

ANNEX

Instrument for Pre-Accession Assistance (IPA)
Multi-annual Indicative Planning Document
(MIPD)
2011-2013
Albania

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Executive summary

The purpose of this Multi-Annual Indicative Planning Document (MIPD) is to set out the EU's priorities for assistance to Albania for the programming period 2011-2013.

The MIPDs are based on the needs identified in the European Partnership¹ of the country as well as the Opinion on Albania's application (adopted on 9 November 2010 as part of the Enlargement Package) and with the country's own strategies. The Government of Albania, local stakeholders, EU Member States and other donors have all been consulted in the design of this MIPD.

The Commission has taken a number of steps to enhance the strategic nature of this process over the last few years and to strengthen the link between the priorities established in the Enlargement Package and the programming of assistance. To better illustrate this focus, and to strengthen ownership by the beneficiary countries, the Commission will increasingly use a more sector-based² logic in its planning of pre-accession assistance.

To increase the impact of IPA assistance and to give greater focus to achievable results, the Commission has decided to concentrate its efforts on targeted sectors. A sector approach should facilitate cooperation among donors and beneficiaries, where possible under the lead of the national authorities, eliminating duplication of efforts and leading to greater efficiency and effectiveness. This in turn should allow all stakeholders to focus increasingly on the impact of our combined efforts.

To date, the number of fully fledged sector programmes developed by the IPA beneficiary countries is limited. Nonetheless, by beginning to focus increasingly on priority sectors now, the Commission can better support the development of such programmes on which the EU and other donor assistance can then be based.

The following priorities for IPA support (which could be implemented by annual or multi-annual programmes) over the period covered by this MIPD have been identified:

- Strengthen rule of law, ensuring the independence, efficiency and accountability of judicial institutions and enhance the fight against organised crime.
- Support the public administration reform, with a view to enhancing professionalism and de-politicisation of public administration and to strengthening a transparent, merit-based approach to appointments and promotions and strengthen the fight against corruption at all levels.
- Reinforce the protection of human rights, notably for women, children and persons belonging to minorities, and to effectively implement anti-discrimination policies.

To support *acquis*-related issues, in particular, administrative capacity, adoption and enforcement of legislation and related investments in the transport sector, social sector, as well as in the environment, climate change and agriculture sectors.

To achieve the priorities selected for support in the programming period 2011-2013, the Commission will focus its assistance primarily on the following sectors:

¹ The European Partnership Document for Albania adopted by Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54EC.

² Or programme-based approach where the selected priorities span across sectors

- Justice and Home Affairs.
- Public Administration Reform.
- Transport.
- Environment and Climate Change.
- Social Development.
- Agriculture and Rural Development.

1. IPA STRATEGIC OBJECTIVE

The overall objective of EU financial assistance to Albania is to support its efforts for reform and towards compliance with EU law in order that it may become fully prepared to take on the obligations of membership to the European Union.

The Europe 2020 agenda offers the enlargement countries an important inspiration for reforms. Albania is invited to consider the priorities of the strategy and adapt main challenges in the national context. Enlargement policy also supports the Europe 2020 strategy by extending the internal market and enhancing cooperation in areas where cross border cooperation is key.

2. STRATEGIC PLANNING OF IPA ASSISTANCE

2.1. Country challenges and needs assessment

Albania is a country of about 3.6 million inhabitants³ with a surface area of around 28.700 km². The political spectrum in Albania is dominated by two major parties, the current ruling Democratic Party (DPS) and the Socialist Party (SP) in opposition. The last Parliamentary elections were held in June 2009, which were assessed by the OSCE/ODIHR as having met most international standards, but shortcomings remain to be addressed in future elections. Following the June 2009 elections, the opposition Socialist Party (SP) began a parliamentary boycott, which officially came to an end in May 2010. However, the political stalemate remains unsolved; the political dialogue between the two main parties has deteriorated and continues to be major cause for concern.

The main political problems in Albania concern the strengthening of democracy and the rule of law, reforming the judicial system and continuing with efforts to fight corruption and organized crime. Penitentiary centres continue operating permanently above capacity and the overall conditions remain below standards. The public administration's capacity in Albania is largely insufficient, partly due to the high turnover of civil servants related to politicisation of recruitment practices.

Some progress has been made in the area of human rights and the protection of minorities, where the legal framework is broadly in place. However, further efforts are needed to improve the enforcement of legislation in a number of fields. Another area of special concern is the

³ July 2009 estimates. The next national census is scheduled to take place in 2011.

situation of the Roma population, which faces very difficult living conditions, social and economic marginalisation as well as frequent discrimination.

The economy of Albania has maintained relative macroeconomic stability despite the global financial and economic crisis. However, economic growth slowed down in 2009 as a consequence of reduced exports, remittances and credit growth. Albanian economic growth rates nevertheless exceed the growth rates of its regional neighbours. The unemployment rate has been continuously going down and reached 13.8% in 2009. However, economic development is hampered by the still poor infrastructure in the transport, energy and environment sector in many parts of the country and lack of skilled labour force. Moreover, the legal uncertainty brought about by the lingering of unresolved property rights issues, continuous to obstruct a proper functioning of the market economy. Government expenditure on health is low (2.8% of GDP). Disparities in coverage by basic health services exist due to the geographical distribution of service-providers and limited access in remote areas. Regarding environmental protection, Albania will have to make considerable and sustained efforts to align its legislation with the environmental *acquis* and to implement and enforce it effectively. It will also need to step up its efforts to mitigate and adapt to climate change. Overall, it will be particularly important to improve the necessary technical and human capacity matched by the required investments in environmental infrastructure.

Agriculture continues to be one of the main sectors of the economy, generating about 18.5% of Gross domestic product (in 2008) and 57% of total employment. However, labour productivity in agriculture is very low compared to the rest of the Albanian economy. In general, the Albanian agricultural system is characterised by small size of farms, land fragmentation, underdeveloped irrigation and drainage systems, deficient infrastructure, lack of access to markets, the low level of development of the agri-food industry, the low technological level, weak farmers organisations and lack of access to financing.

2.2. National strategies

The main strategic documents as regards European Integration in Albania is the Albanian National Strategy for Development and Integration (NSDI) 2007-2013, approved by the Council of Ministers on 12 March 2008, as well as the 2010-2014 National Plan for the Implementation of the SAA, approved by the Council of Ministers with the Decision no. 812, dated 6 October 2010. The NSDI 2007-2013 represents the core strategy document of Albania, which overarches the strategic priorities defined in 38 strategies (20 sectoral and 18 sub-sectoral).

The Department of Strategy and Donor Coordination (DSDC) is located in the Albanian Council of Ministers, further consisting of a Strategies' Coordination Unit and an Aid Coordination Unit. The Department assists the Prime Minister in all matters concerning coordination of donors' activities and foreign aid, including IPA assistance. It also supports the Minister of European Integration, who is the National IPA Coordinator (NIPAC) for the overall IPA programming.

The Government's overall Integrated Planning system (IPS) has built-in links on key sectors for European Integration. Overall, the Government of Albania seems to be well advanced in planning the activities and development in the various policy sectors. For decision-making and reporting purposes, a management information system (MIS) is being currently introduced by the Albanian administration. The government tries to link the implementation of the NSDI as much as possible with its donor coordination efforts and with the national Medium Term Budget Programming (MTBP).

The Government of Albania has approved in mid 2010, and is currently implementing, a new result-based monitoring mechanism that support sector strategies implementation. This monitoring mechanism, coordinated and overseen by DSDC aims to: i) help line ministries in their program policy analysis, ii) improve the implementation of their sector strategies, and iii) feeding findings from monitoring into the subsequent policy and MTBP cycle. This process should reinforce the implementation of NSDI.

2.3. Relations with the EU

In February 2008, the Council adopted a new European partnership with Albania⁴. Albania has continued to make progress in addressing the priorities set out in the European Partnership. The Stabilisation and Association Agreement (SAA) was signed in June 2006 and entered into force in April 2009. Implementation of the SAA is progressing well.

