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EUROPEAN COMMISSION

Brussels, 17 December 2010
C(2010) 9372

COMMISSION DECISION

of 2010

adopting the “Cross-border programme Albania – Kosovo^{*}” under the IPA-Cross-border Co-operation component, for the years 2010–2011

* Under UNSCR 1244/1999.

COMMISSION DECISION

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adopting the "Cross-border programme Albania – Kosovo*" under the IPA-Cross-border Co-operation component, for the years 2010–2011

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

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

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate countries and potential candidates.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant Multi-annual Indicative Planning Documents referred to in Article 6 of that Regulation.
- (3) The Council has established an Accession Partnership or a European Partnership for all candidates and potential candidates. On 31 July 2009 the Commission has adopted the Multi-annual Indicative Planning Document 2009–2011 for Albania and on 10 July 2009 the Multi-annual Indicative Planning Document 2009–2011 for Kosovo, which present the main priorities for pre-accession assistance².
- (4) In accordance with Article 91 of Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)³ (hereinafter referred to as the "IPA Implementing Regulation"), the responsible authorities from Albania and Kosovo submitted to the Commission a proposal for a multi-annual cross-border programme between Albania and Kosovo. This draft programme contains all the elements referred to in Article 94 of the IPA Implementing Regulation and is consistent with the goals and priorities of the Multi-annual Indicative Planning Documents. The draft programme contains, in particular, a description of priorities and the measures chosen for assistance and an indicative financing plan comprising tables for both Albania and Kosovo and specifying, for each year and for each priority axis, the indicative amount

* Under UNSCR 1244/1999.

¹ OJ L 210, 31.07.2006, p. 82.

² For Albania: C(2009)5911; for Kosovo: C(2009)5438.

³ OJ L 170, 29.6.2007, p.1.

of the European Union contribution and its rate, as well as the amount financed by the national counterparts. The draft programme should therefore be adopted by the Commission in accordance with Article 93(2) of the IPA Implementing Regulation.

- (5) The "Cross-border programme Albania – Kosovo*" aims at providing assistance for promoting cooperation between people, communities and institutions in the bordering areas, aiming at the sustainable development, stability and prosperity of these areas in the mutual interest of the citizens on both sides of the border.
- (6) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002⁴ and constitutes thus a financing decision within the meaning of Article 75(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁵.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee⁶,

HAS DECIDED AS FOLLOWS:

Article 1

The "Cross-border programme Albania – Kosovo*", as set out in Annex 2 to this Decision, is hereby adopted.

The Financing proposal for the years 2010–2011 of the "Cross-border programme Albania – Kosovo*", as set out in Annex 1 to this Decision, is hereby adopted.

This programme shall be implemented by centralised management.

The programme corresponding to budget years 2010 and 2011 shall be implemented by means of annual Financing Agreements to be concluded between the Commission and each of the beneficiaries in conformity with the Framework Agreements concluded between the same parties on 18 October 2007 for Albania and on 19 December 2007 for Kosovo. Each such Financing Agreement shall cover the European Union contribution for each beneficiary and the year concerned.

⁴ OJ L 357, 31.12.2002, p.1.

⁵ OJ L 248, 16.09.2002, p.1.

⁶ Recalling the Council Conclusions of 18 February 2008, Member States declare that the adoption of the "Cross-Border programme Albania-Kosovo*" under the IPA-Cross-border Co-operation component for the years 2010–2011 does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

Article 2

In the budget year 2010, the maximum amount of the European Union contribution shall be EUR 600,000 for Albania and EUR 600,000 for Kosovo to be financed through Item 22.020401 of the general budget of the European Union.

In the budget year 2011, the maximum amount of the European Union contribution shall be EUR 600,000 for Albania and EUR 600,000 for Kosovo to be financed through Item 22.020401 of the general budget of the European Union, subject to the approval of the Budget 2011 by the budgetary authority.

