

COMMISSION DECISION

Of ...2007

adopting a border development programme in the Albanian region of Kukes under IPA-Component II, Cross-Border Cooperation, for Albania for 2007

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)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 and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country and by component, or, as appropriate, by group of countries or by theme. 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 document referred to in Article 6 of that Regulation.
- (3) The Council established on 30 January 2006 a European Partnership with Albania². The Commission has adopted on 31 May 2007 the multi-annual indicative planning document (MIPD) 2007/2009 for Albania, which presents indicative allocations for the main priorities for pre-accession assistance to Albania³.
- (4) The conditions are presently not met for IPA Component II to support joint cross-border programmes as defined in 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) (hereinafter referred to as the "IPA Implementing Regulation")⁴ between Kosovo⁵ and neighbouring countries. Owing to the exception provided for by Article 91, paragraph 1, a part of IPA Component II funds allocated to Albania can be used to finance a unilateral Border Development programme in the Albanian regions bordering Kosovo. Therefore, and having regard to the project proposal submitted by Albania, the Border Development programme in the Albanian region of Kukes under the IPA – Component II for 2007

¹ OJ L 210, 31.7.2006, p. 82.

² Council Decision 2006/54/EC of 30 January 2006, OJ L 35, 7.2.2006, p. 1.

³ C(2007)2245 of 31.5.2007.

⁴ OJ L 170, 29.6.2007, p. 1.

⁵ As defined in UNSCR 1244.

aims at providing assistance for the socio-economic development of the region of Kukes through its environmental, tourism and cultural potential, and for the strengthening of local stakeholders and civil society organisations.

- (5) 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 1605/2002⁶ (hereafter: "Implementing Rules") and constitutes thus a financing decision within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁷ (hereafter: "Financial Regulation").
- (6) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

Article 1

The Border Development programme in the Albanian region of Kukes under the IPA – Component II for Albania for 2007, as set out in the Annex, is hereby adopted.

This programme shall be implemented by centralised management.

It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of Albania.

Article 2

The maximum amount of Community contribution shall be € 500,000, to be financed through Article 22.02.04.01 of the general budget of the European Communities for 2007.

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

⁶OJ L 357, 31.12.2002, p. 1 Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L111, 28.4.2007, p. 13).

⁷OJ L 248, 16.9.2002, p.1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

ANNEX: Border development programme in the Albanian region of Kukes under the IPA – Component II for Albania for 2007

1. IDENTIFICATION

Beneficiary	Albania
CRIS number	2007/19324
Year	2007
Cost	€ 500,000
Implementing Authority	European Commission
Final date for concluding the financing agreement	at the latest by 31 December 2008
Final dates for contracting	2 years following the date of conclusion of the Financing Agreement. These dates apply also to the national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Code	11120, 14030, 15150, 16020, 25010, 33210
Budget line(s) concerned	22.02.04.01
Programming Task Manager	Unit C1, DG Enlargement
Implementation Task Manager	Operational Sections, Delegation of the European Commission in Albania

2. PROJECT

2.a. Description of the underlying priority

The conditions are presently not met for IPA Component II to support joint cross-border programmes – as defined in Article 91 of the IPA Implementing Regulation and in the Multi-annual indicative planning document (MIPD) 2007-2009 for Albania - between Kosovo¹ and its neighbours in 2007. Owing to the exception provided for by Article 91, a part of IPA Component II funds allocated to Albania can be used to finance a unilateral border development programme in the Albanian region of Kukes bordering Kosovo.

This programme is in compliance with the *Stabilisation and Association Agreement*, in particular with Title III – Regional cooperation, article 12: "In conformity with its

¹ See footnote 5 *supra* in Commission Decision.

commitment to international and regional peace and stability, and to the development of good neighbourly relations, Albania shall actively promote regional cooperation."

It also contributes to the fulfillment of the obligations of Albania stated in the *European Partnership* in terms of co-operation and good neighborly relations. The EP Action Plan outlines the commitment of the Government of Albania to ensure its effective implementation.

The *National Strategy for Social Economic Development* (NSSD²) provides an overall strategic framework for the development of the country. The NSSD puts emphasis on sectors that are compatible with areas considered by this programme, such as economic development, environmental infrastructures, urban and rural development, in particular of the poorest and most remote areas, and the development and diversification of the tourism industry.