Albania applied for EU membership in April 2009. On 16 November 2009 the Council requested the Commission to prepare an Opinion on Albania's application. A Questionnaire was subsequently sent to Albania in December 2009, whereas Albania delivered its replies in May 2010. The Commission delivered a comprehensive Opinion on Albania's application on 9 November 2010, which identified key priorities and other challenges for Albania's accession process. This MIPD is in line with the findings of the Opinion.

The Commission presented a proposal on lifting the visa obligation for the citizens of Albania on 27 May 2010, which was subject to the fulfilment of outstanding criteria. The proposal was adopted by the European Parliament on 7 October and by the Council on 8 November 2010.

2.4. Lessons learned

Experience with the so far implementation of IPA assistance in Albania as well as findings of evaluations conducted by DG Enlargement suggest that planning and programming of IPA assistance need to consider the following lessons learned:

Ownership by the beneficiary is essential for the effective targeting of assistance and for achieving expected results. As a result, the Commission shall take significant efforts to involve Albania's institutions in the planning and programming of EU assistance. The Ministry for European Integration (MEI) has benefited from substantial institution and capacity-building support. The introduction of the function of Senior Programme Officers (SPO) within the European Integration Directorates in line ministries and the leading role of the MEI in the programming process has helped to increase ownership.

The absorption capacity of the authorities needs to be ensured. This largely depends on project maturity (in so far as, adequate staffing in the relevant institutions, mobilisation of civil society and a political consensus on key reform activities) and institutional capacity.

Timely planning of future assistance is essential to address key areas. Past experience with delays in implementation of CARDS and IPA has shown the need to ensure that projects do not become obsolete because of late implementation.

The link between EC assistance and sector strategies and action plans of the Albanian institutions needs to be ensured. The aim is to design assistance in relation to Albanian strategic plans, which in turn should address the requirements of the EU integration process.

⁴ The first European Partnership with Albania was adopted by the Council in 2004.

Particular attention must be paid to the projects' preparedness and maturity, and direct relevance to SAA and European partnership priorities.

The above mentioned points have been raised with the beneficiary on several occasions and shall be taken into account as much as possible in the preparation of all IPA programmes derived from this MIPD.

IPA Mid-term evaluation:

The findings from an IPA mid-term evaluation, which was conducted during 2010, partly confirmed the above. It showed also that many of **the prerequisites for sector-based approach exist** in Albania. It concludes that given what has already been achieved and based on the ongoing targeted assistance, it seems that an attempt to launch sector-based approach could be operational in Albania, subject to the immediate establishment of a monitoring system. At present the administrative capacity to adopt a sector-based approach is relatively low. However, with sufficiently well targeted assistance and continued effort to complete ongoing reforms (functional strategies and monitoring system) the Albanian administration has the potential to develop these necessary capacities in the immediate to short-term. The evaluation assessed also different sectors and states that the sector of agriculture/rural development is one of the most advanced.

With view to key programming elements, such as objectives, project selection, sequencing, financial and time plans, link to national strategies and coordination with donor assistance, the evaluation concludes further that there has been much improvement since 2007 in the quality of all these elements. Sequencing of projects has been also assessed to be good. Furthermore, it demands that synergy among the donor assistance, national strategy and IPA programming is important if sector wide approach will be applied in future programming. The evaluation concludes also that programming takes adequate and relevant account of the beneficiary's policies, strategies and reform process.

With view to administrative capacity, the analysis clearly shows that there is often staff turnover at management and operational level in the line ministries and central level agencies. However, good staffing is essential for the achievement of the IPA programming objectives, the sector-based approach and the success of the European Integration process in general.

The evaluation reckons that outcome and results of IPA assistance are still in very early stage having very few of the planned projects completed. It is recommended to strengthen the ownership of the national authorities on the programming process by making them more involved in the whole process of programming and implementation by e.g. committing progressively higher rates co-financing rates from year to year. Furthermore, more efforts should be made to involve beneficiaries in implementation and monitoring of ongoing IPA assistance.

Finally, the evaluation concludes that it is too early to analyse the impact and sustainability as there are only a few completed IPA projects for the programming period 2007-2009. However, it became clear that increasing the ownership of the completed projects, and thus ensuring sustainability, could be achieved via the inclusion of post-implementation arrangement in project documents.

2.5. Consultations with stakeholders and donors

The first announcement of change in the approach and presentation of the MIPD 2011-2013 has taken place in October 2009 during a MIPD 2009-2011 review mission. This approach is

the outcome of several donor conferences on aid effectiveness and has been reaffirmed by the GAERC conclusions of December 2009. The European Commission has also informed Member States during the IPA Committee in March 2010 on a new approach regarding the MIPD 2011-2013 preparations.

In May and June 2010, the EU Delegation undertook a review and consultation process in certain sectors in order to assess the existence as well as the quality of various strategies and action plans/budget plans. On the basis of this assessment and the needs and priorities in EU and Albanian Government strategy papers a first draft text for the MIPD 2011-2013 has been prepared. The draft was also based on information provided during the Opinion preparation, the latest Progress Report, relevance for IPA Component III-V preparation, experience of EU interventions over the last years, the existing donor coordination system and the outcome of sub-committee meetings. Finally, several outside sources such as reports from SIGMA⁵ and the World Bank (WB) have been taken into account. During a consultation mission in July, the first MIPD draft document, which has been shared beforehand, was discussed with the beneficiary, Member States and other donors. This first round of consultations has confirmed the suggested choice of sectors, where the European Commission will focus on over the next three years. In particular the sectors regarding the political criteria were seen as very relevant.

Further refinements of the draft have been made, and subsequently, the draft MIPD was consulted with the Member States in Tirana, with IFIs, bilateral and international organisations and the Beneficiary beginning of December 2010.

The outcome of these consultations led to further adjustments of the MIPD, notably in emphasizing that a programme based approach is also encouraged in other sectors under the leadership of other donors, which could eventually be supported by the EU. Furthermore, the division of tasks has been updated and clarified. Finally, it was suggested to bring the indicators more in line with the indicators of the NSDI, which are currently being revised.

2.6. Selected priorities for EU assistance

Priorities for IPA assistance are to a large extent defined by the Stabilisation and Association Process and the European Partnership. The SAA provides a framework of mutual commitments on a wide range of political, trade and economic issues. It focuses on political dialogue, enhanced regional co-operation, the establishment of a free trade area between the EU and Albania and a gradual approximation of the Albanian legislation to the EU *acquis*. The EU provides also guidance to the Albanian authorities on reform priorities through the European Partnership. The implementation of the SAA, which has started after the final ratification on 1 April 2009, will require strong administrative capacities in almost all *acquis* related areas. There is also a need to further support structural reforms in the country and to invest in related infrastructure, in particular in the area of regional development and *acquis* related infrastructure.

Albania's National Strategy for Development and Integration 2007-2013 mirrors the main EU priorities and lays out the steps for its implementation. Sector strategies are in place (with the exception of the justice sector), which integrate the EU accession perspective in their priority setting.

The EU's latest Enlargement Strategy acknowledges Albania's progress on key political reforms. However, Albania needs to continue its reforms, in particular in the area of rule of law and notably the fight against corruption and organized crime, as well as the proper

⁵ SIGMA is a joint initiative of the European Union and the Organisation for Economic Co-operation and Development (OECD), principally financed by the EU.

functioning of state institutions, particularly the independence of judiciary. Administrative and enforcement capacities require further strengthening. As regards Albania's economic development, continuing with structural reforms and upgrading the infrastructure is key for the country's competitiveness. Further key priorities are the enhanced inclusion of civil society into government's procedures and decision making. Environment, climate change and transport require substantially more attention. Progress has been limited in the area of economic and social rights, in particular of vulnerable people such as the Roma population. Important changes are needed in the agriculture and rural development sector, in order to sustainably develop the rural areas, improve food security and adapt to EU standards. Overall, administrative capacity is a major challenge for Albania. Therefore, strengthening administrative and enforcement capacity is of major importance

The following priorities for IPA support (which could be implemented by annual or multi-annual programmes) over the period covered by this MIPD have been identified:

Strengthen rule of law through implementation of a reform strategy for the judiciary, ensuring the independence, efficiency and accountability of judicial institutions.

