

PROGRAMME
CARDS 2003 FINANCING PROPOSAL FOR ALBANIA

1. Identification

<i>Form of programme:</i>	National Programme
<i>Beneficiary Country</i>	Albania
<i>Budget year:</i>	2003
<i>Financial allocation</i>	€ 46.5 million
<i>Budget Line:</i>	B7-541
<i>Legal basis:</i>	CARDS Council Regulation (EC) No.2666/2000 as amended by Council Regulation (EC) No.2415/2001
<i>Contracting:</i>	All contracts must be concluded after the signature of the Financing Agreement and within 36 months following the date of the budgetary commitment.
<i>Implementation:</i>	The implementation of projects under this proposal must be concluded by 31.12.2007. Therefore, all technical activities provided for under this programme and all contracts must end by 31.12.2007.
<i>Areas:</i>	Justice and home affairs, administrative capacity building, economic and social development, democratic Stabilisation
<i>Implementation:</i>	For all projects the European Commission, except the local community development programme which may be implemented decentralised
<i>Remarks:</i>	No administrative expenditure will be financed under this programme

2. Summary of the programme

The overall objective of EC assistance is set within the framework of the Stabilisation and Association process (SAP), and includes the establishment of rule of law and democratic stabilisation, and economic and social development.

The specific objectives of the programme is to:

- Justice and home affairs: to contribute to the establishment of rule of law, democratic stability and economic development, with a focus on institution building, training and supporting investments
- Administrative capacity building: to enhance the functioning of the state structures and support the establishment of a functioning democratic market economy
- Economic and social development: to promote private sector growth and job creation, within the framework of the Stabilisation and Association process, to promote local community development and to improve secondary and tertiary education and training, both in urban and rural areas
- Democratic stabilisation: to strengthen the participation of society in elections

3. Country update

The following paragraphs have been taken from the Albania Stabilisation and Association Report 2003, as agreed by the Commission on 26.03.03:

Limited progress has been made by Albania in addressing the many challenges it has to face. Recommendations included in the 2002 Stabilisation and Association process (SAP) report have been only partially addressed. The relative, although still fragile, political stability and renewed inter-party dialogue achieved in spring 2002 allowed the smooth election of a new President but has not yet translated into significant achievements in terms of reforms.

This new **political climate** has led to some progress in the implementation of the international community's recommendations to improve Albania's electoral procedures. However, it has not been sufficient to respond to the constitutional requirements regarding the restitution of or compensation for land expropriated during the communist era. While there has been progress in developing good regional co-operation, the implementation of the rule of law remains deficient, notably due to weak law-enforcement institutions, limited administrative capacity, corruption and organised crime. Individual freedoms and human rights are guaranteed by Albanian law, but there is clear room for improvement as regards implementation. Albanian attitudes towards minorities remain generally constructive, but there has been limited ambition to strive for higher standards.

GDP growth in Albania remained sustained and reached 4.5 to 5%, down from 6.5% in 2001. The overall **economic performance** has however fallen below expectations over the reporting period. The main reasons for this slowdown have been the continuing problems in the electricity sector, the generally depressed state of the world economy, limited growth in the agricultural sector and the insufficient performance of the customs and tax administrations. The authorities partly managed to cope with these adverse conditions: both the fiscal deficit and the inflation figures were within target. Progress in the privatisation process and the restructuring of the financial sector has been limited. The overall business climate has not improved significantly despite some initiatives aimed at supporting business promotion and encouraging local and foreign investment. Legal security remains insufficient and commercial laws inadequate to foster business development. Certain steps have been taken to improve the generally poor situation in the various Albanian economic sectors, such as transport, energy or agriculture, but these efforts will need to be sustained over the medium term in order to achieve any significant results.

In the area of **trade liberalisation**, Albania has made progress. It is implementing its WTO accession commitments and it has also completed the negotiations on bilateral free trade agreements with the signatory countries of the Stability Pact Memorandum of Understanding on trade liberalisation and facilitation.

