As a federal enterprise, we support the German Government in achieving its objectives in the field of international cooperation for sustainable development. We support our cooperation partners in designing strategies and meeting their policy objectives.

GIZ operates in over 130 countries worldwide and has 7,000 employees in the global - some 70% of whom are employed locally as national personnel.

GIZ in Albania

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been actively engaged in Albania since 1988. Germany supports the country since 26 years now through intensive and ambitious cooperation that has lifted Albania transition from Europe’s most isolated country and among the poorest ones into a candidate country for EU accession.

The wide range of services offered by GIZ are based on a wealth of regional and technical expertise and on tried and tested management know-how. As a German federal enterprise we offer workable, sustainable and effective solutions in political, economic and social change processes.

As a German federal enterprise, GIZ is independent. All GIZ personnel, national and international, contribute to the high quality of results in cooperation with our partners.

Most of our work is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). Besides, GIZ in Albania also utilizes funds from other parties. The portfolio of GIZ Albania currently includes funding from the European Union and the government of Denmark, both in the agriculture and rural development sector.

GIZ’s work in Albania focuses on:

- Sustainable economic development
- Water sector reform
- Rural development and agriculture

In a regional context GIZ Albania is also cooperating with partners in Albania, Macedonia and Montenegro on water resource management of the 3 lakes (Shkodra, Ohrid and Prespa) and additionally with Kosovo on climate change adaptation as part of the Regional Water Resource Management/Climate Change Adaptation (RWRM) project implemented in the framework of the Regional Project Development Facility of the European Union.

GIZ’s work in Albania is also supporting the European Union’s Cross-Border Cooperation Program, which is implemented by GIZ coordinators in Albania and neighboring countries. GIZ is supporting the implementation of the Program’s objectives, including cross-border trade facilitation, energy efficiency, and the improvement of municipal services.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Albania
Conservation of Agrobiodiversity in Rural Albania (CABRA)
Biodiversity – Opportunities for people and nature

The challenge

Though Albania represents less than 0.3% of the European continent, it is home to more than 30% of its flora and fauna. The remote mountainous areas in the north of the country are especially biodiverse. Over the last decades, this unique treasure has been threatened more and more. Wild species are vanishing. Local crops and animal breeds are disappearing.

To protect the landscape, plants and animals, Albania has declared 16% of its land to be protected. Nevertheless, the decline in natural and agricultural biodiversity is continuing.

There are many reasons for this. Species in the wild are exploited unsustainably, biodiversity is poorly managed and there are insufficient ownership and use rights of natural resources in protected areas. Hence, conservation and sustainable use of natural and agricultural biodiversity in rural Albania is not adequately pursued.

Our approach

CABRA aims to halt the loss of biodiversity and increase the diversity of domestic animal and plant species. For this to be successful, people must recognize their value and benefit from them. This is particularly the case for impoverished rural areas where many inhabitants have left their homes because they saw no economic prospects. If these areas were to stimulate higher earnings and if ownership and use rights of natural resources were strengthened, biodiversity would almost likely be better protected. Therefore, and to increase the overall value of the region, CABRA is promoting sustainable mountain tourism, agriculture and other businesses that create both economic and environmental benefits.

CABRA is acting at the national, regional and local level. It strengthens the competence of government units and administrations on all of these levels. Yet this project is not about deciding for people, but with them. That is why CABRA takes a governance approach which involves multiple stakeholders.

<table>
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<tr>
<th>Project name</th>
<th>Conservation of Agrobiodiversity in Rural Albania (CABRA)</th>
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<tbody>
<tr>
<td>Commissioned by</td>
<td>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)</td>
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<tr>
<td>Project region</td>
<td>Northern Alps, Albania</td>
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<tr>
<td>Lead executing agency</td>
<td>Ministry of Environment</td>
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<tr>
<td>Duration</td>
<td>June 2015 – November 2017</td>
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The benefits

The first phase of the programme (2012-2015) set administrative and regulatory foundations for the designation and management of protected areas, helped to improve the infrastructure for tourism and initiated diversified regional supply chains. In the second phase, CABRA aims to strengthen administrative and participatory capacities and to improve the quality of tourism services. The programme pays particular attention to enhance the value and appeal of rural areas so that more inhabitants benefit from tourism and related businesses.

To meet these goals, competent authorities, guesthouse owners and farmers need more information, expertise and management skills. New participatory methods can make this process easier. For this reason, CABRA is engaging most of all in human capacity building on all levels. CABRA is training employees of the newly founded National Agency for Protected Areas (NAPA).
This national agency is no longer under the Forestry Department but acts independently, which strengthens their mandate. CABRA is also piloting new community governance and participation instruments, which may serve as models for other protected areas in Albania. Furthermore, the programme is backing the LEADER (Liaison entre actions de développement de l’économie rural) approach of the European Union (EU) to sustainable rural development. Numerous examples from all over the EU show that development strategies are especially successful if they are jointly developed by local stakeholders. Such public-private development partnerships strengthen connectivity to a region, define differences and similarities and develop innovative solutions.

A precondition for this is that people earn higher incomes. Luckily, visitor numbers are increasing. New offers such as caving, rock climbing and mountain cycling add to the appeal of the region. At the same time, more guests require better visitor guidance. To raise management capacities, CABRA is training both public and private stakeholders.

To provide visitors with regional products, CABRA aims to connect rural supply chains more tightly with the tourism value chain. Finally, the demand for food and local products like cheese, honey and souvenirs made from wool will increase with the rise of tourism. Where possible, such merchandise should be produced using native breeds and crop varieties. This raises the value of the area and helps to preserve both natural and agricultural biodiversity. To this end, CABRA is supporting farmers in keeping local breeds and growing native crops. CABRA is also informing communities about funding programs to show them how to apply for grants for investment and further training.

Success factors

Involving multiple stakeholders in developing joint visions and plans for sustainable rural development and nature conservation at the local level is the decisive success factor. This LEADER-like approach creates high ownership and motivation among partners. Another success factor resides in the strict alignment of development visions and targets with Albanian and EU sector strategies.

An example from the field

“Sage does not need fertile soil; instead it grows in barren soil. And we certainly have plenty of that” says Erlis Shehu. The young man is a businessman by trade and a farmer in his heart. He cultivates sage because it is a perfect match for his soil. But 80% of all of the sage in Albania is collected in the wild. The majority is exported to Europe and the US. The potential is huge. Overall, more than 3,000 types of medicinal and aromatic plants (MAPs) grow in Albania, 200 are traded. “To pick MAPs sustainably, you can’t pull them out by the root, you must treat them with care,” says Ferdin Licaj, an expert on herbs from the National Federation of Communal Forests in Albania. But few collectors know this. That is why CABRA has published a catalogue which lists herbs and describes how collectors should harvest, store and dry them.
Climate Change Adaptation in Western Balkans (CCAWB)

Context- Adapting to Climate Change

As a consequence of climate change, the frequency and intensity of extreme weather events is predicted to increase in the Western Balkan Region. This means that the region needs to be better prepared for facing consequences like flooding, heat waves and droughts. The earlier we plan for adaptation, the less it will cost and the better equipped the countries will be to cope with predicted changes.

What the CCAWB Project is all about

CCAWB has started in 2012 as a cooperation project between the relevant Ministries in Albania, Kosovo, Macedonia, Montenegro, and Serbia and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry for Economic Cooperation and Development (BMZ).

Adaptation to the predicted impacts of climate change is the overarching objective of the project. Specifically, the project aims to reduce the risks of flood and drought as well as to strengthen regional cooperation in the field of integrated water resources management.

In particular support is provided by means of capacity development, advisory services and the procurement of equipment in the following areas:

- Flood Risk Management: Establishment of a regional Flood Early Warning System for the Drin River Basin and communal flood risk management;
- Development of Drought Management Plans for water companies;
- Supporting processes to draft national climate change adaptation strategies and plans;
- Enhancement of regional cooperation in water resources management;
- Integration of climate change adaptation in urban planning and development in the cities of Belgrade, Podgorica and Tirana.

The benefits

Flood Risk Management (FRM): The regularly occurring floods of recent years have resulted in high economic and environmental losses for the Western Balkan countries.

Given the relevance and complexity of addressing FRM in the region the project has taken a multi-level approach on regional (Drin River), national and local level.