Strengthen the fight against organised crime, based on threat assessment and proactive investigation, increased cooperation with regional and EU partners and better coordination of law enforcement agencies.

Improve treatment of detainees in police stations, pre-trial detention and prisons. Strengthen the judicial follow-up of cases of ill-treatment and improve the application of recommendations of the Ombudsman in this field.

Effectively implement the government's anti-corruption strategy and action plan, remove obstacles to investigations, in particular of judges, ministers and Member of Parliaments; develop a solid track record of proactive investigations, prosecutions and convictions in corruption cases at all levels.

Complete essential steps in public administration reform with a view to enhancing professionalism and de-politicisation of public administration and to strengthening a transparent, merit-based approach to appointments and promotions.

Improve coordination of the economic and fiscal policies to assist in the stabilisation of the macroeconomic environment and ensure the sustainability of public expenditure, while strengthening the capacity of institutions providing statistical data.

Take concrete steps to reinforce the protection of human rights, notably for women, children and persons belonging to minorities, and to effectively implement anti-discrimination policies.

Continue strengthening the administrative capacity across the board and upgrade cooperation with civil society.

Improve the situation of the infrastructure as well as administrative capacities in all areas of the transport sector, namely road, aviation, maritime and railways.

Continue alignment with the EU environment and climate *acquis* and its effective implementation, including substantial investments and strengthening of administrative capacity for the enforcement of legislation in order to achieve effective compliance on the most important issues.

Continue support for implementation of social policies, including employment, Vocational Education and Training.

Develop the agriculture and rural development sector in alignment with the *acquis*.

3. MAIN SECTORS FOR EU SUPPORT FOR 2011 – 2013

To achieve the priorities selected for support in the programming period 2011-2013, the Commission will focus its assistance primarily on the following sectors:

Sector 1 - Justice and Home Affairs: This sector is one of the most important areas where Albania needs to improve according to the Opinion. Furthermore, this is an area where other stakeholders like Member States, European Parliament and other Donors want to see progress. Finally, improvements in this field will have a positive effect on many other sectors.

Sector 2 - Public Administration Reform: This sector is one of the most important areas where Albania needs to improve according to Opinion conclusions. Improvements in this sector will have a potential cross cutting effect on the overall functioning of state institutions, including socio-economic development of the country as well as progress towards EU accession.

Sector 3 - Transport: This sector is part of the preparations of IPA Component III (draft Strategic Coherence Framework and draft Operational Programmes are currently being drawn up by the Beneficiary). Furthermore, it is one of the sectors, where the European Commission has been involved continuously over the last years and where still further improvement is necessary, in particular regarding rail, air and maritime transport.

Sector 4 – Environment and Climate Change: Environment is part of the preparations of IPA Component III (as above). Furthermore, it is one of the sectors, where the European Commission has been involved continuously over the last years (in particular in the water supply and sewage sector) and where urgent and continuous improvement is necessary. It is also important to improve the administrative capacity, in particular with view to the proper implementation and enforcement of environmental and climate change legislation in this field.

Sector 5 - Social Development: This sector is part of the preparations of IPA Component IV (draft Strategic Coherence Framework and draft Operational Programme are currently being drawn up by the Beneficiary). This sector focuses also on an important part of the Europe 2020 Strategy and is in particular relevant for Albania as one of the poorest countries in Europe.

Sector 6 - Agriculture and Rural Development: This sector is part of the preparations of IPA Component V (draft IPARD programme is currently drawn up by the Beneficiary). This sector has been identified with the beneficiary, Member States and DG AGRI as the one where a possible sector wide or programme based approach could be tested as most of the pre-conditions are in place. The sector comprises the main features for such an approach, namely the existence of a sector strategy, an action plan, multi-annual budgeting, donor coordination and a relatively strong capacity (including the political will) of the main beneficiary Ministry. Another advantage is that the preparations for the IPARD programme have produced a series of good analyses of the different parts of the sector, which give a good description of the current situation. They show the disparities, shortcomings and potential for the agriculture and rural development in Albania. It was also underlined in the IPA mid-term

evaluation that this sector has a higher potential for a SWAP compared to other sectors, e.g. transport or environment.

The choice of the above mentioned sectors has also been influenced by the well-developed and government-led donor coordination process in Albania. All sectors covered in this MIPD are mirrored by sector-specific working groups, which bring together the relevant line Ministries and active or interested donors in a specific sector under the leadership of the Department for Strategy and Donor Coordination in the Council of Ministers (DSDC). Donor focal points and EU lead donors are identified for all of these sectors. The EU is ready to consider further involvement and support to programme based approaches in areas where the conditions will develop during the coming years and where donors cooperate closely with the Government.

There are some sectors which will not be in the focus of EU assistance over the coming three years. *Energy* and *health* are not among the specific priority sectors or priority areas. Regarding the energy sector, the EU is closely monitoring progress in the transposition and implementation of the *acquis* and EU support is also provided via the regional Energy Community. As a member of the Energy Community, Albania is legally obliged to implement substantial parts of the *acquis* on energy. However, financial assistance is provided mainly by other European donors, such as Germany/KfW (lead donor under DoL initiative), Italy, the EIB, the EBRD or Switzerland. The entire energy sector is overseen from the donor side by the WB, which has also gained vast experience in this field (which is missing on the EU Delegation side). Regarding the health sector, the WB and other European donors, such as Italian cooperation and Swiss cooperation, are also very involved. In line with the principal of "division of labour" and taking into account the complexity of these sectors, the EU will therefore focus less on them. The *acquis* regarding the health sector is also rather limited. The EU will also not focus on SME development and competitiveness, however, in the preparation for IPA Component III, future measures with view to economic development and innovation are possible.

The European Commission Communication on the Enlargement Strategy and Main Challenges 2007-2008 and in the last Strategy Documents (2008, 2009 and 2010) underlined the importance of civil society being able to play its role in a participatory democracy. Support to civil society will be integrated in all sectors of the MIPD, in particular in the field of the environment, justice and home affairs, public administration reform as well as social development. The civil society development in Albania remains generally weak. Local NGOs require training to adapt to present conditions, to strengthen their capacities and to participate in the European integration process. It is also necessary to encourage the freedom of association, to put in place regulatory frameworks and public incentives for the development of civil society organisations, and to guarantee a supportive legal environment for civil society activities. DG ELARG has set up a Civil Society Facility (CSF), which encompasses contributions from the Albanian national programme as well as from all other national programmes in the Western Balkans plus Turkey and from the Multi-beneficiary programme. A network of technical assistance desks (TACSO) to support civil society development has been established in the Western Balkans. This network became operational in autumn 2009. Also, Local Advisory Groups have been established consisting of representatives from the EU delegations, governments, civil society and other donors. The European Commission aims to allocate indicatively around 2-5% of the overall assistance for the three years to civil society support. The CSF includes also actions to strengthen freedom of media and expression, as it represents a basic precondition for a functioning democracy. An adequate legal framework allowing media to operate freely needs to be further developed in Albania. These activities could be accompanied through measures financed by the annual programmes, taking also into

account the importance of the development of electronic communications and information society.

In line with the recommendations of the 2010 ELARG strategy, fighting corruption is a crucial challenge for most of the countries in the enlargement process. Tangible results and credible track-record in the fight against corruption are important elements for moving forward in the stages of the EU accession process. Financial assistance will pay particular attention to this aspect, as corruption remains prevalent in many areas and needs to be tackled.