Done at Brussels,

*For the Commission,
Štefan Füle
Member of the Commission*

ANNEX 1
FINANCING PROPOSAL FOR THE YEARS 2010 and 2011
OF THE CROSS-BORDER PROGRAMME
Albania – Kosovo*

1. IDENTIFICATION

Beneficiaries	Albania and Kosovo
CRIS number	Albania: 2010/22-519; 2011/22-521 Kosovo: 2010/22-520; 2011/22-522
Years	2010 and 2011
Cost	2010: Albania: EUR 600,000 Kosovo: EUR 600,000 Total value of the IPA contribution: EUR 1.2 million 2011: Albania: EUR 600,000 Kosovo: EUR 600,000 Total value of the IPA contribution: EUR 1.2 million
Operating structures	Albania: Ministry of European Integration Kosovo: Ministry of Local Government Administration
Contracting Authority / Implementing Agency	European Commission
Final date for concluding the Financing Agreements:	For the 2010 funds: at the latest by 31 December 2011 For the 2011 funds: at the latest by 31 December 2012

* Under UNSCR 1244/1999.

Final date for contracting	<p>3 years following the date of conclusion of the Financing Agreement for 2010 funds.</p> <p>2 years following the date of conclusion of the Financing Agreement for 2011 funds.</p> <p>No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation.</p> <p>These dates apply also to the national co-financing.</p>
Final date for execution	<p>2 years following the end date for contracting for each Financing Agreement.</p> <p>These dates apply also to the national co-financing.</p>
Sector Code	11120, 14010, 16061, 33210, 41010, 43040, 91010
Budget lines concerned	22.020401
Programming Task Managers	ELARG Unit C4
Implementation Task Managers	<p>For Albania: EU Delegation to Albania, Operation Section</p> <p>For Kosovo: EC Liaison Office to Kosovo, Operation Section</p>

2. SUMMARY

2.1. Introduction

2.1.1. *Link with the MIPD*

The programme's strategic reference is the Multi-annual Indicative Planning Document (MIPD) 2009-2011. Regional cooperation is one important element for European Integration, as the MIPDs of both partners outline. In addition, given the application for EU candidate status of Albania, cross-border cooperation (CBC) is aimed *inter alia* at familiarizing future member states with rules and procedures governing the European Territorial Cooperation objective under Structural Funds. It concentrates on creating closer links between border regions, supporting joint environmental protection activities and improving the potentials for tourism.

The cross-border programme between Albania and Kosovo will contribute to the implementation of IPA Component II "cross-border cooperation" of the Multi-annual

Indicative Planning Documents (MIPDs) 2009-2011 for both Albania⁷ and Kosovo⁸. This programme will provide assistance for "Improving local economic development", "Fostering contacts between people in bordering areas", "Involving municipalities and civil society", identified as major areas of intervention in the MIPD for Albania, and will address the need for "Economic and social development", to "Develop local administrative and project management capacity" and to "Strengthen the capacities and activities of the authorities responsible for regional policy" identified in the MIPD for Kosovo.

Cross-border cooperation provides Kosovo with an opportunity for economic and social development and reconciliation. The aim of IPA assistance under Component II is to develop local administrative and project management capacity in Kosovo's border regions and identify a pipeline of local development projects.

2.1.2. *Programming process*

Programming took place from January to November 2010. The programme was developed following a process of wide consultation with the local stakeholders and potential beneficiaries in both sides of the border. The authorities and joint structures were assisted during this process by the Cross-border Institution Building (CBIB) project and by the technical assistance for CBC in Kosovo, both funded by EU funds. It was coordinated in Albania and Kosovo by the respective cross-border coordinators: the Ministry of European Integration in Albania and the Ministry of Local Government Administration in Kosovo.

In January 2007, Albania established an Operating Structure (OS) in charge of preparing the cross-border programmes, while Kosovo established its Operating Structure in December 2009. The Operating Structures met for the first time on 29 January 2010 to identify the responsible institutions for the preparation of the cross-border programme and to agree on the action plan. In February, the Joint Task Force, consisting of members of the Operating Structures was established. During February and March, the main local stakeholders were consulted and the Operating Structures met several times to discuss the eligible areas, the analysis of the cross-border region and the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis and to identify the strategy, priorities and measures. The Joint Task Force (JTF) met on 5 March and discussed the SWOT analysis and the proposals for the strategic part of the programme and preliminary decisions on priorities and measures. The Joint Task Force met on 29 March to agree on the analysis of the cross-border region, the SWOT analyses and the priorities and measures. In April, the Operating Structures started reflecting on projects and eligible areas of the programme. Finally, the Joint Task Force met again on 23 April to approve the draft cross-border programme.