FRM plans are developed through a participatory process and continuous consultation with the responsible administrations as well as other relevant stakeholders. The following milestones have been identified to lead to a full-fledged FRM Plan:

i. preparation of hazard and flood risk maps based on flood extent and satellite images;
ii. assessment of risks;
iii. identification of priority measures and responsible actors.

As a result of implementing the plans the vulnerability to flooding of the affected population is significantly reduced.

At regional level, the project assists the establishment of the first Flood Early Warning System for the Drin River Basin. A catchment-based approach is applied for this complex, transboundary hydrological system, as countries are highly reliant on one another for effective FRM.

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<th>Project name</th>
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<tr>
<td>Commissioned by</td>
<td>Federal Ministry for Economic Cooperation and Development (BMZ)</td>
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<tr>
<td>Project region</td>
<td>Albania, Kosovo, Macedonia, Montenegro, Serbia</td>
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<tr>
<td>Project Partner</td>
<td>Ministries responsible for Environment, National Hydrometeorological Services, Water Companies, Local Administration</td>
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<tr>
<td>Duration</td>
<td>Overall 2012 - 2018</td>
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<tr>
<td>Project Budget</td>
<td>EUR 3.5 Million</td>
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Photos: © GIZ Jutta Benzenberg

L. to r.: Confluence of Drin river and Buna river, Albania
Flooding 2010 Shkodra, Albania
Flood Risk Management Workshop, Shkodra, Albania
Drought Risk Management: In the years to come, climate change is predicted to increase the frequency and intensity of droughts in the region.

The aim of this support is to enable Regional Water Companies in Kosovo to fulfill their legal obligation to prepare and implement an effective Drought Management Plan in order to secure essential public water supply at all times.

The Drought Management concept is based on i) continuous precipitation monitoring; ii) drought early warning and iii) Drought Management Plan containing actions for each defined warning level. Through implementation of the Drought Management Plans critical water availability of the population can be reached.

National Adaptation Strategies and Planning: Due to the longterm nature of climate change and its impacts, it is necessary to consider medium- and longterm adaptation needs of the Western Balkan countries. Therefore the project supports the process of drafting adaptation strategies and plans.

Adaptation in Urban Areas: Climate change will in particular affect urban areas and people living in cities.

The project therefore supports the cities of Belgrade, Tirana and Podgorica to integrate climate change adaptation in urban planning and development.

Most vulnerable fields and windows of opportunities related to climate change in all three cities are being identified and assessed. Action plans on how to integrate climate change in local governance and planning processes are being developed with a strong focus on identifying measures based on vulnerability assessments.

Regional Cooperation and Exchange: As rivers and extreme weather events know no borders, an effective regional cooperation and communication mechanisms are crucial in order to effectively address flood and drought risks. Therefore the project focuses on establishing and intensifying the cooperation through the Western Balkan countries.

Experts from the partner countries are brought together to share experience and work jointly on activities.

Through the Drin Day, celebrated on 17th May 2014 for the first time, the values of the transboundary Drin Basin are celebrated jointly by its population.

Facts and figures

Through its continuous work and multi level approach the project has contributed with the achievement of the following results in regards to improving the adaptation to climate change in the Western Balkans:

- 32 water level and rainfall stations in the Drin River Basin are rehabilitated and upgraded;
- Real time information for issuing flood warnings is now available in the 4 countries of the Drin Basin: Approximately 300.000 potentially flood affected people can be warned in advance;
- For the first time, a hydrological model covering the whole Drin River Basin has been developed;
- Hydro power companies in the Drin River play a bigger role in flood prevention;
- 8 communal and one regional Flood Risk Management Plan for the region of Shkodra are being finalized in line with EU Flood Directive through an extensive participatory approach;
- Flood Management Plans for 22 communes in Montenegro have been prepared;
- A Drought Management Plan Guideline is prepared for Regional Water Companies in Kosovo;
- Hidromorava Regional Water Company in Kosovo is the first water company in the Western Balkans to have a Drought Management Plan;
- A drought early warning tool is developed and deployed by 2 regional water companies;
- 15 high officials from all five countries have been trained on facilitating a national process for developing Climate Change Adaptation Strategies;
- A National Adaptation Plan is being developed in Albania steered by an inter-ministerial working group;
- The first Drin Day was celebrated at many locations jointly in all countries of the river basin;
- A Heat Wave Campaign in Montenegro reached up to 200.000 people;
- 3 capitals have integrating Climate Change Adaptation in urban planning and city development.

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Layout Rudina Hoxha

As at September 2015

GIZ is responsible for the content of this publication.
Integrated Sustainable Development of the Southern Coastal Region
Creating prospects, protecting heritage and nature

The challenge

Albania’s southern coast stands for extraordinary nature combined with cultural heritage and overwhelming landscapes of the Ionian Sea. The 150-kilometer southern coast comprises two national parks Llogara and Butrint, and the peninsula of Karaburun and Narta lagoon. The wonderful landscapes also due to differences in altitudes of over 1,500 meters, combined with the rich variety of habitats and the archaeological heritage from Illyrian, Greek, Roman and Ottoman rules make the southern coast an important region for the national economy.

Agriculture activities consist mainly in the production of olive oil, citrus fruits, vegetables and stock breeding. The average gross income of a farmer in the prefecture of Vlora, is 319,000 ALL according to INSTAT.

Meanwhile, tourism services and accommodation offers are situated along the beaches.

Fragmented investments and illegal constructions have started to endanger future potentials for development and the rest of the predominantly rural region remains underdeveloped and poor. Lack of a clear development perspective has driven rural people to abandon the countryside and move towards areas closer to the coast, or outside the region.

Germany is supporting the Albanian government in its objective for the sustainable economic development of the region from which not only the rural population, but the whole national economy benefits.

What the Project is all about?

Funded by the German Federal Ministry for Economic Cooperation and Development and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), the project “Integrated sustainable development of the southern coastal region” is supporting rural development in the area, covered by municipalities of Vlora, Himara and Saranda, with focus on rural tourism.

Working closely with partners the project devises solutions that work for the economic development of the region and the creation of prospects for its 60,000 inhabitants, paying special attention to the countryside and the preservation of biodiversity.

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<tr>
<td>Commissioned by</td>
<td>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)</td>
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<tr>
<td>Project region</td>
<td>Vlora, Himara and Saranda</td>
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<tr>
<td>Lead executing agency</td>
<td>Ministry of Urban Development (MUD)</td>
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<tr>
<td>Duration</td>
<td>March 2015-February 2017</td>
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The project contributes to the elaboration of a spatial development plan for the coastal region with the objective to integrate different sector and regional strategies, measures and programs in the areas of rural development, tourism and resource conservation.

Further, the project supports the development of business models of rural tourism in three pilot areas, with one focusing specifically on increasing income for women.
The benefits

With support of the project, key actors at national and local level have a common understanding about how the region should develop. This is a precondition to ensure that public and private investments take place in a coordinated and coherent way. Eventually this will create prospects for the people in the countryside and improve the life quality of all citizens.

Tourism development in the southern coastal region can build on an abundance of natural beauty, cultural landscape, historical traces, traditional villages, the sea and the mountains. Thus there is an huge potential that can bring prospects to the rural population if minimum conditions are met. Because of this variety of the natural and cultural context, different target groups of tourists can be attracted into the area. It will help diversifying the economy and contribute to better incomes and reduction of poverty.

Rural communities will be supported in identifying tourism related economic activities for various touristic target groups. They will gain knowledge about standards in providing services to tourists and will be supported in initiating small businesses. The project will also help in promoting rural tourism in the region to the international market.

While supporting rural tourism, the project will also contribute to protecting natural resources in the region as this is one of the key assets for a long term tourism perspective.

Expected results

Sustainable economic development of the southern coastal region and creation of prospects for the rural population is the overarching objective of the project.

The population of rural areas has not been an active participant in the planning processes of development strategies, and hasn’t been able to benefit much from the economic potential of the region.

