 2b)	Index of Public Consultation for year 2019 based on "various forms of consultation" which includes the legal acts which have passed through an extensive public consultation process and show evidence of involvement of the public and stakeholders in the process, but are not published on e-register, is 5.56 for quality and 77.14%.
	Increased rate of implementation of the annual recruitment plan in line with the Law on Civil Servants and its secondary legislation	DoPA annual report for 2019 (prepared in February 2020)			<b>5.3 Full Payment:</b> The Annual Recruitment Plan for 2019 is implemented to the rate of at least 90% (in line with the Law on Civil Servants and its secondary legislation)	"The Annual Recruitment Plan for 2019 in the State Administration Institutions, part of the civil service has been approved by the Decision of the Council of Ministers, no. 77, dated 20.02.2019, where 495 positions



Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
					<b>Partial payment:</b> The annual recruitment plan for 2019 is implemented to the rate of at least 85%	are planned for recruitment during this year. This decision was amended with the DoCM no. 500 dated 17.07.2019 "Amendments to Council of Ministers Decision no. 77, dated 20.2.2019,"On the Annual Recruitment Plan, for 2019, in the State Administration Institutions, part of the Civil Service" and the total number of vacancies in the civil service for 2019 is now 650. Until the end of the year a total number of 709 positions were filled, hence the implementation rate of the annual recruitment plan for 2019 is 109.9%.
	Increased scope of institutions generating	DoPA annual report			<b>6.3 Full Payment:</b> HRMIS generates	30 new institutions have been added to

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	payroll report from HRMIS				<p>payroll reports for all state administration institutions, independent institutions and all local government units (LGUs) employing civil servants. (Achievement: by end 2020; Assessment: by May 2021; Disbursement by September 2021)</p> <p><b>Partial payment:</b> HRMIS generates payroll reports for all state administration institutions independent institutions, and 50% LGUs. (Achievement: by end 2020; Assessment: by May</p>	the list of 90 institutions that generate payroll reports through reports, hence the total number of institutions that generate payroll through HRMIS is 120.

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
					2021; Disbursement by September 2021)	
	Decrease in the proportion of final court decisions confirming unlawful dismissal of civil servants	DoPA Annual report	Data for 2018		<b>7.3 Full Payment:</b> The rate of final court decisions (taken in 2018) confirming unlawful dismissal of civil servants is reduced by 7% compared to the baseline of 2018.	According to the data, there is information about 35 cases for which the Court of Appeals has given a final decision during 2019, out of which 17 were in favor of the civil servant. Thus, the rate of unlawful dismissals is 48.57%, which has decreased in comparison to 2018 (64.1%)
	Increased enforcement of the backlog of final court decisions in relation to civil servant appeals	DoPA annual report			<b>8.3 Full Payment:</b> 60% of the total backlog of final court decisions in relation to civil servant appeals is enforced by the relevant institutions.	According to the data, from 2013 until now there have been 242 executed court decisions and 122 yet to be executed. Hence, the percentage of the implementation of the court decisions is 66.5%.

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	Increased number of public services provided at a higher level of automation	PAR Strategy implementation report			<b>9.3 Full Payment:</b> 150 public services provided at a higher level of automation.  <b>Partial Payment:</b> At least 100 services are provided at a higher level of automation	For the period January - December 2019, there are 313 Services offered at a higher level of automation: - 303 services offered at a higher level of automation compared to 2018 - 10 new electronic services added in the portal during the period January-Dec 2019
	Improved implementation of the law on access to information	Annual Report of the Commissioner for Data Protection and Right to Information	Baseline to be set with the annual report of the Commissioner for Data Protection and Right to Information for year 2019		<b>10.3 Full Payment:</b> Decrease by 1/3 the share of public information requests refused by public authorities in 2020 compared to the baseline of 2019. (Achievement: by end 2020; Assessment: by May 2021; Disbursement by September 2021).	By means of Addendum 5 to Annex IA of the Financing Agreement for the IPA 2015 Action Programme for Albania (Ref. Ares (2019) 4760729 - 22/07/2019) of the Sector Reform Contract for Public Administration Reform the measurement of indicator 10.3 was postponed by one year. According to said

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						addendum the indicator to be fulfilled by the Office of the Commissioner is: "Decrease by 1/3 the share of public information requests refused by public authorities in 2020 compared to the baseline of 2019. During January 2020, the Office of the Commissioner obtained from 128 public authorities information on the total number of requests addressed by citizens and/or civil society organizations, number of requests properly processed, the number of refused requests and the reasons behind such refusal for the period January - December 2019. 11758 requests for information have

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						been registered from the coordinators of the 128 Public Authorities and for 1185 of them the information have been refused. Hence, 10% of the requests have been refused by the Public Authorities during 2019. This will constitute the baseline for measuring of the indicator in 2021.
<b>IPA 2014 Sector Reform Contract on Public Finance Management</b>	1.1 MoF publishes a report for fiscal year 2017 as set out in Article 63 of the Organic Budget Law including the assessment of the application of the requirements for Fiscal principles and rules (Article 4.1), and Control of budget execution in electoral years (Article 4.3). (Achievement by end				(June 2018) To be achieved	*

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	June 2018; Assessment by July 2018.)					
	1.2 MTBP adopted, including: alternative macro-fiscal assumptions; framework of medium-term investments; fiscal risks assessment; key fiscal ceilings; expenditure priorities.	1.2 MoFE	1.2 MTBP is currently not a legally binding act with limited information on fiscal risks and without a framework of medium-term investments and alternative macroeconomic scenarios. Capital investment projects are managed by the Ministry of Economy while the budget framework is put together by the Ministry of Finance. There is a need for strengthened coordination, preparation and appraisal of government capital investment projects linked to the MTBP.	1.2 MTBP2016-2018 is adopted, including: alternative macro-fiscal assumptions; integrated framework of medium-term investments; elaborated fiscal risks assessment; key fiscal ceilings; expenditure priorities. For MTBP 2017-2019 the Public Investment program is updated and aligned taking into account ongoing capital projects and prioritization and appraisal (including cost benefit analysis) of planned capital projects.	1.2 Regulation outlining the institutional responsibilities on the preparation, prioritization and appraisal (including cost benefit analysis) of Government capital investment projects linked to the MTBP approved by the Council of Ministers (as per PFM 2014-2020 Strategy, Pillar 2)	*
	1.3 Multi-year commitments control introduced in the Treasury System /	1.3 MoFE	1.3 Multi-year commitments are currently tracked on excel spreadsheet	1.3 Multi-year commitments control against multiyear budget ceilings is in	1.3 MoF action plan of June 2015 addressing the recommendations	*

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	AGFIS. Accumulated arrears prior to 2014 cleared, arrears audit recommendations implemented.		against multiyear ceilings and are not directly recorded in the Treasury system/AGFIS. As of June 2015, the total arrears paid under the arrears' clearance strategy was 46.3 bn LEK plus netting of 13.4 bn LEK out of 70 bn LEK.	place through the Treasury System/ AGFIS. 100% of government arrears as of end-December 2013 cleared.	of the external auditors of arrears clearance implemented	
	1.4 Fiscalisation of cash payments by tax payers increased. Enhanced audit operation of tax administration using risk-based audit techniques. Fiscal cadastre is set up.	1.4 MoFE	1.4 Number of fiscal receipts revenue to GDP ratio - 26% in 2014	1.4 Increased tax revenue/GDP ratio compared to 2014 by increase of fiscal receipts, enhanced audit and increased efficiency in property taxation	1.4 Fiscal cadastre on buildings is established in 4 pilot municipalities (Tirana, Durres, Fier, Korca), leading to a 20% increase in the number of properties effectively paying the tax. (Achievement by end 2018; Assessment by Mar 2019)	<b>No compliance.</b> While the IT system has been developed, its population with complete and accurate data has not progressed as foreseen.
	1.5 PP review is independent transparent and effective and efficient	1.5 SIGMA Assessment	1.5 The Public Procurement Commissioner (PPC) is currently a public legal body subordinated to the Council of	1.5 PP legal framework more aligned to EU directives in terms of independence and the review function is effective demonstrated	1.5 The percentage of cases when the Public Procurement Commission (PPC) exceeds the legal maximum	<b>Full compliance.</b> The percentage of cases when the PPC has exceeded the legal maximum processing



Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
			Ministers. SIGMA qualitative indicator: 2 out of 5.	by SIGMA qualitative indicator: 3 or above out of 5	processing time in the period Jul-Dec 2018 is below the 2014 baseline and below the new baseline for Jan-Jun 2018. (Achievement by end 2018; Assessment by Mar 2019).	time for the period July 16 - December 31, 2018 is 38.0%, lower than the percentage in the period January 1 - July 15, 2018 (54.0%), and lower than the 2014 baseline (39.6%).
	1.6 Citizen's budget annually published.	1.6 MoFE publication	1.6 Albania does not currently have a Citizen's Budget	1.6 Citizen's Budget published	1.6 Citizen's Budget published annually	*
	1.7 Increased number of convictions/sanctions as per Article 257 and 257/a of the criminal code compared to 2012-2014.	1.7 MoJ track record	1.7 Number of convictions/sanctions as per Article 257 and 257/a of the criminal code in 2012-14: 5	1.7 Positive track record of final conviction / sanctions as per Article 257 and 257/a of the criminal code	1.7 Positive dynamic in the track record of final conviction / sanctions as per Article 257 and 257/a of the criminal code	*
	1.8 The audit of the High State Control (HSC) is in compliance with INTOSAI standards.	1.8 HSC report, peer review report, SIGMA assessment	1.8 SIGMA assessment of PAR Principles: the extent to which the HSC uses the standards to ensure quality of audit work is rated 3 out of 5 according to 2014 baseline assessment	1.8 The HSC strengthens its audit work in line with the standards for financial audit and compliance/regularity audit and updates its development plan to address the findings of the peer review exercise 2017 in respect of compliance audit	1.8 The High State Control prepares its medium-term development strategy for 2018-2022 on the basis of a peer review in line with the ISSAI standard 5600 conducted by one or several partner	*

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
				financial performance practices and audits	State Audit Institutions and a work load assessment conducted by one or several partner State Audit Institutions.	
	2. Level of achievement of the targets set out for the disbursement of the tranches	EC Progress Reports World Bank IMF	Partially achieved	Partially Achieved	Satisfactory Progress	<b>Satisfactory Progress</b>
<b>IPA 2014 EU Integration Facility</b>  Support to the Implementation of Population and Housing Census 2020 activities in Albania	No. of trainings, workshops and consultations organized	Inception report	Census 2011	N/A	At least 10	<b>3</b>
	No. of INSTAT staff trained	Project Progress Report (every 6-months)	Census 2011	N/A	At least 50	<b>8</b>
	Compliance with the EU regulation on Population Census (No 2017/543) and EUROSTAT and UNECE recommendations	New Census Law and Council of Ministers decisions; and census questionnaire	Draft New Census Law to be approved EU Census regulation	N/A	Fully compliant with EU regulation on Population Census (No 2017/543) and EUROSTAT and UNECE recommendations	<b>New Census Law not approved yet</b>
	Pilot Census questionnaires and other materials (instructions manuals)	<ul style="list-style-type: none"> <li>•Pilot Census results</li> <li>•Main Census results</li> <li>• PES results</li> </ul>	Last census 2011	N/A	Final version of questionnaires as well as other census materials on time	<b>Pilot Census questionnaires FINALIZED</b>

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	and training materials) prepared					
	Number of applications developed for data collection, monitoring, implementation of Census activities and applications for data processing and dissemination.	INSTAT website- main results Data quality assessment	Strategy, Census of Population and Housing 2020 in Albania Last Census of Albanian Population and Housing conducted in 2011	N/A	IT systems are available on time. IT equipment's are in place, for the implementation of Census activities. Applications for data processing and dissemination are available on time.	<b>CAPI applications tested during census pilot:</b> ✓ <b>CAPI application for enumerators</b> ✓ <b>Monitoring application for controllers</b> ✓ <b>Monitoring application for supervisors and overall monitoring used by INSTAT headquarter staff.</b>
	Updated of enumeration areas (EA) for entire country	Census 2011 geo-database and other administrative data	An up to date geographic information for census	N/A	Publications of geospatial census data and online web-GIS information	<b>98% of enumeration areas updated.</b>
	Number of staff recruited	Census Strategy and Planning document	INSTAT structure	N/A	8575 staff recruited	<b>242 staff recruited during 2019, staff including field work and administrative staff</b>
<b>IPA 2014 EU integration facility</b>	Progress made towards meeting accession criteria in the area of public administration	EC progress report	Moderately advanced	Moderately advanced	Significantly prepared	<b>Moderately advanced</b>

Financing Agreement/Programme reference	Indicator for sector Democracy and Governance	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
<b>IPA 2018 EU Support for the Participation in Union Programmes and Agencies</b>	Number of Programmes for which an International Agreement has been concluded;	European Commission	N/A	N/A*	9	<b>Fully achieved</b>
	Number of applications overall;	European Commission				n/a
	Number of successful applications	European Commission				n/a

### III.2. Rule of Law and Fundamental Rights

Financing Agreement/Programme reference	Indicator for sector Rule of Law and Fundamental Rights	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
<b>IPA 2018 Sector Reform Contract EU for justice reform in Albania</b>	New Judicial institutions are established and operational	Ministry of Justice	3 (Institutions established as per law 76/2016 of 22 July 2016: Independent Qualification Commission, Appeal Chamber, Justice Appointment Council)		At least a total number of 16 out of 19 High Court judges are appointed by the High Judicial Council at the end of 2020.	High Judicial Council and High Prosecutorial Council are established
	Processing of complaints against judges and prosecutors within the legal provisions in place enhanced	HJI	25% (2015-2016). 27 disciplinary investigations in total are started by the High Council of Justice in 2017		75% of the complaints processed;	Establishment of the High Justice Inspector
	Improved quality of performance for the School of Magistrates	School of Magistrates	Number of curricula in place 24 (2015/2016) Number of online course platform in place: 0		Three new curricula adopted and at least the online course platform is functional for the continuous training of judges and prosecutors.	Methodology adopted by the School of Magistrate including all the three quality components (quality of curricula, quality of staff and quality of continuous training);

Financing Agreement/Programme reference	Indicator for sector Rule of Law and Fundamental Rights	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	Improved capacity for legal education by the School of Magistrates	School of Magistrates	(2017) Number of Classrooms: 2, library/class room: 1, staff offices: 3. Poor conditions and limited capacities for legal education facility for School of Magistrates, Council of Ministers decision Nr. 744/5.11.2014 on allocation of funds and approval of the construction plan is in place. Based on the Law 115/2016 for the organisation of the governance of the judiciary the premises for the School of Magistrates require at least 10 classrooms, one library, conference/training room, staff offices		Annual report on the progress for the construction, reconstruction, purchase or other premises submitted	Temporary or final solution for premises for the School of Magistrates with 10 classes provided. In case of the earlier (temporary) the tender (construction, reconstruction, purchase or other) for the premises for the School of Magistrates is published
	Backlog of cases at the High Court is reduced	High Judicial Council	3 judges out of 19 in place at the high court. 22000 case were registered in 2017 and the last known baseline is 30000 backlog cases		At least 200 cases reduction - 100 for partial payment - compared 2019. At least a total number of 16 out of 19 High Court	At least 7 judge positions at the High Court have been filled

Financing Agreement/Programme reference	Indicator for sector Rule of Law and Fundamental Rights	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
			for 2018 at the High Court.		judges are appointed by the High Judicial Council at the end of 2020.	
	Use of alternative non-custodial means of conviction enhanced	HJC and HPC	70% for year 2017 on the basis of the following data 6046 cases which were given alternative non custodial mean of conviction divided by 8630 convictions for less than five years imprisonment whereby non custodial sentence may be applied. the statistic for 2018 comes out in the first quarter of 2019, so the base line will be updated later. For now we will keep the baseline of 2017.		five percentage point increase for 2020 compared to the data for 2019;	Three percentage point increase for 2019 compared to the data for 2017
	Free legal aid services are functional	Ministry of Justice	93 % on the basis of primary free legal aid services for 2017. Out of 828 eligible applications 771 received free primary legal aid. Secondary was not legally foreseen in 2017		95% for primary and 75% for secondary	95% for primary and 40% for secondary free legal aid are functional

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
<b>IPA 2016 Sector Reform Contract for the fight against corruption</b>	Implementation of the Law on Whistle blowing and Whistle-blower Protection	HIDAACI	0	Data for 2017: Reports of all public institutions with more than 80 employees (31 public central institutions and 60 local government units) have been submitted to HIDAACI no	Data for 2019: 80% of and external reported whistle-blower disclosures of 2019, initiated for administrative investigation, are completed by the legal deadline (assessment in Q1 2020).	100% Achieved
	Political party finances audited in line with EU/ACFA recommendations	Central Electoral Commission		Annual and election campaign finance reports plus preliminary and final audit reports of the five biggest political parties are published by the CEC in line with the amended Electoral Code and the Law on Political Parties as adopted by the Parliament (assessment in Q1 2018)  Data for 2018: Annual finance reports - and if applicable campaign finance reports - plus preliminary and final	Data for 2019: Annual finance reports - and if applicable campaign finance reports - plus preliminary and final audit reports of the five biggest political parties are published by the CEC in line with amended Electoral Code and Law on Political Parties and followed up in line with the law (number of sanctions imposed and documentation of important instances thereof) (1) Sufficient number of verifications of independent audit	100% achieved



Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
				audit reports of the five biggest political parties are published by the CEC in line with amended Electoral Code and Law on Political Parties as adopted by the Parliament (assessment in Q1 2019).	reports conducted by CEC and followed up as necessary (number of sanctions imposed and documentation of important instances thereof) (assessment in Q1 2020)	
	Access to information for police and prosecution to improve efficiency of investigations	Police and Prosecutor		Data for 2017: Access to 2 additional databases for the Police, 4 additional databases for the Prosecution (total nr of access to databases 22). Prosecution services to have online electronic access to the Immovable Property Registration Office database, Computerized Civil Registration and address system databases, Electronic Public Procurement Portal, Insurance Burden Register. Police to have online electronic access to the Albanian Notary	Data for 2019: Access to 0 additional databases for the Police, 4 additional databases for the Prosecution (total nr of access to databases 31). Prosecution services to have online access to Tax Office register, Electronic register of the Institute of Social Security, National Register of Vessels, Register of Building Permits (assessment in Q1 2020)	

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
				<p>Register and Judicial Bailiff Office; Electronic register of subscribers to telephone operators, tax office register (assessment in Q1 2018).</p> <p>Data for 2018: Access to 2 additional databases for the Police, 3 additional databases for the Prosecution (total nr of access to databases 27). Police to have online access to: Computerised Civil Registration and address system databases; Electronic register of entities over which control is performed by HIDAACI and conflict of interest cases. Prosecution services to have online electronic access to the Electronic register of subscribers to telephone operators, mobile and terrestrial as well as distribution</p>		

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
				maps and coverage antennas mobile companies, Electronic register with Refund Electronic Prescriptions, the Electronic register of entities over which control is performed by HIDAACI and conflict of interest cases (assessment in Q1 2019).		
	Number of financial inspections by the Financial Inspection Unit of the Ministry of Finance and Economy	Financial Inspection Unit of the Ministry of Finance		Data for 2017: 25 financial inspections completed (assessment in Q1 2018).	4. Number of financial inspections by the Financial Inspection Unit of the Ministry of Finance and Economy	14 inspections which fulfill the legal criteria's for inspection were carried by the Financial Inspection Unit (12 inspections completed, 2 inspections under process). This data will be updated and made official by the end of March. Approval of the report by the Minister of Finance and Economy.
	Share of contracts awarded by negotiated procedure without	Agency of Public Procurement		Data for 2017: % of the number of awarded negotiated procedures	Data for 2019: % of the number of awarded negotiated procedures	100% achieved. (the Report is not officially approved)

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
	publication of the contract			without prior publication versus total number of awarded procedures (electronic + negotiated without prior publication) is below 25% of (assessment by Q2 2018). Data for 2018: % of the number of awarded negotiated procedures without prior publication versus total number of awarded procedures (electronic + negotiated without prior publication) is below 20% (assessment by Q2 2019).	without prior publication versus total number of awarded procedures (electronic + negotiated without prior publication) is below 15% (assessment by Q2 2020)	
<b>IPA 2015 Consolidation of law enforcement agencies - support to the Albanian State Police</b>	Advancement in the IPA II Country Strategy Paper composite indicator for judicial reform, notably the average of the index for access to justice and judicial independence.	IPA II Country Strategy Paper	69.36 (2010)	73.29	87.94	n/a

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
	Advancement in the IPA II Country Strategy Paper composite indicator for fight against corruption and organized crime, notably the average of the index for global corruption and control of corruption.	IPA II Country Strategy Paper	49.31 (2010)	59.92	72.66	In 2019, 1286 criminal cases have been reported by citizens to the Albanian State Police, related to corruption of officials in duty. Police and investigative actions have been undertaken, also submission to the Prosecution office. The Department of Professional standards has collected 928 complaints reported to the PMO Joint-Governance office. 12 joint training sessions between Prosecution office and the State Police have been organized in the area of

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
						economic and financial crime, corruption and crimes related to official duty. 227 meetings and joint analysis sessions between the Prosecution office and other law enforcement bodies have taken place to cope with the complaints and their investigation.
	Annual increase of final convictions as per article 333 (Criminal Organizations) of the Criminal Code	Statistics for Progress Report	(2014) 0 convictions	Positive track record from baseline	Positive track record increase from baseline	0 convictions from the district courts or Courts of Appeal
	Annual increase of final convictions and sanctions as per article 257 and 257/a (Conflict of Interest and Asset Declaration) of the Criminal Code	Statistics for Progress Report	(2014) 7 convictions	Positive track record increase from baseline	Positive track record increase from baseline	Art. 257 - 0 convictions from the district courts and 1 conviction from the Court of Appeal  Art. 257/a - 2 convictions from the district courts and 9

Financing Agreement/Programme reference	Indicator for sector <i>Rule of Law and Fundamental rights</i>	Source	Baseline	Target (2020)	Target final year	Value (2019)
						convictions from the Courts of Appeal
	Annual increase of final convictions on drug trafficking, as per article 283/a (Traffic of narcotics), and 284/a (Organizing and leading criminal organizations)	Statistics for Progress Report	(2014) Art. 283/a: 141 convictions Art. 284/a: 7 convictions	Positive track record increase from baseline	Positive track record increase from baseline	Art. 283/a – 12 convicted by district courts and 83 by Courts of Appeal  Art. 284/a – 0 convictions by courts

### III.3. Environment, Climate Action and Energy

Financing Agreement/Programme reference	Indicators for sector	Source	Baseline (2014)	Target 2020	Target (final year)	Value 2019
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016						
Action 5. Support to the Water Management Sector Priority Area 1 – Integrated water management	<i>Plan of progressive approximation of EU legislation</i>	WRMA MIE	-	-	Approximation plan endorsed by authorities	The plan is endorsed by the Council of Ministers through DCM no. 246 dated 9.5.2018)
	<i>RBMP prepared for selected river basins;</i>	WRMA MTE	1 basin (2015) (Mati river)	3 basins (Mati, Drin-Buna; Semani)	5 basins	3 RBMP (Drin-Buna, Seman) were submitted

Financing Agreement/Programme reference	Indicators for sector	Source	Baseline (2014)	Target 2020	Target (final year)	Value 2019
		RBAO				to WRMA for adoption. The last adjustments have been done and during early 2020 are expected to be approved from the CM
	<i>River basin authorities capacity of operation and monitoring increased</i>	WRMA MTE RBAO	-	-	4 basins Following the recent institutional changes on 2018, the river basin offices (6) are merged into four water basin administration offices.	Under the implementation of EUSIWM Project, the office for Mati/IShem/Erzen and Vjosa basin (4) shall be part of the activities focusing on increasing management / operational capacities in accordance with WFD. A River Basin Management Expert Group, which will contribute to strengthen the technical capacity at WRMA to lead the RBMP preparation & implementation process.
	<i>Budgetary framework geared towards river basin management updated , the tariff</i>	WRMA, MEI RBAO	-	-	Budget mechanism approved	Under the implementation of EUSIWM project



Financing Agreement/Programme reference	Indicators for sector	Source	Baseline (2014)	Target 2020	Target (final year)	Value 2019
	<i>structure is reviewed and enforced</i>					an analysis of the Mid-term budget for WRMA and dissemination of the revenues is expected to be conducted; an analysis of the current structure of tariff setting, water abstraction fees and investments schemes to water sector.

Indicators	Definition	BASELINE 2016 *****	TARGETS††††††††		
			2018	2019	2020
Result 1: Number of KPI-s improved for the selected utilities	1: The coastal utilities have adhered to the defined standard for data quality and reliability when reporting on KPIs.	54†††††††††† Given and partly applied standards of the introductory phase.  Given level 60 (on average) of KPIs, calculated based on specific information from utilities.	Increased number of KPIs monitored, and data quality standard approved by AKUM/WRA and applied  Positive trend of aggregate indicators (financial and technical)††††††††	Increased number of KPIs monitored, and data quality standard reported Positive trend of aggregate indicators (financial and technical)	Increased number of KPIs monitored to 83, and data quality standard increased Positive trend of aggregate indicators (financial and technical)

\*\*\*\*\* WRA Annual Report for 2016; Source [www.erru.al](http://www.erru.al)

†††††††† Targets will be set in accordance with the National Water Sector Plan 2017-2030 and financing strategy. The document is still under discussions with local authorities.

†††††††††† Number of indicators will follow trend per each year as in 2018: 60 KPIs, in 2019: 72 KPIs and in 2020: 84 KPIs

†††††††††† KPI-s are fully measured by each of the 6 selected coastal water and wastewater utilities and the aggregate indicators (formula to be established) shows a positive trend. Number of KPI including WWTP operation will be defined during inception phase considering KPI to be reported to IPMG.

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Indicators	Definition	BASELINE 2016*****	TARGETS*****		
			2018	2019	2020
	2: The responsible utilities***** improved defined KPIs***** for the management of the utility and the operation of their WWTPs based on verified services areas at an average of 3%*****.				
Advancement of indicators during the 2 <sup>nd</sup> year of operation					
	<p>Number and name of utilities accompanied during the year under this group of action: Six Water Utilities: 1) Shkodra WU; 2) Lezha WU; 3) Durres WU; 4) Kavaja WU; 5) Vloa WU; 6) Saranda WU</p> <p>Number of KPIs explored for reliability in the target WU: All nine KPIs mentioned in the column to the right are monitored by AKUM in connection with their reliability. The source of information is the benchmarking system of AKUM, where the WUs are obligated to report periodically. For the next year 3 additional KPIs are foreseen to be monitored.</p>		<p>Number and list of KPIs monitored: Nine KPIs: 1) Water supply coverage; 2) Wastewater coverage; 3) WWTP coverage; 4) Cost Coverage O&amp;M; 5) Collection Rate; 6) Non-revenue Water; 7) Staff Efficiency; 8) Water Supply Duration, and 9) Water Quality</p> <p>Positive trends identified: WUs have well understood how to document accurately the 8 monitored KPIs. The deployment of the activities was too short (6 months) to allow quantifiable progress to be reported and measurable in WUs report.</p>	<p>Number and list of KPIs monitored: Twelve KPIs: 1) Water supply coverage; 2) Wastewater coverage; 3) WWTP coverage; 4) Cost Coverage O&amp;M; 5) Collection Rate; 6) Non-revenue Water; 7) Staff Efficiency; 8) Water Supply Duration, and 9) Water Quality 10) Proportion of metered connections; 11) Proportion of the water sold that is metered; 12) TOC coverage from collections, WS WW WWTP.</p> <p>Positive trends identified:</p>	

\*\*\*\*\* WU Kavaja - WWTP Kavaja, WU Durres - WWTP Durres, WU Saranda - WWTP Saranda, WU Lezhe - WWTP Shengjin, WU Vlore - WWTP Vlore and WWTP Orikum, WU Shkoder - WWTP Shiroke and WWTP Velipoje,

\*\*\*\*\* KPIs to be monitored for the coastal water utilities: (1) Water supply coverage, (2) Waste Water coverage (3) WWTP coverage, (4) Cost Coverage O&M (5) Collection Rate (6) Non-revenue Water (7) Staff Efficiency, (8) Water Supply Duration, and (9) Water Quality.

\*\*\*\*\* This figure is defined based on AKUM and WRA reports of 2017 and first 3 months of 2018 and by following progress in Performance agreement signed between AKUM and municipalities in 2018. First action will be focused to stop regressing trend.

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Indicators	Definition	BASELINE 2016	TARGETS		
			2018	2019	2020
				WUs have well understood how to document accurately the 12 monitored KPIs.	
Result 2: Setting up and operation of the new agency  Existence of a plan for compliance with EU UWWTD, including estimates of investment costs, with specific focus on WWTP along the coast	1: MIE and MoF agrees on a budgeted organizational plan (equivalent to business plan) based on agreed functions and responsibilities of the institution (Decree 504); and this plan is financed and implemented satisfactorily  2: AKUM coordinated with 11 utilities the elaboration of a medium-term action plan (incl. investment costs) to orient the management of WW systems towards the EU Urban Waste Water Treatment Directive (UWWTD).	AKUM is established with a DCM No.504 date 06.07.2016 No budgeted organizational plan and medium-term action plan available. Draft DCM for compliance with UWWTD prepared but not approved by GoA. No UWWTD implementation and compliance plan available by AKUM	Full set up of the agency agreed with MIE and MoF and implemented incl approved organisational plan and budget  Action plan for implementation of UWWTD on national level prepared and agreed with MIE and other involved stakeholders (TSNWC, WRA etc).	organizational plan and budget satisfactorily implemented  Positive trend in operation and performance of the agency  Medium term action Plan produced for half of the selected utilities	organizational plan and budget satisfactorily implemented  Positive trend in operation and performance of the agency.  Medium term action Plan produced for all the selected utilities.
Advancement of indicators during the 2 <sup>nd</sup> year of operation					
	AKUM organization plan elements explored during the year:  Not yet addressed, as the final organization plan of AKUM is still under discussion to fully cover functionalities also in connection with the implementation of the UWWTD		AKUM business plan elements explored during the year:  Not yet addressed as the final organization plan of AKUM is still under discussion.  Master plan under updating (KfW) and existence of the new project to be financed by Swedish government will postpone remaining of required actions for 2019 and 2020. Most of the actions are planned under SIDA	Terms of Reference agreed with AKUM and two national experts are selected. Design of the plan will start on February 2020.  Consultant selected and activities are proposed for drafting and	

It is priority of Albanian Government reflected in the midterm budgetary programme 2019-2021 to ensure water supply and waste water services for the coastline touristic areas of Albania till 2021 so the corresponding

action plans will be prepared with the respective costal water utilities. There are 11 water utilities in total including also 6 EU selected one with WWTP.

Qualitative and quantitative indicators will be defined during the first year of project operation in closed cooperation with the AKUM and current legal framework of the sector with particular attention on the budget positive trend and implementation, budget/number of employees, reporting and transparency etc.

The roadmap for implementation of the UWWTD decision will be completed in 2018 specifying plans to be prepared in 2019 and 2020.

Indicators	Definition	BASELINE 2016*****	TARGETS*****		
			2018	2019	2020
	Tasks coordinated with the 11 utilities piloted toward alignment with the UWWTD requirements. Not yet addressed as the final organization plan of AKUM is still under discussion		proposal including definition of the agglomerations and sensitive areas. Coordination will be required between two programs to ensure achievement of the objective. DSIP to be prepared by SIDA program will include list of all required investments in wastewater and waste water treatment in compliance with UWWTD.	implementing action plan and road map for implementation of the UWWTD. First workshop is organised, and activities are coordinated agreed also with SIDA project.	
Result 3: Quality of WWTP effluent discharged for the selected water utilities	1: The operators of the WWTPs (footnote 5) along the coast of Albania apply updated and agreed on plans for the operation and the maintenance of the WWTPs.  2: The average effluent quality x (footnote 16) of the WWTPs (footnote 5) along the coast of Albania is improved by y%.*****	O+M procedures outdated/not existent or partly applied when existing. O+M Budget and qualified staff level insufficient  No data reported on the quality of effluent discharged§§§§§§§§§§.	O+M procedures adopted for WWTP in operation; realistic OM budgeting and staffing upgrade plans available. Effluent quality monitored by Utilities and reported to MIE/AKUM, NEA, WRA.*****  Data officially reported of sufficient quality and quantity Baseline set for aggregate indicators*****	O+M procedures adopted and implemented for existing and new WWTP operated after 2018; Increased budgets and staff. Improved Effluent quality monitoring by the WWTP and reported to MIE/AKUM, NEA, WRA Positive trend of aggregate indicators.	O+M procedures implementation and reporting satisfactory adequate budgets and staffs in place in line with best practices  Improved effluent quality monitoring by the WWTP and reported to MIE/AKUM, NEA, WRA  Positive trend of aggregate indicators.
Advancement of indicators during the 2 <sup>nd</sup> year of operation					

\*\*\*\*\* These % will be defined in 2019. According to current data, all selected water utilities are reporting that effluent meets all prescribed parameters in 100%.

§§§§§§§§§§ MBU of AKUM prepared KPI for WWTP operation including quality of the effluent but has not managed yet to have information from the coastal water utilities. Level of operation is not the same along the utilities. Some WWTP are not yet in operation.

\*\*\*\*\* WWTP Kavaja, WWTP Durres, WWTP Saranda, WWTP Shengjin, WWTP Vlore, WWTP Shiroke and WWTP Velipoje will monitor and report each year depends on the current conditions. WWTP Orikum is still not in operation.

