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LESSONS LEARNED FROM IPA I INTERVENTIONS IN ALBANIA

EU Policy Hub

INTRODUCTION

This policy brief aims to provide a critical assessment to the programming and implementation of IPA I funds in Albania, identifying key achievements, challenges and potential discrepancies experienced during the implementation of IPA programmes in Albania. Also, it will assess the preparation level of Albania's public administration in managing IPA funds, analysing the central and local administration absorption capacity, and provide for feasible alternatives to its enhancement, including here the involvement of the CSOs in the process of programming and implementation of IPA funds.

In this regard, the Albanian administration should go in line with the recommendations of the European Commission evaluators and adapt these recommendations to the specific conditions and structures in place gradually, by developing a standard approach to the preparation of sector strategies including content, scope and time period (with indicative budget and action plan), practicing the consultation process and quality control, to provide a coherent and comprehensive perspective of national priorities that can be used as a basis for IPA programming.

BACKGROUND

Between 2007 and 2013, EU provided financial assistance to Albania under the Instrument for Pre-accession Assistance (IPA), which includes five components: (i) transition assistance and institution building (TAIB), (ii) cross-border cooperation, (iii) regional development, (iv) human resource, and (v) regional development. Under the status of the Potential Candidate Country, Albania has benefited from IPA components I and II, with a total allocation of approximately 594 million EUR.

As a result of IPA programming under IPA TAIB component, the Albanian Government has signed the respective Financing Agreements per each programming year with the European Commission (EC), opening the way for implementation of **101 national projects** (see table 1), addressing the political and economic criteria, European standards and regional cooperation.

IPA I support was intended to anticipate and prepare the Potential Candidate and Candidate Countries in the Western Balkans and Turkey for the ultimate management of Structural and Cohesion funds, once they become Member States. It has

Table 1: IPA national projects for the period 2007-2013 and indicative total allocations

| IPA I programming year | Number of IPA projects | IPA allocation in EUR Mln | National and others allocations in EUR Mln (co-financing) | Total allocation in Mln EUR |
|------------------------|------------------------|------------------------------------|---|-----------------------------|
| 2007 | 7 | 49.27 (34 Mln on infrastructure) | 1.5 | 50.77 |
| 2008 | 24 | 60.92 (26.5 Mln on infrastructure) | 6.2 | 67.17 |
| 2009 | 16 | 69.8 (37.1 Mln on infrastructure) | 80.1 | 149.9 |
| 2010 | 10 | 83.20 (68.2 Mln on infrastructure) | 129.3 | 212.51 |
| 2011 | 9 | 82.00 (60.5 Mln on infrastructure) | 97.1 | 179.15 |
| 2012 | 16 | 81.64 (37.2 Mln on infrastructure) | 15.2 | 96.84 |
| 2013 (centralized) | 12 | 64.23 (22 Mln on infrastructure) | 39.4 | 103.64 |
| 2013 (decentralized) | 7 | 17.8 (7Mln on infrastructure) | 6.9 | 24.7 |
| Total | 101 | 508.86 | 375.7 | 884.56 |

Source: Albania - financial assistance under IPA II, European Commission

been provided in the bases of the coherence with the EU policies and in support to the alignment of the EU acquis.

In case of Albania, TAIB projects were selected in line with the priorities identified in the Multi-Annual Indicative Planning Document (MIPD) and other EU and Albanian strategic documents, after the analysis performed by the European Commission in consultation with the Albanian authorities. Elements such as the urgency and sequencing of assistance required, the support for the priorities identified in strategic documents, the opportunity to build on projects from previous programmes, and the level of preparation and ownership of the proposed projects are considered during the selection of the projects.

Eleven forms of pre-accession assistance are used under this component as shown in table 2.