Expected results are:

- A regional spatial development plan for the southern coastal region is in place, and is based on a common understanding of national and local stakeholders for the sustainable development of the region;
- The three municipalities have strategies in place for the development of a diversified tourism economy;
- Different models and products for rural tourism are used by local communities to enhance income from tourism.
Conservation and Sustainable Use of Biodiversity at Lakes Prespa, Ohrid and Shkodra/Skadar (CSBL)

Preserving biodiversity, sharing responsibility

The challenge

Ohrid trout and Prespa barbel, water chestnut or Skadar oak: Thanks to their rare and unique fauna and flora, the western Balkan lakes of Prespa, Ohrid and Shkodra/Skadar are biodiversity hotspots in Europe. The wider Drin river basin hosts many endemic species, while the lakes are surrounded by precious wetlands serving as safe havens for endangered plants and animals. However, agriculture, tourism and the fishing industry threaten these unique and biodiverse habitats. As European Union (EU) accession candidates, Albania, Macedonia and Montenegro have set out to manage their lakes more sustainably and to implement the EU Water Framework Directive (WFD), as well as the Habitats and Birds Directives. Unless complying with these legal frameworks, the countries cannot become members of the EU. Cross-border habitats such as rivers and lakes also need cross-border protection and management. Riparian countries therefore need to cooperate with each other in order to agree upon and achieve joint environmental and biodiversity protection goals.

Our approach

Since 2012, CSBL has been supporting the three Balkan countries to take a transboundary approach to natural resources management. CSBL supports riparian countries to better protect the biodiversity of lakes and rivers, while at the same time develop their economies sustainably. By defining common goals, establishing cross-border working structures, and developing shared knowledge today, countries are prepared to meet EU requirements by tomorrow. Key cooperation partners at the regional level include lake and river basin organisations, in particular the Drin Core Group, the precursor of an envisaged river basin commission formed by the Drin riparians.

CSBL focusses on four action fields: sustainable fisheries, transboundary cooperation, biodiversity conservation and transboundary water resources management according to the WFD. Capacity building lies at the core of the project’s mission. CSBL advises partner ministries, competent authorities as well as private sector and civil society stakeholders on the value of biological diversity and the ecosystem services it provides. Training is provided both on-the-job and through courses on environmental monitoring and management, biodiversity conservation and the financing instruments needed to this end.

The benefits

During the first phase of the project, CSBL together with its partners developed monitoring systems conforming to EU standards with which flora and fauna are now being regularly monitored. Personnel from the riparian countries are now assessing the ecological and physico-chemical status of the lakes according to WFD standards, at up to nine locations at each lake.

An important milestone of transboundary cooperation was the compilation of a common priority list of animal and plant species in the region that need to be protected. This list forms
Success factors

Biodiversity conservation and water resources management are important topics in the environmental and nature protection legislation of the EU. Achieving good ecological and chemical status of water, for instance, is a target that all candidate countries have to sign up for. Therefore, countries must create structures and processes with which they can achieve these goals on a long-term basis. Transboundary cooperation for the protection of biodiversity also fosters economic opportunities, such as for tourism, or through the sale of ecologically produced, high-quality products from the agricultural and fishing industries.

An example from the field

Aquatic plants are not just important habitats for fish and invertebrate animals. They are also indicators of the ecological status of lakes. Depending on the degree of organic pollution, or the alteration of the shoreline by man-made structures, the species composition of the plants changes. In order to be able to evaluate the ecological status according to the WFD, aquatic plants are therefore regularly monitored. “Most people are ignorant of aquatic plants,” says botanist Lefter Kashta, “To us they are like living books. If you know how to read them, they tell you a lot about the health of rivers and lakes.”

In the area of water resources management, the project develops concepts together with farmers and local communities to reduce the amount of agricultural chemicals and wastewater released into the three lakes. For this purpose, national specialists measure the quality of the water through regular monitoring.
Open Regional Fund for South-East Europe

ENERGY EFFICIENCY

The challenge

Although the price of energy as a commodity is rising worldwide, energy is being wasted in the countries of South-East Europe on a vast scale. This wastage is harming the region's economic competitiveness, social stability, and environment.

Yet, these nations are increasingly recognising how important energy efficiency is to ensuring a viable, sustainable future. Striving to join the European Union has encouraged them to make European energy and climate protection policy aims their own, and they are incorporating the corresponding elements of the acquis communautaire step by step into their own legislation.

Our approach

The Open Regional Fund for South-East Europe – Energy Efficiency (ORF-EE) promotes regional cooperation among stakeholders with the capacity to drive the processes of reform in the energy sector and thereby contribute to achieving the national energy efficiency targets in their respective countries. The nations of South-East Europe have much in common both culturally and structurally, which offers huge potential for building and sharing expertise in regional networks.

Impact

With the support of ORF-EE, the Network of Energy-Efficient Capital Cities in South-Eastern Europe has been established, comprising the cities of Zagreb, Sarajevo, Podgorica, Skopje and Tirana. Support for this network is also being provided by the model German city of Freiburg im Breisgau. All of the partner cities have joined the European Covenant of Mayors initiative, and undertaken to reduce their CO2 emissions by at least 20% by 2020. They have established energy management structures and developed Sustainable Energy Action Plans that are currently under implementation.

With their initiative for public political dialogue on sustainable energy, the Council of Europe’s network of Schools of Political Studies in South-East Europe is contributing to strengthening the political will to pursue reform processes in the partner countries. In 2012, for example, public hearings of the parliamentary committees responsible for energy efficiency were held in Serbia and Montenegro for the first time. The political and public debate is clearly gaining in significance.

ORF-EE advises the national ministries represented in the Energy Efficiency Coordination Group of the Energy Community on developing and monitoring the National Energy Efficiency Action Plans that are now mandatory across the EU. A monitoring system has been developed for this purpose that enables governmental energy efficiency instruments to be designed to allow more precise assessment of their direct energy-saving impacts and effectiveness. The support provided by ORF-EE is complemented by a software programme for calculating the energy savings and CO reductions achieved through energy efficiency measures.

Commissioned by
German Federal Ministry for Economic Cooperation and Development (BMZ)

Region
South-East Europe

Countries
Albania, Bosnia and Herzegovina, Kosovo, Macedonia (FYROM), Montenegro and Serbia

Duration
2008 to 2016
Support for the Harmonization of Economic and Trade Legislation with EU acquis

Europe – More than a feeling

Support Albania towards accession to European Union

On 27 June 2014, Albania received the EU candidate status. Membership in the European Union is a strategic goal fully embraced across the Albanian political spectrum. Such goal is considered particularly important to Albania’s relations with other countries, and the strengthening of competitiveness of the Albanian economy, being the source that helps bring employment opportunities and opportunities for generating income for the Albanian citizens.

What is the Project all about?

Harmonization of Albania’s economic and trade law with the EU acquis, build ownership and expertise, and prepare in advance the public administration officials for the conduction of EU accession negotiations is the overarching objective of the project “Support for the Harmonization of Economic and Trade Legislation with EU acquis”. Funded by the German Ministry of Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH since January 2015, the Project assists the Albanian Ministry of Economic Development, Tourism, Trade, and Entrepreneurship (MEDTTE) to achieve the above objective.

Support consists mainly in legal advice and training to help produce better laws and to increase capacities for its implementation. Advice is also provided to develop the necessary capacities to coordinate and manage the negotiation process for EU membership.

The benefits

The Project focuses on three complementary areas:

a) Harmonization of national legislation and interpretation of the EU acquis, namely Chapters 1, 3, 6, 7, 20, 28 and 30.

• Two Regulatory Impact Assessments (RIA) in the areas of consumer protection and export credit insurance are conducted. RIAs involve an analysis of options, benefits, costs and risks of proposed actions from government. Active participation of stakeholders in this process ensures increased effectiveness of governmental policies.

• Safeguard measures for further protection of companies’ members and third parties are in place. More transparent and simple registration and licensing procedures are possible thanks to online registrations at National Registration Centre (NRC). 7.4% of new companies registered and over 14,500 businesses submitted annual balance sheets online (fig. as at August 2015). This means, less bureaucratic hurdles for the business, reduced administrative costs and increased transparency vis-a-vis citizens.

• Transposition of Services Directive, which regulates the right of establishment and free movement of services across borders, is being finalized. It will serve as the necessary legal basis to simplify administrative procedures and remove obstacles for
services activities. This ensures that both service providers and recipients benefit more easily from these fundamental freedoms.

- ‘De minimins’ rules and criteria for granting state aid in the areas of Services of General Economic Interest (SGEI), General Block Exemptions (GBER) are being drafted.

b) Implementation of harmonized legislation with EU acquis.

- Fight against corruption is a top priority for Albanian Government and a key requirement for its membership in the European Union. Complete transparency encourages the public to become active participant in exerting its right of control and at the same time protect public interest. In this context, to increase transparency and accountability of State Aid Commission (SAC) and Consumer Protection Commission (CPC), the respective websites have been developed and provide thorough information.