2.1.3. *List of eligible areas and adjacent areas*

The eligible area in Albania, according to Article 88 of the IPA Implementing Regulation, is the prefecture of Kukës including the districts of Kukës, Krumë and Bajram Curri. For this programme, Albania requested also two adjacent areas, according to Article 97 of the IPA Implementing Regulation, that are the prefectures of Dibër and Shkodër, including respectively the districts of Peshkopi, Bulqizë, Burrel, Klos; and the districts of Shkodër, Vau-Dejës, koplík, Pukë and Fushë Arrëz.

⁷ For Albania: C(2009)5911.

⁸ For Kosovo: C(2009)5438.

The eligible area in Kosovo covers two regions including 12 municipalities: the South Economic Region with Prizren, Suhareka, Dragash, Rahovec, Malisheva and Mamusha; the West Economic Region with Peja, Klina, Istog, Gjakova, Decan and Junik.

2.2. Global objective(s) of the programme

The global objective of this programme is to promote cooperation between people, communities and institutions in the bordering areas and to foster the sustainable development, stability and prosperity of these areas in the mutual interest of Kosovo and Albanian citizens. This programme should have catalytic effects as it will contribute to building project management capacities of local stakeholders, municipal, regional institutions and civil society, and their ability to participate in current and future cross-border initiatives. Sustainability will be ensured as this programme shall also familiarise potential candidates having an EU accession (Albania) and European (Kosovo) perspective with the rules and procedures governing the European Territorial Cooperation objective under Structural Funds.

2.3. Priority axis, the related measures and their specific aspects concerning the implementation of the 2010–2011 budget

2.3.1. Priority axis I: Promotion of regional cohesion and competitiveness through an approach integrating economic, social, cultural and environmental development

This priority will contribute to the quality of living standards in the programming areas by providing opportunities for economic partnerships and exchanges of common interest across the border. The actions to be implemented are expected to enhance the quality of services, to generate work and entrepreneurial opportunities, to improve environmental protection and to foster cultural exchanges. They will also facilitate the strengthening of local communities and civil society organisations and promote social cohesion.

This priority consists of two specific Measures.

2.3.1.1. Measure I.1: Economic, Social and Environmental sustainable development

The specific objective of this measure is to promote socio-economic development of the programme area through the promotion of its economic and environmental potential. It will focus mainly on joint-actions supporting the development of small-scale infrastructure, strategic plans, good practices and joint activities to stimulate growth and improve the socio-economic conditions of the inhabitants of the programme area. It will also support joint-initiatives to encourage environmental awareness and the sustainable preservation, protection and management of sensitive ecosystems, including waste management in the programme area.

This measure will facilitate trans-boundary cooperation and joint initiatives for fostering all sectors of the economy that have good growth prospects and potential, such as tourism, with the aim of creating favourable conditions that promote local economic activities, and enhance the competitiveness of local enterprises and the quality of local products and services; and support cooperation for the protection and preservation of the environmental resources of which the programme region is so rich and their sustainable management.

This measure is to be implemented through grant schemes and/or a joint strategic project to facilitate communication and promote cooperation between Albania and Kosovo and encourage cross-border movement of people and the exchanges of goods.

2.3.1.2. Measure I.2: Enhancing social cohesion through people-to-people and institution-to-institution actions

The specific objective of this Measure is to support joint initiatives and actions aimed at protecting, promoting and managing traditions and cultural and natural resources and at encouraging sustainable environmental development; as well as to encourage cooperation among local communities and citizens', and foster networking and partnership building across the border. It will result in the establishment of new networks and exchanges between local stakeholders.

The people-to-people actions are expected to directly enhance the flow of information and communication across the border area. The actions foreseen under this Measure will bring people, local communities and civil society organisations of the border region closer to each other and, inter alia, support cultural exchanges, the promotion of craftsmanship, traditional production and local heritage.