Equal opportunities and non-discrimination will be respected as regarding gender at the programming and implementation stage, particularly in relation to socio-economic support programmes. Minority and vulnerable groups' concerns will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socioeconomic development. In line with the Europe 2020 Strategy, Albania also needs to ensure that the challenges linked to climate change are addressed, in particular by reducing the emission intensity of its economic development. The aim to reduce greenhouse gas emissions shall be taken into account in all other relevant sectors of the MIPD. Furthermore, all financial assistance must comply with the principle of sustainable development and meet the requirements of the relevant EU environment *acquis*, in particular the Environmental Impact Assessment (EIA) as well the Birds and Habitats directives.

According to the Multi-annual Indicative Financial Framework for IPA for the years 2011-2013⁶, Albania will receive an indicative allocation of EUR 288 811 407 of pre-accession funds (including IPA Component II - Cross-border cooperation). The planned allocation per sector and per year financed by IPA Component I is presented below:

Indicative Financial Allocation per Sector (€million)			
2011-2013	Period 2007 - 2010	Period 2011 - 2013	
1. Justice and Home Affairs	56.52	38.66	15%
2. Public Administration Reform	43.15	38.66	15%
3. Transport	49.06	51.55	20%
4. Environment and Climate Change	80.12	51.55	20%
5. Social Development	13.40	25.77	10%
6. Rural Development/Agriculture	17.20	51.55	20%
TOTAL	259.45	257.74	100%

The financial assistance will be implemented through the relevant IPA components as follows:

In €million

⁶ COM (2010) 640 of 10 November 2010.

IPA Component	2011	2012	2013
Transition Assistance and Institution Building	84.30	85.99	87.45
Cross-border Cooperation*	10.13	10.28	10.67
TOTAL	94.43	96.27	98.12

* IPA Component II, Cross-border cooperation, is dealt with in a separate MIPD

Financial allocations are indicative and may vary according to actual financial needs identified at time of programming.

In addition, IPA may finance actions that fall outside the scope of these sectors such as, but not limited to: i) project/sector programme identification and preparation; ii) *acquis* related actions that need to be adopted/implemented according to an established timetable (e.g. negotiating framework or NPAA); iii) participation in Union programmes to which the country becomes eligible, unless they are included in one of the sectors chosen above; iv) as well as support measures for the implementation, monitoring and audit of IPA programmes.

3.1. Justice and Home Affairs

3.1.1. Description of sector

Following the June 2009 parliamentary elections, the new Albanian Government announced in their Government programme that Justice and Home Affairs, as well as the rule of law, to be one of their key priorities. However, a sector strategy to reform the judiciary does not yet exist. Part of the reform of the sector and rated as one of the ambitious plans of the Ministry of Justice is the drafting and approval of the Justice Sector Strategy. In this context, a consultation with stakeholders took place in July 2010, during which the draft strategy was thoroughly discussed. In addition, the Ministry has prepared a draft action plan and is currently submitting it to various stakeholders for recommendations and suggestions. As a consequence, the strategy is expected to be adopted by the beginning of 2011, after a final consultation process with all the stakeholders.

The strategic framework in this area is derived from a number of documents: the NSDI considers the sector to be a functioning system that is independent, transparent, responsive and efficient which will restore citizens' trust in the fairness and equity of the judicial system. Concerning the fight against corruption, a sector strategy and Action Plan to implement the latter was adopted in 2010, while a three year action plan 2011-2013 is currently under preparation. However, the capacity of the Department of Internal Administrative Control and Anti-Corruption to co-ordinate the implementation of the Action Plan has to be further increased.

The European Partnership and SAA also list priorities and obligations respectively in the area of Justice and Home Affairs. Further obligations stem from the Visa Liberalisation Process. The Opinion states that limited progress had taken place in reforming the judicial system and the fight against corruption has to be further addressed. Judicial procedures remain slow and lack transparency; the justice system continues to function poorly due to shortcomings in its independence, accountability and professionalism. The NSDI acknowledges that the justice system is the least controlled and is considered to be the sector with the highest level of

corruption. However, other areas such as the healthcare sector, tax and customs, public procurement and education also remain subject to corruption.

In the area of home affairs, several strategies, including action plans, exist. Of particular importance is the long-term Strategy and the related Action Plan for the Albanian State Police adopted by Council of Ministers in 2007. It stresses the need for an overall improvement of the quality of the services provided by the police which also includes the important issues of witness protection and fighting organised crime. Albania also has a national strategy for the fight against trafficking in human beings and an associated strategy for the fight against child trafficking and the protection of child victims of trafficking. On the other hand, important areas such as the fight against money laundering are covered via the NSDI, as well as the National Strategic Document on the Investigation of Financial Crime.

The Ministry of Justice and the Ministry of Interior have key roles to play in ensuring that the functioning of the judiciary and the rule of law is guaranteed. The Albanian State Police and the Prosecution Office are the main law enforcement bodies.

3.1.2. Past and ongoing assistance (EU and other donors)

EU financial assistance supported the Justice and Home Affairs sector under CARDS and IPA through a large number of projects, as this area is one of the key European Partnership priorities. EU assistance focused amongst others on: improving the penitentiary and court infrastructure, training of court administrators, installing an Integrated Computerised Court Management System, several twinning programmes with a number of judicial institutions such as the High Council of Justice or the General Prosecutor's Office and in the area of anti-money laundering and witness protection, support to the School of Magistrates, EURALIUS II project, PAMECA III project⁷, consolidation of the institutional and legislative justice system and setting up a computerisation system for the prosecution service. A specific project on the fight against corruption is funded by IPA 2008 funds and implemented by the Council of Europe.

There are also regional projects financed in this sector under the EU Multi-beneficiary Programmes, for example related to witness protection, prosecutors' network, etc.

Other donors in the area of Justice and Home Affairs are international donors such as OSCE and UNICEF as well as bilateral donors, among them Austria, France, Italy, Spain, Sweden, the UK and the US. IOM Tirana has supported the Government, also through EU funding to develop and implement a cross cutting Strategy on Migration (2005-2010), approaches to Readmission (and third country nationals reception) the Counter-Trafficking strategies and the National Plan on Remittances, which is also important in the context of the process of visa liberalization. The National Strategy on Migration is approaching the expiration of its first phase.

In the overall sector of "Justice and Home Affairs" there are several sector and sub-sector working groups. These are Justice and Legal Reform (with sub-sectors Juvenile Justice, Judicial Infrastructure System and Prison Reform), Witness Protection, Albanian State Police (including organised crime), Community Policing/Crime Prevention, Integrated Border Management/Migration and Training/Equipment/Assistance. The US acts as the general lead donor in this sector, while the EU is the lead donor under the European FTI DoL initiative.

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3.1.3. Sector Objectives for EU support over next three years

The main objective shall be to strengthen the independence, transparency and efficiency of the judiciary and enhance the rule of law.

Specific objectives in this sector are the separation and balance between powers to increase independence, direct the court system towards best European practices, strengthen the status and professionalism of judges and prosecutors, achieve a sustainable increase in the level of execution of court decisions and improve the infrastructure in the judicial sector, i.e. the courts, prison and pre-detention systems. Other objectives are to further strengthen the capacity of the law-enforcement bodies and improve coordination between them, in particular between prosecutors, the state police and witness protection. On the fight against corruption, the objective is to establish an adequate legal framework, strengthen the capacity to investigate and prosecute for corruption and to enforce legislation.