The programme builds on the strategic priorities included in the *Regional Development Strategy of the Region of Kukesi – Promoting Local Development through the MDGs 2003*. This document emphasises the needs to support the economic and social development of the region.

The programme is also in compliance with the *National Decentralisation Strategy* which establishes the bases for enhancing the role of the local government units in relation to socio-economic development activities and especially regional development. The Government of Albania intends to set in place an efficient management framework for regional development through the promulgation of the Law on Regional Development and associated secondary legislation and the development of the necessary institutional structures to manage its regional policy. The purpose is to facilitate the establishment of a single regional development planning and management system in the country.

2.b. Description of the project

The objective of this programme is to contribute to the socio-economic development of the Region of Kukesi³ bordering Kosovo through its environmental, tourism and cultural potential (priority axis I). It will also aim to enable initiatives of local stakeholders and civil society organisations (priority axis II). The expected results are an increased level of SMEs contribution to regional growth, a reduction of the unemployment level in the region, improved business practices due to the use of ITC, an increased volume of revenues coming from tourism-related activities, an enhanced protection of the environment, and a strengthened civil society.

The activities foreseen under priority axis I are: investments in small scale business and eco-tourism related infrastructure; support to innovative actions introducing new touristic practices; know-how transfer for improving knowledge and skills of people in entrepreneurship, new technologies and marketing; development of basic infrastructures for the protection of historical, cultural, artistic, and linguistic heritage; research studies to

² At the time of preparation of this programme, the Government of Albania was in the process of finalising the National Strategy for Development and Integration (NSDI) which will succeed the NSSD. The draft NSDI has a particular chapter devoted to issues of regional development and regional cooperation as a strategic priority for the Government of Albania.

³ Considered as equivalent to the NUTS III level.

identify market gaps, market opportunities, high value products and dissemination of results across and outside the region; support to the use of ICT in production, marketing and management of SMEs; support to the improvement of the waste water and solid waste disposal systems; information dissemination and awareness-raising of the population about the protection of the environment. By supporting transfer of business skills, use of ICT and research studies, these activities will have catalytic effects as they will lead to even more innovation and investment.

The indicators of output and result for priority axis I will be the number of: training hours, companies trained, small infrastructure projects implemented, fairs and exhibitions organised, SMEs assisted with relevant information on how to use ICT, and studies undertaken.

The activities foreseen under priority axis II will support: non-governmental organisations (NGOs) active in social inclusion activities; education and training initiatives; youth and sports activities; support of Regional Development Initiatives of the Regional Development Agency and of Chambers of Commerce. These activities will have catalytic effects as they will build the capacities of local stakeholders, municipal, regional institutions and the civil society, and therefore their ability to participate in a wide variety of opportunities for economic and social development. Actions under this programme will facilitate the strengthening of local communities and NGOs.

The indicators of output and result for priority axis II will be the number of: activities organised, young people participating in each activity, training organised, participants in each training, and publications.

This programme will be implemented through grant schemes. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The calls for proposals for a total amount of € 590,000, consisting of € 500,000 of EU contribution and € 90,000 of co-financing, are expected to be launched in the 4th quarter of 2008.

When designing the activities of this programme, the limited financial allocations have been taken into account. The co-financing provided by final grant beneficiaries will guarantee that the EU principle of additionality is respected. It is foreseen that the size of the grant schemes will vary from € 80,000 to € 150,000 for infrastructure projects and from € 20,000 to € 80,000 for capacity building projects, which takes into account the absorption capacity of final beneficiaries.

2.c. Overview of past and on going assistance including lessons learned and donor coordination

The Region of Kukesi is also covered by the Cross – Border Programme Albania – Montenegro (€ 853,000 IPA allocation in 2007 for the Albanian side). There will be a synergy between the two programmes, which will contribute to more development of the Region of Kukesi.

Other programmes under IPA Component II, notably the cross-border programmes between Albania and the bordering countries of the Western Balkans, have not yet started. Therefore it is not possible to define the “lessons learnt”. However, there have been initiatives undertaken in the past between the areas bordering Kosovo and the former Yugoslav Republic of

Macedonia, such as the pilot project “Regional Cross-Border Cooperation Kukes-Prizren-Dragash-Gostivar”, implemented by the City of Kukes with the involvement of NGOs.

Based on the limited experience the following points can be highlighted:

The actions implemented within this region have shown a low capacity in project preparation of most of the final beneficiaries. This will have to be taken into account in the implementation of the programme.

NGOs, mainly located in the city of Kukes, have had a leading role in the past regional cooperation initiatives. These NGOs should have a key role when implementing the programme (transfer of know-how, etc.).

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 and should 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 EC 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 Delegation of the European Commission, in its role as head of the Donor Technical Secretariat, has facilitated coordination hosting project data of all donors since 2003. The donor co-ordination role is in process of being gradually transferred to the authorities. Close working relations are maintained with IFIs.

As regards this border development programme, the 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.d. Horizontal issues

Equal opportunities and non-discrimination

The programme will support initiatives that promote equal opportunities and gender mainstreaming. Priority will be given to projects that will clearly demonstrate their efforts to create equal opportunities for gender and disabled persons in accordance with EU principles.

Environmental protection

The programme will support activities that will aim to raise awareness on environmental issues and protection of natural heritage and environment. Promotion of eco-tourism will be a key focus of the programme activities.

Support to minority and vulnerable groups

Priority will be given to projects that will clearly demonstrate their efforts to create equal opportunities for ethnicities in accordance with EU principles. This will include actions developing and implementing programmes for the social integration of vulnerable groups such as unemployed, rural youth and women labour force. Participation of minorities and vulnerable groups will be highly encouraged.

2.e. Conditions

Agreement on this 2007 IPA financial assistance programme will depend on the Albanian authorities' commitment to the establishment of adequate administrative structures for programme implementation, in order that EU financial support is used in the most effective manner possible.

In particular, the following points must be guaranteed by the Albanian authorities:

- Commitment and involvement of the regional authority to undertake the relevant actions for coordination of the activities included in the programme;
- Financial capacities of the local stakeholders to contribute to co-financing.

2.f. Benchmarks (indicative)

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

	N (2008)	N+1 (2009) (cumulative)	N+2 (2010) (cumulative)
Number of calls for proposals launched	2		
Contracting Rate (%)	0	100	

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

The current status of the roadmap for the decentralisation in Albania of the management of EU funds is detailed in the annual national programme for Albania for 2007 under the IPA Component I.

3 BUDGET (AMOUNTS IN EUR)

3.a. Indicative budget table

	EU – IPA assistance		Total co-financing *		Total (IPA plus Co-financing)	
	Total in EUR	Total in %	EUR	(%)	EUR	(%)
Border development programme in the region of Kukes	500,000	85	90,000	15	590,000	100
TOTAL	500,000	85	90,000	15	590,000	100

* public and private contributions from final beneficiaries

3.b. Principle of Co-Financing applying to the projects funded under the programme

The Community contribution has been calculated in relation to the eligible expenditure which, in the case of centralised and joint management, shall be based on the total expenditure. The rate of the Community contribution for this programme amounts to 85%.

The co-financing will be provided by the final beneficiaries and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of 15% of the total eligible cost of the project, both for investment and institution building projects.

4. IMPLEMENTATION ARRANGEMENTS

4.a. Method of implementation

The programme will be implemented on a centralised basis by the European Commission, EC Delegation to Albania, in accordance with Article 53a of the Financial Regulation⁴ and the corresponding provisions of the Implementing Rules⁵.

4.b. General rules for grant award procedures

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.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract

⁴ See footnote 7 *supra* in the Commission Decision.

⁵ See footnote 6 *supra* in the Commission Decision.

procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website⁶ at the date of the initiation of the procurement or grant award procedure.

4.c. Environmental Impact Assessment and Nature Conservation

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

As a consequence, for activities which fall within the scope of the EIA-directive⁷, an environmental impact assessment shall be made, equivalent to that provided for by the EIA-directive.

For activities which are likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Art. 6 of the Habitats Directive⁸.

5. MONITORING AND EVALUATION

5.a. Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

5.b. Evaluation

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND 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 Delegation in the Beneficiary Country.

⁶ current address: http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

⁷ 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). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

⁸ 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). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

In order to ensure the efficient protection of the financial interests of the Community, 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) 2185/96⁹.

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

7. LIMITED CHANGES

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 nature¹⁰, may be undertaken by the authorising officer by delegation (AOD), or by 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 without an amending financing decision being necessary.

⁹ OJ L 292; 15.11.1996; p. 2

¹⁰ 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.