\*\*\*\*\* Number of KPI to be reported on quality of effluents: (1) BOD<sub>5</sub>, (2) COD, (3) TSS, (4) TP, (5) TN

Indicators	Definition	BASELINE 2016	TARGETS*****		
			2018	2019	2020
	<p>Number and name of utilities accompanied during the year under this group of actions: Six WUs (Shkodra, Lezha, Durres, Kavaja, Vlora and Saranda)</p> <p>WU Elements of O&amp;M plans advanced during the year: WWTP Managers are active member of the workgroup for cooperation on implementation of the project.</p>		<p>O&amp;M procedures of WWTP explored during the year: Seven procedures in Shiroka, Velipoja, Lezha, Durres, Kavaja, Vlora and Saranda WWTP (Orikum WWTP is not yet in operation)</p> <p>Operational data analyzed and assessed for reliable reporting during the year: Baseline assessment done in baseline study for each WWTP.</p>	<p>O&amp;M procedures of WWTP explored during the year: Identification of the lacks already done and through detailed assessment on the baseline studies for 7 WWTPs and the updated manuals on procedures are under preparation. Action plan on improvement prepared and under implementation.</p> <p>Operational data analyzed and assessed for reliable reporting during the year: Baseline assessment done in baseline study for each WWTP. Action plans on improvement prepared and under implementation. Monthly monitoring.</p>	
Result 4: Awareness Building in Target WUs	<p>Number of Awareness building event held in target WUs each year Number of participants to WUs events</p>	Not known	<p>At least 1 events/ year / target WU; At least 50 person / event; To be observed and documented in the 1st year; Number Increasing by min. 20% /year 1; At least 50 person / event; To be observed and documented in the 1<sup>st</sup> year; Baseline to be documented in each WU</p>	<p>At least 2 events/ year / target WU; At least 50 person / event;  Number Increasing by min. 20% /year 2 At least 50 person / event</p>	<p>At least 2 events/ year / target WU; At least 50 person / event;  Number Increasing by min.20% /year 3; At least 50 person / event;</p>
Project Visibility Measures - Number of articles in the press and media every year on the action and its achievements	<p>Number of articles in written and electronic media; Number of high-level events; Number of participants; Increased public awareness through awareness rising events (WU web site soundings). Collection rate for WW services delivered by WUs</p>	Not Known		<p>Positive trend measured</p>	<p>Positive trend measured</p>
Tariff progression for WW services in					

Indicators	Definition	BASELINE 2016 .....	TARGETS*****		
			2018	2019	2020
the target WUs to be revised as per indicator measurement table					
Advancement of indicators during the 2 <sup>nd</sup> year of operation					
	<p>Number of events held during the year: There are round 30 events held during the implementation of the project;</p> <p>Aggregated number of participants: Planning Workshop (round 50) Launching Event (round 140) 1<sup>st</sup> Steering Committee (round 38) Joint Balkan Conference Tirana (600 people attended 3-day conference and 30 out of them attended the preconference workshop organized by EU-BMZ. Many visited the exhibition/ stand of GIZ German October (Many visited the exhibition/ stand of GIZ) Joint Balkan Conference Kosovo (more than 500 people attended 3-day conference). Many visited the exhibition/ stand of GIZ</p>		<p>Number of local events in target WUs held during the year: 1. During the first year there were organised: Field visits and communication meetings in the 6 WUs of the EUSWAM action, Planning Workshop, Launching event of EUSWAM, 1<sup>st</sup> Steering Committee Joint Balkan Conference,</p> <p>2. A baseline survey on willingness to pay was also conducted in 6 WUs of the EUSWAM action.</p> <p>All these preparation activities served to assess the needs for PR and communication with the public and to prepare the campaign activities at the local level</p>	<p>Number of local events in target WUs held during the year: Events held during the 2<sup>nd</sup> year implementation of the project; World Water Day, World Environment Day, EU Village, 2<sup>nd</sup> Steering Committee, German October, Joint Balkan Conference, World Toilet Day - Visit to Wastewater Treatment Plant Environmental Education activities, Kick off meetings for preparation of Communication and awareness plans for water utilities</p>	

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Indicators	Definition	BASELINE 2016*****	TARGETS*****		
			2018	2019	2020
	<p>EU Village (Many visited the exhibition/ stand of water programme)</p> <p>2nd Steering Committee (round 30)</p> <p>World Toilet Day (round 130 school children)</p> <p>World Environment Day (round 100 school children)</p> <p>Environmental Education activities (round 600 school children)</p> <p>Number of articles written and published about the project (printed and electronic)</p> <p>1.Launching Event – at least 14 articles in TV, written and electronic media and social media</p> <p>2.Joint Balkan Conference Tirana - at least 5 articles in TV and electronic media and social media</p> <p>3.Joint Balkan Conference Prishtina - at least 4 articles in TV and electronic media and social media</p> <p>4. World Environment Day – at least 3 posts on social media.</p> <p>5. EU Village – at least 2 posts on social media.</p> <p>6. German October – at least 1 article and 2 posts on social media.</p> <p>7. World Toilet Day (round 130 school children) – at least 2 posts on social media.</p> <p>8. World Water Day – at least 6 posts on social media and 3 local TV chronic</p> <p>9.Environmental Education activities – at least 4 posts on social media.</p>				

### III.4. Transport

Financing Agreement/Programme reference	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016 Action 6. Sector reform contract for transport sector	1. Number of legislations approximated and adapted to EU	MIE	13 legislation in road transport adopted and published (2014).	16 legislation published	18 legislation published	17 legislation published
	2. Share of works supervision contracts which include the requirement for providing confirmation on adherence to technical specifications quality and quantity control records into the supervision reports and are time based (instead of lump sum).	ARA Procurement and Contracting Departments	0% (2015)	New Procurement law approved and in force, requiring works supervision time-based payment conditions (instead of lump sum) and supervision progress report to confirm adherence to technical specifications and contain quality and quantity control records	Data 2020, assessment in Q2 and disbursement by Q3 2021 100% of the supervision contracts published in 2020 include quality and quantity control reporting requirements and time based payment conditions	Although the supervision contract that ARA enters into, considers time based payment (the time sheets for each of supervisor's staff are submitted together with IPCs) and the supervision progress report includes all records on quality and quantity checking record, attached to IPCs, for this indicator to be met a change in the law is required. The tariffs for the supervision service are regulated by specific legislation, namely DCM no. 354, date



Financing Agreement/Programme reference	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						11.05.2015 “. The amendments made to the provisions of this DCM will have the same effect as those made to the procurement law. An ad hoc expert working group set up in MoE (MO no. 351, dated 01.10.2019) concluded that some amendments are needed to this DoCM.
	3. ARA Internal Audit is operational	ARA	Not in place	ARA Internal Audit Department is in place and submits a summary about its operation to ARA, MIE and MFE	ARA Internal Audit Department submits 2019 annual report to ARA, MIE and MFE covering systemic weaknesses on public procurement, contract management, arrears, control standards, quality assurance and implementation of previous audit recommendations.	ARA Internal Audit Sector established and started its activity on July 2017 and since then several audit missions carried out and reports produced.

Financing Agreement/Programme reference	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	4. <i>Number of Black spots in the National Road Network</i>	ARA	191 (2014)	175 black spots in the National Network	150 black spots in the National Network	Data 2019: 163 black spots in the National Network
	5. <i>Length (Kilometres) of national road network covered by ITS systems in operation</i>	MIE-road safety department & ARA	0 km (2015)	The instruction "On the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport" which partially approximate Directive 2010/40/EU, is approved.	200 km of the National Network are covered under the operational ITS	In the phase of ITS implementation. To date, two contracts have been concluded, regarding the traffic monitoring system and vehicle weighing system.
	6. <i>Length (km) of national roads updated as a result of Road Safety Inspections (RSIs)</i>	MIE-road safety department & ARA	0 km (2015)	Certification of RSI auditors / inspectors completed	600 km of national roads network inspected and RSI report completed.	Data 2019: 150 km of national roads network inspected and RSI report completed.
	7. <i>Length (km) of the National road network with status in good condition</i>	ARA/MIE	1200 km of the National Network (2015)	1218 km of the National road network with status in good condition	1420 km of the National road network with status in good condition	Data 2019: 1382 km of the National road network with status in good condition;
	8. <i>Length (km) of roads (National roads network) yearly surveyed, including inventory and status of</i>	ARA	0 km (2015)	1500 km surveyed	3000 km surveyed	Data 2019: 2000 km surveyed

Financing Agreement/Programme reference	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	<i>the relevant components</i>					

### III.5. Competitiveness and innovation, agriculture and rural development

Financing Agreement/Programme reference	Indicator for sector	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
<i>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</i> Action 7: Support to Food Safety, Veterinary and Phytosanitary Standards	Progress made towards meeting the accession criteria	Progress reports	Albania has some level of preparation in food safety, veterinary and phytosanitary policy. (2015 report)			Albania has some level of preparation in this area. Albania has made some progress in implementing relevant policies in the food safety and veterinary sectors. (2019 report)
	Total investment generated via IPA II in the agri-food sector and rural development (EUR)			-	104 million	Data not available, yet, as implementation has not gained momentum.

Financing Agreement/Programme reference	Indicator for sector	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	Number of citizens affected by food borne diseases, health status of animals and plants	Public health report	3240 cases i.e. 0.1% of the population affected by severe cases (2014) Not mentioned in AD	-	Reduction by at least 30%	Data not available, yet, as implementation has not gained momentum.
	Number of staffs of the food safety, veterinary and phytosanitary services in place in accordance with the organigramme	Department of Human Resources reports; Ministry of Agriculture and Rural Development, Department of Public Administration (PAD)	18 Food safety (FS): 10 Phytosanitary (PH):3 Veterinary (VET):5 (2010) 2	-	36	During 2018 Food safety (FS): 6 Phytosanitary (PH):3 Veterinary (VET): 9 (in 2 directorates of MARD) 4 agencies of veterinary service and plant protection - 170 employers
	Number of civil actions taken by consumers and their organisations	Media reports	2	-	5	Data not available, yet, as implementation has not gained momentum.
	Number of national legislative acts in the field of food safety, veterinary and phytosanitary standards aligned with the acquis.	Official Journal EC Annual report	FS: 5 PH: 3 VET: 1	-	FS: 12 PH: 14 VET: 8	During 2019 Food safety (FS): 7 Phytosanitary (PH):6 Veterinary (VET): 0

Financing Agreement/Programme reference	Indicator for sector	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016</b> <b>AD- Support to the fishery sector</b>	Existence of fishery statistics on catch weight over estimated biomass of stock and on catch per unit of effort;	MARD report	No (foreseen to be performed under activity 1.2 (especially 1.2.3 and 1.2.4)	Not operational in 2016 and 2017	Yes	Data not available, yet, as implementation has not gained momentum.
	<i>Economic performance expressed as net profit/total earnings</i>	MARD report (survey based)	0.30 (as estimation of 2012)	Not operational in 2016 and 2017	0.324	Data not available, yet, as implementation has not gained momentum.
<b>COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017</b> <i>Action 2: EU support to a tourism-led model for Local Economic Development</i>	<i>Doing Business - Distance to frontier (score) 1 (Best) - 100 (Worst)</i>		(63.79 2010)			N/A
	<i>NSDI: - Direct contribution of Tourism to GDP (percentage of GDP)</i>	WTTC	2016 – 8.4 %	9.4 %	9.8 %	N/A
	<i>NSDI: - Direct contribution of tourism to employment (percentage of total employment)</i>	WTTC	2016 – 7.7 %	8.8 %	9.3 %	N/A

Financing Agreement/Programme reference	Indicator for sector	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	<i>Average length of stay per tourist in target territories per year (nights)</i>	INSTAT	(2016) Berat: 2,4 Fier: 2 Korca: 2 Shkoder: 3	3.5	5	N/A
	<i>Number of tourists visiting CH/natural assets in target destinations per year</i>	Municipal statistical data	(2016) Berat: 59,327 Fier: 35,000 / 182,000 Korca: 30,000 Shkoder: 200,000	Berat: 65,260 Fier: 238,700 Korca: 33,000 Shkoder: 220,000	Berat: 72.000 Fier: 262,600 Korca: 36,300 Shkoder: 242,000	N/A
	<i>Number (with amount) of completed infrastructure investment projects supported by this action.</i>	Project/programme reports	0(0 M EUR)	2(8 M EUR)	10(40 M EUR)	N/A
	<i>Number of innovative start-ups created (disaggregated by women-led)</i>	Project/programme reports	0 (of which W-led:0)	60 (of which W-led: 20)	140 (of which W-led: 50)	N/A

### III.6. Education, employment and social policies

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
<b>IPA 2014 Economic and social empowerment of Roma and Egyptian communities</b>	<i>Assessment of the progress made by the Government of Albania in the realization of the rights of Roma and Egyptian communities. Assessment of progress reported in at least 3-4 priority areas of NAPREI (education, access to social services, employment and VET).</i>	EU Progress Report/ Commission's opinion on Albanian's application to the EU. Report of the Subcommittee meetings on Human Rights and minorities, inter alia. Progress/Monitoring Reports produced by MoSWY and other actors.	Assessment/Monitoring Reports in Roma and Egyptian Socio-Economic Situation.	<p>Low economic and social indicators on R&amp;E access to public and social services.</p> <p>Employment in informal sector.</p> <p>Low paid jobs.</p> <p>Roma households more than twice affected by poverty in comparison to non-Roma households living in close proximity.</p>	<p>The gap in the proportion of Roma and Egyptian women and men employed compared to the majority of the population is reduced by 2% in the four selected regions by 2018.</p> <p>The gap in the proportion of Roma and Egyptian women and men access to basic social services and primary education compared to the majority of the population is reduced by 2% by 2018.</p> <p>No of inclusive policy</p>	<p>The overall assessment of rated progress of NAPIRE implementation in 2018 is 3.66 with very positive progress if compared to rate 2 during year 2016.</p> <p>Strategic goal 1 (civil registration is marked at 4.66 with a continuous increase during years (2015-2018), whereas strategic goals 3 (health), 4 (employment) and 6 (housing) are constant at 3.3 as in 2017, while increased if compared to 2015 and 2016.</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
					responses designed and implemented by central and local government in partnership with R&E communities.	The ratings of strategic goals 2 (education) and 4 (social protection) is at 2.75 and 4.5. 15 inclusive policy responses are designed and implemented by central and local government in partnership with R&E communities.
	<b>Work Package 1.</b> Increased employment and skills development opportunities accessed by Roma and Egyptian women and men reduce the employment gap between R&E communities and	Labour Force Survey (LFS). Administrative data collected by NES. Studies and surveys produced in the context of the programme. Programme monitoring and evaluation reports	No. of registered unemployed jobseekers currently participating in employment promotion programme. No of R&E men and women recipients of NES services.	31 R/E are enrolled in VTCs in 2015.	At least 2% increase of registered &E jobseekers participating in EPMs by project completion (2018).  At least 40 R&E citizens (of which 50% women) capacitated to enter the labour market through the provision of employability skills training.	- 883 Roma and Egyptians were part of ESERE's overall employment or entrepreneurship intervention. - 627 out of 883 R/E entered the labor market through an ESERE's ALMM until June 2019 and 256 were mediated for employment.



Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	<p>the majority of the population.</p> <p>Percentage of R&amp;E men and women registered as jobseekers and participating in employment promotion measures.</p> <p>Number of R&amp;E men and women capacitated through employability skills training to enter the labour market</p> <p>No of active labour market measures (ALMS)designed and tailored to the needs of the R&amp;E communities</p> <p>No of R&amp;E women and men benefiting</p>				<p>At least 5 active ALMMs designed tailored to the needs of the R&amp;E communities</p> <p>At least 250 R&amp;E women and men benefit from ALMS implementation.</p> <p>At least 250 R&amp;E unemployed jobseekers participate in nationwide and municipal employment promotion programmes.</p> <p>At least 50% of R&amp;E citizens surveyed indicate that NES and other institutions' staff provide improved services to R&amp;E communities.</p>	<p>- 7 active ALMM designed by ESERE Project: 1. On the job training, 2. Subsidized Employment, 3. Combined Scheme, 4. Internship Program, 5. Income Generation Program; 6. Public works and 7. Small traders. 191 job vacancies were opened in the framework of an ESERE ALMM On the job training scheme, subsidized employment scheme, combined scheme and public works.</p> <p>- Public Works Scheme was launched in April 2018 with Eco Tirana and Tirana Municipality in the</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	from ALMS implementation Number of R&E women and men oriented towards the services of the National Employment Service and that become recipients of such services.					form of a Transitory Program for Roma and Egyptian Recyclers in Tirana for an addition of 50 R/E informal recyclers supported by ESERE to enter the labor market and 4 R/E in the role of TPR's administration: one social coordinator and three onsite inspectors. 3 more R/E were part of an ESERE traditional subsidized employment promotion program, but in the public work of Shkodra municipality. - Number of trainees enrolled and following Life Skills and Basic Literacy

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>Course that aims to increase the employability skills is 132 (83 F and 49 M) in all four regions. The assessment report of the behavioral change model states that “The perceptions of Roma and Egyptians in terms of employment services are as following: Around <b>18%</b> of Roma and Egyptians interviewed rated as “very good” and <b>36%</b> as “moderate” positive improvements from NES staff towards employment services for Roma and Egyptians”. Overall 54% of the respondents report</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						positive improvements.
	<p><b>Work Package 2.</b> Community- Led Local Development (CLLD) model for R&amp;E inclusion mainstreamed in local development plans and policies through integrated, inclusive and sustainable development.</p> <p>Number of local development plans developed updated and adopted in consultation with civil society organizations and communities, at local level.</p> <p>Participatory planning structures established with participation of R&amp;E community members/represen</p>	<p>Studies and surveys produced in the context of the programme.</p> <p>Programme monitoring and evaluation reports.</p> <p>Policy documents consulted, adopted and implemented.</p>	<p>R&amp;E face direct and indirect barriers in accessing public services, due to lack of information and understanding of administrative procedures, stigma, , and frequent discriminatory attitude from the majority population.</p>	<p>Studies show that the level of poverty among Roma is twice as high as the majority population.</p>	<p>Four local profiling per each intervention area. 3-year R&amp;E Local Community Development Plan in Shkodra and update of existing Plans in compliance with the territorial reform in Tirana, Berat and Durrës. At least 10 Community Counselling Forums established and functional in all targeted areas. Up to 20 projects (5/area), 5000 - 15000 EUR funded and implemented by R/E CSOs. At least 12 Community Upgrading Projects (CUP) with an average value of EUR 75,000 per project set up and implemented. Each of the CUP interventions to be featured in one of the</p>	<p>- 4 local profiling for each intervention area prepared.</p> <p>- 4 three years Local Community Development Plans for Roma and Egyptian Communities have been developed and adopted by the municipality council in the targeted areas. The plans are being implemented and in the first quarter of 2019 a progress report on their implementation was drafted.</p> <p>- 13 Community Counseling Forums have been established and functioned regularly</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	<p>tatives eto influence decision-making in their local area.</p> <p>Percentage of local people who volunteered or played an active role in a community or voluntary organization at least three times in a year.</p>				documentaries produced by the project.	<p>(4 in Tirana, 3 in Durrës, 3 in Berat and 3 in Shkodra).</p> <p>- 20 Roma and Egyptian Civil Society Organizations (4 are led by women) partnered with the Project to implement small community development initiatives during April 2017-September 2018 have completed their project implementation cycle.</p> <p>- Thirteen (13) Community Upgrading Projects (CUP) have been finalized:</p> <p>1-Reconstruction of kindergarten in Barrikada</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						neighborhood, Berat Municipality; 2- Reconstruction of Creche in Donika Kastrioti Quarter, Berat Municipality; 3-Construction of Sewage System at Roma Area, Quarter 30 Vjetori, Berat Municipality; 4- Construction of Water Supply System, Sewage System and Greenery of the area in Iliria Quarter (Behind Buna Bridge), Shkodra Municipality; 5-Construction of Multifunctional Community Centre “For the family”, Shkodra Municipality;

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						6-Reconstruction of Guerrile kindergarten in Shkodra Municipality; 7-Systematization of Lana Riverbank at Shkoza area, Tirana Municipality; 8- Systematization and asphaltting of the Roma residences area, near the former Military Unit, Lanabregas, Tirana Municipality; 9-Construction of the Electricity Network Tu 110/20/6 Kv in the Roma Residences Area, Near the Former Military Unit, Lanabregas”, Tirana Municipality; 10-Enhancing safety and security within Roma residence area, near the former

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>Military Unit, Lanabregas, Municipality of Tirana;</p> <p>11-Sewage systematization, neighbourhood street paving and lighting in Nishtulla, Durres Municipality;</p> <p>12- Systematization/cleaning of the sewage system and street rehabilitation/lighting in Cezma e Ferres, Durres Municipality;</p> <p>13-Construction of sewage system, road lightning and watering channel cleaning in Kulla, Durres Municipality.</p> <p>- Four documentaries have been prepared to highlight programme impact</p>



Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						with regards to community upgrading projects. - One documentary was prepared to highlight the impact of the projects implemented by Roma and Egyptian CSOs.
	<b>Work Package 3.</b> Procedures, models, tools and guidelines are established and made operational based on the Integrated Approach and a Behavioural Change Model to support better access of Roma and Egyptian communities to basic services and to foster a tolerant	Studies and surveys produced in the context of the programme.  Programme monitoring and evaluation reports.  Photo brochures on the Action's performance. Quarterly newsletters highlighting the activities of the Action and its impact.  Best Practices Brochure at the end of the Action.	Action Plan for Roma and Egyptian Integration 2016-2020.	N/A	Set of documents produced on integrated approach and Behaviour Change model (guidelines, toolkit and procedures to implement integrated health, social, and education programmes) prepared, negotiated and adapted by MoSWY.  The gap in the proportion of Roma and Egyptian women and men access to basic social services and primary education compared to the	- Need Assessment and Pilot Model of Integrated Community Based Social Services (ICBSS) completed by November 2016. <a href="http://www.al.undp.org/content/albania/en/home/library/pov-erty/-integrated-community-based-socialservices-in-albania-to-address/">http://www.al.undp.org/content/albania/en/home/library/pov-erty/-integrated-community-based-socialservices-in-albania-to-address/</a> - A Model on Behaviour Change (E-BCM) to change

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	<p>and inclusive society in Albania.</p> <p>Policy documents on Integrated Approach and Behaviour Change model in inclusive service provision.</p> <p>Public servants at central and local level and service providers internalize Behaviour Change Model in the services provided to R&amp;E.</p>	Production of a series of video diaries: One day in the life of A Roma/Egyptian.			<p>majority of the population is reduced by 2%.</p> <p>At least 60% of Roma and Egyptians report improved attitudes of public servants and service providers towards R&amp;E communities.</p> <p>Documentaries to highlight programme results.</p>	<p>attitudes and behaviours of public servants completed by February 2017.</p> <p>Training Curriculum and manual for public servants completed by March 2017.</p> <p><a href="http://www.al.undp.org/content/albania/en/home/library/pove-ry/-behavioral-change-modules/-">http://www.al.undp.org/content/albania/en/home/library/pove-ry/-behavioral-change-modules/-</a></p> <p>- Impact Assessment of the Pilot Behaviour Change Model regarding improvement of service delivery for Roma and Egyptian in four targeted municipalities completed on July 2018 illustrates as below:</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p><i>“There are improvement in terms of accessibility to several services, especially education and healthcare and civil registration, with minor progress in employment and housing. <b>80% of respondents</b> rated the quality of public services of “civil registration” good and very good; <b>92% of respondents</b> rated “education” good and very good, <b>60% of respondents</b> rated improvement on health services good and very good”.</i></p> <ul style="list-style-type: none"> <li>- 6 project newsletters prepared and published.</li> <li>- 16 documentaries have been prepared</li> </ul>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>and are online highlighting programme impact with regards to: - improved access to basic services; -active labour market measures increasing employment opportunities; - income generation and start ups; - improving infrastructure and access to basic services; -- the project photo brochure prepared and published</p> <p>4 press trips organized respectively in October 2017 October 2018 in 4 cities covered by the project and 30</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						articles published after this activity covering various ESERE project interventions regarding Roma and Egyptian empowerment -3 talk shows are organized with TV-Adria, Durrës, and 2 others with National Albanian television on the occasion of International Roma Day 2018 & National Egyptian Day 2018.
	<b>Work Package 4.</b> National Action Plan for Roma and Egyptian Integration in the Republic of Albania, 2015-2020, implemented, monitored and evaluated through support provided at the national,	ROMALB monitoring and reporting system.  Programme monitoring and evaluation reports.  The progress report for the implementation of the National Action Plan on Roma and Egyptian	National Action Plan on Roma and Egyptians 2016-2020	Limited monitoring reported in 2010-2015.	1.Disaggregated data on Roma and Egyptians available per each sector of the NAPREI 2015-2020.  2.ROMALB data collection system at the national and local level improved, updated and	-Three annual progress Reports on NAREI prepared with the support of the project along with three assessment reports on NAPREI level of implementation.

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
	<p>regional and local level.</p> <p>Analysis on the situation of R&amp;E in each sector of NAPREI 2016-2020.</p> <p>Structures in place at central and local level as well as line ministries to design, implement and monitor inclusive policy responses.</p> <p>Policy responses promoting R&amp;E inclusion initiated and implemented.</p>	integration, 2015-2020 (NAPREI).			<p>functional.</p> <p>3. Inter-ministerial Committee for R&amp;A inclusion functions effectively.</p> <p>4. Multi-stakeholder Coordinating Forum established and operational including also experts representing at least 6 different fields of research, as per priorities for R&amp;E inclusion in NAPREI 2015-2020.</p> <p>5. Social housing model for R&amp;E inclusion in Albania legally and technically operational.</p> <p>6. No of challenges</p>	<p>- Disaggregated indicators on Roma and Egyptians are available per each sector of the NAPREI 2016-2020 in the ROMALB system, designed with line ministries and local institutions.</p> <p>- The online electronic data collection system ROMALB is reactivated, upgraded and operational.</p> <p>- 14 training session organized for public officials on the implementation and monitoring of the NAPREI 2016-2020. 240 public officials trained and coached at the national and local level during 2016-2019.</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
					identified, and policy responses provided at the inter-ministerial meetings.	<ul style="list-style-type: none"> <li>- Capacity building workshop organized with 17 focal points from line ministries.</li> <li>-Capacity building seminar organized with focal points from line ministries (8) and municipalities (20) in 17 January 2018.</li> <li>- 15 R/E CSOs trained and coached on monitoring NAPREI implementation.</li> <li>- MoHSP has been assisted in preparing the 2016/2017/2018 progress reports on the implementation of NAPREI.</li> <li>- On January 31, 2019 a training session was</li> </ul>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>organized with 17 representatives from Municipalities, Regional Health Directorates, Regional Education Directorates, State Social Service, Regional Employment departments.</p> <p>-A consultative workshop was organized with focal points and line ministries on 16 January 2019.</p> <p>-A dashboard linked to ROMALB system has been prepared. The purpose of the dashboard is to share data related to important NAPREI indicators with the public.</p>



Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>-Three meeting of IPMG held in 24 February 2016, 29 September 2016 and 27 April 2017.</p> <p>134 public officials trained on social care reform and to deliver adequate services for Roma and Egyptians.</p> <p>Six (6) local multi-stakeholder coordination forums thematically oriented are established and operational in Shkodra, Berat and Durres and Tirana following the issues of civil registration, inclusive education, health and housing.</p> <p>Issues been followed by MCF/s: TBC issue in Nishtulla and Cezma e Ferres communities in</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>Durres; Civil registration in Shkodra; Privatization and legalization of housing of 34 Roma families in Nishtulla and Kulla, Durres; Providing school transportation services for children of Lanabregas from - new social housing complex to Anrokli Kostallari school; desegregation of Avdyi Avdia school in Berat and integration of Roma children in public school;</p> <p><b>Policy responses:</b></p> <p>1. Two emergency social housing responses have been developed and implemented in Tirana, one</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>for Shkoza and one for Bregu i Lumit area in close cooperation with Tirana municipality</p> <p>2. Order no .576, dated 16.12.2017 of the Ministry of Health and Social Protection for the referral system and free primary public health services.</p> <p>3. Order no 276. Dated 30.12.2016 of the Ministry of Health and Social Protection on the functioning of the ROMALB system.</p> <p>4. Decision No. 44 dated 26.04.2018 of Berat Council of Municipality to subsidize creche fee for Roma</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>and Egyptian children among other groups.</p> <p>5. The Order of the Minister of Education and Sports on provision of free text books for Egyptian primary school pupils (besides Roma).</p> <p>6. The Order of the Minister of Education, Sports and Youth on adult education.</p> <p>7. The municipality of Berat and the Regional Directory of Education in Berat have closed the segregated school, “Avdyl Avdija” and children are</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						<p>integrated in the public school of Shaban Collaku.</p> <p>8. Change of residence of Roma families living in Barracks in Shkodra, by overcoming administrative obstacles;</p> <p>9. Free gynecological care at Geraldina for Roma and Egyptian women as of March 2018, one day per week.</p> <p>10. Endorsement of the Minister of Education, Sports and Youth on institutionalization of Basic Literacy and Life Skills courses.</p> <p>11. The law on social housing has been voted by the parliament.</p>

Financing Agreement/Programme referenc	Indicator for sector <i>Education, Employment and social policies</i>	Source	Baseline	Milestone (2017)	Target (2020)	Value (2019)
						12. 4 Local action plans adopted (Tr, Dr, Br, Shk).

### III.7. Territorial Cooperation and Regional Cooperation

Information is only provided at this stage for the IPA II CBC Programme Montenegro – Albania (AIR 2019); the other two programmes are at an early stage of information and the AIRs for the year 2019 do not provide information on the level of accomplishment of the indicators in the reporting period.

<b>Thematic priority 1:</b> Encouraging tourism, culture and natural heritage <b>Specific objective 1:</b> To enhance the competitiveness of the tourism sector by the economic valorisation of the cultural and natural heritage; <b>Result 1.1</b> The quality of tourism services and products is upgraded											
Name and type*****	Definition	Baseline		Milestones				Target		Sources of information	Data collection responsibility and frequency
		Value	Year	Value	Year	Value	Year	Value	Year		
1.1.2 At least 5 new joint touristic offers developed for the programme area – <i>output indicator</i>		n/a	n/a	n/a	2018	0	2019	5	2022	Reports from the relevant national authorities/ministries;  Reports of national and local tourist organizations;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
1.1.3 Touristic offers generated by the CBC initiatives adopted by at least 40% of		n/a	n/a	n/a	2018	100%	2019	40%	2022	Reports of national and local tourist organizations;	Grant beneficiaries on 6 months bases

\*\*\*\*\*Each indicator shall be identified as impact, outcome or output indicator.

touristic operators active in the area – <i>outcome indicator</i>										Monitoring/project reports;	
1.1.4 Two Touristic maps and integrated touristic offers introduced for the mountain areas (less advantageous) in both sides of the border - <i>output indicator</i>		n/a	n/a	n/a	2018	0	2019	2	2022	Reports of national and local tourist organizations;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
<b>Thematic priority 1:</b> Encouraging tourism, culture and natural heritage <b>Specific objective 1:</b> To enhance the competitiveness of the tourism sector by the economic valorisation of the cultural and natural heritage; <b>Result 1.2</b> Cooperation in the field of cultural and natural heritage preservation is increased (e.g. around the Shkodra/Skadar Lake area)											
1.2.1 No. of tourists (disaggregated by gender and age) visiting the area such as Shkodra / Skadar Lake increased by 30%		n/a	n/a	n/a	2018	0	2019	30%	2022	Reports from the relevant national authorities/ministries;  Reports of national and local tourist organizations;  Monitoring/project reports;	Grant beneficiaries on 6 months bases



1.2.2 At 2,000 participants (disaggregated by gender and age) in new cultural events – <i>outcome indicator</i>		n/a	n/a	n/a	2018	113	2019	2,000	2022	Reports of national and local tourist organizations;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
1.2.3 No. of visitors (disaggregated by gender and age) in the cultural and natural sites where small interventions have occurred increased by 20% - <i>impact indicator</i>		n/a	n/a	n/a	2018	n/a	2019	20%	2022	Reports from the relevant national authorities/ministries;  Reports of national and local tourist organizations;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
<b>Thematic priority 2:</b> Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management <b>Specific objective 2:</b> To further protection of environmental resources in lake and alpine area; <b>Result 2.1</b> Awareness of the sustainable use of environmental resources in lake and alpine areas is advanced											
2.1.1 At least 40% of the population of the programme area has been target of environment awareness raising activities – <i>outcome indicator</i>		n/a	n/a	n/a	2018	6,51%	2019	40%	2022	Monitoring/project reports;	Grant beneficiaries on 6 months bases

2.1.2 The control on the levels of pollution in the area such as Shkodra/Skadar Lake has become technically more accurate and regular		n/a	n/a	n/a	2018	n/a	2019			Reports from the relevant national authorities/ministries;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
2.1.3 Shkodra/Skadar Lake basin fulfills conditions to become part of UNESCO Biosphere Reserve List protected areas		n/a	n/a	n/a	2018	n/a	2019			Reports from the relevant national authorities/ministries;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
2.1.4 At least one harmonized environmental education curricula and/or an extracurricular programme introduced in secondary education on both sides of the border.		n/a	n/a	n/a	2018	n/a	2019	1	2022	Reports from the relevant national authorities/ministries;  Reports of municipal authorities/institutions;  Monitoring/project reports;	Grant beneficiaries on 6 months bases
<b>Thematic priority 3.</b> Promoting employment, labour mobility and social and cultural inclusion across the border <b>Specific objective 3.</b> To foster employability and social inclusion											