After delays due to Albania's difficulties in guaranteeing political stability and implementing reforms, negotiations for a **Stabilisation and Association Agreement** (SAA) were officially launched at the end of January 2003. However, at the current pace of reform implementation, negotiations risk being long and drawn out. Before negotiations can be concluded, Albania will need to demonstrate its ability to implement the provisions of the future Agreement, and to address the priority issues identified by the European

Union (EU) through its various reports and monitoring instruments. Albania should pay particular attention to the Justice and Home Affairs sector if it is to make meaningful progress in the Stabilisation and Association process (SAp). Some improvements have been noticed in controlling illegal migration towards the EU, but trafficking in human beings, drugs and other forms of organised crime, as well as corruption in key areas such as the judicial system, customs and police, remain matters of deep concern. Improvements in the judiciary have been limited and the prosecution of crimes poor, despite an increased number of detentions. Albania will only be able to address these difficult issues if there is real commitment by the Government, the Albanian political forces and the law enforcement bodies (including the prosecution office and the judiciary), and full determination to translate that commitment into action.

In relation to the priority areas of the CARDS National Action Programme Albania 2003, the SAp report 2003 notes the following:

Justice and home affairs

Respect for and implementation of the rule of law in Albania remains deficient. The Albanian law enforcement bodies do not yet guarantee consistent enforcement of the law, in accordance with international standards. Widespread corruption and organised crime continue to be serious threats to the stability and progress of the country. The judicial system continues to suffer from serious deficiencies which prevent it guaranteeing rule of law enforcement.

Judicial system: limited progress has been made by Albania in this area. The Albanian judicial system remains weak. Infrastructure is generally poor. Magistrates, prosecutors, lawyers and administrative staff are not yet sufficiently trained. Rulings are not always executed. Corruption remains widespread and affects both judges and prosecutors. Furthermore, judicial proceedings for serious crimes frequently fail. As a consequence, there is a fundamental lack of trust by the Albanian population (including key actors in the sector such as lawyers) in the delivery of justice and in the judicial institutions.

In 2002, the Albanian police carried out sporadic operations against trafficking in human beings and other forms of organised crime with some success. Nevertheless, efforts should be more sustained to efficiently tackle these particularly difficult issues. Co-operation between the state police, the judicial police, other law enforcement bodies and the prosecutor's office continues to require substantial improvement.

Albania is working on the development of an adequate asylum system under the co-ordination of the National Commissioner for Refugees and with the support of international organisations. However, until its full development, Albania continues to rely on the current ad-hoc temporary system for the classification of intercepted persons (economic migrants, refugees in need of protection, trafficked persons) through interviews by the police (the so-called "pre-screening"). Where implemented, this "pre-screening" appears to be working rather well. It should be noted, however, that its non-implementation at border crossing points (allegedly due to lack of operative infrastructure) represents a major handicap.

Border management in Albania still remains insufficient and requires substantial improvement, particularly in the northern part of the country.

Administrative capacity building

While it is important that Albanian customs attempt to reach targets in terms of revenue collection, it is also important that this be done following internationally accepted practices. Customs should achieve a proper balance between revenue generation, trade facilitation and other tasks under their competence, and its responsibility to protect society from organised crime.

Some efforts have been made by Albania to strengthen its public administration. However, it remains weak, partly because of insufficient implementation of the public administration-related legislative framework, cases of corruption, political interference and difficulties by the central public administration institutions to defend their positions vis-à-vis the Government.

Economic and Social Development

Substantial and co-ordinated progress in a number of areas such as overall product quality, quality control and certification, implementation of EU standards, enhancing veterinary and phytosanitary rules, developing trade channels, etc. will be necessary before Albania is able to significantly increase its export capacity.

Democratic stabilisation

Albania has taken steps as regards the implementation of the recommendations formulated by the Organisation for Security and Co-operation in Europe (OSCE)/Office for Democratic Institutions and Human Rights (ODIHR) on the conduct of elections, as well as for the preparation of the forthcoming local elections due in Autumn 2003. The process should now be completed in order to ensure full compliance with international standards.

(End of quotes from the Albania SAp report 2003)

The context of international donor developments: CARDS assistance for 2003 has been designed to the extent possible in cooperation with the Ministry for European Integration and with the line ministries, to tackle the problems noted above, in light of priorities under the SAp.