People-to-people actions could also be financed under Measure I.1. Synergies between the two Measures will be ensured.

2.3.2. *Priority axis II: Technical assistance for an efficient programme management and information flow*

Technical assistance will be used to support the work of the two Operating Structures and of the Joint Monitoring Committee (JMC), ensuring the efficient implementation, monitoring and evaluation of the programme, as well as an optimal use of resources. This will be achieved through, inter alia, the establishment and operation of a Joint Technical Secretariat (JTS) to be located in Albania and its antenna to be located in Kosovo.

Technical assistance will cover the administrative and operational expenditure directly related to the implementation of the programme. This includes, inter alia, the costs of the Joint Technical Secretariat (e.g. rents, running costs including staff with the exclusion of salaries of public officials).

This Priority will be implemented through two Measures.

2.3.2.1. Measure II.1: Programme administration, monitoring and evaluation

The specific objective of this Measure is the creation of the conditions for timely and effective programme implementation, to guarantee the optimal and efficient use of resources. This Measure can provide support for the work of Operating Structures, the Joint Monitoring Committee, the Joint Technical Secretariat and its antenna as well as any other structure (e.g. the Steering Committee) involved in the management and implementation of the programme. The Measure may also support the provision of expertise for programme evaluations.

2.3.2.2. Measure II.2: Programme Information and Publicity

The specific objective of this Measure is to ensure programme awareness amongst governmental, regional and local institutions and organisation and in general among the population in the programming area and in the whole of Albania and Kosovo in order to inform citizens about the programme.

2.3.3. *Indicative timetable and amounts for the implementation of the Measures in Priorities I and II*

For **Priority axis I**, Measures I.1 and I.2 will be implemented through grant schemes. It is foreseen to launch one or more calls for proposals to cover the 2010 and/or the 2011 appropriations. The first call should be tentatively launched in the second half of 2011. In case a mature 'Joint Strategic Project' compliant with the provisions of Art. 95 IPA Implementing Regulation is identified, Measure I.1. could alternatively be implemented through service, supply or works contracts with 2011 funds.

The essential selection and award criteria for the award of grants, service, supply and works should be those laid down in the practical guide (PRAG) to contract procedures for EU external aid. The detailed selection and award criteria for the award of grants will be laid down in the Call for Proposals – Application Pack (Guidelines for Applicants). The detailed selection and award criteria for the award of service, supply or works will be laid down in the Terms of Reference in case of a service contract and/or in the Technical Specifications in case of supplies and works contracts.

For grants awarded through calls for proposals, the use of lump sums and/or flat rate financing is possible (in accordance with Art. 181 of the Financial Regulation), up to an amount of EUR 25,000 per grant. Where relevant, the detailed conditions for the use of lump sums or flat rate financing shall be included in the call for proposal/Guidelines for applicants.

The Call(s) for Proposals will be prepared with the help of technical assistance provided under Priority axis II of this programme. In particular, technical assistance will fund the functioning of the Joint-technical Secretariat (JTS) which will draft the Calls for Proposals' Guidelines for Applicants, under the supervision of the Joint Monitoring Committee (JMC).

With regard to **Priority axis II**, considering that the Operating Structures in Albania and in Kosovo enjoy a monopoly situation (in the meaning of Article 168(1)(c) of the Implementing Rules to the Financial Regulation) for the implementation of the cross-border programmes, the EU Delegation to Albania and the ECLO in Kosovo will sign direct grant agreements with the respective Operating Structures for up to the total amount provided under Priority II. In order to implement the activities covered by the direct grant agreements, the Operating Structures are allowed to sub-contract (procurement of services or supplies) in accordance with Article 120 of the Financial Regulation and Article 184 of the Implementing Rules to the Financial Regulation. The direct grant agreements will be signed as soon as the Financing Agreements have been concluded.

For the purpose of an efficient use of TA funds, close coordination between the two Operating Structures will be ensured.

2.4. Overview of past and on-going CBC experience, including lessons learned and donor co-ordination

2.4.1. Past and on-going CBC experience

Regional cooperation is an important element of the European integration process. Therefore, intensified and successful cross-border cooperation of both Albania and Kosovo, between themselves as well as with their other neighbours is an important element of IPA assistance. Cross-border cooperation is needed to improve local economic development and to foster contacts between people in the bordering areas, involving local and regional authorities, as well as all the relevant stakeholders (socio-economic parties and civil society organisations).