Table 2: IPA Component 1 (TAIB) - Forms of assistance

| Forms of assistance | Potential candidate countries | Candidate countries |
|---|-------------------------------|---------------------|
| Twining/twining light | √ | √ |
| TAIEX | √ | √ |
| Technical assistance | √ | √ |
| Investment in Acquis | √ | √ |
| Grant schemes | √ | √ |
| Project preparation facility | √ | √ |
| Finance facilities in cooperation with International Financial Institutions | √ | √ |
| Financial contribution for the participation in the community programmes and agencies | √ | √ |
| Assistance in form of budgetary support (in exceptional circumstances) | √ | √ |
| Technical assistance facility for the reinforcement of the administrative capacity of the public administration and services | √ | √ |
| Assistance to cover the costs of Community's contribution to international missions, initiatives or organisations active in the interest of the beneficiary countries | √ | √ |
| Support in economic and social cohesion, regional, human resources and rural development (IPA III, IV and V) in forms of investment support and grant schemes | | √ |

Source: IPA Programming Guide Vol. I

the European Union (EUD), which means that the procedures for tendering, contracting and implementation of the projects were monitored and controlled by EUD/EC structures. While the Albanian line ministries and central institutions (beneficiary institutions), IPA National Coordinator and Prime Minister's Office were involved mainly in the programming phase of IPA TAIB, by prioritising the projects and drafting the project proposals in cooperation with the EU Delegation task managers. For IPA 2013 programme, it was decided that part of the projects will be managed in a decentralised mode, giving the possibility to Albanian institutions to manage the implementation of 7 projects, selected out of 19 projects in total under this Programme.

IPA funds, as the previous EU assistance such as CARDS and PHARE programme, were provided to the countries involved in the Stabilisation and Association process in the form of grants, which includes mainly technical assistance and infrastructure projects. At the beginning of the process, the Albanian administration was not prepared to programme by themselves IPA funds, and it is logical that it is required support for raising capacities of the beneficiary institution staff in line ministries. At the time IPA 2007 started programming, the Albanian administration was facing different challenges in terms of implementing EU rules and requests. It was necessary to require technical assistance in order to prepare project fiches, to create the necessary linkage between line ministries and central institutions, and raise awareness on the importance of ownership of IPA management of funds.

IPA I funds were provided on the bases of institutional needs/priorities, which were included in the strategic documents, such as MIPD and [National Strategy for Development and Integration 2007-2013](#). The programming process usually was very long, at about one year and a half, from the identification of priorities until the approval of the Financing Agreement by the Council of Ministers, and NIPAC (National IPA Coordinator) signature, which opened the way for further procedures of implementation of the projects.

Under IPA TAIB and CBC components, EU funds have addressed the Albanian priorities with the horizontal and other supporting programmes, such

In Albania the implementation of IPA I funds, with the exception of IPA 2013 programme, was managed in a centralised mode by the Delegation of

as IPA Multi Beneficiary Programmes, including the instrument called [Western Balkans Investment Framework](#) and the support for the participation of Albania in the Community Programmes, for the timeframe 2007-2013. All these instruments supported Albania to reinforce regional cooperation and/or to tackle needs or problems of a cross-border nature.

For the period 2007 – 2013, under IPA Multi-beneficiary programmes, Albania together with other potential and candidate countries, benefited from 106 projects, supporting EU integration, regional cooperation, statistics, civil emergencies, culture heritage, etc., and the beneficiary was the central administration of the countries in the region and Turkey. This kind of instrument was totally managed by the European Commission, and the involvement of the beneficiaries was very low.

SUCCESSFUL PROJECTS

EU assistance has provided tangible support for the socio-economic development of Albania, in line with the national priorities. From the analytical point of

view, investments in the infrastructure are tangible and visible in terms of benefits for the Albanian citizens and their sustainability. IPA funds supported big projects in the field of transport, environment, agriculture, justice system, rural roads, etc. Also many interventions of IPA funds addressed the skills of the labour force to market expectations and increasing competitiveness of small and medium enterprises.

For example, the construction of a new road connecting Hani i Hotit with Tamara, or the completion of restoration works at the historical urban centres of Elbasan, Shkodra, Berat e Korca, had a real and immediate effect in improving the lives of people affected by their implementation. Also, 14 water supply installations or constructing 2 important by-passes, the Vlora and Rrogozhina ones, and the port of Shengjin have improved the country potential and the direct effect on the economy.

The projects under IPA 2013 programme are still in the implementation phase.