The National Strategy for Socio-Economic Development (NSSED), formerly the Growth and Poverty Reduction Strategy, designed by the Albanian authorities with World Bank support, has as its prime goal poverty reduction through the Ministry of Finance. Although with a different focus from the EU stabilisation and association process, the NSSED strategy is not necessarily incompatible with the focus of the EU. The substantial allocation for local community development (€ 7.5 million) in the Action Programme, contributes directly to the objectives of the NSSED of poverty reduction in rural areas. The Commission will ensure adequate coordination with the IMF and World Bank for a coherent implementation of the Action Programme 2003.

The Commission supports the Medium Term Expenditure Framework. The Country Strategy Paper for Albania took the framework development process into account.

'Over the period 2001-2002 period the international community had to adjust away from crisis management mode and into the more traditional area of the coordination of donor programmes and projects. Following discussions between the main players - the EU, the US, the Bretton Woods institutions and the UN family - there is now broad agreement that the Government of Albania should be involved in the coordination of the CARDS programme, the NSSED and the Millenium Development Goals. The European

Commission Delegation for its part is to play a more active role in the coordination of assistance in areas of particular importance for the stabilisation and association process, that is, in the area of justice and home affairs and administrative capacity-building.'

4. Past EU assistance and co-ordination with other donors

Since 1991, over € 1.1 billion of Community funds have been committed for Albania, of which € 130 million through the European Investment Bank. From 1991 to 1993, a total of € 318 million were provided as emergency and food aid (€ 198 million through PHARE and € 120 million through FEOGA). From 1994 to 1996, PHARE provided € 190 million in grants to support the Albanian economic reform. After the crisis in 1997, EC support concentrated on fewer priorities and focused on the re-establishment of the rule of law (police, customs, justice, and public administration) and on the development of basic infrastructures (transport, water supply, local community development). In 1999, PHARE provided specific budgetary support to alleviate the cost for hosting refugees from Kosovo.

Albania received Community macro-financial assistance in the form of grants totalling € 105 million in two operations (€ 70 million decided in 1992 and € 35 million decided in 1994) disbursed between 1992 and 1996.

More recently, the Community supported Albania's short and medium-term adjustment and reform programme with targeted support to the budget: € 14.5 million through the PHARE Special Assistance for Public Administration reform (disbursed in 1999 and 2000), and € 5 million through a Food Security/Food Aid facility decided in 1999. To help the country coping with the costs linked to the presence of refugees during the 1999 Kosovo crisis, the Commission also provided to Albania exceptional grant budgetary support of some € 33 million.

The 2001 CARDS programme (€ 37.5 million) focuses on Stabilisation and Association process priorities: justice and home affairs issues (43% of the budget), local community development (27%) and institution building (24%). The Financing Agreement of this programme was signed on 5 March 2002.

The 2002 CARDS programme (€ 44.9 million) continues to focus on Stabilisation and Association process priorities with almost half of the budget for justice and home affairs issues (47%). The Financing Agreement was signed on 17 October 2002.

EC humanitarian aid to Albanian has been provided through ECHO since 1992 reaching a global amount of € 142 million in 2002. The biggest allocation received through ECHO (€ 91 million), was decided during the Kosovo refugee crisis of 1999. After the refugees returned to Kosovo, half of the € 91 million was redirected to rehabilitation projects.

The humanitarian aid through ECHO was directed mainly to the sectors of food/shelter (49%), health (26%), water (14%) and education (11%). The latest EC humanitarian projects were finalised at the end of 2002 and the ECHO office was closed at the end of 2002.

5. Lessons learned

Justice and home affairs: Justice and police continue to constitute a major part of the CARDS programme for Albania. The design of this component has been done based on progress made to date in this sector and on the justice and home affairs assessment mission that took place in 2002 with Member States' experts and the Commission. Where relevant the project fiches refer to the report.

A number of projects identified for action in this programme are directly based on the assessment report: renovation of two courts of appeal, the construction of the court for serious crimes, the task force against serious crimes, police asset management and pre-screening of asylum seekers.

Infrastructure: Infrastructure investments continue to be offered as a component of a mix of assistance offered: institution building, training, etc. This happens especially in the justice and home affairs area, where there is a continued need for infrastructure and where the infrastructure component is a pre-requisite for functioning state of law systems.

Based on past experience, where relevant, the provision of assistance has been, or will be, staggered to ensure that projects can be delivered in the sequential time frames planned. For instance, the renovation of the courts and the construction of the court for serious crimes will have the necessary preparatory and design work funded from CARDS 2002. Construction and works are funded from this programme, CARDS 2003.

