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SPI Albania Project on Consumer Financial Education

Note on Alternative Funding Sources for Institutions involved in Consumer Financial Education

As a follow up to the observations made from the PWG members on the substantial lack of resources available to institutions dealing with Consumer Financial Education, SPI Albania Secretariat took the initiative to seek information on alternative funding sources available in Albania.

The objective of this document is to detail on the possibilities of any institution interested to apply for alternative funding such as TAIEX (Technical Assistance and Information Exchange) and/or IPA (Instrument for Pre-Accession Assistance).

1. TAIEX

1.1. Program Information

TAIEX, or the Technical Assistance and Information Exchange, is an instrument of the Directorate-General Enlargement of the European Commission. TAIEX helps countries with regard to the approximation, application and enforcement of EU legislation. It is largely demand driven and channels requests for assistance and contributes to the delivery of appropriate tailor-made expertise to address problems at short notice.

TAIEX' main tasks are:

- To provide short term technical assistance and advice on the transposition of EU legislation into the national legislation of beneficiary countries and on the subsequent administration, implementation and enforcement of such legislation;
- To provide **technical training and peer assistance** to partners and stakeholders of the beneficiary countries;
- To be an information broker by gathering and making available information;
- To provide database tools for facilitating and monitoring the approximation progress as well as to identify further technical assistance needs.

The beneficiaries of TAIEX assistance includes those sectors, both public and private, that have a role to play in the beneficiary countries in the transposition, implementation and enforcement of EU legislation.

The main target groups are:

- Civil servants working in public administrations; at national and sub-national level and in associations of local authorities;
- The Judiciary and Law Enforcement authorities;
- Members of Parliaments and civil servants working in Parliaments and Legislative Councils;
- Professional and commercial associations representing social partners, as well as representatives of trade unions and employers' associations;

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- Interpreters, revisers and translators of legislative texts.

TAIEX assistance can be channeled through:

- Expertise Assistance - to advise on legislative acts and interpretation of the acquis, or to provide guidance on administrative arrangements for its implementation and enforcement;
- Study Visit - providing opportunities for officials of beneficiary countries to understand how Member States deal with practical issues related to the implementation and enforcement of the acquis and issues related to the interaction with stakeholders;
- Request for Workshop – in order to present and explain issues related to the acquis to a wider audience. Such assistance can be focused on the needs of an individual country or of a group of countries facing similar challenges. The multi-country format also provides a valuable opportunity to network and to exchange experience between beneficiary countries.

1.2. TAIEX assistance in Albania

Albania, as an aspiring EU candidate has received TAIEX assistance from March 2007 to date on more than 95 different occasions through seminars and workshops, expert missions, and study tours. Some of the most assisted areas have been:

- **Economy and Business:** Internal Audit and Related Issues; e-Commerce private pension systems; Insurance and Re-insurance, etc.
- **Legislation:** Competition Law; Legislation on motor vehicles; Property Rights on the land; Translation of the acquis into Albanian language; VAT Community Legislation etc.
- **Agriculture:** Olive Oil; Veterinary Research Institute data selection technique and analysis for agricultural statistics
- **Social and Consumer Protection:** food contaminants, phyto-sanitary inspections Social Protection and Social Inclusion; food hygiene, HACCP, food traceability and food safety control Food Labeling
- **Police and Security Standards:** ICT Standards & Guidelines; fight against the human trafficking; fight against drug trafficking; fight against corruption
- **Education and Technology:** information society & Interoperable e-Government Accreditation
- **EU Relations and Experience:** Donor Coordination conference; Visa Liberalization Process;

1.3. TAIEX Application - Proposed Steps

All institutions involved in CFE could apply for TAIEX in order to get assistance for the following:

- Legislative acts – adopting EU requirements for Consumer Financial Education in the Albanian current legislation for Consumer Protection or introducing new regulations and proposals in order to improve the accountability for Consumer Financial Education
- Capacity Building - Institutions involved in CFE could use TAIEX assistance (study visits, expert missions, workshops) in order to train and instruct their staff responsible for Consumer Financial Education.
- Problem Solving – Project Management. TAIEX being a demand driven assistance could help the institutions in other project-based initiatives the scope of which falls under the EU requirements for Consumer Financial Education and Consumer Protection in general.