<b>Result 3.1</b> Access to the labour market improved, especially for vulnerable groups											
3.1.1. At least 5 new business initiatives promoting labor mobility across the border – <i>output indicator</i>		n/a	n/a	n/a	2018	0	2019	5	2022	Public Employment Service statistics; Registers of Chambers of commerce; Monitoring/project reports	Grant beneficiaries on 6 months bases
3.1.2. At least 20% of the unemployed people (disaggregated by gender and age) going through CBC initiatives manage to get a job – <i>outcome indicator</i>		n/a	n/a	n/a	2018	n/a	2019	20	2022	Public Employment Service statistics; Registers of Chambers of commerce; Monitoring/project reports	Grant beneficiaries on 6 months bases
3.1.3. At least 300 young people (disaggregated by gender) trained through new life-long learning services – <i>output indicator</i>		n/a	n/a	n/a	2018	19	2019	300	2022	Monitoring/project reports	Grant beneficiaries on 6 months bases
3.1.4. At least 10% of the new SMEs		n/a	n/a	n/a	2018	n/a	2019	10	2022	Public Employment	Grant beneficiaries on

established in the cross border areas are owned by young people and members of marginalized groups (disaggregated by gender and vulnerable group) – <i>impact indicator</i>										Service statistics;  Registers of Chambers of commerce;  Monitoring/project reports	6 months bases
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Source: draft AIR accessed 11/02/2020

## IV. OVERVIEW AT THE ACTION LEVEL

### IV.1. Democracy and Governance

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Action 1: Sector reform contract for public finance management	Under implementation	Public Finance Management Strategy 2019-2022 was approved by the Council of Ministers Decision no. 824, dated 18.12.2019. The strategy has been subject to extensive public consultation. On 6 August 2019, the PFM Technical Committee meeting was held to discuss the draft revised PFM Strategy 2019-2022. On 4 September 2019 the PFM Steering Committee was organized, in which	The level of arrears at the central and local level continues to be a challenge. The MoFE is addressing the pressing issue of vacant staff positions in in collaboration with DoPA: all vacancies have been uploaded to the DoPA platform by the MoFE. DoPA is processing information on vacancies and has started the announcement process.		New measures to address the challenges faced during implementation of PFM Reform are part of the revised Public Finance Management Strategy 2019 -2022, which was approved by the Council of Ministers Decision no. 824, dated 18.12.2019. Budget support for PFM, is close to completion and paves the way for follow up action to further

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			<p>the document was approved in principle. In May 2019, the disbursement request for the 3rd variable tranche was submitted for payment, specifically for indicators 4.3 and 5.3 for the amount of EUR 1, 875,000. The EUD confirmed the fulfilment of the target for indicator 5.3 corresponding to the amount of EUR 1, 250,000, which is disbursed in the Treasury Single Account.</p> <p>The PFM TA assisted the MoFE in rolling out the updated MTBP methodology to selected line ministries. During the 2020-2022 budget</p>			<p>strengthen reform implementation. The support provided PFM TA has been significant and indicates the need for additional support to strengthen PFM and transparency, and supporting municipalities, among others, to clarify competences, strengthen capacity, and to strengthen local fiscal autonomy. Moreover, lessons learned from ongoing sector budget support programmes highlight the need for political leadership, commitment and strong coordination, and stability of the public administration, especially for cross-</p>

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			<p>preparation cycle, the project assisted six ministries: MOEYS, MARD, MoHSP, MoIE, and MoFE</p> <p>Improvements made to the Annual Budget Execution Report (ABER) 2018, submitted to the Council of Ministers (CoM) for approval in early June 2019.</p> <p>A set of PFM Strategy instruments have been achieved such as: legislative changes; capacity building activities; Integrated Financial Management System (SMIF); as well as changes in the management and process culture which have developed through the</p>			<p>cutting reforms to be implemented across government, both at central and local levels, and for further engagement through policy dialogue.</p> <p>The integrated planning system – which is ready to be put in operation - needs strong coordination and adequate human resources as well as further capacity building to secure sustainability. While the IT systems are expected to be up and running from 2020, a longer-term process is required for government staff to operate the systems. Despite improvements so far,</p>

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			<p>implementation of the measures taken. These have resulted in:</p> <p>Fiscal consolidation through the implementation of fiscal rules and financial oversight and fiscal risk management, debt-to-GDP ratio continues the downward trajectory, which began in 2016. There have been improvements on forecasting capabilities and strengthen evidence-based policy making; A rigorous and prudent procedural framework is provided to ensure a better alignment of strategic plans with</p>			<p>costing and translating national strategies into the Medium-Term Budget Programme (MTBP) and annual budget need to be further strengthened. The second Sectoral Monitoring Committee “Democracy and Governance” recommended the provision updates on the full establishment of the fiscal cadaster, in relation to the challenges and actions for public awareness-raising, and in particular, on the revision to the property law, as well as data availability and its population in</p>



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			the Medium-Term Budget Programme; The processes and institutional capacity for initiating, evaluating, prioritizing and approving public investment projects have been strengthened and improved; MoFE has approved the guideline for the identification of the cases of financial problems of LGUs, the determination of the conditions when an LGU is considered as bankrupt and of the authorities that will be responsible for administering the LGU in such cases. In the medium term, the MoFE will enforce the implementation of			the system for all municipalities.

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			the law no. 68, dated 27.04.2017 “On local self-government finances”, in all LGUs; MoFE published a national monitoring report on budget execution at local level in September 2019 with the aim of identifying the key performance indicators for each budget programme and helping LGUs to use them in their monitoring reports and also in the preparation of the medium-term budget programme. Revised tax policies, increasing the capacity of the tax and customs administration to collect revenue, and			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			<p>reforming the property tax and establishing a fiscal cadastre that is under data entry process;</p> <p>Periodic monitoring of multi-year commitments and liabilities through the system to ensure prevention and settlement of arrears;</p> <p>Increased the effectiveness of the public procurement system in line with international best practices that guarantee high transparency, accountability, control and value for money;</p> <p>Ensuring the efficient management and control of external funds through the EAMIS system;</p>			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			Accounting Reform has been undertaken, consisting of the development of accounting legal and regulatory framework for switching to accrual accounting, which has started through the implementation of a new action plan; The timely and reliable production of Government Finance Statistics; The publication of annual and yearly reports containing accessible information on financial and non-financial performance; Improvement of regulations for public			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			<p>assets valuation and inventory;</p> <p>A more structured and timely engagement with citizens, civil society organizations and academia in budget planning, monitoring and reporting;</p> <p>The Public Internal Financial Control system is strengthened and has been implemented in central and local government including managerial accountability, internal audit and public financial inspection;</p> <p>Strengthened external audit function by aligning it with the standards of the International</p>			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			Organization of State Audit Institutions.			
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Action 2: European Union Integration Facility	Support for the implementation of Population and Housing Census 2020 activities in Albania (direct grant) – under implementation	<ul style="list-style-type: none"> <li>- Testing methodology</li> <li>- IT system and organisational aspects of the Census.</li> <li>- The pilot Census was conducted in the period 21 October - 6 December 2019.</li> <li>- Monitoring systems were developed in the course of the reporting period, the necessary procurement of goods and or systems/licenses was finalised.</li> </ul>	<ul style="list-style-type: none"> <li>- Because of the delayed Technical Assistance project, which aims to provide INSTAT with external expertise and capacity building for Census activities, the action plan was revised, and the Pilot Census action plan postponed to start on 21st October.</li> <li>- Problems during the data collection process due to the 6.4 magnitude earthquake in Albania on 26 November 2019.</li> <li>- Due to the resignation of Key Expert 5, responsible for providing support to the Census GIS</li> </ul>	New Census Law not approved yet	

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
				activities, there are delays in the evaluation of the Pilot findings.		
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Action 2: European Union Integration Facility	Grant scheme - Support to civil society organizations 12 contracts under implementation	No achievements reported at this stage of implementation	The main problem identified is related to the low capacities of Albanian CSOs in implementing the grant contracts, in particular related to the procurement procedures where in many cases deficiencies have been identified. The MEFA IPA Unit and CFCU shall organise tailored trainings to the beneficiaries implementing the grant contracts. In addition, during first trimester of 2020 a dedicated technical assistance for monitoring grants		

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				under implementation will be operational in order to extensively assist beneficiaries to improve their performance.		
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Action 2: European Union Integration Facility	Support in the Energy Efficiency Sector and the Renewable Energy Sources (RES) Development – under implementation	Report on the Energy Efficiency Agency's (EEA) Work Programme for 2020; Preparation of internal rules and procedures for handling tasks Identification of the type of energy advice that the EEA will be able to give consumers and industry (First Draft).	Some delays reflecting organisational changes in the first semester, which have led to an updated workplan and limited achievements in 2019.		
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Action 2: European Union Integration Facility	Technical Assistance in carrying out effective market surveillance in line with the acquis (service contract) –	The improvement of product safety and reliability legislation in the field of Legal Metrology;			



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		under implementation	<ul style="list-style-type: none"> <li>- The increased knowledge and awareness of employees of the MSI and DoED of MoFE in new principles of market surveillance gained during the Study Visit to MS authorities of EU member states;</li> <li>- The increased knowledge and awareness and strengthened capacities of employees of the MSI to perform market surveillance activities in particular in product fields by providing trainings and assistance in drafting guidelines;</li> <li>- An increased understanding and awareness on the</li> </ul>			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			importance of Market Surveillance for the promotion of product safety and reliability and consumer protection in society			
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Action 3: Support to public administration reform	The service contract "Implementation of civil service reform across the public administration "is under implementation. The supply contract "Establishment of computer-based solutions to enable implementation of several components and control mechanisms" was completed in December 2019. The service contract "Support to improve citizen-centric public service delivery" was	1. Policy Paper on the new salary reform for the civil servants. 2. Improvement and further enhancement of the harmonization of job descriptions based on successful practices and lesson learned, adapted to the civil service legislation of Albania and the spirit of the career system. 3. Enhanced clarity in the main work processes in the Line Ministries through the design of a methodology for determining	1 supply contract could not be signed within the contracting deadline due to the IPA Unit not established in the beneficiary institution till March 2018 in the National Agency for Information Society. A risk to the service contract "Support to improve citizen-centric public service delivery" due to changes in the reporting lines for ADISA was identified as in early 2019 a new DPM was appointed. The risk was	N/A	N/A

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		completed in May 2019.	processes' workflows in line ministries, associated with document management and preparation of a manual of procedures. 4. Improvement of the performance appraisal process through the preparation of a Manual for performance appraisal and job classification. 5. Unification and standardization of Human Resources management procedures in the civil service (local and central level) through the upload of legal basis, templates, modules in the	successfully mitigated as many project activities had been completed and the newly appointed DPM was provided with detailed information on the project status, interim achievements and outstanding activities and supported by regular interaction with all involved parties in order to ensure the appropriate level of commitment and ownership		

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			<p>integrated communication platform administrata.al and their extended use.</p> <p>6. Improved Legal and Regulatory framework dealing with Public Service Delivery and approximated with EU legislation The Legal review “Revision of current legal framework related to public services delivery”, an assessment of the current legal framework of line ministries under the scope of public service delivery, the assessment of the Code of Administrative Procedures, proposed</p>			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			changes to the Law on Public Services, Review of the results of Business Process Re-engineering and Front Office separations, identification of legal changes required in the legal framework of institutions involved in public service delivery, Corruption Risk Assessment (CRA) methodology and Corruption Risk Assessment conducted for 5 institutions involved in public service delivery, and approved anti-corruption management plan. 7. Updated and enhanced inventory			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			<p>system of public services in Albania: the Information Service Card developed and approved; an On-line Data Collection Platform developed including data from 10-line ministries and 88 institutions, also including information about documents needed in the public service delivery process. In total 8454 documents related to public service delivery and 674 application forms were uploaded to the On-line Data Collection Platform.</p> <p>8) Improved design of the public service delivery system in terms of operational standards,</p>			

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			<p>administrative procedures and performance measurement;</p> <p>9) Improved channels of service information communication and actual delivery through uniformity of service delivery ensured by developed Integrated Service Centre Operations Manual.</p> <p>10) Definition of a sustainable business model including financing modality for front office service delivery.</p> <p>11. Strengthening of ADISA capacities to cope with all the new responsibilities envisioned under the institutional reform on public services,</p>			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			through extensive training, study tour, meetings with international donor organisations etc.			



COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	Sector Reform Contract for Public Administration Reform (PAR)	Under implementation.	<p>During 2019 the main achievements related to the SRC targets have been:</p> <ol style="list-style-type: none"> <li>1. Over 90% implementation of the annual recruitment plan in line with the Law on Civil Servants and its secondary legislation, exceeding the target set for the specific indicator.</li> <li>2. Progress has been made in making the HRMIS operational and enabling the generation of staff salary and payroll reports for the state administration institutions. Furthermore, the capacity of state administration institutions in the use of HRMIS was enhanced through HR and finance employees being trained yearly by DoPA.</li> <li>3. Significant efforts have been made by</li> </ol>	<p>The Department of Public Administration periodically monitors and reports on the work towards the achievement of the indicators. In the now final year of this programme the following challenges have been identified that need to be addressed in order to have better compliance:</p> <ol style="list-style-type: none"> <li>1. Increase capacities of the Policy and Strategic Planning units across the state administration institutions to improve the quality of draft policies and ensure coherent strategic framework for the further reforms across all sectors.</li> <li>2. Strengthen the policy monitoring and particularly policy evaluation capacity in both line ministries as well as at the Prime</li> </ol>	<p>In order to extend the generation of payroll to the whole public administration, including local level, an upgrade of the HRMIS to face the raise in the data population is required. Moreover, due to the LGU's way of financing and their specific formats in the salary system that are not directly comparable to the state administration institutions, the harmonisation of the latter needs efforts and time.</p>	<p>Budget support for PAR is close to completion and paves the way for follow up action to further strengthen reform implementation. In general, the conclusions from lessons learnt have supported the needs for additional TA to further implement the civil service reform, the reform of subordinated agencies and independent institutions, improving services delivered to citizens, i and supporting municipalities, among others, to clarify competences and strengthen capacity. Moreover, lessons learned from ongoing sector budget support programmes highlight the need for political leadership, commitment and strong coordination, and stability of the</p>
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			<p>DoPA to support the state administration institutions in the implementation of the final court decisions, thus ensuring a higher percentage of implemented court decisions.</p> <p>4. Increase in the number of public services provided at a higher level of automation.</p> <p>5. Increase in the requests for information dealt with, according to the Article 15 of the Law. Furthermore, in terms of progress in the implementation of the CCPARS, the situation related to its funding has improved over the recent years. The costs for the implementation of the CCPARS have been determined and 96% of the funding required for AP (2018-2020), and 93% for AP (2018-2022) have</p>	<p>Minister's Office in order to ensure that</p> <ul style="list-style-type: none"> <li>- the implementation of reforms is thoroughly analysed using advanced analytical tools and techniques,</li> <li>- the progress towards achieving the policy goals is evaluated,</li> <li>- the revision and drafting of new policies are evidence-based and takes into account the evaluation results.</li> </ul> <p>3. The information on the number of final court decisions is not complete, making it difficult to assess the compliance with the achievement of the related target. To address this issue, DoPA launched an electronic platform which aims not only to collect data for DoPA but also serves as a tool for data collection and analysis for the state</p>		<p>public administration, especially for cross-cutting reforms to be implemented across government, both at central and local levels, and for further engagement through policy dialogue. The integrated planning system – which is ready to be put in operation - needs strong coordination and adequate human resources as well as further capacity building to secure sustainability. While the IT systems are expected to be up and running from 2020, a longer-term process is required for government staff to operate the systems. Policy drafting and strategic planning capacity across the state institutions varies greatly from institution to institution. Some of the strategic</p>
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			<p>been accounted for within the Multi-annual Budget Programme. The rate of the implementation of activities in the CCPARS Action Plan (2018-2020) has steadily progressed in 2018-2019.</p>	<p>institutions themselves. Measures have been taken to ensure the functioning of the new system and work continues to ensure that all institutions upload their judicial data.</p> <p>4. Even though progress has been made towards the generation of payrolls through the HRMIS, this indicator was not met. In order to address this issue, DoPA plans to conduct a self-assessment exercise in cooperation with NAIS at the stage when 100 state administration institutions are using the HRMIS for generating payroll reports. DoPA and NAIS have garnered considerable experience since 2018 and the HRMIS payroll module has been improved to</p>		<p>documents and accompanying action plans are well drafted with required impact assessments conducted, alignment with other relevant strategic and planning documents ensured, implementation costs estimated and included in the mid-term budget.</p> <p>There is a need to improve capacities in drafting policies, as well as the capacity to implement regulatory impact assessments in the line ministries in order to ensure coherent and sound strategic framework for the reforms in all sectors, as well as the need to enhance the capacity of the relevant units at the PMO.</p> <p>Policy monitoring capacity in line ministries should be advanced further, to ensure that the progress towards</p>
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				<p>accommodate various specific individual cases. The self-assessment is meant to analyse the previous work experience and to build the further efforts on the lessons learnt. Furthermore, the self-assessment is also supposed to analyse if all specific features and specific individual cases of pay systems have been included in the HRMIS software. The conclusions of the self-assessment would help to plan and design further software improvements.</p> <p>5- Due to the number of institutions that currently generate payroll reports and the continuous trainings that need to be held to include all institutions, the Unit currently dealing with the HRMIS lacks human resources to</p>		<p>achieving the policy goals is monitored, analysed and evaluated, and the revision of policies or drafting new policies is based on evidence and evaluation results.</p> <p>Coordination between the Prime Minister's Office, the Ministry of Europe and Foreign Affairs, and the Ministry of Finance and Economy needs to be further strengthened, with a particular focus on ensuring a better quality of planning and implementation of NPEIs.</p> <p>Human resource capacity of line ministries needs to be strengthened, particularly in policy planning, monitoring and evaluation areas in order to improve the Government's capacity to implement the reforms efficiently and effectively.</p>
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				carry out all the required work. To address this matter, the expansion of this Unit will be requested and discussed with NAIS.		Furthermore, the following Operational Conclusion of the 2nd Sectoral Monitoring Committee “Democracy and Governance” recommends further action in the area of PAR namely the need for DoPA to provide a specific action plan for the achievement of the target on the generation of payroll reports through the HRMIS, and in particular on the specific financial and human resources needed. The need to enhance collaboration with the Local Government Units (possibly through the Agency for Local Government Units) as per the extension of the HRMIS to the municipalities.
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	European Union Integration Facility	Enhancing the Bank of Albania’s alignment with EU Acquis	N/A (project has just started)	N/A	N/A	N/A