- Around 140 authorizations are analysed with aim to reduce regulatory burden. Recommendations for improvement of 56 of them (12 of which, to be abolished) are formulated. In addition, support is being given to merge National Registration Centre and National Licensing Centre into the new National Business Centre (NBC). This will provide one single window for business registration and licencing. Main outcomes expected are improved quality of services, reduced administrative cost for businesses and effective implementation of the simultaneous registration principle for all public institutions.

- With the full legal package waiting for approval, the establishment of the Market Surveillance Inspectorate (MSI) will guarantee that consumers have access to safer products in the market. MSI is expected to become operational by early 2016. Support will then focus in strengthening its competences.

- Albanian legislation on services in five sectors: Mining, Veterinary Services, Legal professions, Taxation and Social Policy is screened against the EU legislation. Recommendations for alignment of Albanian legislation with the EU acquis are formulated.

Cross-cutting activity

The project cooperates closely with Albanian School of Public Administration (ASPA) to develop innovative, useful and replicable training curricula. Assistance is currently being provided to set up at ASPA the necessary e-learning platform, prepare guidelines for e-courses development as well as develop e-learning modules to be used by Albanian civil servants.

Expected results

- At least five legislation acts set out in the National Plan for European Integration under MEDTTE responsibility, are to be submitted for approval to the Government. Conduction of RIAs for at least two legal acts and training of 75% of inter-institutional working groups (IIWGs) members on legislative and harmonization techniques.

- Three implementing institutions have the required capacities and methodologies to properly enforce the harmonised legislation contributing also to the fight against corruption.

- Under MEDTTE’s lead, the responsible persons within IIWGs are prepared for the opening of accession negotiations. Task plans including organisational structures and rules of procedures required for accession negotiations, are developed for two IIWGs. Furthermore, 50% of the total IIWGs members, led by MEDTTE, will receive training focused on preparation of accession negotiations. Pre-screening reports for 3 chapters are prepared.
Open Regional Fund for South-East Europe

PROMOTION OF EU-INTEGRATION THROUGH REGIONAL COOPERATION

The challenge

The European Commission has offered the countries of South-East Europe the prospect of accession to the European Union (EU), contingent on their fulfilment of certain political and economic criteria. Progress towards accession is flanked by a long-term process that focuses on structural reforms as well as on the alignment of legislation with the Community acquis. The countries in the region have made varying levels of progress in this context; accession negotiations have already opened with Serbia and Montenegro, to be followed by Albania. The various countries can learn from one another and accelerate the accession process by sharing experience. However, at present, the potential of regional cooperation to support progress towards the EU is not being utilised to an adequate extent. The purpose of the Open Regional Funds for South-East Europe (ORFs) is therefore to initiate and foster cooperation among these young nation-states with programmes that support alignment with EU standards.

Our approach

The Open Regional Funds for South-East Europe (ORF) initiate and foster cooperation among these young nation-states with measures that support alignment with EU standards.

As an integrative supplement to the five sectorial ORFs (foreign trade promotion, energy efficiency, modernisation of municipal services, legal reform, and biodiversity), the ORF Promotion of EU Integration through Regional Cooperation (ORF EUI) dovetails the synergies of the individual ORFs, strategically strengthens the ORFs in their relationship to partner networks relevant in the EU accession process. Further it establishes strategic networks of partner institutions with a steering function within the EU accession process and supports them in the cognition of their technical and political steering function. The focus is on establishing and promoting regional networks with the foreign ministries and EU integration authorities in the cooperation countries, addressing regional issues and implementing joint solutions at the national level.

This releases the potential for regional cooperation in the EU accession process and creates conducive conditions for stronger regional cooperation in South-East Europe.

Impact

The ORF EUI supports the network of the Ministries of Foreign Affairs (MFA) and the network of the European Integration Offices (EUI) in the establishment of good working relationships with their peers from the other network members through various capacity development measures. Appointed focal points take an active role in the planning and implementation of activities within the network as well as in coordinating and communicating of achievements towards their national institutions. Last but not

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Photo: © GIZ
least, by sharing experiences and engaging in a process of mutual learning and strengthening of the institutional capacities of the MFAs and EUIs, the ORF EUI project contributes to the progress of the region in the coming phases of the EU accession process and will facilitate the implementation of EU Enlargement and SEE 2020 Strategy.

One of the key aims of forthcoming project activities will be to strengthen capacities for management of IPA funds in the implementation of the new guidelines and criteria under IPA II.

The establishment of regional networks involving the institutions responsible for coordinating and driving the accession process enhances the ORFs’ effectiveness across the various sectors. Stakeholders manage their networks more efficiently and communicate the added value of regional cooperation as a means of supporting progress towards the EU. This includes raising awareness and in-forming the public about what has been achieved, in order to convince key civil society groups of the importance of regional cooperation. In South-East Europe, regional cooperation is now recognised and appreciated as a key instrument for moving closer to the EU. The resulting synergies among the ORFs and the contacts with relevant partners lead to efficiency gains in individual project implementation. The partner countries are also developing more efficient management processes in order to utilise their national authorities’ limited resources effectively and build their capacities to fulfil the EU’s stringent requirements in the adaptation process. The focus here is on regional dialogue, drawing on the experience and expertise of countries which have joined the EU recently such as Croatia, or in previous enlargement rounds such as Slovenia.
Open Regional Fund for South-East Europe

FOREIGN TRADE PROMOTION

Commissioned by
German Federal Ministry for Economic Cooperation and Development (BMZ)
Region
South-East Europe
Countries
Albania, Bosnia and Herzegovina, Kosovo, Macedonia (FYROM), Montenegro and Serbia
Duration
March 2013 to May 2017

The challenge

Over the past two decades, the countries of South-East Europe (SEE) have made considerable progress in their economic and political transformation, their integration into the global economy and on their path towards EU integration. However, despite the undisputable achievements, the region still faces major challenges. Economically, it lags far behind the countries of the EU.

Regional economic cooperation offers significant potential to tackle the economic challenges. The signing of the Central European Free Trade Agreement (CEFTA) in 2006 was a major step towards trade integration and deepening of regional cooperation. Considerable progress has already been made in the SEE region to establish the free trade area. However, there are still numerous barriers to trade within the region itself and with the EU, adversely affecting competitiveness, growth and employment. Eliminating barriers to trade and facilitating trade thus remain high on the agenda of regional economic cooperation in SEE.

Overall, the potential of regional cooperation for improving the conditions for trade and competitiveness is not yet being fully utilised in South-East Europe.

Our approach

The Open Regional Fund for Foreign Trade Promotion supports regional projects which aim at improving the conditions for free trade and competitiveness. The projects involve partners from at least three countries and are planned and implemented jointly with the partners. The projects facilitate networking among the partners and develop the capacities of participating institutions and individuals to cooperate on eliminating trade barriers and facilitating trade, both in the region and with the EU. Good practices from within the region and from Europe are disseminated through the regional cooperation, in order to achieve improvements at country level. The main project partners are government agencies responsible for trade, the structures of CEFTA, private sector organisations, and regional networks of public and private institutions.

Impact

Through the work of the ORF, national ministries and public authorities are in a better position to prioritise and eliminate barriers to trade. For example, in collaboration with the Ministries for Trade and Economy and the CEFTA Secretariat, a reporting system has been established which enables the countries to report and monitor barriers to trade. This increases transparency and puts pressure on governments to take action to ease trade. Improved services for trading companies are another outcome of the ORF’s work. With support from the ORF the CEFTA Trade Portal has been launched, enabling companies, with a few mouse clicks, to access all the information they need about import and export regulations and procedures. This saves time and reduces costs for trading businesses. Last but not least, regional cooperation is increasingly used to pursue joint business interests. For example, IT industry associations in the region are cooperating and jointly marketing their products in European target markets. As the examples illustrate, the ORF Foreign Trade Promotion contributes to improving conditions for trade and competitiveness and facilitates progress towards the EU.

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Open Regional Fund for South-East Europe

LEGAL REFORM

The challenge

In the light of EU accession and membership in international organisations, countries of South East Europe face the task of harmonising their existing legal systems. The Open Regional Fund for South East Europe – Legal Reform (ORF LR) provides support for introducing legal framework conditions and reforms that are in compliance with acquis communautaire and other legal framework instruments. The centre of the reform efforts lies on Chapter 23 (Justice and Human Rights) and Chapter 24 (Justice, Freedom and Security), which lay the basis for reforms within the context of EU accession. Furthermore, effective application of laws as well as the creation of new laws and institutional safeguards are implemented through rule of law, the separation of powers and judicial impartiality.