In order to see if these objectives will be achieved, possible indicators to measure the result could be amongst others the reduction of the length of court proceedings and reduction in backlog of cases. Furthermore, the strengthening of the capacity, integrity, accountability and professionalism of the administration of justice could be measured through the introduction of a merit based recruitment system and consolidation of qualitative criteria for the appraisal of judges and prosecutors. Another indicator in this respect could be the establishment of an efficient and effective organisation of the judiciary, in particular improved court management system, including competent and effective court experts, adequate internal procedures and efficient use of alternative dispute resolution mechanisms. The increase of the number of detainees being held in judicial and penitentiary systems according to European standards could serve as an indicator for the improvement of the relevant infrastructure. The improvement of the capacity and coordination amongst law enforcement bodies in the context of the fight against corruption and organised crime, including money laundering and trafficking of human beings could be measured for example in the increase of the number of networks dismantled or numbers of persons successfully prosecuted (final convictions) in these areas, amounts of proceeds of crime recovered, number of persons trained on specific aspects of fight against organized crime, number and better quality of suspicious transactions recorded and sent to the financial intelligence units or in the increase of the effective use of special investigative means. The increase of reliable crime statistics would also be an important indicator of progress in this area.

3.2. Public Administration Reform

3.2.1. Description of sector

Albania has a Strategy for Public Administration Reform and an outline of an Action Plan for its implementation. The strategy was adopted by the Council of Ministers on 18 September 2009 and is entitled “On the Adoption of the Inter-sectorial Strategy for Public Administration Reform 2009-2013, in the framework of the National Strategy for Development and Integration”. The strategy addressed the following core issues (i) the basic principles of the civil service; (ii) comprehensive management of human resources; (iii) functional and structural organisation of the public administration, and (iv) fundamental procedures and processes for the provision of services and decision-making in the public administration.

The legal framework is largely in place through civil service law but its implementation remains problematic. A draft Law on the Organisation and Functioning of the Public Administration (with IPA 2008 support) and a new draft Law on General Administrative

Procedures, currently being prepared, attempt to improve the organisation of public services and to modernise their functioning. In summary the Law on Organisation and Functioning of the Public Administration deals with rules of organization and functioning of public administration and its institutions as well as with their mutual relationships of accountability, whereas the General Law on Administrative procedures deals with administrative procedures and administrative acts, meaning the procedures regulating the way in which administrative decisions are to be made and regulates the legal relationships between administrative bodies and citizens or enterprises with regard to individual administrative acts. As regards Public Expenditure Management, a new Organic Budget Law (OBL) came into force in 2009. It considerably improves the legislative framework for the new, integrated budgeting processes. An internal audit system has been established in most of the larger organisations but the development of public internal financial controls is at an early stage (draft laws to be adopted). There is positive progress towards the alignment of public procurement laws with European Standards, but concessions remain a cause for concern as many concessions are being granted without an overall strategy as to how different sectors can be developed effectively. Albania is a highly decentralised country but the administrative and technical capacities at the local and regional level need to be further strengthened. Albania should continue to be assisted in the modernization of its customs administration. Priority areas in this respect are intellectual property rights, risk analyses, post-clearance, laboratories and security rules.

The improvement of the statistical system in Albania is an important part of the public administration reform. A reliable and high-quality statistical data is needed during the accession process. It is therefore necessary to align the statistical system of Albania to the EU *acquis* on statistics and to ensure that a proper coordination of statistical activities across the public sector is developed and maintained.

The Department of Public Administration (DoPA), within the structure of the Ministry of Interior (and directly subordinate to the Minister of Interior), is responsible for drafting, coordinating and implementing policies and strategies of the Albanian Government on public administration reform.

3.2.2. Past and ongoing assistance (EU and other donors)

In 2004 - 2006 DoPA was supported by the European Commission through CARDS 2003 on the reform process in the Albanian Civil Service.

Under CARDS 2004 support for DoPA was foreseen through the reconstruction of the new Training Institute of Public Administration (TIPA) Building. However, due to land ownership problems this project was not implemented and cancelled. IT and office equipment has been provided.

Other EU projects which could be considered to fall in the area of public administration reform are: "Preparation of the Albanian Authorities for the Decentralisation of Management of EU Assistance" (IPA 2007), "Support for the strengthening of the Albanian Public Procurement, Concessions and Public Auction systems" (IPA 2008), "Support and Expansion of the Albanian Treasury System" (IPA 2008), "Project against Corruption" (IPA 2008), "Support for enhancing the Decentralised Management System" (IPA 2009), "Building an e-Government infrastructure", which includes the strengthening of the Data Protection Commissioner office (IPA 2009), Project Preparation Facility (IPA 2008/2009). Under ongoing IPA programmes, support in the statistical field is given to the census of population and housing, to the census of enterprises, to the census of agriculture holdings and to the

development of national accounts. Furthermore, many different line Ministries have been, or still are, receiving TA support through EU funds.

The World Bank (PARP project) assisted DoPA in 2005 by developing a database for the Civil Service. The WB continues to support public administration reform in Albania on several levels (e.g. Review of the Implementation of Civil Service Legislation and preparation of a draft law on inspection service.)

DoPA is also being assisted by SIGMA with international experts on an ad-hoc basis. Moreover, DoPA has received assistance from the Integrated Planning System Multi Donors Trust Fund (managed by WB) on “Strengthening management capacities in Albanian public administration - Process analysis and recommendations”. The main scope of the project is to improve the human resource management capacities of the Albanian Public Administration and to enhance the skills for the implementation of NSDI.

The UN is supporting public administration reform at central and local level via several projects in the framework of the ONE UN Coherence Fund supported, amongst others, by the EU.

Donor coordination in this sector is organized through a SWG, where the donor focal points are WB and UNDP. The EU is the lead donor under the FTI-Initiative and can count on other active European donors, notably the Netherlands, Sweden, Germany and Switzerland. Further main donors in this sector are: OSCE, USAID and UNICEF.

3.2.3. Sector Objectives for EU support over next three years

The SAA states under Article 111 “Public Administration” cooperation between the EU and Albania shall aim to ensure the development of an efficient and accountable public administration in Albania, notably to support the implementation of the rule of law and the proper functioning of the state institutions. The EP also sets out a series of short and mid-term priorities, which should help improve the functioning of the public administration. The Opinion defines as one of the key priorities for Albania the completion of the essential steps in public administration reform, with a view to enhancing professionalism and de-politicisation of public administration and to strengthening a transparent, merit-based approach to appointments and promotions.

Overall, the list of specific objectives in the field of Public Administration Reform, according to the various European and national strategic documents, is long. This is also due to the broader issues falling under public administration reform. In order to be realistic in what could be achieved over the next coming three years, the following specific objectives shall be pursued:

Support the development and implementation of a properly costed public administration reform, which shall ensure that recruitment, appointments, promotion, transfers and dismissals are conducted according to the established rules in order to build an accountable, efficient civil service, based on professional career development criteria. Support horizontally the sectors of the administration responsible for implementation of the SAA provisions and those involved in implementation of the EU financial assistance, including preparation for Decentralised Implementation System (DIS). Improve policy coordination/strategic planning and better aligning policy framework with European Integration Agenda and medium term budget planning at the central and line ministries level. Strengthen internal audit functions, inspection services and the Supreme Audit Institute. Further strengthen sound financial management and development and enhanced implementation of effective, coordinated

national preventive anti-corruption policies and strategies. Strengthen the administrative capacity at all levels, in particular in the Public Procurement Agency, relevant departments in line ministries responsible for certain areas of public procurement and other institutions dealing with public procurement. Help create and strengthen an independent review body. Bolster the capacity of the Ministry of Finance, the Ministry of the Economy and other relevant bodies. Enhance the cooperation between relevant bodies and government institutions responsible for economic and fiscal policies as well as improve the reporting of these institutions. In particular, strengthen the Office of Statistics and improve the quality of data, specifically that concerning national accounts, the labour market and prices. Enable the statistical system to produce and disseminate reliable statistical data in line with international and European standards.