TAIEX assistance is provided on a rolling basis. There are no deadlines for application, however applications are encouraged to be submitted early in advance since the evaluation procedures require several weeks. SPI Albania, being a public-private initiative, can aspire for TAIEX assistance only if

applications were made from the Public institutions or by private institutions (such as consumer associations, syndicates or the like) whose main objectives serve public interests.

The necessary actions required for receiving TAIEX assistance are explained as below:

Definition of the need for TAIEX assistance through formulating the following application requirements:

- Type of assistance required (expert, workshop, study visit);
- Stake-holding institution requesting the assistance;
- Reference to the specific Aquis article or regulatory act (EU directive, regulation, recommendation) applicable to the project;
- Outline on the current regulatory framework and need for intervention;
- Objective of required assistance;
- Draft program for (expert or workshop).

2. IPA (IPA Adriatic)

2.1. Program Information

The new IPA Adriatic Cross-border Program 2007-2013 has been approved by European Commission on March 25, 2008, has being confirmed as a strategic instrument of European cooperation in the Balkan Area.

The **General Objective** of the Program is “*Strengthening of sustainable development capabilities of the Adriatic Region through a concerted strategy of action between the partners of the eligible territories*”, and it is further implemented through 4 Intervention Priorities:

- Priority 1 – Economic, Social and Institutional Cooperation. (30% of available resources)

General Objective:

Strengthening research and innovation in order to contribute to competitiveness and increasing the development of the Adriatic area through economic, social and institutional cooperation.

Specific objectives:

1. *Improving research capacity, also by increasing levels of competence, encouraging the transfer of innovation by the creation of networks between the entrepreneurial , institutional, academic, training and research sectors, and principally by promoting joint activities*
2. *Incentivizing the territorial and productive systems to invest in research and innovation through diversified and innovative offers of financial instruments*
3. *Creation of new, and strengthening of existing cooperation networks in social, labor and health policy*
4. *Promoting innovative services to the citizenry through the exchange of technical and government expertise and the exchange of best practice between governments and local/public authorities.*

- Priority 2 – Natural and Cultural Resources and Risk Prevention. (30% of available resources)

General Objective:

Promoting, improving and protecting natural and cultural resources through joint management of technological and natural risks

1. Priority 3 – Accessibility and Networks. (30% of available resources)

General Objective:

Strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services.

- Priority 4 – Technical Assistance. (10% of available resources)

General Objective:

Guarantee management, implementation, monitoring, control and evaluation of the program

The IPA Adriatic Cross-Border Cooperation Program gives priority to the objectives of the EU pre-accession and cohesion policies.

The program is based on cooperation between four candidate or potential candidate countries and three member states, and thus potentially meets the IPA's objectives by allowing participating countries to take actions together to develop their territories, under community rules and regulations, by developing as well the institutional capacity of aspiring EU members.

IPA Adriatic welcomes joint projects involving at least one Member State Partner and one from a Candidate Country/Potential Candidate Country.

The aim of the Program is to achieve high quality result orientated projects of strategic character, relevant to the Program area.

Selection of projects will be the responsibility of the Joint Monitoring Committee (representatives of all participating Countries). The Joint Monitoring Committee may also introduce top-down elements to stimulate generation of projects in order to achieve high level cross-border projects. These elements may include among others:

(a) open call for proposals (targeting all potential applicants, to submit project ideas relevant to Program priorities);

(b) restricted calls for project proposals:

(i) focusing Program priorities (developing detailed project descriptions);

(ii) narrowing the target group of potential project partners;

(iii) setting specific eligibility and quality criteria regarding the number and type of partners, activities, etc..

Preparation for restricted calls may be supported by thematic seminars at the level of Program stakeholders (target groups, experts, Program management bodies, etc) to define potential fields of strategic cooperation, which might serve as a basis for the calls;

The final **approval or rejection of projects is the responsibility of the Joint Monitoring Committee**. The Joint Monitoring Committee may create subcommittees and involve external experts in the generation and evaluation of projects if necessary.

2.2. IPA experience in Albania – Selection Criteria

The Albanian Ministry of Integration with the role of national coordinator of EU funds and specifically IPA funds has managed the programming of the Instrument for Pre-Accession Assistance (IPA) for 2009 under the first IPA Component "Transition support and institution building".