Both Albania and Kosovo participate in regional cooperation initiatives: Stability Pact and Regional Cooperation Council (RCC), as well as in the Swedish International Development Cooperation Agency (SIDA) - Partnership Programme initiated in December 2008 and covering the period 2009-2011. One of the expected results of the SIDA programme is to increase cooperation within European Commission and IPA inter alia and to identify contractual forms that suit possible new cooperation formats.

Both Albania and Kosovo have signed a free-trade agreement within the framework of the Central European Free Trade Agreement (CEFTA).

Albania participates since 2007 in the IPA CBC Adriatic programme (together with Member States: Italy, Slovenia, Greece and candidate/potential candidate countries: Croatia, Bosnia and Herzegovina, Montenegro, and, in phasing-out, Serbia). Finally, IPA Component II funds support the participation of Albania in the European Regional Development Fund (ERDF) trans-national programme "South-East Europe" since 2007 and "Mediterranean" since 2009.

Albania also participates in the bilateral IPA CBC Albania-Greece programme and since 2007 in IPA CBC programmes with the former Yugoslav Republic of Macedonia and with Montenegro. As this experience was new for the beneficiary countries, with a rather high level of ownership but also responsibilities, the national joint management structures needed time for the implementation of the programmes.

With regard to the CBC programme Albania-Montenegro, a first call for proposal with 2007 funds was launched and closed in 2009. The projects received were evaluated and six proposals were selected for financing equally distributed amongst the three measures i.e. economic development, environment protection and people-to-people actions. The second call for proposal shall cover IPA 2008 and 2009 CBC funds.

Concerning the CBC Albania-former Yugoslav Republic of Macedonia, the 1st Call for Proposals covering 2007 funds was closed in 2009 and is still under evaluation in June 2010. As regards IPA 2008-IPA 2009 funds, the call for proposal has been launched in April 2010 to be closed in July 2010.

With the started implementation of these CBC programme, significant experience in preparing calls for proposals was gained by the Albanian authorities.

Considering the status of Kosovo and that the conditions were not met to have fully fledged cross-border cooperation Programmes between Albania and Kosovo, Albania initiated for the financial years 2007, 2008 and 2009 a unilateral Border Development Programme in the

bordering region of Kukës. Although financed with IPA Component II funds, the 2008 and 2009 programmes are implemented under Component I, exceptionally transferring the funds from one IPA component to another. 2007 and 2008 unilateral Border Development Programmes in the bordering region of Kukës are implemented via direct grant to UNDP, building upon the organisation's expertise and strong links in the Kukës region in Albania. In that context, structures such as monitoring committee and technical secretariat were established in the Kukës region. Under these programmes, the Kukës region structures gained first hand experience on grant scheme preparation, management and monitoring: 10 micro-grants in the sectors of environmental protection as well as tourism and economic development were contracted and are currently being implemented. IPA 2009 project for the Kukës region in Albania aims at rehabilitating the Morinë Border Crossing Point on the Albanian border side (heating, roof and trucks parking extension).

The Albania-Kosovo CBC programme has been prepared further to recommendation of the Commission's communication on Kosovo 'Kosovo – Fulfilling its European Perspective' tion to "progressively activate the IPA cross-border co-operation component (component II) for Kosovo"⁹.. An IPA CBC Programme between Kosovo and the former Yugoslav Republic of Macedonia has also been prepared.

This programme is in line with the sectoral strategies of Albania: the National Strategy for Socio-Economic Development (NSSD), the Decentralisation Strategy, the Regional Development Strategy – Millennium Development Goals (MDGs) 2003 for the Region of Shkodra and the document Promoting Local Development through the MDGs 2003 for the Region of Kukes; and of Kosovo, the 2008 Laws on Local self-Government, the 2008-2010 Action-Plan for the Implementation of Decentralisation and the Local Development Strategies for all municipalities involved in the programme.

