

FINANCING AGREEMENT

SPECIAL CONDITIONS

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the Union**",

of the one part, and

The Government of Albania, hereinafter referred to as "**IPA II beneficiary**", represented by the Ministry of European Integration,

of the other part,

have agreed as follows:

Article 1 - The Programme

- (1) The Union agrees to finance and the IPA II beneficiary agrees to accept the financing of the following Programme:

The IPA 2015 Annual Action Programme for Albania

Global commitment number (CRIS): 2015/038715 objective 1 – EUR 59,900,000

Global commitment number (CRIS): 2015/038716 objective 2 – EUR 30,000,000

This Programme is financed from the Union Budget under the following basic act: Instrument for Pre-Accession Assistance, IPA II.¹

- (2) The total estimated cost of those actions of the Programme covered by this Financing Agreement is EUR 93,782,892 and the maximum Union contribution to this Programme is also set at EUR 89,900,000.

This Programme requires financial contributions from both the IPA II beneficiary and the Union. The breakdown of the respective financial contributions is set out in Annex I.

- (3) The Programme shall be implemented in accordance with the description provided in Annex I, which is further detailed in Action documents to be agreed on by exchange of letters between the Commission and the IPA II beneficiary.

Article 2 – Execution period and operational implementation period

- (1) The execution period of this Financing Agreement as defined in Article 12 of Annex II (General Conditions) is fixed at 12 years, from the entry into force of this Financing Agreement.

¹ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 11.

- (2) The duration of the operational implementation period as defined in Article 12 of Annex II (General Conditions) is fixed at 6 years, from the entry into force of this Financing Agreement.

Article 3 – Addresses and Communication

All communication concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this Programme as identified in Article 1(1) and shall be sent to the following addresses:

(1) for the Commission

Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR)
Directorate D
Rue de la Loi 15
B-1049 Brussels
Belgium
Phone: +32 (0)229-57198
Functional e-mail address: NEAR-D4@ec.europa.eu

(2) for the IPA II beneficiary

Ministry of European Integration
Bulevardi Dëshmoret e Kombit, Sheshi Nene Tereza 1010
Tirana
Albania
Phone: +355 (0)4-228645
Functional e-mail address: info@integrimi.gov.al

Article 4 – OLAF contact point

The contact point of the IPA II beneficiary having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be: Mr Ilir Mece from the Ministry of Finance – Financial Inspection Unit (Ilir.Mece@financa.gov.al).

Article 5 – Framework Agreement

The Programme shall be implemented in accordance with the provisions of the Framework Agreement between the European Commission and the Government of Albania on the arrangements for implementation of Union financial assistance to Albania under the Instrument for Pre-Accession Assistance (IPA II) which entered into force on 16 April 2015 (hereafter referred to as “the Framework Agreement”). This Financing Agreement supplements the provisions of the Framework Agreement. In case of conflict between, on the one hand, the provisions of this Financing Agreement and, on the other hand, the provisions of the Framework Agreement, the latter shall take precedence.

Article 6 - Annexes

- (1) This Financing Agreement is composed of:
- (a) these Special Conditions;

- (b) Annex I: IPA 2015 Annual Action Programme for Albania, detailing the objectives, expected results, activities, description of the budget-implementation tasks entrusted and budget of this Programme;
 - (c) Annex IA: Budget Support - Sector Reform Contract for Public Administration Reform;
 - (d) Annex IB: Budget Support - Sector Reform Contract for Employment and Skills;
 - (e) Annex II: General Conditions;
 - (f) Annex III: Model Annual Report on the implementation of IPA II assistance as per Article(s) 58 and 59(1) of the Framework Agreement;
 - (g) Annex IV: Model Financial Report as per Article 59(2) of the Framework Agreement;
 - (h) Annex V: Accrual Based Accounting System Minimum Specification.
 - (i) Annex VI - *Ad hoc* measures for entrusting budget implementation tasks under this Programme.
- (2) In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between the provisions of Annex I and/or Annex IA and/or Annex IB on the one hand and, the provisions of Annex II, on the other hand, the latter shall take precedence. In the event of a conflict between, the provisions of the Annex I on the one hand, and the provisions of Annex IA and/or Annex IB, on the other hand, the former shall take precedence.
- (3) Annex VI provides for *ad hoc* measures for entrusting budget implementation tasks under this Programme, in addition to the IPA II beneficiary duties in regard to the entrustment of budget implementation tasks provided for under this Financing Agreement, in particular Annex II.

Article 7 – Provisions derogating from or supplementing Annex II

The foreign exchange transfers will be accounted for under the value date of the notification of credit to the Treasury account from the Bank of Albania. The exchange rate used for reporting purpose - fiscal table of the Government - will be the single exchange rate calculated by the Bank of Albania on the value date of the incoming forex transfer - foreign exchange fix of the LEK defined in the Bank Supervisory Council Decision nr. 66 dated 30 August 2006 and subsequent provisions.

It is not possible to re-allocate funds between the amount of EUR 59 900 000 committed under global commitment CRIS 2015/038715 and the amount of EUR 30 000 000 committed under global commitment CRIS 2015/038716.

The first pre-financing payment referred to in Article 5(1) of Annex II can be done only after the condition of point 5(c) of Annex VI concerning the Audit Authority is fulfilled as confirmed by NAO.

Article 8 – Entry into force

This Financing Agreement shall enter into force on the date on which it is signed by the last party, at the latest by 31 December 2016.

This Financing Agreement is drawn up in duplicate in the English language, one being handed to the Commission and one to the IPA II beneficiary.

For the IPA II beneficiary:

Mrs Klajda Gjoshja
Minister of European Integration
National IPA Coordinator
Bulevardi Deshmoret e Kombit,
Sheshi Nene Tereza 1010
Tirana, Albania

Date:

For the Commission:



Mrs Genoveva Ruiz Calavera
Director
European Commission
DG NEAR / D
Rue de la Loi 15
B-1049 Brussels, Belgium

C WENDT (acting)

Date: 25.07.16