Our approach

ORF LR supports countries in exchanging their experiences. This leads to mutual learning through the creation and strengthening of regional expert networks and peer-to-peer learning platforms. Participating partner institutions are empowered to independently implement legal reforms. By involving German, European and, most important, neighbour country experts, we are able to advise on legal framework implementation. Judicial institutions are established and strengthened through targeted contact with relevant partner institutions in the region. ORF LR supports representatives from partner countries in finding and implementing joint solutions to face the challenges of judicial border-crossing cooperation.

Impact

ORF Legal Reform gathers people and organisations from around the region on technical issues. Our success speaks for our approach: problems regarding cross-border judicial cooperation were solved jointly, be it in the implementation of cross-border execution/enforcement, bankruptcy proceedings or corporate law. Faculties of Law from the region have gathered in the South East European Law School Network (SEELS) to jointly improve quality standards in vocational and higher education and offer regional educational and research programmes. Public notary chambers support each other in improving their services and introducing public notaries in countries in which they are not yet established. Alternative dispute resolution and mediation centres work together on crossborder recognition of arbitration awards. In cooperation with UNCITRAL, international purchasing rights were included in national legislation and made public. A regional network of experts supports national reform efforts and follows the implementation of international and European guidelines in national legal systems.

Commissioned by
German Federal Ministry for Economic Cooperation and Development (BMZ)/ Government of Switzerland

Region
South-East Europe

Countries
Albania, Bosnia and Herzegovina, Kosovo, Macedonia (FYROM), Montenegro and Serbia

Overall term
2007 -2016

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Open Regional Fund for South-East Europe

MODERNISATION OF MUNICIPAL SERVICES

The challenge

South East European countries are currently implementing reforms aimed at easing their accession into the European Union. At the communal level, municipalities often lack capacity and instruments necessary for implementing the EU’s demanding standards, which require they improve the quality of their municipal services. In order to meet these challenges, the Open Regional Fund - Modernisation of Municipal Services (ORF MMS) works closely with regional networks such as the Network of Associations of Local Authorities in South East Europe (NALAS) and the Regional Water Associations Partnership, as well as with individual citizens, municipalities and other partners in the joint implementation of regional projects.

Our approach

Together with representatives of municipalities, municipal associations, political decision-makers, and other relevant partners, ORF MMS begins by analyzing the most urgent problems that communal services in the countries of South East Europe face. Next, partners develop specific project ideas with ORF MMS support. These project proposals undergo detailed examination before the decision on financing is taken. Our focus areas are water supply and disposal, waste management, improvement of the range of services offered by municipalities, and capacity building for municipal management structures.

Impact

With support from ORF MMS, municipal associations have developed instruments, methods, recommendations and comparative regional analyses regarding the most pertinent issues faced by municipalities. These results are used by municipalities to improve the services offered to citizens, and can act as the basis for legal framework improvements. For example, ORF MMS has advised the Regional Water Associations Partnership in their selection and implementation of EU-compliant technologies for water waste management. Another success story is the establishment of a regional certification model for business friendly municipalities. National legislators and authorities in Montenegro and Bosnia and Herzegovina have used recommendations to improve legal framework conditions for municipal finances and urban planning. ORF MMS has established itself as a relevant cooperation and networking platform for all regional stakeholders interested in improving municipal services in South East Europe.

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Commissioned by: German Federal Ministry for Economic Cooperation and Development (BMZ)/ Government of Switzerland
Region: South-East Europe
Countries: Albania, Bosnia and Herzegovina, Kosovo, Macedonia (FYROM), Montenegro and Serbia
Duration: 2007 - 2013 (BMZ)/ 2013-2016 (BMZ/Government of Switzerland )
Good Economic Governance for Improving the Investment Climate in Albania (ProINVEST)

The challenge

Investments – both public and private – are key to the development of an economy. In the case of Albania, foreign direct investments are potentially the most important catalyst of growth. However, foreign direct investments fell by a total of 8% in the period from 2008 to 2012 (source: Bank of Albania). The decline in investments may partly be attributed to the global economic and financial crisis. However, the main reason is the Albanian business and investment climate: High bureaucratic hurdles as well as tedious application and approval procedures pose huge challenges to investors. Institutional structures and administrative procedures need to be strengthened so that they have the capacities to attract, accompany and even fast-track private investments. In addition, currently public investments are not steered into sectors and areas, where they provide the highest potential benefit to private investments.

The approval of the Strategic Investment Law in June 2015 shows, that the attraction of (large-scale) foreign direct investment is one of the key priorities for the Albanian government.

Our approach

GIZ has been commissioned by the German Federal Ministry for Economic Cooperation and Development to implement a project to strengthen good economic governance, a key ingredient for the business and investment climate. To do so, the project works with Albanian government institutions, namely the Prime Minister’s Office (PMO), the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) and the Albanian Investment Development Agency (AIDA). Collaborating closely with these institutions, the project aims to strengthen coordination among the government entities and to strengthen capacities at the systemic, institutional and individual level.

The benefits

With the support of the project, key actors at national level have a common understanding of the reform needs regarding the business and investment climate and the next steps to be undertaken. This is a precondition to ensure that the public sector can design the Albanian business and investment climate in a coordinated and coherent way. Moreover, the GIZ-project will support the implementation of the Strategic Investment Law, contributing on the one hand to a legal environment conducive for international investors and on the other hand to the implementation of this very ambitious government program.

In following this approach, the GIZ-intervention aims to contribute to improving the Albanian business and investment climate. The development of the business and investment climate will be tracked by an annual investor’s survey to be implemented by GIZ-ProINVEST together with its Albanian partners.
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Competitiveness of Micro, Small & Medium Enterprises through Promotion of Innovation and Entrepreneurship (ProSME)

connecting business people – innovative technologies – strengthening capacities

**Competitive SMEs are the backbone of Albania’s economy – they create jobs and generate income**

The Albanian Government links foreign policy goals and the European integration agenda with sustainable economic development. The small business sector provides the largest number of jobs in Albania. They have 1-80 employees and hire 69% of the total number of employees. Despite progress in building market-oriented institutions, good governance as well as efficient service-oriented capacities of public and private actors are lacking and impede positive economic development and competitiveness in domestic and European markets.

**What the ProSME Program is about**

The ProSME program aims to improve the conditions for increased competitiveness of Micro, Small and Medium-sized Enterprises (MSMEs) in selected sectors.

It is implemented by the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) as well as GIZ on behalf of the German Ministry for Economic Cooperation and Development (BMZ).

GIZ supports Albanian reform and capacity development efforts in the field of sustainable economic development. The mission is to enable MSMEs and farmers to meet EU-standards and benefit from Free Trade Agreements, by improving affordable business services and transferring know-how regarding markets and product standards.

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<th>Project name</th>
<th>ProSME</th>
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<tr>
<td>Commissioned by</td>
<td>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)</td>
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<td>Project region</td>
<td>Albania</td>
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<tr>
<td>Lead executing agency</td>
<td>Ministry of Economic Development, Tourism, Trade &amp; Entrepreneurship (MEDTTE)</td>
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<tr>
<td>Duration</td>
<td>October 2014 – September 2016</td>
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**Programme Approach**

The applied multi-level programme approach consists of three key result areas and is in line with the new Government Strategies and Policies. It focuses on (1) improving entrepreneurial capacities and innovation of existing MSMEs and start-ups; (2) offering demand-driven business services to strengthen entrepreneurial competences and innovation capabilities for MSMEs; (3) improving organisational and operational capacities in implementing MSME support strategies.

**Benefits**

Institutional Capacity Development


MEDTTE is supported in its reform efforts to de-regulate and to simplify legal, organizational and administrative rules and procedures in creating a more conducive Doing Business environment (according to the World Bank Doing Business Report 2015, Albania improved its ranking from rank 108 to 68); business climate is improved through public-private dialogue at national
and municipal level. A regulatory reform of private sector services was implemented, which allows for the registration and licensing of a business through a one-stop-shop. The Albanian Investment Development Agency (AIDA) is strengthened in attracting foreign direct investment and promoting SMEs’ innovation and technology efforts.