The cross-border programme was jointly drafted by the Albanian and Kosovo authorities during the first half of 2010 following an extensive consultation process with stakeholders on both sides.

2.4.2. *Lessons learned*

Most of the cross-border initiatives started only recently, making it premature to define “lessons learned”. However, the following points can be highlighted:

- The projects focusing on environment protection reflect the priorities defined by the governmental and regional institutions, providing for a sound embedding in local and governmental development priorities. However, it is important to strongly associate civil society and the private sector in programme development.
- The small calls for proposals for cross-border actions launched in previous cross-border programmes showed a low capacity in project preparation of most of the final beneficiaries. This could impede the implementation of the programme. Specific training of potential applicants will be essential throughout the programme.
- Thanks to the fact that few municipalities on the Albanian side have already participated in past and current cross-border initiatives (Albania-Montenegro and Albania-former Yugoslav Republic of Macedonia), these municipalities may

⁹ Communication from the Commission to the European Parliament and the Council, Kosovo*- Fulfilling its European Perspective, COM(2009) 534 final of 14 October 2009, p. 14.

disseminate their experience and may have a key role (transfer of know-how, etc.) for further CBC programme. In addition, an independent evaluation on the CBC programmes under PHARE was conducted by the MWH consortium. Experience has shown that the preconditions for effective implementation include, besides close co-ordination between participating countries at political and operational levels:

- cross-border cooperation between line ministries and effective working relationships between related organisations;
- functioning regional development authorities and local authorities, with appropriate staff in a stable environment;
- close working relationships between regional institutions and the respective Commission Delegations;
- functioning cross-border cooperation between respective organisations of the private sector, such as chambers of commerce, company associations and NGOs.

2.4.3. Donor coordination

The Government of **Albania** is involved in the process of donor coordination through the Integrated Planning System (IPS), a mechanism aiming to reform the way public funds (domestic and foreign) are managed. The IPS was approved by the government in November 2005 in order to deploy a coherent strategic framework, ensuring that the Albanian core policy and financial processes function in a coherent, efficient and integrated manner. Under CARDS 2004, an EU contribution is provided to the World Bank trust fund for the implementation of the IPS.

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

The Donor Technical Secretariat has facilitated coordination hosting project data of all donors since 2003. The donor co-ordination role is in process of being gradually transferred to the authorities. Close working relations are maintained with the IFIs: EIB, EBRD, World Bank, KfW.

For **Kosovo**, as regards aid effectiveness and donor coordination since the Tirana Donor Coordination Conference organised by the European Commission in April 2009, an "Aid Management Platform" has been put into operation. This platform is funded by the EU and United States Agency for International Development and enjoys the full support of the Kosovo authorities and the donor community. This initiative will facilitate the exchange of information on ongoing and planned projects across the donor community. The European Commission Liaison Office to Kosovo plays an important role in ensuring donor coordination and aid effectiveness on the ground. It organises and chairs monthly meetings of the main donors in which the Kosovo authorities participate.

The Kosovo Ministry of European Integration will coordinate and monitor activities of the government institutions within the framework of the Stabilisation and Association Process. The Ministry is also responsible for donor coordination.

2.5. Horizontal issues

The joint project proposals will have to fulfil the following criteria:

- benefit partners from both sides of the border;
- support links between relevant institutions and organisations from both sides of the border;
- encourage equal participation of women and marginalised groups;
- meet particular needs of ethnic minorities;
- be environmentally sustainable;

Project partners should establish agreed co-ordination mechanisms to synchronise the joint projects throughout their implementation.

2.6. Conditions

The successful implementation of the programme depends on adequate staffing and functioning of the Operating Structures, Joint Monitoring Committees, and Joint Technical Secretariat and its antenna and their stability. Adequate information, publicity and visibility, ahead of the publication of the calls for proposals, shall ensure numerous and good quality project proposals. Timely and swift processing of the calls for proposals by the national authorities and its close monitoring by EU Delegation in Tirana and ECLO in Pristina is key to ensure smooth and full contracting of allocated funds. Special attention should be paid so that the selected projects are ensuring a sustainability mechanism for their activities.