Possible indicators to measure the progress in this sector could be the reduction in the turnover of staff in the public sector following elections. Furthermore, the increase in trained/competent staff in relevant Ministries or state institutions, in particular in the area of public procurement, tax collection as well as internal audit functions and inspection services. Another indicator could be the increase in the number of public administration entities increased where professional career development criteria to ensure transparent procedures on recruitment, appraisal, promotion, conduct and dismissal of civil servants have been introduced. Possible additional indicators to be considered could be the percentage of vacancies filled through advertised, competitive procedures and the percentage of civil service staff for whom an annual performance evaluation has been completed. This could go together with reduced numbers of controversial cases in public procurement and less complaints and review procedures regarding insufficient level of transparency, non-discrimination and equal treatment. As regards standard indicators to assess results and enable cross-country comparisons indicators measuring the following could be used later on the level of the annual (or multi-annual programmes): civil service's fit to European standards, e-government, e-procurement, public expenditure and financial accountability (PEPA) and corruption. Finally, an indicator regarding statistics could be that reliable statistical data is produced and disseminated.

3.3. Transport

3.3.1. Description of sector

Albania's strategic approach towards transport policy is mainly set out in three strategic documents: firstly in the NSDI, secondly (in more detail) in the Albanian National Transport Programme (ANTP), which is revised and updated regularly and thirdly in the Transport Sector Strategy. An Action Plan for the implementation of the Transport Sector Strategy was adopted. Albania is party to the European Partnership and committed to fulfill its obligations arising from the SAA, covering transport in various articles as well as in its Protocol 5 on transit. Albania is also part of the South East Europe Transport Observatory (SEETO).

The NSDI states that it is Albania's vision to establish transport systems and infrastructure to achieve a single economic space within Albania and beyond, i.e. with the region and Europe. Within the transport sector, Albania has up to now focused largely on improving road infrastructure; substantial work remains to be done to improve air, rail, maritime and combined traffic. The NSDI sets a number of strategic priorities in these areas, such as aligning the legislative framework with the *acquis*, improved road and air safety, rehabilitation of ports, modernisation of railway infrastructure, amongst others. The Opinion stipulates that infrastructure, legislation and administrative capacity in all areas of the transport sector have to be improved, and in particular those of air, maritime and railway transport. The Ministry responsible is the Ministry for Public Works and Transport (MPWT).

3.3.2. Past and ongoing assistance (EU and other donors)

EU financial assistance has been continuously provided, the EU being one of the main donors in the area of transport. Between 2001 and 2006, the CARDS programmes focused on investing into local priority infrastructure, most of which were rural roads. Since 2008, a significant amount of IPA funds has been foreseen each year for the construction and rehabilitation of secondary and rural roads in order to contribute to the economic development and poverty alleviation of rural areas in Albania. In recent years, transport projects were realised in cooperation with European IFIs. CARDS 2006 and recently IPA 2008 have contributed significantly to the enhancement of the capacity of the Ministry of Public Works, Transport and Telecommunication and related implementing agencies.

IPA 2008 has also contributed to pre-feasibility/feasibility studies and detailed design studies for strategic inter-urban and trans-urban highway routes in Albania.

There are many donors active in the transport sector, the WB being the leading donor and Donor Focal Point of the sector working group on transport.. Other donors active in this sector are, amongst others, the Czech Republic, Italy, Germany (mainly through KfW) and the EU. Significant support also comes from European IFIs, namely EBRD, CEB and EIB.

In the area of rehabilitation of rural roads there are some positive indications for donor coordination in line with a well defined government strategy. So far donor financing mainly comes from the lead donor WB (with joint financing from the OPEC Fund for International Development), CEB, EBRD, EIB, the Japanese Bank for International Co-operation, KfW, the Kuwait Fund, Inter-American Development Bank, and the EU (amongst others). All donors (with the exception of the EU, unless in joint-management with IFIs) use the Albanian Development Fund (ADF) as Project Implementation Unit.

3.3.3. Sector Objectives for EU support over next three years

The transport sector has been identified as an area in which many challenges lie ahead. Transport is a complex issue closely linked to other sectors such as environment, climate change and energy; it directly affects the population in their daily life, and is a prerequisite for sustainable economic development.

IPA assistance aims to address the priorities identified in the Albanian transport strategy framework, focuses on the alignment of the Albanian transport sector with the EU *acquis* and facilitates the implementation of SAA obligations. It further assists the implementation of commitments made in the framework of regional transport initiatives for completion of the first and second transitional phase under the ECAA (European Common Aviation Area), SEETO (South East European Transport Observatory) and ISIS initiative (Implementation of the single European sky in South Eastern Europe) and supports the implementation of the national transport strategy.

As set out in the Stabilisation and Association Agreement (SAA), the European Partnership and the Opinion, specific transport sector objectives will aim at modernising all transport modes in Albania, and particularly the railway sector and infrastructure; improving access to the transport market and facilities; supporting the development of multi-modal as well as balanced and sustainable transport infrastructure related to the main Trans-European networks, notably to reinforce regional links; achieving operating standards comparable to those in the EU; developing a transport system in Albania compatible to, and aligned with, the EU system and; improving environmental performance of transport and road, maritime and air safety, and maritime security..

Possible indicators to measure the progress in achieving these sector objectives could be the development of a project pipeline for infrastructure investments as well as the successful adoption and implementation of relevant legislation.

3.4. Environment and Climate Change

3.4.1. Description of sector

Albania's strategic goals regarding environment protection are defined in the Environmental Cross-cutting Strategy (ECS), which is an integral part of the NSDI. The ECS defines several goals regarding the provision of a healthy and ecological environment, the sustainable use of natural resources, the prevention of environmental contamination and degradation as well as the promotion of environmental protection. These goals are partly integrated in inter-ministerial strategies (e.g. transport, agriculture, tourism, etc.) The ECS has been widely discussed within the administration and with other stakeholders including NGOs and municipalities. An Operational Plan (2012-2014) for the environment sector is currently being prepared for implementing the ECS, using a Programme Based Approach. This work is led by the Ministry of Environment, Forests and Water Administration (MEFWA) in consultation with the Environment Sector Working Group (ESWG). The process involves all concerned ministries and a first complete document should be finalized in the spring of 2011 with the support of Sweden. In order to develop an effective and sustainable operational planning for the environment sector, it is necessary to strengthen capacity and raise awareness in all line ministries that have responsibilities for environmental protection, for example the Ministry of Finance.

With regard to the water and sewage sector, the NSDI states that the water supply and sanitation sector will be developed according to European Union standards, to improve living conditions, conserve the environment, and develop the economy in a sustainable manner. Furthermore, the Albanian National Action Plan for the Implementation of the SAA foresees in a mid-term time perspective activities providing a full rehabilitation of the water supplies and sewage network and to extend these services into poor areas. The Albanian Government has given high priority to the water and sewage sector and major achievements have already been made, but there are still quantitative and qualitative shortcomings. For the moment, there is no comprehensive water strategy in line with the EU Water Framework Directive, but donors, in particular WB, are currently helping the MPWT to establish one in the near future. In this context, another important initiative is the preparation of the Water Supply and Sewerage master plan that the Government of Albania is preparing with the support of KfW and which will identify the future investment needs in the sector.

Some strategic documents exist in parts of the environment sector and could be considered as a basis for future IPA interventions. However, clear budgetised planning documents are often missing and the overall availability of state funds for necessary future investments in the sector are very limited. This problem is enhanced by a rather weak administrative capacity, in particular when it comes to assuring implementation of environmental legislation. The institutional set-up is characterized by a division of responsibilities between the Ministry of Environment, Forests and Water Administration (MEFWA) and the Ministry of Public Works and Transport. While the former is in charge of policy and legislation formulation and monitoring its implementation, the latter deals with the implementation of all related infrastructure measures. This set-up has to be taken into account for IPA interventions in the environment field and, in particular, with regard to water and sewage management, where the municipalities also have an important role to play. A continuous challenge for Albania in the field of environment is also the disaster risk management, in particular the flood prevention management.