IPA 2009 budget for Albania was 70.9 million EUR, and for programming purposes, the ministry prepared a working calendar for each step of the process highlighting the responsibilities of each of the actors involved including four different phases;

Phase I of IPA 2009 programming was the **preparatory phase in which the Ministry of Integration is mainly responsible**. The MoI staff made a preliminary assessment of proposals for inclusion in IPA 2009 programming taking into consideration the priorities of line ministries and central institutions included in the updated National Plan for the Implementation of the SAA, sectoral strategies and other strategic documents of the European Union.

Once this stage is finished, the selected priorities are distributed officially to all actors involved. Then all institutions are encouraged to bring in their comments and proposals for inclusion of priorities areas of intervention.

Phase II of the programming involved potential beneficiary institutions which prepared project proposals for support under IPA 2009. Project proposals were brought in a determined format available through the MoI website.

In preparing these project proposals, attention was paid to how the **need for support was justified and that linked logically to EU strategic documents** such as the Multi-Annual Indicative Planning Document, 2007 European Partnership for Albania, findings of the EC progress report for Albania, the Stabilization and Association Agreement, Interim Agreement, sectoral strategies and the National Plan for the Implementation of the SAA.

Phase III of IPA 2009 programming consisted in the **finalization of the project package** for IPA 2009. Projects were presented in the format of a project fiche

Phase IV consisted in the **fulfillment of administrative procedures** for the entry into force of IPA 2009. The main responsibility for this phase falls under the responsibilities of the European Commission services and the Albanian government.

A successful application should fulfill the following project characteristics:

- Project involves at least one Member state partner and one potential candidate country
- The program strategy, reflecting the territorial dimension involved, is wide and pursues difficult objectives through: **Research and Innovation**, Natural and cultural resources and Risk Prevention, and Accessibility and Networks.
- **Research and Innovation's** measure objective is **to improve research capacity in the Adriatic area**, by increasing levels of competence, encouraging transfer of innovation by creating networks between the **entrepreneurial, institutional, academic**, training and research sectors, principally by promoting **joint research activity**.
- It is preferable to **utilize principles of appropriate concentration in terms of territories and sectors** to maximize the effectiveness.
- To include **joint operations** which have been jointly selected by the participating countries through **single calls for proposals** covering the whole eligible area. The operations will be identified jointly by beneficiaries and partners in the eligible territories, who will pool their experience and common interests
- To be based on high level of **co-financing (85% IPA – 15% own funds as per previous IPA programs 2007, 2008, 2009)**
- Be in a **long term project** because of the complexities of organization, partnership and content
- To have an **active and high quality partnership** rather than nearly formal participation
- To have particular requirements in terms of content. The strategic Projects will have to show where they coincide and contribute to carrying out the Lisbon strategy and satisfy the **integration elements promoted by Community policies regarding cooperation**
- To produce positive outcome in the cooperation area. **Even if it operates in a limited territorial framework, it rebuilds or completes some network on deals with matters of general interest to the entire area** and thus encourages greater overall cooperation.

- To produce **lasting changes and effect that extend beyond the territory** and beyond the actual contents of the project

Special Derogation:

The Program partnership recognizes the value of the Italy-Albania cooperation which has been supported by the two countries and the EU over recent years.

As a result, the Program partnership invites Albania and Italy to develop a strategic project which will be of benefit for the whole Adriatic Program area. The involved Albanian and Italian partners must aim to expand the partnership for this strategic project to other interested partners from the Program area.

The Albanian and Italian partners are invited to submit to the Joint Monitoring Committee - in one of its first meetings – the strategic project, including a financial and activities plan¹.