Furthermore, the Albanian Tourism Association (ATA) has been technically and financially supported in developing its capacities, management and governance structure; since ATA establishment in 2009. Today, ATA is a strong voice of the Albanian Tourism Industry. The membership-based private sector organization renders services to its 200 members. It plays a key role vis-à-vis the public sector, as an advocate of private sector concerns and interests in tourism development. Various issues have been addressed and resolved, such as visa for some East European countries, the new tourism law, local tax procedures, and tourist destinations. The yearly Business Climate Index survey enables ATA to raise public awareness on tourism issues and to better prioritise its services and dialogue agenda.

Regional and local economic & tourism development

With program support, the municipalities of Korça, Shkodra and Tirana have established offices for economic promotion and tourism development, which provide support to local entrepreneurs, with regard to their business needs.

The Korça Municipality and the Korça Regional Council together implemented various small projects, such as sustainable tourism initiatives, applying a balanced Tourism Value Chain Approach.

The Korça Municipality now independently organizes regular events, such as the Korça Beer Festival, Young Entrepreneurial Programs and the Food Festival. The municipality’s local development office implemented small projects, such as Korca SME Day, Korça City Tour Sign Posting and a Korça Souvenir Design Contest.

In Thethi, a community tourism initiative created jobs and generated additional income in this remote mountainous area, by actively involving the community in rendering hospitality services.

Business Service Development

An integral group-based SME ‘Nucleus Approach’ was introduced to stimulate changes at the level of both, enterprises and associations. Private business associations for tourism, olive oil production, horticulture, livestock, and professional business women together founded the “Nucleus Albania” Association, in September 2014. They aim to strengthen their cooperation, implement the SME Nucleus approach, and improve SME business services via a national network and information sharing platform.

The Albanian Textile and Garment industry still ranks low among the countries of the region. GIZ in cooperation with USAID under-took a joint initiative to support some Albanian garment companies in developing their own collections produced for foreign markets – Build Your Own Brand (BYOB). Five companies were guided through the process of designing and marketing their own collections, which resulted in higher employment and higher gross profits. German companies connected with Albanian business people and have started to invest in the Albanian textile sector.

Facts and Figures

Business & Investment Dev. and Tourism Strategy 2014-2020 with german support developed.

Directive related to Innovation Voucher Scheme technically assisted drafting of operational regulations are in progress.

Doing-Business (de-regulation) Reform to simplify procedures and regulations is technically assisted and partially implemented.

Three Albanian textile companies out of five that participated in the Fashion Days Düsseldorf 2012 received trial orders from international companies. Today, they independently participate in such fashion events.

The MSME Nucleus Approach was introduced in Albania in 2013 and is included in the National Business & Investment Strategy 2014-2020, as an instrument for SME development. Up-to-date,

- more than 300 owners of MSMEs are organized in 24 nuclei and facilitated by 8 Nucleus Business Counsellors;
- 40 persons were trained as nucleus business counsellors, out of which a few have been accredited and offer their services via Nucleus Albania.

“Greening the Economy” training modules provided ‘green’ market opportunities and strengthened entrepreneurial thinking and skills. About 450 Master/BA university students developed a better understanding of ‘green economy’, and up to now 40 ‘green ideas’ were transformed into ‘green business’ plans that may create new ‘green’ jobs. A ‘betahaus Tirana’ will be established in 2016 to provide co-working space for start-ups and free-lancers based on a PPP arrangement technically supported by ‘betahaus Berlin’.
EU IPA 2011 Project Support to Agriculture and Rural Development (SARD)

Pre-accession preparations in Agriculture and Rural Development – Capacity building and grants for the agro-food sector in Albania

Towards EU accession – Supporting agricultural competitiveness

Agriculture remains one of the most important economic sectors in Albania representing 20% of its GDP with growing trend. It is the main source of income in the country’s rural areas accounting for almost half of its total employment. Yet, Albania’s agricultural sector continues to face a number of structural challenges.

Sustainable growth of the agricultural sector has been pronounced as one of the top priorities by the Government of Albania. In addition, finding a way to commit more investments for bettering the physical and human capital to smooth transition towards increased competitiveness and gradual alignment with EU standards becomes particularly important in the framework of Albania’s aspiration to EU accession.

It is since 1998 that the Albanian Government and the German Government work together to improve agricultural competitiveness and rural development in Albania.

What is the SARD Programme all about?

The overarching objective of SARD is to improve the quality of life in rural areas by enhancing competitiveness of the agricultural and agro-food sectors.

SARD is an EU co-financed IPA 2011 Project, implemented jointly by the Ministry of Agriculture, Rural Development and Water Administration, the Ministry of Finance and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry for Economic Cooperation and Development.

GIZ provides support to increase capacity and awareness on EU compliant rules in rural development structural fund management. The pilot IPARD-like grant scheme is an innovative and effective approach that combines capacity development and practical application of grants for farmers and agro-food processors. In this context, GIZ works closely with the Albanian IPARD Operating Structure (IPARD OS – Paying Agency ARDA and Managing Authority MA of MARDWA).

The SARD Project was extended to further consolidate and prepare the Albanian IPARD OS and the National Authorizing Officer management structure (National Fund and NAO support office of the Ministry of Finance) for the entrustment of EU IPARD II budget implementation tasks. Administrative reforms and good governance enforcement are supported so as to enable Albania to benefit from and manage the future EU IPARD II assistance of 71 Mio. EUR on its own.

The benefits

The implementation of an IPARD-like grant scheme represented a unique case, very much similar to a pilot endeavour offering ample investment and straightforward capacity development opportunities, a number of which are listed below;

<table>
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<th>Project name:</th>
<th>Economic Development and Employment Promotion - Support to Agriculture and Rural Development</th>
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<tr>
<td>Commissioned by:</td>
<td>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)</td>
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<td>Co-financed by:</td>
<td>European Commission</td>
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<td>Project region:</td>
<td>Albania</td>
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<td>Lead executing agency:</td>
<td>Ministry of Agriculture, Rural Development and Water Administration (MARDWA)</td>
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<td>Duration:</td>
<td>July 2012 - April 2017</td>
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L. to r.: IPARD-like grant scheme applicant from Proger, Korça in his blooming apple orchard, Spring 2014
IPARD-like grant beneficiary in front of his new sage processing line (total investment of approx. 445,000 EUR with 50% reimbursed as grant)

Photo: © IPA 2011 SARD Project
EU compliant institutional structures and accountable administrative procedures for the Albanian IPARD OS have been set up. Programming, managerial, financial, anti-corruption and implementation capacities have been increased laying the ground for a successful IPARD accreditation.

Access is provided to grants totaling €8,27 million with €6.2 million from the EU and €2.07 million from the Government of Albania for farmers and agro-food processors to upgrade their businesses for increased competitiveness.

The IPARD-like learning-by-doing grant scheme approach has become a best-practice-reference in the pre-accreditation phase ready to be replicated in other countries.

**Facts and figures**

- 60 IPARD-nominated ARDA staff and 8 Managing Authority (MARDWA) staff at technical and managerial levels have been trained to implement IPARD-like tasks and are prepared for IPARD accreditation.
- 10 staff of the Ministry of Finance consolidate their skills on EU financial, budgetary and anti-corruption requirements.
- An IPARD-like software for data processing has been developed ensuring a transparent, sound financial management, control and monitoring of the grants.
- 117 advisors (public and private) were trained in the IPARD application process and investment services.
- 2,830 potential applicants, advisors and representatives of intermediaries, commercial banks and administrative bodies have learned about the IPARD-like grant scheme through participation in country-wide public awareness raising and training events.
- More than 451,000 registered clicks on the www.IPARD-like.al website, where all information, documents and list of successful beneficiaries are transparently displayed, account for ample interest in the IPARD-like Grant Scheme.

Technical and leadership capacities of 295 civil society and state institution representatives were developed to include target group interests in the democratic consultation process for IPARD II programming.

A rise in the number of applications from 84 under Call 1 to 106 under Call 3 attests to an increased interest of farmers and agro-processing companies in IPARD-like grants.

A total of 255 submitted applications by Albanian farmers and agro-processors with a total applied investment of €45.83 million and a grant amount of €23.80 million (thrice of the total available grant funding of €8.27 million) indicates both the high demand for capital investments and growing interest in the IPARD-Like grant scheme for investments helping to boost competitiveness of the agro-food sector.