Table 3: A list of some successful projects of IPA I – Projects in infrastructure

| Programing year | Title of the Project | Total amount Mln Euros (IPA contribution) | Beneficiary institutions | Overall Evaluation (Missions) | Positive (ROM) | Why successful? |
|-----------------|--|---|---|---|----------------|----------------------------------|
| IPA 2007 | PAMECA III | 5,5 | Albanian State Police, Ministry of Interior and the Prosecution authorities | Impact (PPF report) | | Government priority; Ownership |
| IPA 2007 | Support to the Penitentiary Infrastructure | 10 | Ministry of Justice of the Republic of Albania | Effectiveness | | Government priority |
| IPA 2007 | Improvement of Water Supply and Sewerage (located in Shkoder, Lezhe, Durres and Kavaja) | 24 | General Directorate of Water Supply and Sewerage | Impact in the community where there are constructed the sewages | | Government priority |
| IPA 2008 | Reconstruction of the secondary and local roads. | 8 | Albanian Development Fund | Impact in the connection of rural areas | | Government and regional priority |
| IPA 2008 | Construction of new VET schools, rehabilitation of VET schools | 7 | Ministry of Education and Science | Efficiency in the Implementation of activities | | Government priority |
| IPA 2009 | Support to Sustainable and Integrated Development of Cultural and Historical Heritage – Phase II | 5 | Ministry of Tourism, Culture, Youth and Sports | Environmental impact | | Regional priority |

Source: Albania - financial assistance under IPA II, European Commission

Table 4: A list of some successful projects of IPA I – Projects in technical assistance

| Programing year | Title of the Project | Total amount Mln Euros | Beneficiary institutions | Overall Evaluation (Missions) | Positive (ROM) | Why successful? |
|-----------------|---|------------------------|--|--|----------------|--|
| IPA 2008 | Strengthening of national metrology infrastructure and achievement of international recognition | 3 | General Directorate of Metrology (DPM) in the Ministry of Economy, Trade and Energy | Impact in the internal market and free movement of goods standards | | Part of Albanian Government priorities |
| IPA 2008 | Support for the Albanian Competition Authority and State Aid Department | 1.5 | Albanian Competition Authority (ACA) and the State Aid Department (within the Ministry of Economy, Trade and Energy) | Impact | | Government priority |

Table 4: A list of some successful projects of IPA I – Projects in technical assistance (continued)

| Programing year | Title of the Project | Total amount Mln Euros | Beneficiary institutions | Overall Evaluation (Missions) | Positive (ROM) | Why successful? |
|-----------------|--|------------------------|---|---|----------------|---|
| IPA 2008 | Support to Civil Service Reform | 1 | Department of Public Administration, Ministry of Interior | Impact | | Government priority |
| IPA 2009 | Support to Anti-Money Laundering and Financial Crime Investigations Structures | 1.5 | General Prosecution Office | Impact in the justice system | | Government priority |
| IPA 2009 | Population and Housing Census, Albania 2011 | 8 | INSTAT | Census realized | | Producing data on the population and housing Government priority |
| IPA 2009 | Consolidation of the food safety system in Albania | 3.5 | Ministry of Agriculture, Food and Consumer Protection | Impact on the Legislation | | Government priority |
| IPA 2009 | Project Preparation Facility | 1 | Ministry of Integration and Line Ministries | Impact in the administration performance as regards IPA programming | | Many civil servants trained Priority of the Government due to need for increasing the capacities of the Albanian civil servants facing EU integration challenges |

Source: Albania - financial assistance under IPA II, European Commission

LESSONS LEARNED FROM IPA I INTERVENTIONS

The experience with the so far management of IPA assistance in Albania, as well as findings of evaluations conducted by DG Enlargement and the reports produced by the technical assistance projects, such as PPF ([Project Preparation Facility](#)), highlight that planning, programming and implementation of IPA assistance need to face many challenges/problems and consider the lessons learned from them.

For the 2007-2009 annual programmes (targeted by the above mentioned reports), the main causes of the problems during programming and implementation of IPA projects are mainly: (i) lack of financial resources in beneficiary institutions; (ii) failure to meet project pre-conditions in relation to premises and staff; (iii) poor capacity to prepare technical documentation (technical specifications, etc.); (iv) restructuring of beneficiary institutions; (v) lack of cooperation between line ministries and central institutions, etc. In this context, the lesson learned is related to the ownership:

1. The **ownership** by the beneficiary is essential for the effective targeting of assistance and for achieving expected results.