Public administration reform: continues to be a basic factor slowing down specific administrative capacity building activities. A general project on public administration reform has therefore been introduced in the programme. Its work will base itself to a large extent on previous activities in this field funded under PHARE.

Link between programme and MIP: the programme addresses, as much as possible, in each project fiche, the link with the objectives set out in the Country Strategy Paper and the Multi-annual Indicative Programme.

Implementation backlog: The Commission has since the evaluation report on Albania of December 2001, regularly reviewed progress made on decentralised implementation (through the Albanian government) and centralised implementation. This has so far led to two rounds cancellations of old projects that had not yet been started, bore no relevance to the present priorities or could not reasonably be expected to be implemented in time.

Part of these regular reviews has also been the block time extension of a number of projects still considered relevant and realistic. This happened in December 2002.

In order to streamline and speed up programme implementation, CARDS has been re-centralised. This means that the Commission is in the lead for the definition of projects, it is responsible for tendering, contracting and financial, contractual and operational management of the programmes. With the review of the backlog of mainly ex-PHARE projects, the Commission has also decided to re-centralise a number of these ex-PHARE projects. The whole process is aimed at phasing out decentralised implementation by the end of 2004.

The local community development programme will be the only programme in 2003 that will remain decentralised. The same programmes from CARDS 2001 and 2002 have remained decentralised as well.

Devolved management: At the same time as the Commission has re-centralised or is in the process of re-centralising, it is devolving management responsibility for programme implementation from headquarters to its delegations in the field. This process is going on for all EU assistance programmes.

The Commission delegation in Albania became responsible for programme implementation in December 2002. It is in the process of getting all systems established and operational. The Commission has recruited new staff for this purpose for the delegation. Eventually this should lead to speedier and better programme implementation.

Duration of projects: the projects within the 2002 programme will have, on average, a longer project duration than the previous programmes. This should ensure more continuity in the provision of assistance.

Conditionality aspects: The Multi-annual Indicative Programme contains specific conditions per priority area. These conditions will be further developed during the project detailing. The Albanian government will be asked to report on these conditions regularly before and during project implementation. All individual project fiches contain a section on 'conditionalities'.

6. Programme Components

Within the Programme 2003, the Multi-annual Indicative Programme for Albania is translated in the following project objectives:

1. Justice and Home Affairs

Activities funded in the area of justice and home affairs (JHA) take account of the findings of the JHA assessment mission of the European Commission and Member States' experts of 2002.

Renovation of two courts of appeal (Korça and Vlora)

The general objective is to contribute to an improved prosecution within and an improved administration of the justice system by providing adequate infrastructure for the hearing of appeals, through:

- The renovation of two courts of appeal (Korça and Vlora)
- The supervision of these renovation works
- If funding remains, the procurement of furniture and equipment

The project will be executed through a works contract and a service contract for supervision. The related design works will be funded from AP 2002.

Training and equipment for court administrators

The general objective is to contribute to a better administration of court cases, through:

- The provision of training to court administrators
- The creation of a permanent training programme for court administrators
- The training of trainers to deliver these programmes
- The procurement of (administrative) equipment for court administration

The project will be executed through technical assistance and training and a supplies contract.

Construction and establishment of a serious crimes court

Based on the recommendations of the JHA assessment mission of 2002, the general objective is to improve the chances that cases of serious crimes are heard under the Albanian legal system, through:

- The construction and equipment of a serious crimes court
- The supervision of these construction works
- If funding remains, the procurement of furniture for the court

The project will be executed through a works contract and a service contract for supervision. The related design works will be funded from AP 2002.

Task force against serious crime

The general objective is to contribute to the fighting of organised crime, through:

- The establishment of an Intelligence Analysis Centre and a Task Force to gather data and to analyse the data
- The training of staff
- The purchasing of equipment needed (hard and software) and the provision of some works on the offices to house the Centre and the Task Force

The project is designed as a complement to the activities of the EU police mission (PAMECA).