An increased success rate of contracted beneficiaries from 23% for Call 1 to 26% for Call 2, and 49% for Call 3, attests to a growing awareness and competence of market-oriented farmers and agro-processors about the importance of formal business standards to access EU grants and bank loans for increased competitiveness and export-oriented businesses.

About two-thirds of the applications were submitted by applicants operating in the fruit and vegetable sector. This sector has apparent comparative advantages to further intensify production through commercialization of farms focusing on high-value products and increased food safety processing standards.

Most applications were received from the high potential agricultural production areas of Korça (apple), Fier (protected/open field vegetables, seedlings), Vlora-Saranda (citrus) and Gjirokastër (mixed, milk/meat production). Applications from processing companies are mostly located in the economic areas of Tirana/Durrës, followed by Korça and Fier.

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Support to Agriculture and Rural Economic Development in Disadvantaged Mountainous Areas (SARED)

Market power of the hidden treasure: The Albanian Mountain Farm

Preparing Mountainous Rural Economy for the European Market

Unemployment and low incomes to actual poverty levels are characteristic features of the rural mountainous areas of Albania. Farmers are struggling with accessing markets, fierce competition and growing demands for quality. In response to such situation, the Ministry of Agriculture, Rural Development and Water Administration (MARDWA) has prepared a Cross-Sector Strategy for Agriculture and Rural Development (ISARD) targeted at supporting sustainable and inclusive growth. The German Government and the Danish Government are supporting the Albanian Government with implementing this Strategy.

What is the SARED Programme all about?

“From the field to the table” is the overarching approach of the SARED programme, jointly implemented by MARDWA and the “Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)” on behalf of the German Government, and cofunded by the Danish government.

After being granted the EU candidate country status in June 2014, Albania is moving towards EU membership. However, the country needs extensive reforms in the public and private sector. Substantial changes are required particularly in the agricultural sector.

A Cross-Sector Strategy for Agricultural and Rural Development (ISARD), an integral part of the National Strategy for Development and Integration, has been prepared with this perspective in mind.

The benefits

The implementation of an IPARD-like grant scheme represented Numerous studies describe the underutilised agricultural resources, especially in the mountainous regions of Albania. At present farmers’ production is to a large extent subsistence-oriented, because of missing wellstructured value chains that would enable their access to markets. Backed up by the crosscutting development strategy (ISARD) and the ability of farmers to embrace a value-chain-oriented production, it is possible to significantly increase the sector’s contribution to the national economy and to improve farmers’ livelihood.

SARED supports the development of four of the most important value chains in the rural mountainous areas:

- small livestock
- fruit trees and nuts
- medicinal and aromatic plants
- rural tourism

The value chain approach is being combined with the territorial dimension of local and regional economic development.

Project name: Support to Agriculture and Rural Economic Development in Disadvantaged Mountainous Areas
Commissioned by: Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
Co-financed by: Ministry of Foreign Affairs of Denmark, The Danish Neighbourhood Programme
Project region: Albania, with focus on mountainous regions
Lead executing agency: Ministry of Agriculture, Rural Development and Water Administration (MARDWA)
Duration: 01.06.2014 – 31.05.2018
SARED builds on the experience of previous and ongoing projects and looks for synergies with other GIZ projects targeting the same value chains. This is the case with the EU-financed Instrument for Pre-Accession Assistance in Rural Development (IPARD) Like Project and the Conservation of Agro-biodiversity in Rural Areas (CABRA) Project. Other projects on vocational training and economic development provide support, and are complementary to it, especially regarding their interventions at the national level.

Expected Results

The overall objective of SARED is to increase incomes for the value chain actors by at least 20%, and to reduce unemployment in the programme regions.

In Albania, as in other countries, the agricultural sector is dominated by men – even though women’s contribution is equivalent to that of men’s. SARED will pay special attention to providing opportunities for women. In line with the ISARD strategy, the objective is that at least 15% of the direct beneficiaries are women. These ambitious targets will be achieved through four interrelated pillars of support and interventions:

■ An investment grant facility of up to € 6.5 million for upgrading the actors of the four supported value chains. The investment grants will be matched by contributions from the beneficiaries. Potential beneficiaries are farmers, micro, small and medium enterprises engaged in the value chains. This includes processors, traders as well as service providers within rural tourism. Special grant arrangements are in place to favour participation of female and young farmers and entrepreneurs, and to fasten the process of establishing business networks and/or associations along the value chains. The investments will enable value chain actors to improve the efficiency and quality of their production and services and, as a minimum, to fulfil national environmental and quality standards. Under this pillar, SARED will also create linkages to the financial sector and improve the capacities of beneficiaries to have access to funding for their current and future investments.

■ Support to on-farm and off-farm diversification of economic activities responding to market requirements and demand. This includes fostering the developing, competitiveness and sustainability of value chains by integrating primary producers into the food chain through quality schemes. It will help for improving perception over product quality in all links of the value chains from the farmer to the end consumer. Such outcome shall be achieved by introducing improved and innovative technologies in production and processing, leading to new and improved products. The potential for organic production will also be explored. Introduction of food safety standards and certification will be promoted, and the relevant value chain links will be assisted while developing and implementing marketing strategies. This approach shall enable more and more producers to get closer to the EU standards including branding, transparency and traceability of their products.

■ Facilitating closer linkages between different value chain actors, empowering small-scale farmers and entrepreneurs and negotiation power vis-à-vis larger value chain actors. Relationships channelled along the value chain via business-networks up to formal associations should become common practice in the mountainous regions. Such practice can be reached by setting up dialogue platforms and through training and coaching programs. Development of specific mountainous rural women associations is also supported under the Project.

■ Facilitating public-private dialogue in order to improve the local business climate for farmers and enterprises engaged in the value chains. Prioritised action plans will be developed for improving the business climate and opportunities, including improvements of the institutional, administrative and legal framework. It might as well serve as an opportunity to develop and brand the products with Protected Designation of Origin (PDO), Protected Geographical Indications (PGI) and Traditional Specialty Guaranteed (TSG).
Vocational Education and Training (VET) Programme

Fit for the national, regional and European labour market

Skills development against unemployment

Unemployment has been a recurrent problem in Albania over the last 25 years. With unemployment raising higher especially among youth and majored students, the Albanian government has pronounced reforming of the vocational education and training system among its top priorities. The Albanian Government and the German Government have been working together to improve vocational education in Albania since 2010.

What is the VET Programme all about?

The overarching objective of the VET Programme is to reduce unemployment, especially among young people.

The cooperation programme, agreed between the Albanian and the German Governments, is implemented jointly by the Ministry of Social Welfare and Youth and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) mbH on behalf of the German Ministry for Economic Cooperation and Development.

GIZ provides support to develop capacities in order to improve vocational qualifications from health and social care to information technology, adapting education to the needs of the labour market. Skilled youths and adults able to respond to the ever changing demands of the labour market are the target of the VET Programme.

The benefits

Reform of the VET sector: At present, the VET system is still not capable to meet the economy’s demands for a qualified work force, because of the overly theoretical education in vocational schools and almost inexisten relations between schools / training centres and the private sector.

- The Programme has developed the VET Boards model in vocational schools in northeast Albania. VET Boards are headed by a representative of the business sector and serve as an important link between VET institutions and companies. The “Board of VET-providing Institutions” is now embedded in the Albanian legislation on vocational education and training.

- In addition, the GIZ-supported VET Programme has elaborated a handbook and training manual for school board members, an instrument of use by all VET providers.

- The Multifunctional VET Centre of Kamza is being developed as a pilot in the framework of the GIZ-supported VET Programme and was recognized by the Albanian government as a model for the future development of the VET system. Based on the European Training Foundation’s (ETF) feasibility study in 2013 on the possibility of disseminating the model at the national level, the EU - IPA 2013 project foresees the support of up to 4 MFCs in Albania.

- The Albanian government has engaged in the transfer of all VET-related competencies from the Ministry of Education and Sport to the Ministry of Social Welfare and Youth. In this context, GIZ, in cooperation with ETF and ILO, is currently supporting the MoSWY to overhaul the legal framework in order to establish a modern legal basis for the VET system responding to European standards.

Project name | Vocational Education and Training Programme
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Commissioned by | Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
Project region | Albania
Lead executing agency | Ministry of Social Welfare and Youth (MoSWY)

L. to r.: The Albanian Minister of Social Welfare and Youth and representatives of GIZ and HIBB are signing a cooperation agreement
Students are working in the new electronic laboratory of the MFC Kamza

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Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) mbH
Labour Market Information System: The average age of the population in Albania is 35.3, according to data from the last census of 2011. Albania’s young population stands among the important resources for sustainable economic and social development. Unfortunately, it is not exploited at its best, among others, because of lack of reliable data on skills and demands.