Eligibility of expenses

In accordance with Article 34 (3) and 89 (2) of the IPA Implementing Regulation the following expenditure shall not be eligible:

1. *taxes, including value added taxes;*
2. *customs and import duties, or any other charges;*
3. *purchase, rent or leasing of land and existing buildings;*
4. *fines, financial penalties and expenses of litigation;*
5. *operating costs;*
6. *second hand equipment;*
7. *bank charges, costs of guarantees and similar charges;*
8. *conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;*
9. *contributions in kind.*
10. *interest on debt;*
11. *the purchase of land for an amount exceeding 10% of the eligible expenditure of the*
12. *operation concerned.*

By way of derogation the following expenditure shall be eligible:

1. *value added taxes, if the following conditions are fulfilled: they are not recoverable by any means, it is established that they are borne by the final beneficiary, and they are clearly identified in the project proposal.*
2. *charges for transnational financial transactions;*
3. *where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;*

¹ A series of meetings and exchange of correspondences with regards to a Strategic Project Italy-Albania in the framework of the Program took place from March 2006.

On this month, a Letter of Intent was signed by the Prime Minister of Albania and the President of the Region of Puglia and sent to the President of the European Commission in Brussels, requesting the continuation of the cooperation between Albania and Italy under the Community funded programs of cooperation.

A meeting organized by the European Commission and the Italian Ministry of Foreign Affairs where the new cross-border cooperation programs were presented, took place in Rome on the 9-10 March 2006. It was decided that Albania will participate in only one program with Italy. After the decision not to have a bilateral program Italy-Albania for the next programming period 2007-2013 and in order to continue the cooperation activities started since 1994, efforts to include a Strategic Project Italy-Albania in the Program have continued. A high level Forum on "Investments and Legality in Albania" took place in Bari, Italy, on the 24th of May 2007, where discussions on the future cooperation of the 2 countries under the new Program took place.

4. *legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;*
5. *the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;*
6. *overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed.*

In addition to the technical assistance the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:

1. *the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation;*
2. *the costs of the provision of services relating to the preparation and implementation of an operation provided by a public authority that is itself the final beneficiary and which is executing an operation for its own account without recourse to other outside service providers if they are additional costs and relate either to expenditure actually and directly paid for the co-financed operation.*

In accordance to Art. 94 of IPA Implementing regulation the **targets Priorities shall be quantified using a limited number of indicators for output and results, taking into account the proportionality principle.**

The indicators shall make it possible to measure the progress in relation to the baseline situation and the effectiveness of the targets implementing the priorities. The set of indicators serves for internal program management and forms an indispensable basis for reporting and communication to make the Program's achievements clear to Program partners and to a broader public.

The ex ante quantification of the targets is based on two parameters: the financial weight of the priority axes and an average project size drawn from previous experiences.

Further explanations about the project typologies will be developed in the Implementing Manual to be issued following the Program's approval for the respective year currently under progress.

2.3. IPA Application Proposed Steps

Institutions involved in Consumer Financial Education could apply for IPA funds for long term projects in partnership with at least one other institution from an EU member state. IPA funds could provide a long term substantial contribution to operational and (or) administrative costs for Albanian institutions working for Consumer Financial Education or Consumer Protection in general. Applying institutions are encouraged to establish partnerships not only with EU but also with other IPA beneficiary countries such as (Bosnia and Herzegovina, Serbia, Croatia, Macedonia etc.) for joint initiatives that result in improved Consumer Financial Education.

IPA sponsored projects includes a wide range of initiatives that can vary in terms of implementation format. Institutions could benefit from IPA funds in the capacity building of their already established structures (enhanced expertise, methodology, technique) or in institutional building as it was the case of "PattiChiari" - a consortium created by the Italian Banking Association and individual Italian banks for improving the relationship with customers through transparency, confidence, simplicity of the information and data comparability. This was viewed as an important factor that would increase competition among banks and an increase in the quality of their and services.

IPA Adriatic 2010 call for applications has not been published yet. However based on past experiences the deadline for submissions will not be later than June-July 2009. In order to be prepared to approach the application process in a timely manner the following steps are recommended:

Pre-selection stage

2. Decision of the applying entity
3. Decision on the EU Partner
4. Expression of Interest
5. Application follow-up consultations – The applying party will meet with the coordinating office in the Ministry of Integration to discuss specific issues stated in the applicant’ expression of interest

If pre-selected:

6. The applying institutions will follow up with the next stage of application
7. Upon approval of the funds
 - o The applying institutions will draft an administrative plan accordingly to the IPA criteria for funds management and reporting.
 - o The institution will be subject to regular and detailed monitoring from both local and regional program management.

As per previous years, the Ministry of Integration will issue an application timeline with details on each of the program phases and application process.