Police asset management

The general objective is to contribute to an improved maintenance by Albania of equipment donated through past, present and future programmes, through

- The establishment of a culture of asset management in the Supplies Directorate of the Ministry of Public Order
- The establishment of an asset management plan
- The limited upgrading of some offices of the Supplies Directorate and some supplies depots and workshops in order for them to be equipped with the relevant hard and software for asset management
- The procurement of relevant hard and software
- The training of relevant staff to work with the computer programmes and the asset management plans

Upgrading green border management, border crossing points and borders posts

The general objective is to contribute to the fighting of organised crime by better managing green borders and border crossing points, through:

- The production of manuals on border management for border personnel
- The upgrading of a number of border crossing points
- The proper demarcation of borders on lakes Shkroda, Ohrid and Prespa
- The training of border personnel
- The provision of equipment

The project will be executed through a supplies contract and a service contract.

Supervision of works at the Port of Durres

The general objective is to contribute to the development of the main port of Albania, Durres, which is at the end of pan-European corridor VIII and which could help regional integration, through:

- The provision of expertise to conclude the works dossier on the container storage area of the Port of durres
- The supervision of the construction works of the pavement and drainage of the container storage area according to the works contract

The works contract itself will be funded by the European Investment Bank. This project only concerns the supervision of the works.

Pre-screening of asylum seekers and migrants

The general objective is to contribute to the development of a migration policy by consolidating existing pre-screening procedures at borders for the referral of asylum seekers, victims of trafficking and migrants, through:

- Improved cooperation between agencies and ministries involved in this field
- The establishment of a monitoring system on migration flows
- The production of training material and information material
- The training of border police, state and support personnel dealing with migrants and asylum seekers
- The rehabilitation of eight temporary shelters for migrants and asylum seekers at the borders
- The full functioning of the Linza and Babru reception centres

The success of the project will depend on the cooperation of several government agencies and international donors in this field. Prior to implementation, the Commission will seek to have a Memorandum of Understanding signed between these parties.

2. Administrative capacity building

Customs support

The general objective is to contribute to the ability of the Albanian administration to collect revenue and to improve the state revenue yield in the area of customs, through:

- The continued provision of advice on legislation, procedures, compliance and enforcement

- Human resources management, including advice on recruitment, training, career development, pay and grading of the Albanian Customs Service
- Computerisation of the service with the ASYCUDA system
- A clearer focus on the fight against illegal trafficking (drugs, weapons, money laundering) through improved intelligence gathering and investigation
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The project will be implemented through the EU Customs Assistance Mission to Albania (CAM-A), as established in 1997 and in close cooperation with the EU Police Assistance Mission to Albania.

Taxation support

The general objective is to contribute to the ability of the Albanian administration to collect revenue and to improve the state revenue yield in the area of taxation, through:

- The continued provision of advice on legislation, procedures, compliance and enforcement in the area of taxation including the collection of social contributions
- Reviewing the Tax Police Force and helping with the implementation of the agreed changes
- The procurement of equipment and support to the computerisation project of the General Directorate of Taxation of the Ministry of Finance as part of the ongoing support from the IMF and the British government

The project is executed in close coordination with the Albanian Customs Service.

Public administration reform

The general objective is to contribute to a better administrative capacity of the Albanian government, through:

- The provision of advice to the Department of Public Administration
- Awareness raising on civil service laws, including on the new law on ethical behaviour, and through campaigning against corruption
- Training of civil servants and the training of trainers

The project will be largely based on previous EU-funded projects on the development of public administration in Albania.

3. Economic and Social Development

Support to standards, certification and accreditation

The general objective is to contribute to the facilitation of international trade for Albanian goods whilst ensuring the necessary degrees of consumer protection, through:

- The alignment of Albanian practice in the field of standardisation, testing certification and inspection and accreditation to EU regulations
- Making the new accreditation body operational
- Upgrading institutions involved in the conformity assessment process, including laboratories
- Raising awareness on standards and certification, also with Albanian manufacturers

The project is based on the CARDS 2001 programme standards and certification project, which focussed more on support to the Department of Standardisation. The project relates closely to the metrology and market surveillance projects included in this programme.

Metrology

The general objective is to contribute to increasing expert potential for Albanian products with better product quality, through:

- Assessing the needs for metrology, developing a strategy and implementing this for selected priority areas
- Helping with the adoption of guidelines, international model regulations and EU technical requirements
- Improving management capacity at the General Directorate of Metrology and Calibration (GDMC)
- Developing a training programme for the GDMC
- Raising public awareness about metrology

The project is based on previous EU activities in this field. The project relates closely to the metrology and market surveillance projects included in this programme and to bilateral programmes with the GDMC.