- Since 2012 the VET Programme has contributed to the setup of a labour market information system. The system will help companies in need for skilled workers, it will also help VET providers in adapting their offers to the market demands, and individuals (youths and parents) in making the right decision for future education. Tools include:
  - A tracing system (student destination data) successfully tested in five public and private education institutions and currently introduced at national level.
  - A Labour Market Information Periodic Review published by the MoSWY and INSTAT.

Encouraging international partnership and cooperation: Having been granted the EU candidate status in 2014, the Albanian Government is committed to reach European standards in all relevant fields in the near future. In VET, the underlying model is the German dual system, combining theory in vocational schools with on-the-job training in companies. Cooperation with international partners makes the best way to learn about international standards and practices. The VET Programme has supported international cooperation at both school and policy level. The Hamburg Institute for Vocational Education and Training (HIBB) and the MoSWY signed a cooperation agreement in 2014, facilitated by the GIZ. HIBB assists the Ministry and its subordinate institutions in issues concerning management of schools and the involvement of the private sector in the VET system reformation process.

Cross-cutting activity

- Seven VE schools have been supported in the context of the Programme, with MFC Kamza marking one of the most relevant achievements in terms of modelling quality-guided VET providers. Since 2012, the MFC Kamza has developed into the biggest vocational school in Albania with three generations of graduates from 2013 to 2015 totalling to 400. An improved reputation led to a growing number of students. In 2015/2016, 1,500 students from all over Albania attend courses in 5 vocational fields. Combining theory with on-the-job practical work, also thanks to the installation of a modern electronic laboratory estimated at EUR 230,000, the MFC Kamza is also capable of providing training to companies.

- The National Employment Service (NES) is reorganizing its labour offices, in efforts to improve the seriously damaged image of its services throughout the years. Some 120 staff members of labour offices and the NES at both national and regional levels have been trained by the VET Programme on the Labour Market Information System, tools, and active labour market programmes.

- More than 60 teachers from six schools in north-east Albania and MFC Kamza were properly trained in their respective technical fields of expertise and in pedagogics.

- Over 130 students from the MFC Kamza benefited from internship agreements with private companies in the academic year 2014/2015, while cooperation with the private sector is expected to recognise a new height. Seven new curricula were developed in vocational schools in north-east Albania, while two curricula implemented in the MFC Kamza are under revision in order to be better suited to the labour market demands.

- Roughly 1100 students have attended renewed courses in vocational schools in north-east Albania, namely in Shkodra and Lezha, as well as in the remote areas of Kukes and Dibra. Girls graduated from VE schools grew to 20% as a result of an improved image of the VET system, establishment of new VE offers targeting girls and the introduction of a new subject called « career education » for the 9th grade (lower secondary education).
Water Sector Reform (WSR)
Safe drinking water and efficient water waste disposals for all

Strengthening capacities for improved water and sanitation services

Despite the fact that Albania is blessed with abundant water resources, it is facing great challenges in terms of providing safe and affordable drinking water to all. Even bigger is the task to collect and, in particular, to treat all wastewater, before it is discharged into the environment.

Key contributing factors in this service situation are ageing infrastructure combined with poor maintenance and high water losses; financial shortfalls resulting from low metering, low collection efficiencies and illegal connections; inadequate organisational structures often linked with insufficient human capacities. These circumstances, coupled with the existing institutional framework in the sector, offer few incentives for professional, efficient and customer-oriented service provision.

What the WSR Program is all about

Safe drinking water for all at all times, collection and treatment of all waste water, protection of the environment and development of efficient, cost-effective and sustainable management are the guiding parameters of the Water Sector Reform Program. The water sector is a priority area for German cooperation with Albania and on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) advises the Albanian Government on reforms in the water supply and sewerage sector since 2003.

Working under the objectives of the BMZ sector and country strategies and building on the experiences and achievements of preceding GIZ projects, synergies are created through joint programming of KfW Development Bank and GIZ initiatives. The Program’s lead partners are the Albanian Ministry of Transport and Infrastructure (MTI), the autonomous Water Regulatory Authority (WRA) as well as communal water utilities represented through their national utility association (SHUKALB). Together with its national and international cooperation partners, GIZ is committed to work towards achieving safe and sustainable access to water supply and sanitation services for all consumers throughout Albania and inducing positive environmental impacts through improved water supply and waste water management.

The benefits

Support to the Water Sector Reform

Safe drinking water and efficient waste water disposal for all are possible only when effective and efficient management structures and well-designed sector policies and strategies are in place. Within the context of the administrative territorial reform of 2014, the WSR Program supported the MTI in the preparation of a draft public services law that clearly stipulates roles and functions of local government units and central government. This law is currently under revision and crucial for the conclusion of Albania’s decentralisation policy.

Capacity Development for efficient and cost-effective water supply and sewerage services

Aiming at operational cost recovery for all municipal water and waste water utilities and considering that energy costs contribute 30–35% to the overall operational costs, the WSR Program is focusing its support on energy efficiency as only 16/58 utilities met these costs in 2013. By July 2015 energy scans, documented...
in cost/benefit analyses, had been concluded for 21 utilities with recommendations for better pumping system efficiency and optimised energy usage in operations. Where suitable potentials for renewable energy sources exist, these were also explored.

Strengthening Regulation in the Water Sector

The Water Regulatory Authority (WRA) is supported to efficiently and effectively fulfil its legal mandate as the regulatory entity in the sector. The support includes capacity development, strategic and organisational advisory services and support in the development and rollout of regulatory instruments, e.g. Tariff Policy with a user friendly tariff setting tool, justification and guideline; revision of the Regulation Law 8102/1996; Annual Sector Performance Reports (since 2011); annual reporting by WRA to Parliament; Improved monitoring and reporting of drinking water quality in the sector.

Facts and figures

The assistance provided by the GIZ-WSR Program, besides supporting a cost-effective and efficient water supply and sewerage sector, also contributed to achieving a number of important milestones in the sector reform process.

Policy Level

- The Water Sector Strategy 2011-2017 (approved in September 2011) is well structured, regularly monitored, evaluated and is in support of the ongoing transition to a decentralized, customer oriented service sector. It has also adopted key elements of the EU Water Framework Directive (EU-WFD) like universal service coverage and the cost recovery principle. Particular prominence has been awarded to the acknowledgement of the human right to access to drinking water and sanitation services where the cost of services shall not exceed 5% of the income.

- A new national subsidization policy transforms the previous bail-out approach, often compensating for poor management, into a more performance awarding approach.

- The “Water Supply and Sewerage Code”, approved by the Albanian government in December 2009, clearly defines relations between stakeholders, service providers and consumers.

Regulation Level

The professionalised work of the WRA results in: 56 of 58 utilities licensed or undergoing the licensing process; 44 of 58 utilities apply an approved tariff; model customer service contract for utilities developed with the WSR Programme; use of more accu-rate and reliable data through improved inter-institutional cooperation, i.e. 4/58 utilities comply with residual chlorine levels instead of the self reported 47/58; a new Regulatory Reporting System.

Operational Level

- Constructed wetland system at the SOS Kinderdorf, Tirana as adapted wastewater treatment technology. The plant serves as a demonstration platform for research and training initiatives in promotion of appropriate solutions in line with the EU Water Framework Directive.

- Improved operational efficiency of water utilities based on individual energy scans and cost-benefit analyses in 21 cities. Due to low pumping system efficiencies of 25-50% and unconducive network designs with high losses many water utilities possess big energy efficiency and optimisation potential.
  - In Patos a new water transmission system along with targeted investments in the distribution network could provide 24-hour supply for up to 35,000 consumers. The pumping of water from source to the distribution reservoir would use 45% less energy compared to the current system. This requires an investment of 2.4 million Euros for a project that has a simple pay-back period of 4.5 years and could save 5 million kWh of electricity per year.
  - In Erseka, south east Albania, the renovation of a gravity supply system including a pumping system as back-up saves almost all previous energy costs and allows the €300,000 investment to be paid back within 5 years. Erseka even has the potential to become an energy producer by utilizing the natural gravity system for electricity generation. A further investment of 100,000€ would result in the generation of about 400,000 kWh/year.