



Brussels, 19.11.2012  
C(2012) 8227 final

## **COMMISSION IMPLEMENTING DECISION**

**of 19.11.2012**

**amending Commission Decision C(2007)6342 of 18 December 2007 on adopting the Cross-border programme Albania - Montenegro under the IPA Cross-border Co-operation component by adopting the revised "Cross-border programme Albania – Montenegro" under the IPA Cross-border Co-operation component and fixing the European Union contribution for the years 2012–2013**

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**amending Commission Decision C(2007)6342 of 18 December 2007 on adopting the Cross-border programme Albania - Montenegro under the IPA Cross-border Co-operation component by adopting the revised "Cross-border programme Albania – Montenegro" under the IPA Cross-border Co-operation component and fixing the European Union contribution for the years 2012–2013**

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)<sup>1</sup>, 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 a European Partnership with all candidate countries and potential candidates. On 26 April 2011, the Commission has adopted a Multi-annual Indicative Planning Document (MIPD) for the years 2011-2013<sup>2</sup>, which provides the strategic framework of priorities for the IPA Cross-border Cooperation component.
- (4) On 8 November 2011, the responsible authorities from Albania and Montenegro submitted to the Commission a revised proposal for a multi-annual cross-border programme between Albania and Montenegro. This draft revised programme contains all the elements referred to in Article 94 of the IPA Implementing Regulation<sup>3</sup> and is consistent with the goals and priorities of the Multi-annual Indicative Planning Document 2011-2013 for the IPA Cross-border Cooperation component. The draft revised 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 Montenegro and specifying, for each year and for each priority axis, the indicative amount of the European Union contribution and its rate, as well as the

<sup>1</sup> OJ L 210, 31.07.2006, p. 82.

<sup>2</sup> Decision C(2011) 2727 of 26.4.2011.

<sup>3</sup> 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), OJ L 170, 29.6.2007, p.1.

amount financed by the national counterparts. The draft revised programme should therefore be adopted by the Commission in accordance with Article 93(2) of the IPA Implementing Regulation.

- (5) The multi-annual "Cross-border programme Albania –Montenegro" 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 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>4</sup> 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 Communities<sup>5</sup>.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee;

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The revised "Cross-border programme Albania – Montenegro", as set out in Annex 2 to this Decision, is hereby adopted and Annex 2 to Decision C(2007)6342 of 18 December 2007, as last amended by Decision C(2010)5312 of 28 July 2010, is replaced by Annex 2 to this Decision.

The Financing proposal for the years 2012–2013 of the "Cross-border programme Albania – Montenegro", 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 2012 and 2013 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 15 November 2007 for Montenegro. Each such Financing Agreement shall cover the European Union contribution for each beneficiary and the year concerned

#### *Article*

In the budget year 2012, the maximum amount of the European Union contribution shall be EUR 850,000 for Albania and EUR 850,000 for Montenegro to be financed through Item 22.020401 of the general budget of the European Union.

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<sup>4</sup> OJ L 357, 31.12.2002, p.1.

<sup>5</sup> OJ L 248, 16.09.2002, p.1.

In the budget year 2013, the maximum amount of the European Union contribution shall be EUR 850,000 for Albania and EUR 850,000 for Montenegro to be financed through Item 22.020401 of the general budget of the European Union. The implementation of this Decision is subject to the availability of the appropriations provided for in the draft budget for 2013 after the adoption of the budget for 2013 by the budgetary authority or provided for in the provisional twelfths

Done at Brussels, 19.11.2012

*For the Commission*  
*Štefan FÜLE*  
*Member of the Commission*

**ANNEX 1**  
**FINANCING PROPOSAL FOR THE YEARS 2012 and 2013**  
**OF THE CROSS-BORDER PROGRAMME**  
**Albania – Montenegro**