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		(Twinning) – under implementation				
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	European Union Integration Facility	Support to the Albanian Competition Authority (ACA) to increase skills for planning and conducting inspections and solve competition cases and capacity building actions in order to prepare accession negotiations (Twinning) under implementation	Adoption of guidelines for the evaluation and abuse of dominant position in the market Drafting of new guidelines for remedies based on the notice of the European Commission.			
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	European Union Integration Facility	Support to civil society organizations for the implementation of capacity building actions to increase policy dialogue and awareness on European Integration	N/A (project has just started)		N/A	N/A

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		process – Grant scheme (13 contracts)				
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	European Union Integration Facility	Support to the General Directorate of Standardization in aligning legislation and work procedures with the Union acquis and CEN&CENELEC criteria, aiming to prepare DPS to become full member of CEN&CENELEC (Services)	N/A (project has just started)	N/A	N/A	N/A
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	European Union Integration Facility	Building capabilities of the Albanian Public Administration on free movement and fight against illicit trafficking of Cultural goods (Services) – under implementation	N/A (project has just started)	N/A	N/A	N/A
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	European Union Integration Facility	Grant scheme “Young Professionals for Albania”. There were	N/A	No applications were received under this Call for Proposals.	The Department of Public Administration started an enquiry to find the reason	Organize visibility activities to ensure the proper information of all

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		no applications under the Call for Proposals.			behind the lack of interest and/or demand for this procedure. Taking into consideration the added value that similar calls bring to the Albanian public administration, and lessons learned for the previous calls, for the next call of the same nature, various visibility activities are foreseen to ensure the spread of the information to all entities that may be interested to apply.	interested entities for the project.
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018	EU Support for the Participation in Union Programmes and Agencies	Active participation in 9 programmes	Albanian institutions continued the efforts towards the improvement of coordination and	There is the need to institutionalise the management of Union Programmes;		Maintaining focus on strengthening institutional capacity and capability to participate in Union

Entry tickets were paid for 2019.



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			management of Union Programmes through increasing the capacities and empowering the NIPAC SO as well as National Contact Points (NCPs) of each Programme; A Guideline on Managing Union Programmes in Albania was finalized and distributed. This document provides comprehensive information in regards to Union Programmes in Albania; Memoranda of Understanding were signed between MEFA and each institution involved in the coordination of Union Programmes;	Systematization of data and preparing qualitative reports on benefits of Union Programmes for Albania; Need for training to strengthen the capacities of Albanian potential applicants, both from state institutions but especially by non-government entities; Generally, potential applicants from Albania prefer to apply as partners, rather than as lead organisation, recognizing their limited capacities in both drafting a competitive proposal and effectively managing project implementation of		Programmes and increase local ownership of the process; Institutionalise and strengthening capacities of the network of NCPs - ensuring their active coordination role; Need to focus on those Union Programmes that have the lowest rates of performance; Need to further determining and enforce clear roles and responsibilities on all levels; Need to strengthen the Network of Contact Points and inter-institutional coordination - as crucial factor for an effective coordination

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			<p>Practical Toolkits for potential applicants (under Horizon 2020 and Creative Europe Programmes) were developed and widely disseminated;</p> <p>The number of Albanian applicants and beneficiaries has increased as a result of an intensive capacity building action with direct national training, coaching, seminars, conferences, and round tables for all Union Programmes.</p> <p>The European Investment Fund (EIF) and Alpha Bank Albania signed a Euro 25 million agreement for the financing of Albanian SMEs in</p>	<p>what may be complex, multi-partner projects; Lack of NCP sustainability, due to continuous staff turnover.</p> <p>It can be noted that significant efforts have been made in this respect, in particular to provide support and training to Albanian beneficiaries also through activities at Municipality level and sector organisations such as Chambers of Commerce.</p> <p>Furthermore, the reactivation of the NCP Network led by MEFA and the reconfirmation of</p>		<p>of Union Programmes;</p> <p>Need to strengthen project preparation capacities of Albanian applicants to Union Programmes;</p> <p>Need to keep a systematic flow of information to potential applicants in Union Programmes;</p> <p>Need to improve interactive online information exchange on Union Programmes in Albania.</p>

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			2019, as part of the EU's COSME Loan Guarantee Facility programme that supports SMEs' access to financing. This is the first COSME programme agreement to be signed in Albania.	NCPs will increase NCP sustainability.		

## IV.2. Rule of Law and Fundamental Rights

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	Consolidation of law enforcement agencies - support to the Albanian State Police – ASP/MoI Technical Assistance under direct management implemented through PAMECA V,	Under Implementation	During 2019, many training, workshops, study visits, legal assessment reports and expert opinions, advisory support and other capacity development activities have been organized by PAMECA V and delivered to judicial police officers from ASP and PO, and students of the Security Academy.	Regarding some sub-activities under Component 4- Strategic planning and coordination capacities of direct beneficiaries they are postponed for the next reporting period due to the beneficiaries not committing staff on the ground of their workload.	No problem identified	Close collaboration between the stake holders involved until the end of the implementation of this project
	“Consolidation of Law Enforcement Agencies, Support to the Ministry of Interior, Albanian State Police and Prosecutor Office” “Supply of vehicles for standard and	2 contracts – under implementation	LOT 2: 49 pcs - Mono brand off road four-wheel drive SUV - Land Rover Discovery delivered and the Provisional Certificate of Acceptance signed.	Regarding LOT I, all the technically acceptable tenders exceed the available budget. The Contracting Authority, based on PRAG Rules, invited four tenderers from		

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	specialized operations for the Albanian State Police			the previous procedure that met the selection criteria to negotiate their offer. Only two tenderers submitted their offers. One of the tenderers did not comply with the minimum requirements of the Technical Specifications.		
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Sector Reform Contract to support fight against corruption	Under implementation. Based on conclusions under the Mission Report by independent experts dated June 2019, the overall implementation of the Action Plan 2018-2020 is on track and progress is satisfactory during 2018, especially in the implementation of	Implementation of the Law on Whistle-blowing and whistle blower protection (100% achieved). Political party finances audited in line with EU/ACFA recommendation (100% achieved). Access to information for police and prosecution to improve efficiency of investigations.	Problems encountered during the implementation of indicator 3.2 of Sector Reform Contract in the Fight against corruption are high costs for access to required databases for 2019 and protection of personal data as a legal obstacle for accessibility in the required databases.		The finalisation of the Action Plan with costed measures; further quality and focused technical assistance needed by the Beneficiary on certain core issues; the initiative of more regular AC SBS Policy. Dialogue coordination meetings; more visibility should be given to the

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
		the Preventive Approach. As 12 objectives out of 18 have been realised and the implementation of 4 objectives is ongoing, satisfactory progress is expected also in future.	14 inspections were carried out by the Financial Inspection Unit (12 inspections completed, 2 inspections under process). At the end of 7 inspection missions, 2 cases were referred to the prosecution for criminal charges. Less than 8% of contracts awarded by negotiated procedure without publication of the contract (100% achieved).			monitoring process in order to promote participation of a wider variety of stakeholders in the monitoring process. Ensure coherence between MTBP provisions and planned SBS IPA funds/ disbursements.
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Action 4. Consolidation of the Justice System in Albania (Euralius and Vetting)	Under implementation	Ongoing support – described in text – section II			
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2018	EU for Justice Reform	Under Implementation. The request for the disbursement of the fixed tranche in the	The constitutional changes and the package of organic laws adopted in the framework of justice	N/A	The link between the MTBP and budget support disbursements of the Sector Reform	Ensure adequate planning of budget and IPA resources

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
		amount of 7,000,000 EUR has been submitted to EC	reform contain clearly defined provisions that guarantee independence, impartiality, professionalism, the integrity of the judicial system, and improve accountability and monitoring mechanisms of its functioning. Good progress has been made through continued implementation of the justice reform. The re-evaluation of all judges and prosecutors has advanced steadily and delivered substantial results.		Contract so that the implementation by the institutions responsible for achievement of the targets shall prompt absorption of all available funds through regular disbursement of the envisaged tranches.	
	Consolidation of law enforcement agencies - support to the	Completed on 13 January 2020	For 2019 the Italian side has these indicators; Total 94 Reports.	There were no problems encountered Under the SANCAS project (Cooperation	Approximation of the State Police to increase efficiency.	Increased air monitoring, more complete control of the territory

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
	Albanian State Police – ASP/MoI Service Contract “Support to Anti Cannabis Strategy - Air Surveillance”		<ul style="list-style-type: none"> <li>- 44 monitoring reports (camera + sensor)</li> <li>- 50 Extra monitored reports (camera only).</li> <li>- 1098 suspected sites in total (coordinates).</li> <li>- 891 confirmed coordinates (sites) in which narcotic plants were found</li> <li>- 207 coordinates (locations) where no narcotic plants have been found</li> <li>- 25,639 plants annihilated.</li> <li>- 3350.136.59 km2, controlled surface.</li> </ul> <p>As part of the SANCAS 2019 project, the Guardia di Finanza has carried out:</p> <ul style="list-style-type: none"> <li>- 40 hours flight</li> <li>- about 165,870 hectares of supervised Albanian territory.</li> </ul>	with Albanian Authorities aimed at countering illicit cannabis cultivation) it was not possible to procure the geodata laboratory and the component for the Joint Investigation Team was not fully exploited by Albania.		<p>especially in high risk areas.</p> <p><i>It is important to ensure a better use of the opportunities.</i></p>



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	Consolidation of law enforcement agencies - support to the Albanian State Police – ASP/MoI Supply Contract “Supply of vehicles for standard and specialized operations for the Albanian State Police.	Under Implementation	In November 2019, Contactor has delivered all the vehicles, 49 pcs - Mono brand off road four-wheel drive SUV - Land Rover Discovery. All the supplies delivered comply fully with the Technical Specifications (TS) of the Contract / Technical Offer in terms of quantities and nature of the supplies and they are available for use in ASP structures.	Minor problems encountered due to unforeseen circumstances. Delays of approval of tender documents and in signing the contract. Extension of the period of the implementation of the tasks. Remedial actions have been taken in collaboration with the CFCU, contractor, ASP, MoI/IPA Unit, to avoid delays and implement the project as planned.	Improve performance and increase technical readiness of the of the fleet of Albania State Police road transport vehicles.	Shortening the procurement and delivery process
	Consolidation of law enforcement agencies - support to the Albanian State Police – ASP/MoI Supply Contract “Establishment of a communications	Not contracted in time and has been cancelled.		The previous procurement tender procedure was cancelled in 2018 due to the changes of technology (TETRA to LTE standards). Despite the acceleration of the		The Collaboration among parties needs to be strengthened in the future to avoid delays in procurement and contracted phase for other IPA projects that MoI will benefit.

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
	network based on MC LTE technology”			process of the finalization of the tender documents, these funds have not been contracted, because the contacting deadline (September 2019) could not be met.		

### IV.3. Environment, Climate Action and Energy

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	<b>Action 5. Support to the Water management Sector</b>	During 2019 several international and national external experts were contracted to join the EUSIWM team and support the beneficiary in enhancing the implementation of the EU legislation requirements for water. Training modules for WRMA/AMBU and WBAO staff related to RBM planning process are under preparation. The plan of progressive approximation of EU legislation was endorsed by the Council of Ministers	Component1: Significant progress was made regarding the Water Resources Management Agency, in the context of setting up a fully functional, effective and efficient institution, in fulfilling its legal functions, tasks and responsibilities. The four Water Basin Administration Offices (WBAO) were fully functional, considering new staff was recruited. The support of EUSIWM project on capacity building prospective is very important for the WRMA/AMBU and WBAO	Component Regarding EUSIWM, the main challenges during this year were related to the procurement procedures for the local experts. While the procurement and contracting of the first five international experts was completed in March 2019, the process for contracting the local ones took longer than expected and was finalized in August 2019. As a consequence, there have been delays in the implementation of some of the activities foreseen as part of the	EUSIWM will elaborate recommendations for developing steps towards the identification of the fundamental prerequisites needed for water quality protection such as the establishment of a nationwide monitoring network and water laboratories. A fully WFD compliant Vjosa RBMP, including an outline programme of measures will certainly require additional funding – and the Project will develop options and recommendations for	The Sectoral Monitoring Committee on Water, has emphasised the importance of sector governance and coordination among institutions, to ensure the sustainability of EU-funded infrastructure. NIPAC together with the beneficiary institutions must ensure the proper operational monitoring of the results, impacts and sustainability of all IPA actions (irrespective of management mode). Regarding the strategic and legislative level both

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		through DCM no. 246 dated 9.5.2018). A River Basin Management Expert Group, which will contribute to strengthen the technical capacity at WRMA/AMBU to lead the RBMP preparation & implementation process was established;	development. Since all the directories and sectors, on central and local level have been structured and the main positions are filled, there are adequate conditions that the EUSIWM can make progress with the capacity building programme that should be mainly based on and well-coordinated with three other main results of this project. Further progress was made on the implementation of the Prime Minister's Order no. 157, dated 28.10.2018 "On estimating the implementation of sector-wide/cross-sectoral approach, as well as the	project work plan for 2019. Component 2: Limited cooperation interest of targeted municipality administrations also due to local elections held in June 2019. Lack of installed metering of water production. Impact of the earthquakes in some of the water utilities. Water utilities like Durrës (majority) are affected by the earthquakes in terms of infrastructure and some of the KPIs such as collection rate etc. This fact was also highlighted by the Water Regulatory Authority in the annual report published for 2019.	a possible continuation after completion of the EUSIWM Project.	the Strategy for Water Supply and Sanitation and the new Law on water supply and sanitation must be largely and properly consulted with relevant civil society/organisations (CSOs) including regulatory impact assessment (RIA). A mechanism for monitoring and reporting the implementation of the sector strategies should set up. An increase in the implementation of water and waste policies and related legislation related to alignment with EU acquis is needed in parallel with progress in the transposition of EU directives.