The project will be contracted directly to the Joint Research Centre, Institute of Reference Materials and Measurements (IRMM), which a European body set up to promote a common European measurement system in support of EU policies, especially health and consumer protection, environment, agriculture, internal market and industrial standards.

Market surveillance system

The general objective is to contribute to the protection of consumers and to the promotion of free trade, through:

- Establishing a market surveillance system for Albania
- Training of civil servants of state organisations related to consumer affairs and staff of the Albanian Consumer Association on market surveillance and information exchange
- Preparing Albania to a future participation in the EU Rapid Alert Information Exchange System
- Raising awareness on consumer affairs issues

This project relates closely to the Standards and Certification project and the metrology project. It is partly linked to the trade related projects of the CARDS 2002 programme.

Monitoring the health of small ruminants

The general objective is to contribute to the development of an export market for small ruminants, by better tracking animal disease, through:

- The establishment of an animal registration system (through ear-tagging) mainly in the southern parts of Albania
- Training of personnel having to work with this system, with a focus on widespread and dangerous diseases to either animals or human beings
- Training of staff and procurement of equipment for the National Epidemiological Institute and the Veterinary Institute

Mollusc production and monitoring

The general objective is to contribute to the development of an export market for molluscs, by better monitoring coastal waters, through:

- Upgrading the monitoring system of coastal waters for molluscs based on EU standards in eight principal monitoring areas (mainly Butrinti and Saranda)
- Collecting data on pollution status, presence of toxins and stocks
- Setting up of a shellfish collection centre, probably in Saranda

Strengthening veterinary / phytosanitary inspection

The general objective is to contribute to economic development by reducing crop failure and animal losses in Albania caused by imports and to protect human health by food safety controls, through:

- Advising on a border inspection system to be put in place, including communication systems required and reporting structures
- Equipping regional diagnostic laboratories so they can carry out rapid sample checks
- Equipping ten border posts with basic inspector kits (thermometers, microscopes, etc)
- Training border inspectors to perform inspections on imports and exports in line with international requirements

Local community development programme

The general objective is to improve the quality of life in rural areas of Albania and to develop a community awareness in these areas, through:

- Construction or rehabilitation of local infrastructure
- Involvement of local communities in the decision making process on these projects

The local community development programme may be implemented in a decentralised form. In that case, the Commission will sign a Memorandum of Understanding with Albania to cover the implementation modalities.

Tempus

The general objective is to promote the reform of higher education institutions in Albania, in view of improving the quality of academic teaching and learning in line with changing political, social and economic needs, through:

- Supporting higher education policies
- Strengthening links with the local and regional economy
- Curriculum development in priority areas for economic and social transition
- Contributing to the mobility of students and staff
- Strengthening regional cooperation

Support to vocational education and training reform

The general objective is to contribute to the development of a vocational education and training (VET) system that will help the economic and social stability of Albania by providing a skilled workforce, through:

- Creating of institutional capacity at national and regional level to underpin the systematic reform of VET. This includes the setting up of a National Vocational Agency
- Setting up of new systems of occupational standards, labour market information, curriculum assessment, etc
- Piloting, implementing and evaluating of the new VET systems and decentralised VET delivery, in line with national strategies

The project will be closely coordinated with the CARDS 2002 VET project.

4. Democratic Stabilisation

Updating of civil registry

The general objective is to contribute to the practise of democracy in Albania by providing a basic tool for holding elections, through:

- Establishing a central computerised civil register on which accurate voter lists can be based
- Procuring equipment
- Training of staff of the data entry unit of the Ministry of Local Government and Decentralisation
- Data-entry of the civil registry information into a central computer

The project should lead to undisputed voter lists for future elections. The project will be executed through a service contract and a supplies contract.

7. Complementary EC Assistance

The activities covered by this Financing Proposal will be complemented through the CARDS Regional Programme 2003 in the following sectors:

- Police, judicial cooperation
- Integrated border management
- Trade
- Administrative capacity building
- Democratic stabilisation
- Regional infrastructure

The CARDS Regional Programme 2003 has a budget envelope of € 31.5 million.