**1. IDENTIFICATION**

Beneficiaries	Albania and Montenegro
CRIS number	Albania: 2012/23-037 ; 2013/24-193 Montenegro: 2012/23-663 ; 2013/23-696
Years	2012 and 2013
Cost	2012: Albania: EUR 0.85 million Montenegro: EUR 0.85 million Total value of the IPA contribution: EUR 1.7 million 2013: Albania: EUR 0.85 million Montenegro: EUR 0.85 million Total value of the IPA contribution: EUR 1.7 million
Operating structures	Albania: Ministry of European Integration Montenegro: Ministry for European Integration
Contracting Authority / Implementing Agency	For Albania: European Commission For Montenegro: European Commission
Final date for concluding the Financing Agreements:	For the 2012 funds: at the latest by 31 December 2013 For the 2013 funds: at the latest by 31 December 2014
Final date for contracting	3 years following the date of conclusion of each Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation.  These dates apply also to the national co-financing.

Final date for execution	2 years following the end date for contracting for each Financing Agreement  These dates apply also to the national co-financing.
Sector Code	11120, 14010, 16061, 33210, 41010, 43040, 91010
Budget lines concerned	22.02.04.01
Programming Task Managers	ELARG Unit C4
Implementation Task Managers	For Albania: EU Delegation to Albania, Operation Section  For Montenegro: EU Delegation to Montenegro, Operation Section

## 2. SUMMARY

### 2.1 Introduction

#### 2.1.1 Link with the MIPD

The Multi-annual Indicative Planning Document (MIPD) 2011 -2013 for Component II – Cross border Co-Operation sets out the strategic framework for the programmes financed under this Component, namely: cross–border cooperation programmes between candidate countries and potential candidates (at intra–Western Balkans borders) and cross–border cooperation between them and neighbouring EU Member States.

IPA cross–border cooperation combines cohesion and external relation objectives taking into account the specific individual needs of the border regions. Cross–border multi–annual programmes are jointly prepared by the partner countries. The CBC programme between Albania and Montenegro for the years 2012-13 will address the priorities identified in the MIPD 2011 -2013:

- supporting cross-border economic, social and territorial cooperation in border areas and therefore encouraging socio-economic development of bordering regions;
- addressing common challenges in fields such as environment, natural and cultural heritage, public health, prevention of and fight against organised crime;
- ensuring efficient and secure borders;
- promoting joint small scale local actions ("people-to-people");
- supporting networks, accessibility and emergency preparedness.

#### 2.1.2 Programming process

Programming took place from January to May 2007. The multi-annual programme was developed following a process of wide consultation with the local stakeholders and potential

beneficiaries in both sides of the border. The national authorities and joint structures were assisted during this process by the Cross-border Institution Building (CBIB) project funded by CARDS 2003 Regional Programme. It was coordinated in each country by the respective cross-border coordinators: the Ministry of European Integration in Albania and the Secretariat for European Integration in Montenegro.

In January 2007, each country established an Operating Structure (OS) in charge of preparing the cross-border programme. The Joint Programming Committee, consisting of members of the Operating Structures was also established. The Operating Structures met for the first time on 14 February 2007 in order to identify the responsible institutions for the preparation of the cross-border programme and to develop a preliminary action plan. The Joint Programming Committee met on 26 February 2007 and agreed on the eligible areas and on the action plan. During March and April 2007, the main local stakeholders were consulted and the Operating Structures met several times to discuss the analysis of the cross-border region and the SWOT analysis and to identify priorities and measures. The Joint Programming Committee met on 23 May 2007 to approve the draft cross-border programme.

The programme is in line with the national strategies of both countries: for Albania the National Strategy for Development and Integration (2007-2013) and for Montenegro the National Strategy of Sustainable Development of Montenegro (2007-2012).

In October and November 2009 a limited revision of the programme was undertaken by the Operating Structures with the support of CBIB II project funded by CARDS 2005 Regional Programme, in order to update financial allocations, indicators and factual changes as necessary. This revised version was approved by the Joint Monitoring Committee on 9 December 2009.