2.7. Benchmarks (indicative)

2010 funds	N	N+1 (cumulative)	N+2 (cumulative)
Number of joint calls for proposals launched (in Albania and Kosovo)	1	1	1
Number of direct grant agreement (Priority II) in Albania	1	1	1
Number of direct grant agreement (Priority II) in Kosovo	1	1	1
Contracting Rate (%) in Albania	0	10	100
Contracting Rate (%) in Kosovo	0	10	100

"N" being the date of conclusion of the Financing Agreement

2011 funds	N	N+1 (cumulative)	N+2 (cumulative)
Number of joint calls for proposals launched (in Albania and Kosovo)	1	1	1
Number of direct grant agreement (Priority II) in Albania	1	1	1
Number of direct grant agreement (Priority II) in Kosovo	1	1	1
Contracting Rate (%) in Albania	10	100	100
Contracting Rate (%) in Kosovo	10	100	100

"N" being the date of conclusion of the Financing Agreement

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

According to Article 8(4)(c) of the IPA Implementing Regulation, the beneficiaries shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without ex ante controls by the Commission.

Concerning the indicative roadmap for decentralisation with ex-ante control (DIS), the situation is the following:

In Albania, the decentralised management process of IPA funds is a challenging administrative capacity building exercise for the Albanian government on the road towards EU integration and has become one of its main priorities for the years to come. While progress seems solid on IPA components I and V, the process is at a starting stage for IPA components II, III, IV.

On component I (Transition assistance and Institution Building), Albania followed since January 2008 its Roadmap for decentralised management revised during summer 2009. After having set-up the main structure in 2009 (stage 0), it finalised its gap assessment report (stage 1) in May 2010. Immediately after this step, the Albanian started the gap plugging phase (stage 2). Currently, Albania's estimated timeframe for the accreditation for Component I is scheduled at the earliest for end 2011, or even early 2012. The key challenge will be to address the gap assessment recommendations in a solid manner, before entering the next step.

On component II (Cross Border Cooperation), the process of decentralised management started in January 2010 and key nominations as well as a draft roadmap remain to be finalised.

On components III (Regional development) and IV (Human resources development), Albania started to prepare necessary decentralised management structures and operational programmes since January 2010. The nominated Strategic Coordinator is the Deputy Minister of European Integration, while the Operating Structure for component III is the Ministry of Transport, Public works and telecommunications, and for component IV, it is the Ministry of Labour, Social affairs and Equal opportunities. The European Commission's relevant General-Directorates started the preparations of the Albanian authorities for components III, IV and V during a joint-mission in Tirana at the beginning of the year 2010. The key challenges for these components are the strengthening of the structure and the coordination mechanism as well as the drafting of the strategic Coherence framework and the Operational programmes for components III and IV.

On Component V (Rural development), Albania is trying to use already existing structures in order to set up the IPARD Managing Agency and the IPARD Paying Agency. The draft IPARD programme is being prepared by the Albanian on the basis of sectoral analyses of priority sectors in agriculture, aiming at identifying the current situation in the milk and dairy products sector, the meat sectors, the fruit and vegetables sector. The key challenges remain finalising the set-up of the structure, drafting the IPARD programme and reviewing the sectoral agreement.

The decentralised management process is supported by different projects under the IPA national programmes for Albania:

- An IPA 2007 programme supports since January 2009 until November 2010 the Albanian administration in its efforts to prepare for decentralised management for IPA component I.
- Component V, rural development strategy structures and strategy is supported under IPA 2008 technical assistance currently ongoing and implemented with the German Development Agency (GTZ).
- An IPA 2009 technical assistance will support the remaining tasks for the decentralised management process for all IPA components I, II, III, IV and V. It is scheduled to start early 2011.

In **Kosovo**, the IPA coordinator is the Permanent Secretary of the Ministry of European Integration. Discussions on the "Roadmap for Decentralised Implementation System (DIS)" have been initiated but are still at a very early stage.