This means that during the programming and implementation of project activities, the beneficiary should commit themselves ensuring adequate resources during all phases of project management.

Two main elements that are strongly related with the ownership are: (i) existing of strategic documents in a given sector, and (ii) commitment through co-financing from the beneficiary side. It is essential for a project to address any of strategic priorities in a given sector as well as it is important that the beneficiary ensure the ownership through financial commitments (not more than 20%) for a given project. The ownership will be increased if both these elements are in place.

In the case of Albania, the main strategic documents considered during the prioritisation process are the National Strategy for Development and Integration 2007 – 2013 and other sectorial strategies. While the co-financing must be foreseen and include during the programming of medium-term budget programme of the beneficiary. Despite the political support of all the governments and other efforts made during years, there is still a lack of ownership from the Albanian beneficiary.

2. The **absorption capacity** of the authorities needs to be ensured.

IPA I assistance has been mainly delivered for the institution building capacities, in terms of enforcement of structures, systems and human resources. Training has been delivered to fewer people than was initially intended, but otherwise only in isolated cases the quality of outputs was disputed. In most cases, technical solutions provided under the IPA projects

were considered of an appropriate quality and therefore IPA assistance can be considered effective.

As far as IPA TAIB Projects were written by the civil servants, many factors have threatened the sustainability of the programming process such as:

- Lack of well-trained human resources in line ministries (due to the long procedures of hiring of new civil servants and also staff turnover);
- Lack of communication and coordination within the central administration, especially in cases when a project involves more than one beneficiary;
- Limited information by the higher level of beneficiary institutions for the programming and implementation of IPA funds;
- Changes of government affected people who had been trained with EU support;
- Lack of policies for motivating of the staff. Due to the difficulties of programming of IPA projects and also the requests of the internal market for project programmers, IPA staff in line ministries left public administration;
- Lower involvement of other stakeholders, such as civil society organizations and local government staff;
- Not a clear job description dedicated only to IPA programming. In many cases the experts in the line ministries lack time to dedicate to IPA project writing due to other task they have to fulfil; etc.

As regards the implementation of the activities of IPA projects, many factors have jeopardised the process, including the preconditions to be met before signing the Financial Agreement. In case of infrastructure projects, despite the division in LOT (fragmented contracts), the beneficiaries had to ensure during the programming phase:

- Not to have overlapping with the other donors intervention for the objective of the project. Synergy among the donor assistance is important;
- For projects containing works contracts, the final approval of Project Fiches will be subject to the prior presentation of supporting feasibility studies;
- Land property law missing, can create problems for having construction permits;
- Local government have to ensure maintenance costs of the object financed by IPA ;
- To ensure the monitoring plan of the project, in cooperation with the implementing agency; etc.

3. Particular attention must be paid to the **projects' readiness and maturity**, which will ensure the effective use of IPA funds. Having a list of ready projects, which objectives are in line with EU

priorities for Albania, will facilitate the process of selection of IPA projects.

Albania is still facing problems during the implementation of IPA I projects, managed under the centralised mode, for the sake of missing some of the preconditions above mentioned. Some of the projects such as "Support for the alignment of Albanian Statistics with EU standards (Census on Agriculture Holdings) - IPA 2007 – 2009", "Construction of pre-trial detention centre and prison in Shkodra"- IPA 2011, "The Expansion of Waste Water Treatment Plant, Velipoja, phase III - IPA 2011", and many others, are facing difficulties due to the lack of commitment by the local government structures. In this context, it is necessary to increase the capacities of the local government units, responsible for project programming/ implementation. One successful project, financed by IPA 2009 and extended until 2016 – Project Preparation Facility, has started the process of training the local government offices on IPA issues, in collaboration with Albanian School for Public Administration.

CIVIL SOCIETY GRANTS

The aim of IPA I funds was mainly to support the Albanian administration to perform better in the process of integration to EU. The process should have involved central and local administration as well as judiciary, media and civil society organisations. The coordination between all the stakeholders, including CSOs, remains a challenge due to low involvement and lack of communication tools.

Albania's organisational network dedicated to CSOs is triangular, with three main stakeholders participating in the programming and implementation of EU support to civil society, the national Civil Society Support Agency (CSSA, 2009), the EUD and the TACSO country office. The EUD and TACSO collaborate closely. CSO donor dependency is significantly stronger in Albania than in neighbouring countries. CSOs are by law classified as associations, foundations and centres.

EU support to CSOs in Albania is predominantly focused on pilot, networking, training and dissemination activities, which address basic and justified needs but do not lead to a concrete or visible impact. The presence of TACSO has had a positive effect on CSOs, which are increasingly aware of available EU funding modalities.

CSOs active today in Albania have come a long way. Until a few years ago, civil society was barely evolving, due to lack of funding, restricted level of

activity, and increasingly weak profiling of CSOs outside Tirana. CSOs have demonstrated that they can play a small but active role in achieving democratic objectives. The legal and regulatory context is evolving, even if most remains to be done to launch an adequate fiscal regime for CSOs in the country.

With the new rules of the European Commission for IPA II (2014 -2020) allocations, we can mention that a special emphasis is provided to the policy dialogue, at difference from IPA I (e.g. Serbia and Albania).

Intensified policy dialogue is mostly evident within the various national administrations involved in the preparation of the support – as effective cooperation and communication is a requirement already during the planning phase – but also between the EC and the national stakeholders.

Starting from November 2015, the EU is applying the sub-granting scheme for the civil society organizations. In this context, more than 70% of the amount should go to local CSOs in the form of sub-grants ranging from 5,000 to 50,000 EUR.

The level of involvement of the Albanian CSOs in the process of programming of IPA II has increased. In this framework, there are already organised consultation meetings with the CSOs and other donors operating in Albania in the framework of programming of IPA 2016, IPA 2017 and IPA 2018.

CONCLUSIONS AND RECOMMENDATIONS

The Instrument of Pre-Accession has been the most important tool that EU used to provide financial assistance to accession countries including Albania. Around 510 million EUR are given to support the Albanian institutions in a period of seven years (2007-2013). Despite remarkable progress of the Albanian structures for programming and implementing IPA funds, further efforts need to be addressed in phases such as: programming and budget preparation, as well implementing, monitoring and evaluation.

Overall, the intended efficiency gains still have to materialize. Evidence from IPA I shows that the introduction of the indirect management mode with the beneficiary country is a mixed blessing. It offers improved ownership of the programme among beneficiaries but overall efficiency invariably suffers in most cases compared to direct management of the funds.

In this framework, it is necessary to improve the capacities of the structures dedicated to this process such as Ministry of Finance/Central Financing and Contracting Unit, National fund, National Authorising Officer, Ministry of European Integration/National IPA coordinator and all IPA structures in line ministries. The legal framework for the establishment and functioning of these structures is in place, but further enforcement and better coordination between them is needed.

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. **Better and realistic strategies** must be in place, in terms of costing and identification of measurable and achievable indicators, aiming at fulfilment of the conditions for better programming the instrument of budget support. The link with medium term budget plan is also essential to ensure ownership over the process.

Better coordination and involvement of all stakeholders, including civil society organisations, is a key factor for success during programming, implementation and monitoring of IPA funds.¹ Clear guidelines and inter-institutional coordination must be in place.

We need to communicate! The Albanian Government and beneficiary institutions can exchange information on EU integration, including IPA programming with civil societies and municipalities, by introducing, explaining and discussing the costs and benefits of the process.

Europe is made and it belongs to the people living in it! Do Albanian people want to live better?

1. Neritan Totozani (2016): "Challenges of the indirect management of EU funds in Albania", p. 179. *"It is very important to keep the administrative capacity trained as a preparation for the next levels and funds toward the EU integration. Europe has to find common solutions to the global challenges in partnership with national, regional and local levels. They impact directly on regional and local communities and they require that public and private partners work together. Increase the level of knowledge about IPA and the ways in which the country can benefit from such a financial instrument. IPA rules and procedures are complex and at times difficult to interpret or apply. The insufficiency of information affects parties in both the central and local government circles. Thus, there is a need to disseminate the information among stakeholders of this process"*.