On 8 November 2011, the Joint Monitoring Committee adopted a new revised version of the cross-border multi-annual programme, which added the 2012-2013 appropriations to the financial table in line with the updated financial plan of the MIPD 2011-13 for Component II – Cross border Co-Operation.

### *2.1.3 List of eligible areas*

The eligible areas in Albania are two prefectures: the Shkoder prefecture and the Kukes prefecture.

The eligible territory in Montenegro covers a territory of 9 municipalities: Budva; Berane; Andrijevica; Plav; Danilovgrad; Podgorica; Bar; Ulcinj; Cetinje.

## **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, aiming at the sustainable development, stability and prosperity of these areas in the mutual interest of the citizens of the two countries. This programme should have catalytic effects as it should build the capacities of local stakeholders, municipal, regional institutions and the civil society, and therefore their ability to participate in cross-border initiatives.

## **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, environmental and social 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 three specific measures.

#### 2.3.1.1 Measure I.1: Economic development with an emphasis on tourism

The specific objective of this measure is to promote the economic development of the programming areas through their tourism and cultural potential. The expected results are the joint management of tourism activities and the enhanced quality of services, competitiveness and attractiveness of the tourism sector.

This measure will encourage initiatives to modernise tourism services by developing joint business advisory services and stimulating regular interaction between businesses located across the cross-border region via: business-to-business networks; joint marketing on domestic and EU markets; cooperation with educational organisations for innovation and vocational training services; selected investments in business infrastructures; promotion of the area's image to potential investors and visitors.

#### 2.3.1.2 Measure I.2: Environment protection and promotion

The specific objective of this measure is to support joint initiatives aimed at protecting, promoting and managing sensitive ecosystems and the sustainable environmental development of the programming area. It is expected to result in joint management of protected areas and increased awareness of the population about environmental issues.

This measure will support cooperation between environmental protection organisations active in the programming area to prepare and implement management plans for eco-tourism sites with the main focus on the Shkodra/Skadar Lake and its surroundings.

#### 2.3.1.3 Measure I.3: Enhancing social cohesion through people-to-people actions

This specific objective of this measure is to encourage the citizens of the programming area to get involved in a wide range of opportunities for cooperation and partnership building and 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 bordering 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 will also be financed under measure I.1 and I.2. Synergies between the three measures will be ensured.



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

Technical assistance will be provided through two measures.

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

Technical assistance will be used to support the work of the two national Operating Structures (OSs) 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 the establishment and operation of a Joint Technical Secretariat (JTS) in Albania and a JTS antenna in Montenegro. The JTS will be in charge of the day-to-day management of the programme and will be responsible to the OSs and the JMC.

#### 2.3.2.2 Measure II.2: Programme Information and Publicity

The specific objective of this measure is to ensure programme awareness amongst national, regional and local communities and in general among the population in the programming area. It also supports awareness-raising activities at the country level in order to inform citizens in both countries about the programme.

### *2.3.3 Indicative timetable and amounts for the implementation of the measures*

For **Priority axis I**, Measures I.1, I.2 and I.3 will be implemented through service, supply and works contracts after the identification of one or more 'Joint Strategic Projects' compliant with the provisions of Art. 95 of the IPA Implementing Regulation<sup>1</sup>. Tender procedures are indicatively expected for Q4 2013 for an overall amount of EUR 3 060 000.00 (2012 and 2013 allocations).

With regards to **Priority axis II**, considering that the relevant national authorities (Operating Structures in Albania and Montenegro) enjoy a *de facto* monopoly situation (in the sense of Art. 168, paragraph 1, sub-paragraph c of the Implementing Rules<sup>2</sup> to the Financial Regulation<sup>3</sup>) for the implementation of the cross-border programme, the EU Delegation to Albania and the EU Delegation to Montenegro 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.

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<sup>1</sup> 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) (OJ L 170, 29.6.2007, p.1).

<sup>2</sup> Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p.1).

<sup>3</sup> Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.09.2002, p.1).