3. BUDGET FOR 2010 AND 2011

3.1. Indicative 2010 financial table for Albania

	IPA EU contribution		National contribution		Total	
	EUR (a)	% ⁽¹⁾	EUR (b)	% ⁽¹⁾	EUR (c)=(a)+(b)	% ⁽²⁾
Priority axis 1	540,000	85	95,294	15	635,294	90
Priority axis 2	60,000	85	10,588	15	70,588	10

TOTAL	600,000	85	105,882	15	705,882	100
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(1) Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

(2) Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary)

3.2. Indicative 2010 financial table for Kosovo

	IPA EU contribution		Kosovo contribution		Total	
	EUR (a)	% ⁽¹⁾	EUR (b)	% ⁽¹⁾	EUR (c)=(a)+(b)	% ⁽²⁾
Priority axis 1	540,000	85	95,294	15	635,294	90
Priority axis 2	60,000	85	10,588	15	70,588	10
TOTAL	600,000	85	105,882	15	705,882	100

(1) Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

(2) Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary)

3.3. Indicative 2011 financial table for Albania

	IPA EU contribution		National contribution		Total	
	EUR (a)	% ⁽¹⁾	EUR (b)	% ⁽¹⁾	EUR (c)=(a)+(b)	% ⁽²⁾
Priority axis 1	540,000	85	95,294	15	635,294	90
Priority axis 2	60,000	85	10,588	15	70,588	10
TOTAL	600,000	85	105,882	15	705,882	100

(1) Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

(2) Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary)

3.4. Indicative 2011 financial table for Kosovo

	IPA EU contribution		Kosovo contribution		Total	
	EUR (a)	% ⁽¹⁾	EUR (b)	% ⁽¹⁾	EUR (c)=(a)+(b)	% ⁽²⁾

Priority axis 1	540,000	85	95,294	15	635,294	90
Priority axis 2	60,000	85	10,588	15	70,588	10
TOTAL	600,000	85	105,882	15	705,882	100

(1) Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

(2) Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary)

3.5. Principle of co-financing applying to the projects funded under the programme

The EU contribution has been calculated in relation to the eligible expenditure, which for the "Cross-border programme Albania – Kosovo" is based on the total expenditure, as laid down in the cross-border programme.

The EU contribution at the level of priority axis shall not exceed the ceiling of 85% of the eligible expenditure.

The EU contribution for each priority axis shall not be less than 20% of the eligible expenditures.

The provisions of Article 90 of the IPA Implementing Regulation apply.

The co-financing under Priority axis I will be provided by Albania and Kosovo public funds or, in case of grants, by final grant beneficiaries (in the latter case can come from public or private funds). The co-financing under Priority axis II will be provided by Albania and Kosovo public funds.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of Implementation

This programme shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation¹⁰ and the corresponding provisions of the Implementing Rules¹¹.

In the event of centralised management, the role of the Commission in the selection of operations under a cross-border programme among Albania and Kosovo is specified in Article 140 of the IPA Implementing Regulation.

4.2. General rules for Procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European

¹⁰ Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.09.2002, p.1)

¹¹ Regulation (EC, Euratom) No 2342/2002 (OJ L 357, 31.12.2002, p.1)

Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

Where appropriate, the Contracting Authorities should also use the standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EU external actions” (“Practical Guide”) as published on the EuropeAid website¹² at the date of the initiation of the procurement or grant award procedure.

4.3. Environmental Impact Assessment and Nature Conservation

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

The procedures for environmental impact assessment as set down in the EIA-directive¹³ fully apply to all investment projects under IPA. If the EIA Directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive.

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive¹⁴.

5. MONITORING AND EVALUATION

5.1. Monitoring

The implementation of the cross-border programme will be monitored by the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation, established by the participating beneficiary countries, which include representatives of the Commission.

In Albania and Kosovo, the Commission may undertake any actions it deems necessary to monitor the programme concerned.

5.2. Evaluation

Programmes shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the cross-border programmes.

¹² Current address:

http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

¹³ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40).

¹⁴ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

6. AUDIT, FINANCIAL CONTROL, ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the EU Delegation in Albania and the European Commission Liaison Office to Kosovo.

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96¹⁵."

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

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

8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature¹⁶, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

¹⁵ Council Regulation (EC, Euratom) No 2185/96 (OJ L 292; 15.11.1996, p. 2)

¹⁶ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

ANNEX 2

Cross-border Programme

Albania – Kosovo