Furthermore, the activities covered by this Financing Proposal will be complemented by support from the European Initiative for Democracy and Human Rights (chapter B 7/7, EIDHR). This financial support will be channelled mainly through civil society and will aim at helping consolidate democracy and the rule of law in Albania, as well as enhancing the respect and protection of human rights.

Given the international nature of the SAP countries' border management policies and their impact on EU member states and candidate countries, the bodies involved in programming

the EU Structural Fund's INTERREG shall be fully associated with the development of the national integrated border management strategies so as to ensure maximum coherence and complementarity with EU INTERREG programmes for cross border cooperation (eg. Italy and Greece)

This coordination with INTERREG will be key not only in ensuring that border region cooperation programmes and projects complement activities on other sides of the borders but also in seeking similar synergies with programmes developed for the border control and border crossing areas or other CARDS support in border regions in which cooperation with INTERREG could represent an advantage.

8. Programme Implementation

The Action Programme will be implemented as follows:

8.1 Implementation and management

The Financing Agreement shall be concluded by 31 December of the year following that of the budgetary commitment.

The end of the implementation period of the Financing Agreement is hereby set at 31.12.2007.

Any balance of funds remaining available under the EC Grant shall be automatically cancelled 18 months after the end of the implementation period of the Financing Agreement.

Contracts financed under this programme shall enter into force no earlier than the signature of the Financing Agreement in due form by the competent signatories, and no later than 3 years starting from the date of the budgetary commitment. Therefore:

- any relevant contract or grant must have entered into force, having been signed by all the relevant parties, by this expiry date.
- any contracts or grants that have not entered into force, having been signed by all the relevant parties by this expiry date will be cancelled and considered null and void.
- any balance of funds under this programme that has not been used to fund contracts or grants that are in force by this expiry date will be de-committed as soon as possible thereafter.
- no addenda adding funds from this programme to any contract or grant may be entered into after this expiry date.

The programme will be implemented by the Commission on behalf of and in close collaboration with the relevant national and/or local authorities. Decentralised implementation may in the case of the local community development programme. The relevant Commission services will undertake project implementation. A Financing Agreement corresponding to this Financing Proposal will be concluded with the counterpart authorities.

8.2 Tendering Procedures

The contracts for services, works and supplies shall be concluded in accordance with the tendering and contract award procedures laid down in the Financial Regulation and other relevant instructions.

8.3 Monitoring, Evaluation and Audit

This programme will be monitored and supervised by the European Commission services, which shall:

- monitor the implementation of the programme on the basis of regular reports, contacts with stakeholders and site visits
- carry out regular monitoring and evaluations to follow the progress of the programme and its components as well as ex-post evaluations after its completion

The accounts and operations of the programme components will be checked at intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the European Commission, including the European Antifraud Office (OLAF), and the European Union's Court of Auditors.

9. Cost and financing

The Programme will be financed through a Community grant of **€ 46.5 million**, allocated as follows among the different sectors:

1. JUSTICE AND HOME AFFAIRS	20.0
1.1. Judicial reform	5.0
1.2. Police and organised crime	8.0
1.3. Integrated border management	5.0
1.4. Asylum and migration	2.0
2. ADMINISTRATIVE CAPACITY BUILDING	8.0
2.1. Customs	4.0
2.2. Taxation	3.0
2.3. Public administration reform	1.0
3. ECONOMIC AND SOCIAL DEVELOPMENT	17.5
3.1. Trade	7.5
3.2. Local community development	7.5
3.3. Education	2.5
4. DEMOCRATIC STABILISATION	1.0
4.1 Democratic stabilisation	1.0
TOTAL	€ 46.5 million

10. Government Commitment and Conditionalities

Assistance is provided on the basis of the existence of the necessary elements for the continuation of co-operation through assistance, in particular respect of democratic principles and human rights.

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ANNEXES

FOR INFORMATION

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- Annex 2: project fiche training and equipment for court administrators
- Annex 3: project fiche construction and establishment of a serious crimes court
- Annex 4: project fiche task force against serious crime
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- Annex 6: project fiche upgrading green border management, border crossing points and border posts
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- Annex 18: project fiche local community development programme
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- Annex 20: project fiche support for vocational education and training reform
- Annex 21: project fiche updating of civil registry