## **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*

The IPA CBC Programme between Albania and Montenegro started in 2007. The first call for proposals with 2007 funds was closed in 2009. 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 proposals covered 2008 and 2009 funds. Ten proposals were selected for financing. With the leftovers of this call a small infrastructure project at the border point of Hani Hotit has been funded. The third call for proposals shall cover 2010 and 2011 funds and is expected to be launched in 2012.

Since 2007 Albania is also participating in bilateral CBC programmes with Greece and the former Yugoslav Republic of Macedonia and since 2010 with Kosovo\*. Since the management of CBC programmes was new for the beneficiary countries, with a rather high level of ownership but also responsibilities, the national joint management structures needed time to start the real implementation of the programmes.

With regard to the CBC programme Albania-Greece, the first call was closed in 2011. Twenty-five proposals were selected for financing. A second call for ordinary projects, covered by 2010 and 2011 funds, is expected to be launched in 2012 and a third call for strategic projects, covered by 2012 and 2013 funds, is expected for 2013.

With regard to the CBC Albania-former Yugoslav Republic of Macedonia, two calls for proposals have been launched with 2007 and 2008 funds. After delays, a third call, covered by 2009, 2010 and 2011 funds, was closed in 2012. The evaluation of the proposals of the third call is still in process.

The Albania-Kosovo CBC multi-annual programme 2010-2013 has been prepared as a follow-up of the recommendations outlined in the Commission communication "Kosovo\* – Fulfilling its European Perspective"<sup>4</sup>. The first call for proposals of this CBC Programme, covered by 2010 and 2011 funds, is expected to be launched in 2012.

Since 2007 Montenegro is also participating in bilateral CBC programmes with Bosnia Herzegovina, Croatia and Serbia and since 2011 with Kosovo.

With regard to the CBC programme Montenegro-Bosnia Herzegovina, the first call, covered by 2007 and 2008 funds, resulted in the signature of twelve contracts.

With regard to the CBC programme Croatia–Montenegro, two calls for proposals were launched. The first covered the financial years 2007-2008 and the second the leftovers of 2008 and the allocations for 2009, 2010 and 2011. Under the first call six contracts were signed while under the second call the evaluation of the proposals is still in process.

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\* *This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.*

<sup>4</sup> 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.

With regards to the CBC Montenegro–Serbia, two calls for proposals have been launched. The first covered the financial years 2007-2008 and the second 2009-2011. Eleven contracts have so far been signed in the frame of this CBC programme.

In December 2011 the new CBC programme with Kosovo for the years 2011-2013 was adopted and the Financing Agreement for the year 2011 has recently been signed. At this stage, project proposals have not yet been selected.

Apart from the participation in bilateral CBC programmes with neighbouring countries, Albania and Montenegro are participating in ERDF transnational programmes, such as "South East Europe" and "Mediterranean", as well as the Adriatic regional programme.

#### *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 national and regional institutions, providing for a sound embedding in local and national 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.
- A few municipalities have already participated in past and current cross-border initiatives. Therefore, these municipalities may disseminate their experience and may have a key role (transfer of know-how, etc.) for further CBC programmes.
- 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 reforming 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 has been 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 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.

The EU Delegation to Albania maintains close working relations with the IFIs: EIB, EBRD, World Bank and KfW. The Minister of European Integration has been appointed National IPA Co-ordinator.

In **Montenegro**, donor coordination is substantially underpinned by sectoral strategies, as well as by overarching strategies on poverty reduction, sustainable development etc. The Montenegrin authorities have re-organised donor coordination and assigned senior government officials to coordinate donor assistance in all critical sectors.

The European Agency for Reconstruction (EAR) in Podgorica participated regularly in coordination meetings with a range of EU and other bilateral donors. It had also developed a close and fruitful relationship with IFIs - especially the EIB, EBRD and World Bank - and with bilateral FIs such as the German KfW.