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			<p>functioning of the sectoral / cross-sectoral integrated mechanism” for the implementation of a wide sectoral / cross-sectoral approach. Two thematic groups were established under this mechanism, respectively for water resources and water &amp; sanitation reform. The WRMA/AMBU is responsible for the Water Resource Thematic Group. During the reporting period, three meetings of this thematic group were held. During 2019 the EUSIWM project Steering Committee has been active – two meetings were organised. In</p>			<p>Moreover, efforts should intensify to increase project outcomes, impact and sustainability and set up an appropriate monitoring mechanism with a view to increase the customer base of sewerage system. In relation to floods and civil protection a new law on civil protection must be adopted. Moreover, a reduction of time between the completion of infrastructure works and the taking over and registration of assets is crucial to improve performance and achievement of results. Staff recruitment and capacity building for</p>

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			<p>February 2019 the project Annual Report was adopted. In the second meeting - organised in November and called by the beneficiary – several technical and administrative issues on the progress of the project were brought to the table.</p> <p>The project's legal team and WRMA/AMBU have been working for the preparation of the key technical amendments to the existing water law which would transpose the main provisions of the EU Water Framework Directive related to the river basin management planning process.</p>			<p>both the Agency for Water Resources Management and the Agency for Water Supply, Sewerage and Waste and the National Environment Agency are a requirement for them to fully benefit from IPA 2016 actions. Finally, sector beneficiaries must carry out specific communication activities on their mission and monitor the perception of the general public.</p>

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			<p>The following activities were implemented as per the operational plan for 2019.</p> <p>At local level activities planned to be implemented with the direct support of the international consulting company selected by GIZ, are completed with respective reports.</p> <p>Several trainings have been organised with the staff of the water utilities for different topics with involvement of national and international experts.</p> <p>Purchase of some equipment has been organised by GIZ and delivered to water utilities. All water utilities are now part</p>			

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			<p>of the customer service portal developed by GIZ with the financial support of the German Government. Study tours with participation of the water utilities are organised within Albania and abroad.</p> <p>Component 2: The main central institution benefiting from EUSWAM project is AKUM. This reporting year was quite active in terms of continues support for functioning of the new structure within AKUM. New internal regulation and Job Descriptions are in place and manual of procedures will be completed within</p>			



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			<p>April 2020. Staff of AKUM participated in some training organised by GIZ in Albania and Germany. First workshop is already organised for implementation of UWWTD and activities are proposed and agreed to be implemented during 2020.</p> <p>Strategic development plan for AKUM 2020-2025 will be prepared and implemented during 2020 as tendering procedures were held during 2019.</p>			

#### IV.4. Transport

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Action 6. Sector reform contract for transport sector	The transport sector was granted EUR 24 million from IPA 2016 “Sector reform Contract with focus in road/SRC” covering the years 2018 – 2020, by DCoM no 740 date 13.12.2017. SRC is in the second year of implementation.	For the year 2018 (assessment done in Q2 of 2019) 6.5 indicators have been met out of 8 in the SRC. The assessment of the indicators (Data 2019) is to be done in Q2 of 2020 and disbursement by Q3 2019. The second monitoring report of the strategy of transport was prepared and approved during 2019.	SRC -Indicator no 2 was not met for the year 2019. In view of this indicator was not meet for 2018 and 2019 there is need for considering a partial change or modification of this indicator -Indicator no 4 elimination of the black spots was partially met in terms of evidence of the works undertaken. ARA is advised to do a proper analysis and plan for each black spot and to perform road safety audits for each black spot eliminated. Regarding the strategy	The disbursement of the SRC will be subject to meeting the General Eligibility Criteria of satisfactory progress in the implementation of the transport strategy as well as achieving the specific targets for indicators of 2019.	The Albanian Transport National Plan for the period 2019-2030, should be drafted and adopted. Coordination in the sector should be improved between the Ministry and the agencies and other stakeholders such as civil society and donor partners. Strengthening of capacities for planning, implementation monitoring and reporting is crucial. Connectivity reform on transport must continue with the aim to further improve road safety and address transport infrastructure

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						<p>maintenance issues. Moreover, implementation of the Strategic Framework for Intelligent Transport and plan for road accident blackspots elimination must progress. Of crucial relevance remains the adoption of the relevant legislation on rail transport and progress with the implementation of the EU acquis on passenger rights in all transport modes. Regarding SBS on Transport there is a need to speed up to meet the indicators' targets.</p>

#### IV.5. Competitiveness and innovation, agriculture and rural development

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Action 7 Support to Food Safety, Veterinary and Phytosanitary Standards	Under implementation,	Inception Phase fact-finding completed 3 missions have been undertaken by non-resident core advisor on veterinary services; Veterinary law amendments are pending approval. 3 missions have been undertaken by non-resident core advisor on plant health; - Progress is being made towards the development of a new Plant Health law for Albania	No significant problems have been encountered during the reporting period. The procurement process has been performed by the EUD. For both projects during implementation period, the inception phase lasted longer than foreseen.		The Sectoral Monitoring Committees on Agriculture and Rural Development addressed delays on meeting contracting deadlines and cooperation concerns. Enhanced cooperation between project teams and the staff of the Ministry of Agriculture and Rural Development to ensure project tasks and activities are duly carried out must improve. The adoption of sub-sector strategies on laboratories, extension services and veterinary services in order to

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						develop a clear timeline for the restructuring and strengthening of these sub-sectors including staffing, budget allocations, and indicators of progress is of particular importance. For more efforts on increasing project driven visibility & communication performance is needed. On the other hand, certain sub-systems of IACS (the Integrated Administration and Control System), like the Farmer's Register (system for the unique identification of farmers) should be established as a matter of priority, for it to be able to

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						support the IPARD application process and also to provide general data about the beneficiaries of national support schemes. Strategic options regarding the establishment of LPIS (Land Parcel Identification System) should be explored in order to ensure compatibility and to maximize synergies between the digital cadastre and the LPIS IT systems and that the digital cadastre should be done independently from the establishment of an (LPIS). Consultation on all the relevant strategies, amendments and draft laws with the EUD

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						and use the on-going projects to provide support for checks on compliance with EU acquis should be ensured. Relevant institutions need to ensure ownership of the benefits and results of the support. A White Paper Policy to encompass the whole Food Safety system, including a Road Map, and Action Plan should be drafted and adopted addressing the need to advance alignment with EU acquis animal health, plant health and official controls. Sustainability of the equipment's provided through IPA assistance, and its operational

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						functionality and maintenance must be ensured. To conclude, a mechanism at technical level shall be established to avoid overlapping of interventions between the Italian government funded PROMAS project (regarding LPIS) and the IPA II 2020Action EU for property rights.
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Action 8: Support to Fishery Sector	Under implementation,	-Inception Phase fact-finding completed - At the present stage of implementation, the level of achievement is not significant for the indicators, as they are mainly referring to the conditions at the end of the activities.			n/a



Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017	EU support to a tourism-led model for Local Economic Development	Under Implementation	Under Component 3, two Calls for Proposals for funding innovative start-ups and innovation support organizations were launched in 2019. In the first call, there were 163 applications from start-ups and 31 from Innovation Support organisations; 8 start-ups and 2 Innovation Support Organizations were awarded.	Implementation of activities were delayed in 2019 for Components 1 and 2 due to the complexity in finalising the loan agreement that was essential for the implementation of the envisaged activities led to significant delays regarding Components 1 and 2. This issue has now been resolved and the Steering Committee is functional.		Activities need to speed up to ensure timely implementation. It is suggested that NIPAC supports strong inter-institutional collaboration and close monitoring of progress at technical level.

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Action 7 Support to Food Safety, Veterinary and Phytosanitary Standards	Under implementation,	Inception Phase fact-finding completed 3 missions have been undertaken by non-resident core advisor on veterinary services; Veterinary law amendments are pending approval. 3 missions have been undertaken by non-resident core advisor on plant health; - Progress is being made towards the development of a new Plant Health law for Albania	No significant problems have been encountered during the reporting period. The procurement process has been performed by the EUD. For both projects during implementation period, the inception phase lasted longer than foreseen.		The Sectoral Monitoring Committees on Agriculture and Rural Development addressed delays on meeting contracting deadlines and cooperation concerns. Enhanced cooperation between project teams and the staff of the Ministry of Agriculture and Rural Development to ensure project tasks and activities are duly carried out must improve. The adoption of sub-sector strategies on laboratories, extension services and veterinary services in order to develop a clear timeline for the restructuring and

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						strengthening of these sub-sectors including staffing, budget allocations, and indicators of progress is of particular importance. For more efforts on increasing project driven visibility & communication performance is needed. On the other hand, certain sub-systems of IACS (the Integrated Administration and Control System), like the Farmer's Register (system for the unique identification of farmers) should be established as a matter of priority, for it to be able to support the IPARD application process and also to provide

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						<p>general data about the beneficiaries of national support schemes. Strategic options regarding the establishment of LPIS (Land Parcel Identification System) should be explored in order to ensure compatibility and to maximize synergies between the digital cadastre and the LPIS IT systems and that the digital cadastre should be done independently from the establishment of an (LPIS).</p> <p>Consultation on all the relevant strategies, amendments and draft laws with the EUD and use the on-going projects to provide support for checks on</p>

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						<p>compliance with EU acquis should be ensured. Relevant institutions need to ensure ownership of the benefits and results of the support. A White Paper Policy to encompass the whole Food Safety system, including a Road Map, and Action Plan should be drafted and adopted addressing the need to advance alignment with EU acquis animal health, plant health and official controls.</p> <p>Sustainability of the equipment's provided through IPA assistance, and its operational functionality and maintenance must be ensured.</p>

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						To conclude, a mechanism at technical level shall be established to avoid overlapping of interventions between the Italian government funded PROMAS project (regarding LPIS) and the IPA II 2020 Action EU for property rights.
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2016	Action 8: Support to Fishery Sector	Under implementation,	-Inception Phase fact-finding completed - At the present stage of implementation, the level of achievement is not significant for the indicators, as they are mainly referring to the conditions at the end of the activities.			n/a
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2017	EU support to a tourism-led model for Local Economic Development	Under Implementation	Under Component 3, two Calls for Proposals for funding innovative start-ups	Implementation of activities were delayed in 2019 for Components 1 and 2		Activities need to speed up to ensure timely implementation. It is

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			and innovation support organizations were launched in 2019. In the first call, there were 163 applications from start-ups and 31 from Innovation Support organisations; 8 start-ups and 2 Innovation Support Organizations were awarded.	due to the complexity in finalising the loan agreement that was essential for the implementation of the envisaged activities led to significant delays regarding Components 1 and 2. This issue has now been resolved and the Steering Committee is functional.		suggested that NIPAC supports strong inter-institutional collaboration and close monitoring of progress at technical level.

## IV.6. Education, employment and social policies

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2014	Economic and social empowerment of Roma and Egyptian communities	Project completed	-883 R/Es employed through 7 Active Labour Market Measures (ALMM); -64 businesses benefited grant agreement for an ALMM; +132 R/Es participants of the Basic Literacy and Life Skills; -26 teachers/instructors trained on Basic Literacy & Life Skills Courses; -68 personnel of National Employment Service trained on Roma and Egyptian communities' employment and vocational education coaching;	N/A	N/A	Key Recommendation 1: Develop a project proposal for a next ESERE phase and actively mobilize funds (with the EU). Pursue to targeted effort of R&E inclusion: Fund Roma targeted project: Achieving Roma integration is much longer process than social inclusion. Because the Roma integration challenge is the highest, ESERE has built a strong Social Inclusion model, but in practice, the Roma integration model is not yet sufficiently anchored with municipalities & institutions; it needs to



Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			<ul style="list-style-type: none"> <li>-300 Public Officials trained at central and local levels on ROMALB, social care and behavioral change;</li> <li>-Over 1,771 Community-based social care services provided;</li> <li>-13 Community Upgrading Projects have been implemented;</li> <li>-At least 10,000 direct beneficiaries benefited from Improved infrastructure, sewage system, water connection etc.;</li> <li>-1772 parents and students benefited from inclusive education &amp; disaggregation;</li> <li>-99 beneficiaries of adult education;</li> </ul>			<p>scale up results, lobby more with local and national governments, so they fully take over their roles in implementation.</p> <p>Specific recommendation 1.1: Organise a workshop to take stock of all best practices to produce a “how to” manual” describing the field experience-based ESERE model with its mechanism of social inclusion.</p> <p>Specific recommendation 1.2: Include Roma and Egyptian communities from other municipalities with a view to replicate the model, while keeping as targeted locations the four existing</p>

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			-20 R&E CSOs involved and strengthened; 12,187 Direct beneficiaries of the R/E CSO initiatives; 15 Inclusive Policy Responses adopted at Central and Municipal levels.			Municipalities in order to bring the model at a more advanced stage and secure sustainability of results. Key Recommendation 2: Strengthen the Roma and Egyptian inclusion model and use this opportunity to provide a tested and strong model for mainstreamed social inclusion in Albania: Use and extend the ESERE effective intervention to develop a model of inclusion that is not just relevant to Roma and Egyptian communities but also applicable to address inclusion of all excluded or marginalized

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						<p>communities in Albania (unique opportunity and practice, gives more sense to the social investment made by the EU).</p> <p>Sub-recommendation 2.1: Set the conditionality of recommended ESERE next phase social inclusion activities to the release of central government matching (social funds) contribution.</p> <p>Sub-recommendation 2.2: Strengthen implementation practice. The process of integration can suffer no disruption.</p> <p>Sub-recommendation 2.3: Build and promote stories of successful integration.</p>

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
						Sub-recommendation 2.4: “Break the ghetto” Apply a more targeted approach by prioritizing support to the most excluded Roma and Egyptian communities, i.e., settlements physically isolated from urban centres.
COUNTRY ACTION PROGRAMME FOR ALBANIA FOR THE YEAR 2015	Sector Reform Contract for Employment and Skills	Completed	Related with the below indicators: Indicator 1: Youth Employment Rate – fully compliant; Indicator 2: Gender Gap in Employment – not compliant; Indicator 3: Beneficiaries of EPPs – fully compliant; Indicator 4: Trained VET Teachers (%) – fully compliant; Indicator 5: # of R&E enrolled in VET	N/A	The contract for the complementary technical assistance for this SRC was cancelled; a new tender will be launched in 2020.	N/A

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			<p>and EPPs – fully compliant;</p> <p>Indicator 6: Establishment of MFCs – non compliant;</p> <p>Indicator 7: VET Graduates' employment rate – non-compliant;</p> <p>Indicator 8: No. of qualifications as per AQF – partially complaint;</p> <p>Indicator 9: NES offices reorganised – fully compliant;</p> <p>Indicator 10: Revised Labour Code – partially complaint.</p>			

## IV.7. Territorial Cooperation and Regional Cooperation

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
Financing Agreement 2014 - 2017	IPA II CBC Programme North Macedonia - Albania	Two Calls for Proposals:  1 <sup>st</sup> CfP was launched on 16 September 2016 and closed on 1 November 2016  2 <sup>nd</sup> CfP was launched on 27 November 2018 and closed on 1 February 2019	1 <sup>st</sup> CfP: 9 projects were financed with a total budget of EUR 2.98 million.  2 <sup>nd</sup> CfP: 5 projects were financed with a total budget of EUR 2.89 million.	VAT reimbursement and co- financing are an issue for implementation.  Regular official communications with Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.	N/A	N/A
Financing Agreement 2014 - 2017	IPA II CBC Programme Albania – Kosovo	Two Calls for Proposals:  1 <sup>st</sup> CfP was launched on 11 January 2017	1 <sup>st</sup> CfP: 5 projects were financed with a total budget of EUR 2.04 million.	VAT reimbursement and co- financing are an issue for implementation.	N/A	N/A

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
		<p>and closed on 16 March 2017</p> <p>2<sup>nd</sup> CfP was launched on 3 May 2019 and closed on 14 August 2019</p>	<p>2<sup>nd</sup> CfP: 2 projects were financed with a total budget EUR 2.04 million.</p>	<p>Regular official communications with Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.</p>		
Financing Agreement 2014 - 2017	IPA II CBC Programme Montenegro – Albania	<p>Two Call for Proposals:</p> <p>1<sup>st</sup> CfP was launched on 15 July 2016 and closed on 15 September 2016</p> <p>2<sup>nd</sup> CfP was launched on 27 February 2019 and closed on 27 May 2019</p>	<p>1<sup>st</sup> CfP, 8 projects were financed with a total budget of EUR 2,757,020.</p> <p>The 2<sup>nd</sup> Call is still under evaluation process.</p>	<p>In 2019, lack of detailed control procedures on VAT and co- financing was an issue, which was finally solved since the procedures were adopted in November 2019.</p> <p>VAT reimbursement and co- financing are an issue for implementation.</p>	N/A	N/A

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
				Regular official communications with Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.		
Financing Agreement 2014 -2020	Interreg IPA II CBC Programme Greece – Albania 2014 – 2020	<p>Five Calls for Proposals:</p> <p><b>1<sup>st</sup></b> CfP was launched on 12 February 2016 and closed on 16 May 2016</p> <p><b>2<sup>nd</sup></b> CfP was launched on 17 May 2016 and was closed on 5 September 2016</p>	<p><b>1<sup>st</sup></b> CfP: 4 projects financed with a total budget of EUR 5.2 million.</p> <p><b>2<sup>nd</sup></b> CfP: 41 projects financed with a total budget of EUR 9.5 million.</p> <p>From the 3<sup>rd</sup> call for proposals only one</p>	VAT reimbursement and Co- financing, opening of the Bank Accounts from Albanian beneficiaries, delays for the transfer of pre-financing, lack of cooperation between Greek and Albanian Beneficiaries. Regular official communications with	N/A	N/A



Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
		<p><b>3<sup>rd</sup></b> CfP was launched on 2 August 2018 and closed on 1 October 2018</p> <p><b>4<sup>th</sup></b> CfP was launched on 18 November 2018 and closed on 28 February 2019</p> <p><b>5<sup>th</sup></b> CfP was a targeted call launched on 18 November 2019 and will be open until 24 February 2020</p>	<p>project (targeted call) was financed with a total budget of EUR 4 million.</p> <p>4<sup>th</sup> CfP: 31 projects contracted with a total budget of EUR 9 million.</p>	<p>Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.</p>		
Financing Agreement 2014- 2020	Interreg IPA II CBC Italy - Albania - Montenegro	<p>Three Calls for Proposals:</p> <p><b>1<sup>st</sup></b> CfP was launched on 16 March 2017 and closed on 30 May 2017</p>	<p>1<sup>st</sup> CfP: 32 projects were financed with a total budget of EUR 30 million.</p> <p>2<sup>nd</sup>CfP: 8 thematic projects were financed with a total</p>	<p>VAT reimbursement and co- financing are an issue for implementation.</p> <p>Regular official communications with Ministry of Finance and Economy on this</p>	N/A	N/A

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
		<p><b>2<sup>nd</sup></b> CfP was launched on 4 April 2019 and closed on 4 June 2019</p> <p><b>3<sup>rd</sup></b> CfP was launched on 4 April 2019 and closed in 20 June 2019.</p>	<p>budget of EUR 40 million.</p> <p><b>3<sup>rd</sup> CFP:</b> The budget available for this call is approximately EUR 13.5 million. This call is under the contracting phase.</p>	<p>issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.</p>		
Financing Agreement 2014-2020	Transnational Cooperation Programme Interreg Mediterranean (MED	<p>Six Calls for Proposals:</p> <p><b>1<sup>st</sup> Call for Modular projects</b> was open from 1<sup>st</sup> September to 3<sup>rd</sup> November 2015</p> <p><b>1<sup>st</sup> Call for Horizontal projects</b> was open from 10 November 2015 to 11 January 2016</p> <p><b>2<sup>nd</sup> Call for Modular projects</b> (single-</p>	<p><b>1<sup>st</sup> call for Modular projects:</b> 61 project approved with an allocation of EUR 3.09 million from IPA funds.</p> <p>From the <b>1<sup>st</sup> Call for Horizontal projects</b> proposals, 8 Horizontal Projects (HP) approved with an allocation of EUR 370,000 from IPA funds.</p>	<p>VAT reimbursement and co- financing are an issue for implementation.</p> <p>Regular official communications with Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.</p>	N/A	N/A

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
		<p>module and integrated projects) was open from 30 January 2017 to 31 March 2017</p> <p><b>2nd call for Horizontal projects</b> was open from 9 May 2019 to 27 June 2019</p> <p><b>1st call for Strategic projects</b> was open from 2 April 2019 to 6 June 2019</p> <p><b>3rd call for Modular projects</b> was open from 30 October 2018 to 31 January 2019</p>	<p>From the <b>2<sup>nd</sup> Call for Modular proposals</b>, 33 projects were financed with an allocation of EUR 2.6 million from IPA funds.</p> <p>From the <b>2<sup>nd</sup> call for Horizontal projects</b>, 8 projects were approved and the total budget allocated was EUR 12.5 million (ERDF+IPA+ national co-financing).</p> <p>From the <b>1st call for Strategic projects</b> are approved 4 projects and the total budget allocated was EUR 12,099,774 (ERDF+IPA+ national co-financing).</p>			

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
			From the <b>3<sup>rd</sup> call for Modular projects</b> , 13 projects were selected, involving a total budget of EUR 37,271,673.53 (ERDF+IPA+ national co-financing).			
Financing Agreement 2014 - 2020	Transnational Cooperation Programme Interreg Balkan – Mediterranean	One call for proposals was from 16 December 2015 to 26 April 2016	From the 1st CfP, 37 projects were financed and are under implementation with a total budget of EUR 39 million.	VAT reimbursement and co- financing are an issue for implementation.  Regular official communications with Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.	N/A	N/A

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
Financing Agreement 2014-2020	Interreg Adriatic – Ionian (ADRION) Programme	<p>Two Call for Proposals finalised:</p> <p><b>1<sup>st</sup> CfP</b> was launched on 1 February 2016 and closed on 25 March 2016</p> <p><b>2<sup>nd</sup> CfPs</b> was launched on 26 March 2018 and closed on 26 June 2018</p> <p>3rd CfP was launched on 20 May 2019 and was closed on 30 September 2019</p>	<p><b>1<sup>st</sup> CfP:</b> 35 projects were financed with a total budget of EUR 39 million.</p> <p><b>2<sup>nd</sup> CfP:</b> 22 projects were financed with a total budget of EUR 33.3 million.</p> <p>The 3<sup>rd</sup> call is undergoing the selection of submitted applications.</p>	<p>VAT reimbursement and co- financing are an issue for implementation.</p> <p>Regular official communications with Ministry of Finance and Economy on this issue to monitor the implementation of the new Guidance No. 34 of 5.12.2019 of the Minister of Finance and Economy on VAT reimbursement.</p>	N/A	N/A

## ANNEXES

### Annex 1a. Overview of the functioning of the management and control systems

The National Authorizing Officer (NAO) (Deputy Minister of Finance and Economy) bears the overall responsibility for the financial management of IPA Assistance in Albania ensuring the legality and regularity of the expenditure under IPA I and IPA II. The NAO is supported by the management structure which is composed of the National Fund and NAO Support Directorate. Both are separate structures within the Ministry of Finance and Economy, accountable to the NAO for IPA implementation purposes. This responsibility is fulfilled by working in coordination with the central level authorities as the NAO, NIPAC and Head of the Audit Authority as well as sub-national level authorities, Central Finance and Contracting Unit (CFCU), IPA Unit of Line Ministries, which coordinate their work between them according to the Legal Framework.

Throughout 2019 the main actors of the institutional architecture for the implementation of IPA II assistance have been in place and have performed their responsibilities: NAO, NIPAC, Head of AA, Head of CFCU, Head of NIPAC SO, Head of NAOSD, Head of NF. In general, IPA Units in Line Ministries have been duly staffed, while the main challenge remains the fluctuation of staff as well as the lack of a credible retention policy.

In order to ensure the existence as well as effective functioning of the management and control systems and follow-up in line with IPA regulations and requirements during the year 2019 NAOSD has taken the following actions:

NAOSD staff has performed several verification visits in:

- All line ministries and beneficiary institutions
- National Fund
- CFCU
- NIPAC

The Management Verification Visits were undertaken to provide assurance to the NAO that the management and operating structures meet the minimum requirements of Annex B (ICS) of the IPA II Framework Agreement. The reports and findings were presented to NAO together with the recommendations to be addressed by these institutions.

In addition, a number of on-the-spot checks/ on-site visits to specific projects have been carried out during 2019. The reports were presented to NAO regarding their status of implementation.

The effective functioning of the management and control system is based on risk management and management of irregularities. In March 2019, the High-Risk Level Committee meeting was coordinated by the NAO SO and chaired by the NAO. High risks were addressed according to the action plan. The risks were mainly on high staff turnover in all IPA structures during 2019.

With regard to irregularities, during 2019, five irregularities were identified which were properly reported to IMS system of OLAF. NAOSO has taken all the actions to follow up and close the irregularities. Three irregularities have been closed, and two are still opened which are being closely monitored by NAO.

Regarding the Supervision of internal audit capacities in beneficiary's institutions, NAOSD has required that all the beneficiaries appoint two internal audit staff dedicated for IPA projects. Furthermore, during the reporting year the NAO SD has performed the following:

- Follow – up of the action plans prepared by beneficiaries audited by Audit Authority;
- Follow –up of the action plans prepared on the base of internal Audit Reports of line ministries, on IPA Units;
- Follow-up of the external audit/control reports from DG NEAR and Agency for Auditing of Programmes financed by EU funds;

Based on all the above-mentioned actions, the Annual Management Declarations for IPA 2014 and IPA 2015 programmes were prepared and submitted to EC within the respective deadline. NAOSD in cooperation with National Fund, CFCU, NIPAC, and line ministries, has prepared all the documentation for the entrustment package for IPA 2019 and IPA 2020 programmes based on the requirements of Framework Agreement. The entrustment package was sent to European Commission on 03 December 2019.

## Annex 1b. Transparency, visibility, information and communication activities

The legal framework which sets the rules for IPA II communication and visibility is 1) IPA II implementing regulation, 2) IPA CIR Art 24 and Article 25, 3) The Framework Agreement.

Key communication and visibility activities implemented in 2019 are presented below:

- Several products were produced in order to increase the visibility of the Public Administration Reform, including a video, part of a documentary series for the PAR, which explains the informatization of the application process for positions in the civil service, vacancy announcement and online recruitment procedure, admission procedure for candidates, etc.; national radio campaign in order to attract the interested parties who wants to become part of the public administration; A survey about Public Administration Reform, digitization, civil service, anti-corruption etc, and the perception of the citizens. Brochures, leaflets, and posters T disseminated in all the country's municipalities in the form of dedicated to raising public information on PAR as well as employment opportunities in the civil service. **PAR action**
- Multi-stakeholder workshop on 13th of March 2019 with Development Partners and Civil Society Organisations (CSOs) in order to present the findings of the MTR, Study Tour and the proposed priorities of the revised/extended PFM Strategy. **PFM SBS**
- Public Finance Management Strategy Consultation Workshop - 30 July 2019 with Development Partners and CSOs. **PFM SBS**
- Launch of Revised Public Finance Management Strategy - Workshop - 29 October 2019. **PFM SBS**
- Informative seminars with students/pupils about the European Integration process, Seminars/Workshops/Round tables with Businesswomen strengthening capacity of Women NGOs on the themes *Standards build trust, The EU/National programs that support with grants women entrepreneurs*, etc, info sessions on EU policies and *acquis communautaire*, monthly e-bulletins, interviews and debates in local media, etc – **IPA 2014 Support to CSOs Facility**
- Enhancing the Bank of Albania's alignment with EU Acquis (Twinning) - Opening ceremony on 19 December 2019 at the Bank of Albania – **IPA 2015 EUIF**
- Educational and visibility activities on waste water management - World Water Day – 21, 22 March 2019, Shkodra, Lezha, Durres and Cerrik - Open day talks with public and entertainment activities with children in Shkodra and Cerrik; Activities with schools in Durres and Lezha; EU Village – May 2019, Tirana - Open day and exhibition to present water programme, Entertainment activities with children; World Environment Day – Monitoring of sea waters with schools in Lezha (5 June) and Kavaja (6 June)- Concert with children addressing messages for environment protection; Concert with 9-year school children in Kavaja addressing messages to save water, TED talks with young professionals hired in the water utilities of Peqin, Cerrik and Himara, Launch of the Customer Service Portal, Entertainment activities with children (demonstrations, experiments and drawings); Joint Balkan Conference (6-8 November 2019) in Prishtina, Kosovo – the GIZ water programme supported the participation of representatives from Water Utilities, MIE, AKUM and ERRU in the Conference and Exhibition for presenting water programme activities - Presentation of the Customer Service Portal; World Toilet Day 2019, Durres and Vlora –130 children visited the Durres & Vlora wastewater treatment plants – **EUSWAM**



- All the activities performed in the framework of the projects on Agriculture and Rural Development are published in the official website of the Ministry: [www.bujqesia.gov.al](http://www.bujqesia.gov.al).
- Dissemination of information to all Albanian potential application through the 61 EU Units in Municipalities for Europe for Citizens 3 opened Calls for Proposals for 2019 Round 2 and 2020 Round 1.; More than 45 representatives from Civil Society Organisations have been trained on Europe for Citizens opened CfP; More than 25 representatives from EU Units and Donor Aid Coordination in 18 Municipalities have been trained on the 2 CfP under Europe for Citizens focusing on Municipalities.; Information has been provided to the 61 EU Units from all the 61 Municipalities on Erasmus Plus in coordination with Erasmus Plus National Office and the TA for Union Programmes.; Union Programmes were represented to other events, such as the European Innovation Council (EIC) Road show Event organised in Tirana in coordination with AKKSHI (23 July); 50 representatives from the Chambers of Commerce at national and local level, representatives of the business community and associations operating on the tourism field, representatives of the banking system, Albanian District Councils etc. have been trained in regard to Union Programmes; Thematic trainings on H2020 have been conducted in Faculties of Foreign Language, Agriculture, with more than 67 representatives from the academia; 55 representatives from NGOs in the culture field and Media on Creative Europe opened calls for proposals have been trained; Outreach of more than 2000 people through the social media –facebook for all the events – trainings, calls for proposals issued. **IPA 2018 UNION PROGRAMMES**
- In CBC programmes, during the reporting period, a significant number of activities took place with the aim to promote the Programmes and raise awareness of the public on the possibilities offered through the Programmes as well as on building capacities of potential applicants for the participation in the CfPs launched under the Programmes. For all the Programmes that have launched Calls for Proposals during 2019, Info Days and Visibility events have been organized.

## Annex 2. Success stories

The main objective of the project “**Support to Improve Citizen-Centric Public Service Delivery in Albania**” (IPA 2014) was to further strengthen Citizen-Centric Public Service Delivery in Albania. The overarching policy in relation to this project was Public Administration Reform (PAR) which is one of the top priorities of the Government of Albania. The project’s contribution to PAR was very significant and its impact is summarised below:

- **Improved legal framework** and further alignment with EU legislation with regards to Service Delivery Directive.
- **Development of Online Data Collection Platform** and its population with data: information for 1270 public services; 8454 documents added, 674 application forms uploaded.
- **Improved public service delivery.** Improved and unified service delivery model across different Integrated Service Centres (ISCs) across Albania.
- **ADISA’s long term business plan developed** - detailed cost structure of ADISA’s ISCs and calculation of investment needed / available to deliver the planned expansion in relation to the number and locations of the ISCs.
- **Fighting against corruption** by separating two main steps in the public service delivery process – the receipt of applications and service delivery.
- **Increased staff competence** of staff involved in public service delivery via training organized for ADISA’s staff and other staff across Albania involved in the service delivery.

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The “**Economic and Social Empowerment for Roma and Egyptians - a booster for social inclusion**” (ESERE) project has been a multi-sectoral and multi-stakeholder EU funded intervention that aims to promote the economic and social empowerment of Roma and Egyptian communities in Albania focusing on the municipalities of Tirana, Durres, Shkodra and Berat.

The main impact lies in the transformation of communities and stakeholders’ awareness, attitudes and work practices with an immediate effect on the beneficiaries. It has accurately responded to targeted community social inclusion challenges by applying a transformative approach that has stimulated all stakeholders – from community members to institutions and the civil society -, to work more efficiently together, while delivering tangible results.

The main achievements of “Economic and social empowerment of Roma and Egyptian communities” for 27,302 ESERE direct beneficiaries were:

- 883 Roma/Egyptians employed through 7 Active Labour Market Measures (ALMM);
- 64 businesses benefited grant agreements for an ALMM;
- 132 Roma/Egyptian participants of the Basic Literacy and Life Skills;
- 26 teachers/instructors trained on Basic Literacy & Life Skills Courses;

- 68 personnel of National Employment Service trained on Roma and Egyptian communities' employment and vocational education coaching;
- 300 Public Officials trained at central and local levels on the electronic data collection system Romalb, social care and behavioural change;
- Over 1,771 Community-based social care services provided;
- 13 Community Upgrading Projects have been implemented;
- At least 10,000 direct beneficiaries benefited from Improved infrastructure, sewage system, water connection etc.;
- 1772 parents and students benefited from inclusive education & disaggregation;
- 99 beneficiaries profited from adult education;
- 20 Roma & Egyptian CSOs involved and strengthened;
- 12,187 Direct beneficiaries of the Roma/Egyptian Civil Society Organisations' initiatives;
- 15 Inclusive Policy Responses adopted at Central Government and Municipal levels.

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Significant progress has been seen in the impetus of the Government of Albania in adopting and implementing the justice reform. Following the establishment of The High Judicial Council and The High Prosecutorial Council in December 2018, the Special Structure against Corruption and Organized Crime (SPAK) has been established and the Parliament of Albania elected General Prosecutor of Albania in December 2019, for a full seven-year term. In the meantime, the re-evaluation of judges and prosecutors, known also as the vetting process (financially and administratively supported by the EU), has progressed with a satisfactory pace and has achieved tangible results. The International Monitoring Mission (IMO) is closely following the process.

### **Annex 3. Annual procurement plan**

- a. Procurement Plan for IPA 2015 updated January 2020 – provided separately as an excel file.
- b. Procurement Plan for IPA 2017 updated January 2020 - provided separately as an excel file.

## **Annex 4. Sector approach roadmap – achievements**

Sector approach roadmaps are no longer used. The integrated mechanism of the sector/cross-sector wide approach under the Integrated Planning System (IPS) as the main system that defines the tools and mechanisms for integrated public policy planning ensuring the effective allocation of financial resources was adopted by Prime Minister's Order n. 157 dated 22 October 2018, consolidating the sector/cross-sector approach following the establishment of Integrated Policy Management Groups (IPMG), Sector Steering Committees (SSC) and Thematic Groups (TG) .