Albania is a 'non-Annex I' party to the United Nations Framework Convention on climate change since 1994 and ratified the Kyoto Protocol in 2004. Albania has submitted two National Communications. Albania is striving to improve its greenhouse gas (GHG) monitoring and reporting, on which much remains to be done. A GHG inventory for the period 1990-2000 exists, but no more recent data are available. Albania plans to include a GHG inventory for 2001-2010 in its third National Communication.

3.4.2. Past and ongoing assistance (EU and other donors)

The EU has been one of the main donors in the environment as well as water and sewage sector in recent years. Early annual programmes have focused on the clean-up of environmental hot-spots and waste water treatment/sewerage projects. CARDS has also provided important administrative support to the MEFWA in the preparation of environmental legislation, which is in line with the EU *acquis*. Water and sewage projects continue to be included in current IPA programmes and IPA will also continue to improve administrative capacity with a view to the implementation and enforcement of environmental law.

In order to integrate environmental aspects into other line-ministries' policies and documents, an Inter-ministerial Environment Council is expected to be established with the support of the UN as part of a project entitled "Institutional Strengthening of Environmental Policies". The Inter-Ministerial Environment Council will also serve as the lead authority in fulfilling the obligations for EU membership in the Environmental Chapter of the *acquis*. This project is also important as it improves the cross-cutting perspective of environmental protection in other sector policies.

Sweden is in the lead for general environmental protection aspects, in particular for administrative capacity building, and is the European lead donor and the SWG focal point. The EU has long-standing experience in the field of water and sanitation, partly in cooperation with Austria and Germany (KfW). Austria is the European lead donor and SWG focal point in the water and sewage sector. Germany (KfW) is supporting the government in preparing a Master plan for investments in the water and sewage sector and is at the same time engaged in developing financing modalities/structures which would support the implementation of a programme based approach. Other main donors are Italy, EIB, EBRD, Switzerland, Japan, USAid, WB, UNDP, OSCE and IDB.

3.4.3. Sector Objectives for EU support over next three years

EU environment and climate legislation together are one of the largest parts of the *acquis*. Its transposition and implementation are an enormous challenge for every pre-accession country. Article 108 of the SAA between the EU and Albania states "the Parties shall develop and strengthen their cooperation in combating environmental degradation with the view of promoting environmental stability". Furthermore, the European Partnership addresses environmental protection in its short and medium-term priority setting. Regarding the water sector, the EP requests "the further development and implementation of the national water and sanitation strategy and the rural strategy for water supply and sewerage and develop and start implementing a strategy for progressive approximation to the *acquis* in the area of water supply and sanitation".

All the following specific sector objectives emerge from the findings of the latest Opinion and are in line with the European Partnership/SAA priorities as well as the environmental sector strategy of Albania. One of the specific objectives is to support the implementation, monitoring and enforcement of the environmental and climate change legislation in line with

the *acquis*, in particular through the strengthening of the administrative and technical capacity. Furthermore, the water supply and sanitation infrastructure shall be improved, including the aspect of maritime pollution, as well as the waste management.

Possible indicators to measure the progress in achieving these sector objectives could be the development of a project pipeline for infrastructure investments as well as the successful adoption and implementation of relevant, strategies, plans and legislation.

3.5. Social Development

3.5.1. Description of sector

Albania has a Strategy on Employment and Vocational Training (2007-2013), which was adopted in 2007 and which represents an important step forward in the development of an employment policy framework. The Strategy – building on the overarching goal of full and productive employment – centres on the promotion of an active policy on employment through the establishment of a modern system of employment services, development of employment promotion programmes, improvement of the vocational education and training system and reduction of informal employment.

Albania has also a national education strategy from 2006. Higher education in Albania is undergoing a process of reform and restructuring, which is aligned with the Bologna process. These developments fully comply with the National Strategy on Higher Education 2008-2013 (NSHE). At the same time Albania possesses also a Pre-university Education Strategy 2009-2013, which was adopted in 2009.

Furthermore, the implementation of the social protection and social inclusion strategy for 2008-2013 is in progress and a plan for monitoring its implementation is being in the process of being finalised. The Albanian authorities have taken significant steps during recent years to protect the rights and promote the social inclusion of the Roma minority. The Government adopted in September 2003 a National Strategy to improve Roma living conditions, aiming to upgrade the status of this community while preserving its own ethnic identity. In October 2009 a National Action Plan on Roma was adopted, focusing on education, employment and social protection, housing and infrastructure, health, social inclusion and equal opportunities, and cultural heritage. A Roma Secretariat has been established in the Ministry of Labour, Social Affairs and Equal Opportunities. However, the implementation of the Roma national strategy has been slow, due to insufficient human and financial resources, lack of adequate coordination of all involved institutions at local and central level, and deficiencies in the monitoring and evaluation mechanisms.

3.5.2. Past and ongoing assistance (EU and other donors)

IPA 2010 foresees a project aimed at supporting the Ministry of Labour and strengthening the National Employment Services, Labour Inspectorates and VET systems. It will be implemented with the International Labour Organisation. An IPA 2008 project is currently ongoing, whereby VET schools are built, rehabilitated and equipped. A previous CARDS project similarly supported VET schools. Finally, Albania has regularly received support via the Tempus programme. Furthermore, the EU has provided several support to projects targeting the Roma minority in Albania since 2001, under the geographic (CARDS, IPA) and thematic (EIDHR) instruments. Switzerland has also been supporting further enhancement of the social inclusion of Roma minority through education, empowering the community and promoting the Roma minority rights.

There are three SWG active in the Social/ Human Resource Development Sector. The first one addresses "Social Protection and Inclusion", the second one concerns "employment and VET" and the third one covers "education". For the first SWG the UN is the lead coordinating donor while Switzerland, Austria and the EU lead the European Donors under the FTI. The lead donor for the second SWG is Switzerland, where the other active European donors are Austria, Germany, Italy and the EU. Finally, the third SWG is headed, on the donor side, by the WB. Italy and the EU are the closely associated European partners under the FTI. Overall, many other donors are active in this field.

The education sector is probably the only "real" example for the moment, where a national strategy is being implemented by a multi-donor Sector Wide Approach (SWAP). It brings together loans from the World Bank's International Development Association (IDA) and other IFIs, such as EIB and CEB. The SWAP intended to apply the internal financial management and procurement systems and procedures of the beneficiary as long as they are acceptable to World Bank standards. The aim of this approach was to increase ownership, facilitate donor coordination, improve sectoral management capacity and reduce transaction costs (less reporting and less different procedures). However, experience has shown that this approach is, in practice, more complex and challenging. Apparently, due to the weak financial management capacities on the side of the beneficiary it was not possible to completely harmonise the procedures of the different donors. Furthermore, delays have been encountered due to unresolved land ownership issues. The EU is aligning its efforts in the VET sub-sector to the activities of the other donors active in the education sector (e.g. Switzerland).

3.5.3. Sector Objectives for EU support over next three years

The main objective of IPA support to this sector is to prepare Albania for the implementation and management of the European Social Fund and bringing Albania closer to EU policies, both in terms of strengthening employment and HRD policy development as well as building institutional and administrative capacity.

Furthermore, the European Commission recommendations established in the European Partnership with Albania enlists the following priorities: improve social protection systems and combat social exclusion; adopt measures to increase school enrolment rates at secondary level and among children in rural areas, in particular girls, and in vocational schools; improve the education and training system in order to increase the offer of required skills; continue efforts to improve the quality of education and training and establish a modern vocational education and training system; and continue efforts to improve the quality of education and to create a modern vocational education and training system; and promote regional cooperation in the field of higher education.

Following the provisions of the SAA, Albania must fulfil the following obligations: Albania shall progressively harmonise its legislation to that of the EU on working conditions, notably on health and safety at work, and should make progress on the reform of the employment policy within the context of strengthened economic reform and integration. It should raise the level of general education and vocational education and training, as well as support youth policy and youth work. The relevant Community programmes and instruments shall contribute to the upgrading of educational and training structures and activities in Albania. SAA obligations provide further the need to reform the education and vocational and educational training (VET) system and research policy in order to create better links between the education system, research needs and the labour market. In addition, teacher training and education infrastructure should improve. Albania should promote better involvement into the Tempus programme and make use of the 7th Research Framework Programme.