EU-funded activities, managed by the EAR and now by the EU Delegation, have catalysed substantial investments by IFIs and bilateral FIs in Montenegro's environment and transport infrastructure. The EU Delegation has developed good working relationships with UN agencies, in particular with UNHCR on Refugee and IDP issues and with UNICEF on child protection matters. The EU Delegation is also working closely with the Council of Europe on public administration reform and with the OSCE on justice, democracy and security issues.

As regards this cross-border programme, EU Member States and IFIs have been consulted on the draft programme during the programming process in order to identify complementarities between donors' assistance projects.

## **2.5 Horizontal issues**

The joint applications will have to cover both parts of the project and 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 and disaster resilient.

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, Joint Technical Secretariat and its antenna.

## 2.7 Benchmarks

<b>2012 funds</b>	N	N+1 (cumulative)	N+2 (cumulative)	N+3 (cumulative)
Indicative number of tenders launched	0	2	2	2
Number of direct grant agreement (Priority II) in Albania	1	1	1	1
Number of direct grant agreement (Priority II) in Montenegro	1	1	1	1
Contracting Rate (%) in Albania	10	50	50	100
Contracting Rate (%) in Montenegro	10	50	50	100

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

<b>2013 funds</b>	N	N+1 (cumulative)	N+2 (cumulative)	N+3 (cumulative)
Indicative number of tenders launched	0	2	2	2
Number of direct grant agreement (Priority II) in Albania	1	1	1	1
Number of direct grant agreement (Priority II) in Montenegro	1	1	1	1
Contracting Rate (%) in Albania	10	50	50	100

Contracting Rate (%) in Montenegro	10	50	50	100
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"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 beneficiary countries shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without ex ante controls by the Commission.

**In Albania**, the decentralised management process of IPA funds is a challenging administrative capacity building exercise for the Government on the road towards EU integration and has become one of its main priorities over the last years.

As regards component I (Transition assistance and Institution Building), the roadmap for the decentralised management was developed in 2008 and reviewed in 2009. The decentralized structures were in place by 2009 (stage 0): National IPA Coordinator (NIPAC), Competent Accrediting Officer (CAO), National Authorising Officer (NAO), National Fund (NF), Programming Authorising Officer (PAO), Central Finance and Contracting Unit (CFCU), Senior Programme Officers (SPOs) and Auditing Authority (AA). Albania finalised its gap assessment report (stage 1) in May 2010, started the gap plugging phase (stage 2) in August 2010 and undertook the compliance assessment (stage 3) during 2011. In February 2012 the Albanian Ministry of Finance has officially sent the accreditation package for component I, which will be assessed by the European Commission in view of preparing the decision on the conferral of management powers.

On component II (Cross Border Cooperation), the process of decentralised management started in January 2010 and is at stage 1 (gap assessment).

On components III (Regional development) and IV (Human resources development), Albania started to prepare necessary decentralised management structures and to design 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 and Public Works and for component IV is the Ministry of Labour, Social Affairs and Equal Opportunities. The key challenges for these components are the strengthening of the decentralized structures and the coordination mechanisms. During 2011 the draft Strategic Coherence Framework has been provisionally finalized and the Operational Programmes have been further elaborated.

On Component V (Rural development), Albania is trying to use already existing structures in order to set up the Managing Agency and the Paying Agency. The draft IPARD programme has been prepared by the Albanian side on the basis of sector analyses. An IPA 2011 project has been foreseen to launch a pilot project to introduce "IPARD like" measures, in order to establish a grant scheme for farmers and make use of the already existing structures in accordance with IPARD rules. For Component V, the establishment of a farm and rural cadastre remained a crucial and challenging element for defining the scope of future rural beneficiaries.

An IPA 2009 technical assistance currently supports the Albanian government to address the remaining tasks for the decentralised management process for all IPA components I, II, III, IV and V and further technical assistance is foreseen under the IPA 2012 National Programme.

In **Montenegro**, preparations towards decentralised management for IPA are on-going. Several roadmaps have been defined, corresponding to components I and II, to components III and IV and to component V. The implementation of the roadmaps is under the responsibility of the Minister of Finance, being the Competent Accrediting Officer (CAO), and at the operational level under the responsibility of the Deputy Minister of Finance, being the National Authorising Officer (NAO). A High level Working Group on preparation for decentralised management was established in the last quarter of 2011. It is headed by the CAO and meets regularly (twice a month). Following the set-up of this Working Group, preparations for decentralized management for IPA components I-V are speedily proceeding.

Revised roadmaps were adopted by the Government of Montenegro in 2011 for Component I to IV and in 2012 for Component V. The expected dates for the submission of the accreditation package to the European Commission are:

- July 2012 for component I and II;
- first quarter of 2013 for components III and IV;
- end of 2014 for component V.

### 3. BUDGET FOR 2012 AND 2013

#### 3.1 Indicative 2012 financial table for Albania

	IPA contribution		EU National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
<b>Priority axis 1</b>	765 000	85	135 000	15	900 000	90
<b>Priority axis 2</b>	85 000	85	15 000	15	100 000	10
<b>TOTAL</b>	850 000	85	150 000	15	1 000 000	100

(1) Expressed in % of the Total (IPA plus National 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 + National)

#### 3.2 Indicative 2012 financial table for Montenegro

	IPA contribution	EU National contribution	Total

	<b>EUR (a)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (b)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (c)=(a)+(b)</b>	<b>%<sup>(2)</sup></b>
<b>Priority axis 1</b>	765 000	85	135 000	15	900 000	90
<b>Priority axis 2</b>	85 000	85	15 000	15	100 000	10
<b>TOTAL</b>	850 000	85	150 000	15	1 000 000	100

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> 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 + National)

### 3.3 Indicative 2013 financial table for Albania

	<b>IPA contribution</b>		<b>EU National contribution</b>		<b>Total</b>	
	<b>EUR (a)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (b)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (c)=(a)+(b)</b>	<b>%<sup>(2)</sup></b>
<b>Priority axis 1</b>	765 000	85	135 000	15	900 000	90
<b>Priority axis 2</b>	85 000	85	15 000	15	100 000	10
<b>TOTAL</b>	850 000	85	150 000	15	1 000 000	100

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> 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 + National)

### 3.4 Indicative 2013 financial table for Montenegro

	<b>IPA contribution</b>		<b>EU National contribution</b>		<b>Total</b>	
	<b>EUR (a)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (b)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (c)=(a)+(b)</b>	<b>%<sup>(2)</sup></b>
<b>Priority axis 1</b>	765 000	85	135 000	15	900 000	90
<b>Priority axis 2</b>	85 000	85	15 000	15	100 000	10
<b>TOTAL</b>	850 000	85	150 000	15	1 000 000	100

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> 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 + National)



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

The Union contribution has been calculated in relation to the eligible expenditure, which for the "Cross-border programme Albania – Montenegro" is based on the total expenditure, as agreed by the participating countries and laid down in the cross-border programme.

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

The Union 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.

## **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 Regulation and the corresponding provisions of the Implementing Rules

In the event of centralised management the role of the Commission in the selection of operations under a cross-border programme among beneficiary countries 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 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 website<sup>5</sup> at the date of the initiation of the procurement or grant award procedure.

### **4.3 Environmental Impact Assessment and Nature Conservation and Disaster Resilience**

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

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<sup>5</sup> current address:

[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

The procedures for environmental impact assessment as set down in the EIA Directive<sup>6</sup> 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 Directive<sup>7</sup>.

Disaster resilience and risk prevention and management should be also integrated in the planning, preparation and implementation of projects.

## **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 Montenegro, 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.

## **6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD 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 Delegations in the Beneficiary Countries."

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

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<sup>6</sup> 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).

<sup>7</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) No 2185/96<sup>8</sup>.

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 nature<sup>9</sup>, 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.

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<sup>8</sup> Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292. 15.11.1996, p. 2).

<sup>9</sup> In the case of procurement, these essential elements are for example the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

## **ANNEX 2**

### **Cross-border Programme**

#### **Albania – Montenegro**