Finally, based on the Opinion, one of the key priorities is that Albania takes concrete steps to reinforce the protection of human rights, notably for women, children and persons belonging to minorities, and to effectively implement anti-discrimination policies.

Taking the aforementioned into account, the specific objectives in the sector of Social Development over the next three years will be to create better links between the education system, the research and innovation policy and the labour market. Furthermore, social integration shall be strengthened through employment and further training, in particular of women, youth and vulnerable groups. This should also help to prevent engaging in internal and international migration as the only option as well as to ensure a sustainable reinsertion of returning migrants in the labour market making use of the skills and knowledge gained in migration.

Furthermore, the aim is to prevent social exclusion and to develop social inclusion policies/measures for the most vulnerable, notably the Roma population, inter alia, and other minorities such as Balkan Egyptians. Finally, equality between men and women as well as the fight against discrimination shall be strengthened.

Possible indicators in this sector could be the adoption/implementation of relevant legislation and/or measures as well as the increased number of services for disadvantaged people. Higher levels of attainment in education and training could serve also to measure the effectiveness of support in this sector.

3.6. Agriculture/Rural Development

3.6.1. Description of sector

Albania has a sector strategy on agriculture and food 2007-2013, which was approved by the Council of Ministers in November 2007. This strategy was prepared by the Ministry of Agriculture, Food and Consumer Protection (MAFCP) and is based on the Albanian Government's programme for the development of agriculture and the agro-processing industry, and on the National Plan for the implementation of the SAA. The vision of the Albanian Government is to provide a higher productivity and competitiveness of the agricultural and agro-processing sectors within the country and abroad by lowering the costs, increasing the quality, and ensuring high food safety standards. The share of agriculture in the GDP is over 18%; over 57% of all employed work in the sector. Remittance channelled back to Albania particularly to rural areas where most migrants originate from is quite substantial.

The main goal of Albania's rural development policies is to contribute to the equal development of all rural areas in Albania to improve the quality of life in rural areas through sustainable development of human and natural resources and diversifying non-agricultural activities, to create new jobs in order to reduce poverty, and to increase sustainable and balanced rural development. In this sense, the MoAFCP, in collaboration with other line Ministries, has prepared the Rural Development Cross-Sectoral Strategy which aims at implementing social, economic and environmental policies of a zonal, regional and global character.

As mentioned before, this sector has a strong potential for developing a SWAp as most of the pre-conditions are in place. Furthermore, the preparation for IPARD has produced a series of sub-sector analyses, which provide a good overview of the challenges and potential of the sector. It is foreseen that IPA funds will be committed each year for this sector in close cooperation with the beneficiary and the other active donors in the field.

3.6.2. Past and ongoing assistance (EU and other donors)

IPA 2007 supports the alignment of Albanian statistics with EU standards. One of the objectives of this project is to establish an updated farm register in order to produce reliable agriculture statistics in line with EU requirements that will contribute to improvement of the National Account System in Albania and the establishment of a regular system of sample-based farm surveys.

IPA 2008 included a project, which aims at supporting of the institutional and administrative capacities in the MAFCP to develop and implement the right policies and measures for agriculture and rural development in the frame of EU pre-accession assistance for the sector - the IPARD. The project is implemented by GTZ.

IPA 2008 also supports Albania in the fight against zoonotic diseases. Furthermore, IPA 2009 and 2010 support the consolidation of the institutional and physical infrastructure of the food safety system in Albania.

IPA 2008, 2009 and 2010 support the improvement of the conditions of secondary and rural roads to facilitate access to essential services and economic markets in rural areas (see the section on the transport sector above).

The World Bank's IDA supported a project entitled "Agricultural Services Project (ASP)", which aimed to create an environment conducive for rural income growth by addressing key constraints faced by Albania's emerging small-holder farmers. USAid has an ongoing USD 10 million project to increase the competitiveness of the sector and improve market access of Albanian products towards the sub-region and the EU. UNDP focuses its support on the meat sector and the harmonization of statistics. The latest Development Cooperation Protocol between Italy and Albania for the years 2010-2012 foresees EUR 10 million for the Agriculture and Rural Development Sector. Finally, Switzerland has been supporting considerably the development of organic agriculture in order to increase the competitiveness of agriculture.

3.6.3. Sector Objectives for EU support over next three years

According to the Agriculture and Food Sectoral Strategy 2007-2013, the main policy objectives of the Government of Albania in the field of agriculture are: sustainable land management, as the main component for the development of a sustainable agriculture; increase of employment, income and living standards of farmers and their households; increase of economic efficiency of the agricultural and agro-processing sector, expressed through increased productivity and product quality; guaranteed higher standard of food safety for the entire population; improvement of agricultural marketing.

In the area of rural development, the main goals are as follows: raise competitiveness of agriculture and the agro-processing sector supporting restructuring and development of value adding activities (aimed at increasing the financial value of products); protect and improve the environment through the sustainable management of natural resources in rural areas; improve the quality of life in rural areas and diversify various economic activities through the creation of new jobs; development of institutional capacities to plan, manage and effectively coordinate activities in support of rural development.

These goals are generally in line with the priorities and objectives defined in the EP, SAA and the Opinion. However, the overarching priority for the European Commission is to properly prepare Albania to use Component V of IPA.

For the coming three years the main specific objective is to improve overall the competitiveness of the agricultural sector. Furthermore, the capacity of the administrative structures, responsible for the harmonised implementation of agricultural policy and rural development measures shall be improved. The employment in rural areas should be increased through diversified agricultural economic activities as well as training of actors in rural areas. It is also important to improve the capacity of advisory and extension services for farmers, increase and facilitate the access to credits for farmers and to improve the quality of statistical data. At the same time, uncertainties about property rights shall be reduced, while the level of knowledge about food quality and safety standards has to be raised. Furthermore, the cooperation between producers and the business sector should be improved. Finally, the agriculture sector should prepare to adapt to the effects of climate change.

Possible indicators to measure the progress in this sector could be the adoption and/or implementation of relevant legislation as well as the establishment of an integrated administration and control system.

LIST OF ABBREVIATIONS

ADF	Albanian Development Fund
ANTP	Albanian National Transport Programme
BIDS	Business and Investment Development Strategy
CEB	Council of Europe Development Bank
CIP	Competitiveness and Innovation Programme (Community Programme)
DoL	Division of Labour
DoPA	Department of Public Administration
DSDC	Donor Strategy and Donor Coordination Unit
EBRD	European Bank for Reconstruction and Development
ECAA	European Common Aviation Area
ECS	Environmental Cross-cutting Strategy
EIB	European Investment Bank
EP	European Partnership
FDI	Foreign Direct Investment
FTI	Fast Track Initiative
HRD	Human Resource Development
IDA	International Development Association and other
IFI(s)	International Financing Institutions
KfW	Kreditanstalt fuer Wiederaufbau/German Development Bank
MAFCP	Ministry of Agriculture, Food and Consumer Protection
MEI	Ministry for European Integration
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-Annual Indicative Programming Document
MoEFWA	Ministry for Environment, Forestry and Water Administration
MPWT	Ministry for Public Works and Transport
NSDI	National Strategy for Development and Integration

NSHE	National Strategy for Higher Education
OBL	Organic Budget Law
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for Security and Cooperation in Europe
PAR	Public Administration Reform
SAA	Stabilisation and Association Agreement
SEETO	South East Europe Transport Observatory
SIGMA	SIGMA is a joint initiative of the EU and OECD
SME	Small and Medium Enterprises
SWAP	Sector Wide Approach
SWG	Sector Working Group
TIPA	Training Institute of Public Administration
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank