



Brussels, 18.12.2013  
C(2013) 9450 final

**COMMISSION IMPLEMENTING DECISION**

**of 18.12.2013**

**adopting a National programme for Serbia under the IPA Transition Assistance and  
Institution Building Component for the year 2013**

## COMMISSION IMPLEMENTING DECISION

of 18.12.2013

### adopting a National programme for Serbia under the IPA Transition Assistance and Institution Building Component for the year 2013

THE EUROPEAN COMMISSION, Annex II

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Having regard to the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (hereinafter referred to as 'Financial Regulation')<sup>2</sup> in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate countries and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council has established a European Partnership for Serbia<sup>3</sup>. The Commission has adopted on 20 June 2011 a multi-annual indicative planning document 2011-2013 for Serbia which presents indicative allocations for the main priorities for pre-accession assistance to Serbia<sup>4</sup>.
- (4) The Commission concluded on 29 November 2007 a Framework Agreement with the Government of Serbia on the rules for co-operation and implementation of pre-accession assistance.
- (5) Considering the proposals submitted by Serbia, the national programme for Serbia under the IPA Transition Assistance and Institution Building Component for the year 2013 aims at providing assistance for the following sectors: public administration

---

<sup>1</sup> OJ L 210, 31.07.2006, p. 82

<sup>2</sup> OJ L 298, 26.10.2012, p.1

<sup>3</sup> European Partnership for Serbia, Council Decision of 18 February 2008 (OJ L 80, 19.03.2008, p. 46-70).

<sup>4</sup> Multi-annual Indicative Planning Document 2011-2013 for Serbia, C(2011)4210, 20.06.2011.

reform, justice and home affairs, private sector development, transport, energy, environment and climate change, social development, and agriculture and rural development.

- (6) This Decision complies with the conditions laid down in Article 94 of Commission delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of 25 October 2012 on the financial rules applicable to the general budget of the Union<sup>5</sup> (hereinafter referred to as "the Rules of Application").
- (7) The Commission should implement the budget of the part of the programme set out in the Annex I on a decentralised basis, in accordance with the provisions set out in Article 53c of the Financial Regulation No 1605/2002<sup>6</sup>. The Commission may entrust budget-implementation tasks under decentralised management to Serbia, subject to the conclusion of a financing agreement. The degree of decentralisation foreseen complies with the conditions of Article 53c and 56 of the Financial Regulation 1605/2002.
- (8) The administrative capacity of Serbia is sufficiently developed to allow for implementation of the part of the programme set out in the Annex I by decentralised management, as provided for in Article 53c of Regulation (EC, Euratom) No 1605/2002.
- (9) It is appropriate to implement the part of the programme set out in the Annex II, in joint management with United Nations Children's Fund (UNICEF), European Bank for Reconstruction and Development (EBRD), the World Bank, United Nations Operations and Services (UNOPS); and, European Investment Bank (EIB), and for the reasons provided therein. The Commission may entrust budget-implementation tasks under joint management to the entities identified in this Decision, subject to the conclusion of a contribution agreement and their compliance with the conditions of Article 53d of the Financial Regulation 1605/2002 and of Articles 35 and 43 of its Implementing Rules<sup>7</sup> (the "four pillars"). The responsible authorising officer has confirmed that UNICEF, the World Bank, UNOPS and the EIB comply with the four pillars. However, the EBRD is still undergoing an assessment of compliance. In anticipation of the results of this assessment, the responsible authorising officer deems that, based on a preliminary evaluation and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to this organisation.
- (10) It is appropriate to acknowledge that grants may be awarded without a call for proposals by the responsible authorising officer who ensures that the conditions for an exception to a call for proposals according to Article 190 of the Rules of Application are fulfilled.

---

<sup>5</sup> OJ L 362, 31.12.2012, p.1.

<sup>6</sup> Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, OJ L 248, 16.9.2002, p. 1. This provision remains applicable according to Article 212 of the Financial Regulation.

<sup>7</sup> Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities. OJ L 357, 31.12.2002, p.1. These provisions remain applicable according to Article 212 of the Financial Regulation.

- (11) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of the Financial Regulation and Article 111(4) of the Rules of Application.
- (12) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of the Rules of Application to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (13) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The national programme for Serbia under the IPA-Transition Assistance and Institution Building Component for 2013, as set out in the Annexes I and II, is hereby adopted.

#### *Article 2*

The maximum amount of the European Union contribution shall be **EUR 178,783,533**, to be financed through Article 22.02.01 of the general budget of the European Union for Year 2013.

These appropriations shall also cover any possible interest due for late payment for the part of the contribution implemented by centralised management.

#### *Article 3*

The part of the programme as set out in the Annex I shall be implemented by decentralised management.

The part of the programme as set out in the Annex II shall be implemented by centralised management and by joint management.

The budget implementation tasks under joint management shall be entrusted to the entities identified in the Annex II, subject to the conclusion of the relevant agreements.

It shall be implemented by means of two Financing Agreements to be concluded between the Commission and the Government of Serbia in conformity with the Framework Agreement concluded between the same parties on 29 November 2007.

Grants may be awarded without a call for proposals by the responsible authorising officer according to Article 190 of the Rules of Application to the bodies identified in the Annex I, in accordance with the conditions specified therein.

#### *Article 4*

Increases or cumulated changes to the allocations of specific actions not exceeding 20% of the contribution referred to in the first paragraph of Article 2 shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions.

Up to 25 % of such an increase or of a reallocation of the amounts authorised under this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The responsible authorising officer may adopt such changes in accordance with the principles of sound financial management and of proportionality.

#### *Article 5*

The implementation of this Decision, as concerns the part of the programme as set out in the Annex I, is subject to the adoption of a Decision on conferring management powers relating to Component I – Transition Assistance and Institution Building of the Instrument for Pre-Accession Assistance (IPA) on Serbia in accordance with Article 53c of Regulation (EC, Euratom) No 1605/2002.

Done at Brussels, 18.12.2013

*For the Commission*  
*Štefan FÜLE*  
*Member of the Commission*

## ANNEX I

### National programme for Serbia under the IPA – Transition Assistance and Institution Building Component for the year 2013

#### 1 IDENTIFICATION

<b>Beneficiary</b>	Republic of Serbia
<b>CRIS decision number</b>	2013/023-621
<b>Year</b>	2013
<b>EU contribution</b>	EUR 145,614,533
<b>Implementing Authority</b>	<p>Implementing Agency of Serbia, responsible for the execution of the projects, is: Department for Contracting and Financing of EU Funded projects (CFCU) at the Ministry of Finance and Economy</p> <p>For project Nr. 13“Support for participation in EU programmes”, implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.</p>
<b>Final date for concluding the <u>Financing Agreement</u></b>	At the latest by 31 December 2014
<b>Final date for contracting</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189.2 b) and c) Financial Regulation
<b>Final date for operational implementation</b>	6 years following the date of conclusion of the Financing Agreement.
<b>Final date for implementing the Financing Agreement</b> (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement
<b>Budget line(s) concerned</b>	22.02.01
<b>Programming Unit</b>	DG Enlargement, Unit C2
<b>Implementing Unit/ EU Delegation</b>	Delegation of the European Union to the Republic of Serbia

## **2 THE PROGRAMME**

The 2013 IPA allocation for Serbia is EUR 196,683,533. Out of this figure, EUR 4 million has been allocated for the Tempus programme, EUR 2.5 million for the Civil Society Facility and EUR 12 million for the Regional Housing Programme for refugees (Sarajevo process). All these programmes are implemented under the IPA 2013 Multi-beneficiary programme and will be adopted by separate Financing Proposals. Furthermore, EUR 0.6 million has been re-allocated from Component II to Component I. Consequently, the 2013 national programme for Serbia (Component I) amounts to EUR 178,783,533.

This national programme is presented through two Annexes. This Annex I covers interventions that will be managed under decentralised management, and it amounts to EUR 145,614,533. Annex II covers interventions that will be managed under centralised management (in particular joint management), and it amounts to EUR 33,169,000.

### **2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME**

The priorities of the IPA 2013 national programme for Serbia are in line with those of the Multi-annual Indicative Planning Document (MIPD) 2011-13: 1) Strengthen the rule of law and public administration; 2) Overcome the economic crisis and improve competitiveness; and, 3) Support social inclusion and reconciliation.

The EU assistance over 2011-13 is focused on a selected number of sectors: public administration reform; justice and home affairs; private sector development; transport; environment, climate change and energy; social development; as well as, agriculture and rural development. These sectors were selected in consultation with the relevant stakeholders. In addition, with a view of assisting Serbia to implement the EU *acquis*, and in case particular needs are identified, specific projects may also support priorities that fall outside the scope of the above-mentioned sectors. All these sectors are covered under the sectoral approach in the present programme with specific focus on justice and home affairs, energy, environment and climate change; and private sector development.

### **2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION**

Programming of IPA 2013 has been done in coordination with other donors. The EU Delegation in Belgrade holds regular sector donor coordination meetings with representatives of the EU Member States. It also co-chairs with the World Bank an informal donor group including international organisations and non-EU bilateral donors on a bi-monthly basis. Additionally, representatives of the EU Delegation participate in sector coordination groups convened at the initiative of line ministries and/or other donors. Bilateral donors such as Austria, France, Germany, Greece, Italy, the Netherlands, Norway, the United Kingdom, Spain, Sweden and Switzerland are particularly active in donor co-ordination and pre-accession support. The EU Delegation also maintains close working relations with International Financial Institutions (IFIs), including IMF, EIB, EBRD and World Bank.

The responsibility for donor coordination within the Serbian administration lies with the Technical Secretariat of the National IPA Coordinator (NIPAC) in the Serbian European Integration office (SEIO). A full round of written consultations on IPA 2013 proposals were conducted in September 2012 and April 2013 with the EU Member States, IFIs, as well as Civil Society Organisations. Meetings with embassies of EU Member States were held in Belgrade in September 2012 and April 2013 and a number of bilateral consultations were organised on specific Project or Sector Fiches. The fiches were adjusted accordingly. In parallel, SEIO consulted extensively Civil Society Organisations.

In view of the move to more integrated sector approach over the 2014-20 period, the IPA 2013 programme has been primarily programmed through sector interventions covering all MIPD sectors. A few stand-alone projects have been programmed also, primarily where the interventions are of cross-sectoral nature.

### **Public Administration Reform**

The main goals for the EU support in this sector over the period 2011-13 are to support both the overall public administration reform (PAR), covering civil service and public finance reforms, and EU integration related policy reforms.

Whereas the 2012 IPA support focused on civil service reform, the focus under this Sector Fiche is on public finance management reforms both at central and local government levels. The identified measures include improvement of public finance management, especially functioning of the Treasury Administration; strengthening of implementation of Public Internal Financial Control (PIFC) both at central and local government levels; and support to further reform of the public procurement system.

With regard to EU integration, there will be one stand-alone project providing support to the Serbian Customs Administration for implementation of Automatic Import System (AIS) and Automatic Export System (AES) and for improvement of border management capacity and infrastructure.

### **Justice and Home Affairs**

The justice and home affairs (JHA) sector is of crucial importance to Serbia's EU integration. In line with the conclusions of the 2012 Enlargement Strategy, Serbia needs to pay particular attention to the rule of law. It needs in particular to pursue reforms of the judiciary so as to ensure its independence, impartiality and efficiency, as well as to further increase efforts with the prevention and fight against corruption.

Under the justice sub-sector, the sector support builds on the substantial assistance programmed under IPA 2012, and focuses on the following measures: capacity-strengthening of the High Judicial and State Prosecutorial Councils; support to the Judicial Academy; improvement of the prison system; and strengthening capacities for advancement of human rights and implementation of anti-discrimination policies.

Under the home affairs sub-sector, the sector support focuses on the fight against organised (and other types of) crime; support to relevant laboratories for investigative techniques in line with EU standards; capacity-building for implementation of asylum



policies; and legal aid/assistance to internally displaced persons, refugees and returnees (readmission).

In addition, there will be a cross-sectoral stand-alone project supporting the prevention and fight against corruption. The project aims to support implementation of the national anti-corruption strategy and the associated action plan, in nine key risk sectors and in horizontal prevention activities.

### **Private Sector Development**

The main goal in this sector is to overcome the economic crisis and achieve sustainable growth as well as to increase Serbia's integration, competitiveness and export potential in the European market. The sector support will therefore cover the following measures: support to priority actions and reforms envisaged in the Government Action Plan for reducing regulatory and administrative obstacles for doing business in Serbia; support to National Quality Infrastructure system; and support to research and innovation and technology transfer.

As highlighted in the 2012 Progress Report, Serbia needs to do more for the socio-economic development of especially Sandzak and Presevo, Bujanovac and Medvedja. A stand-alone project, European PROGRES, will aim to improve local governance and the conditions for business and infrastructure development in 34 municipalities in South and South West Serbia. It will support local development of municipalities through strengthening planning and management capacities, advancing business enabling environment, enhancing implementation of social inclusion and employment policies, and communicating effects of Serbia's EU accession to general public.

### **Transport**

The main objective of EU support for this sector over 2011-13 is to support reconstruction, maintenance and development of the transport infrastructure network, especially Corridors VII and X, and contribute directly to the Europe 2020 targets. Additionally, focus is on capacity-building of the national administration to adopt and implement EU transport *acquis*, improve road safety and strengthen regional cooperation in the framework of regional transport initiatives.

Based on the needs in the sector and maturity of infrastructure project proposals, the transport sector support under IPA 2013 covers the following measures: capacity-building of relevant national institutions to adopt and implement the EU *acquis*; as well as training works and dredging on at least six critical sections of the Danube (Corridor VII) and installation of a navigation monitoring system.

### **Environment, Climate Change and Energy**

Environment, Climate Change and Energy are not only important areas for Serbia but also for its neighbours within and outside the EU. Serbia is one of the most industrialised countries in the region and a potential energy hub.

The four measures identified in the sub-sector on environment and climate change take into account the results of past assistance and the specific lessons learnt. The focus is on further alignment of Serbia's legislation with *acquis*, including

development of institutional capacities for strategic planning and enforcement of national legislation; fulfilment of the United Nations Framework Convention on Climate Change (UNFCCC) requirements through introduction of a mechanism for monitoring and reporting on greenhouse gas emissions; improvement of the waste management system; and upgrading environmental infrastructure through construction of a wastewater treatment plant.

Under the energy sub-sector support will be provided to further alignment of legislation with the *acquis* and meeting requirements of the Energy Community Treaty; upgrading of an energy facility infrastructure; and construction of a gas interconnector between Bulgaria and Serbia in order to contribute to the security and diversification of gas supply, strengthen regional cross-border cooperation and support opening of gas market.

### **Social Development**

The main goals for EU support over 2011-13 are to support social inclusion, employment and human resources development, human rights, the protection of minorities, anti-discrimination policies and education, notably for the youth. Building on the comprehensive national strategy framework and existing good national coordination mechanisms in place, the planned support in this sector takes into account the results of and the lessons learnt from past assistance and the substantial support already programmed under IPA 2012. The three selected measures are the following: Increasing the effectiveness and inclusiveness of employment services through development of a training system based on 'skills gap' analysis, design and delivery of tailored programmes for unemployed; social inclusion and poverty reduction of vulnerable and multiply disadvantaged groups with particular emphasis on children, the elderly, persons with disabilities and income support users; improvement of living and housing conditions among the Roma population living in informal settlements; improvement of access to and quality of health services for vulnerable and disadvantaged groups such as ethnic and migrant minorities.

### **Agriculture and Rural Development**

This sector is a key challenge for Serbia in the pre-accession period. The priorities for EU support over the period 2011-13 are to support the development of a sustainable and competitive agricultural sector and to address the challenges of alignment with the Common Agricultural Policy. Consequently, support so far programmed has particularly focused on the implementation of EU standards as well as increasing the capacity of Serbia's administration to utilise pre-accession assistance under IPA Component V.

Since substantial support to the agriculture sector has been programmed under previous IPA national programmes, the focus under IPA 2013 is limited on enhancing food safety and diseases control system (CSF and zoonotic/food borne diseases including rabies).

### **Other EU *acquis* and horizontal activities**

With the view to assisting Serbia in its EU integration process and supporting possible urgent priorities that may arise either from the further EU integration process or from the Belgrade-Pristina dialogue, support is provided to specific projects which fall

outside the scope of the above MIPD sectors or cannot be programmed in advance. These projects will aim at, inter alia: strengthening the European integration process; implementation of agreements in the framework of Belgrade Pristina dialogue; preparation of a project pipeline for the 2014-20 period and eventual management of post 2013 IPA; and, supporting participation in EU programmes.

The total planned allocation per MIPD sector under the 2013 programme is:

<b>MIPD sector (2011-13)</b>	<b>Total IPA in EUR million</b>	<b>%</b>
Public administration reform	11,33	6.34%
Justice and Home Affairs	23,02	12.88%
Private sector development	32,15	17.98%
Transport	16,08	9.00%
Environment, climate change and energy	38,05	21.28%
Social development	23,61	13.21%
Agriculture and rural development	3,23	1.80%
Other EU <i>acquis</i> and horizontal activities	31,31	17.51%
<b>TOTAL</b>	<b>178,78</b>	<b>100%</b>

The present Annex I (decentralised management) covers EUR 145,614,533 of the overall Component I allocation, whereas Annex II (centralised management) covers EUR 33,169,000 million of the overall allocation.

### 2.3 DESCRIPTION

The following description details the activities to be implemented under decentralised management. The complementary activities to be implemented under centralised management are detailed in the Annex II.

<b>Public administration reform (EUR 12.82 million, IPA: EUR 11.33 million)</b>
<b>1. Public administration reform Sector (EUR 6.12 million, IPA: 5.52 million)</b>
<p><b>Sector objective:</b> Increased efficiency, effectiveness, transparency and accountability of the public administration both at central and local government levels. The specific focus is on improvement of public finance management, public internal financial control (PIFC) and public procurement.</p> <p><b>Main results expected:</b></p> <ul style="list-style-type: none"> <li>• Strengthened capacities for implementation of Public Internal Financial Control (PIFC) both at central and local government levels</li> <li>• Improved functioning of the Treasury Administration's financial management information system and other treasury sub-systems through enabling the full functionality of the secondary/back-up data centre</li> <li>• Strengthened institutional, organisational and methodological framework of the Serbian public procurement system</li> </ul>

**Implementation modalities:**

**1. Procurement** EUR 4.1 million (IPA: EUR 3.6 million)

One service contract and one supply contract to be indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Twinning** EUR 2 million (IPA: EUR 1.9 million)

**Objectives and results:** Improved implementation of PIFC by strengthening capacities for implementation of financial management and control and internal audit both at central and local government level as well as building further capacity of the Central Harmonisation Unit (CHU).

Maximum EU co-financing: 95%.

One twinning contract to be indicatively launched in Q1 2014.

**2. Support to further modernisation of the customs administration and improved border management (EUR 6.7 million, IPA: EUR 5.81 million)**

**Project Objective:** Improve efficiency of Serbian customs administration for implementation of Automatic Import System (AIS) and Automatic Export System (AES) as well as facilitate trade, improve border formalities and infrastructure of selected border crossings.

**Main results expected:**

- Established institutional framework for information exchange between traders, Serbian customs administration and European customs administration
- Improved efficiency of customs operations through use of modernised IT infrastructure and IT resources management tools
- Improved border management infrastructure and border management capacity on selected border crossings including the construction of infrastructure of the Bajmok border crossing point

**Implementation modalities:**

**Procurement** EUR 6.7 million (IPA: EUR 5.8 million)

Two service contracts, two supply contracts and one works contract to be indicatively tendered between Q1 and Q4 after signature of the FA.

**Justice and home affairs (EUR 25.45 million, IPA: EUR 23.02 million)**

**3. Justice sector (EUR 10.8 million, IPA: EUR 9.72 million)**

**Sector objective:** Strengthening independence, efficiency, competence and accountability of the judicial system through capacity-building of relevant bodies and support to the judicial academy; improving of the prison system; and strengthening capacities for advancement of human rights and implementation of anti-discrimination policies

**Main results expected:**

- Enhanced functioning of judicial bodies by improving their professionalism, management competences and technical capacities
- Improved capacities for training, education and employment of the convicted

persons and improving living and working conditions in prisons

- Improved capacities in the area of human rights and the protection of minorities, implementation of anti-discrimination policies

**Implementation modalities:**

**1. Procurement** EUR 6.6 million (IPA: EUR 5.7 million)

Two service, one works and one supply contracts to be indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Twinning** EUR 4.2 million (IPA: 3.99 million)

Objectives and results: Capacity-building for the high judicial and State prosecutorial councils; Support to prison administration in improvement of training and educational programmes; and capacity-building in the area of human rights and the protection of minorities.

Maximum EU co-financing: 95%.

Three twinning contracts to be indicatively launched in Q1 2014.

**4. Home affairs sector (EUR 8.65 million, IPA: EUR 7.8 million)**

**Sector objective:** To contribute to Serbia's efforts to harmonise national policies in the home affairs sector in line with EU standards and *acquis*

**Main results expected:**

- Improved capacities of law enforcement institutions to investigate and prosecute organised crime
- Improved capacity of relevant laboratories for investigative techniques in line with EU standards
- Improved capacity by relevant institutions for implementation of asylum policies in line with international and EU standards.
- Improved capacity of relevant institutions to provide timely and accurately legal aid/assistance to internally displaced persons, refugees and people from readmission.

**Implementation modalities:**

**1. Procurement** EUR 6.2 million (IPA: EUR 5.4 million)

One service contract and one supply contract to be both indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Twinning** EUR 2.5 million (IPA: EUR 2.4 million)

Objectives and results: Capacity building of the Criminal Police Directorate and Public Prosecutors Office; capacity-building for implementation of asylum policies in line with international and EU standards

Maximum EU co-financing: 95%.

Two twinning contract to be indicatively launched in Q1 2014.

**5. Prevention and fight against corruption (EUR 6 million, IPA: EUR 5.5 million)**

**Project Objective:** Support implementation of the National Anti-Corruption Strategy (NACS) and associated action plan to strengthen the national mechanisms for

prevention and fight against corruption.

***Main results expected:***

- Strengthened transparency, efficiency and coordination of anti-corruption institutions and policies in implementing and monitoring measures defined in the NACS
- Established mechanisms for prevention and increased awareness and improved involvement of citizens in the fight against corruption (i.e. prevention mechanisms, integrity, education, whistle blowing, etc.)
- Improved quality of investigation and prosecution related to corruption cases, including evidence gathering, evidence and data analysis, sectoral cooperation
- Increased data exchange through Data Management System (DMS) between relevant ministries and agencies

***Implementation modalities:***

**1. Procurement** EUR 4 million (IPA: EUR 3.6 million)

One service contract to be indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Twinning** EUR 2 million (IPA: EUR 1.9 million)

Objectives and results: Support relevant institutions to implement the NACS action plan

Maximum EU co-financing: 95%.

One twinning contract to be indicatively launched in in Q1 2014.

**Private sector development (EUR 20.9 million, IPA: EUR 17.05 million)**

***6. Private Sector Development Sector (EUR 12.9 million, IPA: EUR 10.05 million)***

**Sector objectives:** To improve the regulatory and administrative environment for doing business in Serbia; to increase the competitiveness of Serbian enterprises and industry in the EU market; and to increase investment in research and innovation.

*Note: See also Annex II regarding measure 3.1, operation 3.1.2. in the Sector Fiche Nr. 6. Further EUR 2.5 million IPA support is provided in the R&D area. The operation is implemented under centralised management by the World Bank by joint management with the European Commission.*

***Main results expected:***

- Priority actions and reforms of the Government action plan, which aims to reduce regulatory and administrative obstacles for doing business in Serbia, have been implemented.
- Improved National Quality Infrastructure system, and strengthened capacities of relevant institutions to meet EU requirements.
- Enhanced system for R&D and technology transfer.

***Implementation modalities:***

**1. Procurement** EUR 7.5 million (IPA: EUR 6.75 million)

One service contract and one supply contract to be both indicatively tendered in in Q1 after the signature of the FA.

**2. Grants – Twinning** EUR 1 million (IPA: 0.9 million)

Objectives and results: Support with legal approximation and capacity building of relevant National Quality Infrastructure institutions, the overall conformity assessment system and industry/economic operators.

Maximum EU co-financing: 90%.

One twinning contract to be indicatively launched in in Q1 2014.

**3. Grants – direct award** EUR 4.4 million (IPA: 2.4 million)

Objectives and foreseen results: Support to Serbian Innovation Fund to manage a grant scheme to support collaborative R&D projects. The support also partly covers international peer review of project proposals, evaluation by independent international expert panel and monitoring of the grant scheme.

Justification for the use of an exception to calls for proposals: The direct grant agreement with the Serbian Innovation Fund will be concluded in accordance with article 190(1)(f) RAP due to its highly specialised technical competence, high degree of specialisation and sole legal and administrative power in this area.

Beneficiary: Serbian Innovation Fund

Selection criteria: Financial and operational capacity

Award criteria: Relevance, effectiveness, feasibility, sustainability and cost-effectiveness of the action

Maximum EU co-financing: 55.6%

Timetable for signing the grant agreement: Q1 2014.

***7. European Partnership with Municipalities – European PROGRES (EUR 8 million, IPA: 7 million EUR )***

**Project Objective:** To improve local governance, and the conditions for business and infrastructure development in 34 municipalities in South and South West Serbia by increasing and/or strengthening planning and management capacities, and advancing business enabling environment, as well as enhancing implementation of social inclusion and employment policies.

*Note: This part of the project, which is managed under decentralised management, focuses on infrastructure development. The other part of the project, worth EUR 16.6 million (IPA EUR 12.6 million), which is implemented under centralised management by the United Nations Operations and Services (UNOPS) by joint management with the European Commission mainly focuses on capacity development. See Annex II for further details.*

**Main results expected:**

- Implementation of minimum one infrastructure development project
- Call for proposals for local priority small-scale infrastructure projects organised

**Implementation modalities:**

**1, Procurement** EUR 4,5 million (IPA: EUR 3.85 million)

Minimum one works contract to be indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Calls for proposals EUR 3.5 million (IPA: EUR 3.15 million)**

Objectives and foreseen results: Call for small-scale economic and social infrastructure projects. Special attention to projects that address reconstruction of potential Brownfield sites, communal equipping of Greenfield sites and improvement of infrastructure conditions in the existing industrial zones (economic infrastructure projects). Special attention to projects solving infrastructure problems in Roma settlements and addressing needs of returnees (social infrastructure projects)

Essential eligibility criteria: Local authorities

Essential selection criteria: Financial and operational capacity of applicant

Award criteria: Relevance, effectiveness, feasibility, sustainability and cost-effectiveness of the action

Maximum EU co-financing: 90%

Timetable for signing the grant agreements: Q3/2015

**Transport (EUR 18.5 MEUR, IPA: EUR 16.082 million)**

**8. Transport sector (EUR 18.5 MEUR, IPA: EUR 16.08 million)**

**Sector objective:** To develop capacities of the national administration to adopt and implement the EU acquis and to improve the navigation conditions on the Danube (Pan-European Corridor VII), in line with the Danube Commission standards.

**Main results expected:**

- Improved capacities of the relevant transport institutions to adopt and implement the EU acquis
- Improved navigation on the Danube (Pan-European Corridor VII) following performed training works and dredging on at least six critical sections and installation of a navigation monitoring system.

**Implementation modalities:**

**1. Procurement EUR 16.7 million (IPA: EUR 14.4 million)**

Three service, one supply and one works contract to be indicatively tendered between Q1-Q6 after signature of the FA.

**2. Grants – Twinning EUR 1.7 million (IPA: 1.6 MEUR)**

Objectives and results: Strengthening administrative and performance capacity of the relevant ministry and relevant agencies

Maximum EU co-financing: 95%.

One twinning contract to be indicatively launched in Q1 2014.

**Environment, Climate Change and Energy (EUR 27.50 million, IPA: EUR 23.78 million)**

**9. Environment and climate change sector (EUR 14.60 MEUR, IPA: EUR 12.65 million)**

**Sector objectives:** To support Serbia to further align its legislation with the EU environmental and climate *acquis*, to improve environmental standards in air, water



and waste management, to improve environmental infrastructure and to contribute to relevant Europe 2020 targets.

**Main results expected:**

- Ensured further alignment with EU environment acquis, with the specific focus on development of institutional capacities for strategic planning and enforcement of national legislation
- Ensured further alignment with EU climate acquis and fulfilment of the United Nations Framework Convention on Climate Change (UNFCCC) requirements through introduction of a mechanism for monitoring and reporting on greenhouse gas emissions
- Improved waste management system
- Upgraded environmental infrastructure through construction of a wastewater treatment plant

**Implementation modalities:**

**1. Procurement** EUR 11.4 million (IPA: EUR 9.75 million)

Three service contracts and one works contract to be indicatively tendered between Q1-Q3 after signature of the FA.

**2. Grants – Twinning** EUR 3.2 million (IPA: 2.9 million)

Objectives and results: Capacity-building of relevant institutions for effective implementation of EU harmonised legislation on biocidal products and other legislation regarding placing of chemicals on the market (particularly REACH); and Capacity-building and support to preparation of an integrated hazardous waste management plan

Maximum EU co-financing: 95%.

Three twinning contracts to be indicatively launched in Q1 2014.

**10. Energy sector (EUR 12.9 million, IPA: EUR 11.13 million)**

**Sector objective:** To support Serbia further align its legislation with the acquis and meet the requirements of the Energy Community treaty, to improve relevant infrastructure, and to reform energy policy, increase competition in the energy sector and strengthen regional and cross-border cooperation.

*Note: See Annex II regarding measure 2.1, operation 2.1.1 in the Sector Fiche Nr. 9. Further EUR 14.269 million IPA support is provided for construction of one part of the regional by-directional high-pressure gas pipeline, in order to connect the gas pipeline systems of Serbia and Bulgaria and contribute to realisation of the Western Balkans gas ring. This operation is implemented under centralised management by the European Bank for Reconstruction and Development (EBRD) by joint management with the European Commission.*

**Main results expected:**

- Ensured further implementation of the Energy Community Treaty with the specific focus on development of strategic planning, further opening of gas market and increased use of renewable energy
- Upgraded energy facility infrastructure through construction of a wastewater treatment facility for the thermo power plant of Kostolac

**Implementation modalities:****Procurement** EUR 12.9 million (IPA: EUR 11.1 million)

Three service, one supply and one works contracts to be indicatively tendered in Q1 after the signature of the FA.

**Social development (EUR 24.2 million, IPA: EUR 21.305 million)****11. Social development sector (EUR 24.2 million, IPA: EUR 21.305 million)**

**Sector objectives:** To support efficient and effective management of labour market, with special emphasis on the inclusion of people with disabilities; to advance social inclusion and reintegration of marginalised and vulnerable groups through enhancing education and social welfare measures and effective community services,; and to support implementation of the Roma Strategy through further improvement of living and housing conditions among the Roma population living in informal settlements, and through improving access to and quality of health services for the Roma population.

*Note: See Annex II regarding measure 2, operation 2.3 in the Sector Fiche Nr. 11 (Social development)). Further EUR 2.3 million IPA support is provided for child protection related activities. This operation is implemented under centralised management by the United Nations Children's Fund (UNICEF) by joint management with the European Commission.*

**Main results expected:**

- Balance between skills supply and labour market needs improvement through enhanced design and delivery of trainings to unemployed
- Effectiveness of Serbian unemployment policy for unemployed people with disabilities increased
- Employment programme of the National Employment Service supported
- Community-based social services and social business initiatives implemented to support social inclusion of the most vulnerable and multiply disadvantaged groups
- Mechanisms developed to improve the social welfare system and quality protection of children
- Inter-sectoral measures for decreasing early-school leaving and drop-out preventions designed and implemented at local level
- Capacities of stakeholders in the fields of education and social protection strengthened to plan, implement and monitor drop-out prevention measures at central and local level
- Improved infrastructure and housing conditions in around 20 pilot municipalities and preparatory work finalised for additional around 20 pilot municipalities
- Social inclusion measures in place to support the planning and realisation of sustainable housing models in a total of around 40 pilot municipalities

**Implementation modalities:****1. Procurement** EUR 4.2 million (IPA: EUR 3.8 million)

Three service contracts to be indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Calls for proposals** EUR 5.5 million (IPA: EUR 4.9 million)

Objectives and foreseen results: Development of community-based services, social innovation services, social economy initiatives for the most vulnerable groups, and inter-sectoral measures for decreasing early school leaving

Essential eligibility criteria: Local authorities, public bodies and NGOs

Essential selection criteria: Financial and operational capacity of applicant

Award criteria: Relevance, effectiveness, feasibility, sustainability and cost-effectiveness of the action

Maximum EU co-financing: 90%

Timetable for signing the grant agreements: Q4 2014.

**3. Grants – Calls for proposals** EUR 9.5 million (IPA: EUR 8.1 million)

Objectives and foreseen results: Implementation of durable housing solutions, accompanying measures at hosting communities and physical infrastructure improvements

Essential eligibility criteria: Local authorities NGOs

Essential selection criteria: Financial and operational capacity of applicant

Award criteria: Relevance, effectiveness, feasibility, sustainability and cost-effectiveness of the action

Maximum EU co-financing: 85%

Timetable for signing the grant agreements: Q4 2014.

**4. Grants – direct award** EUR 5 million (IPA: 4.5 million)

Objectives and foreseen results: Support to the National Employment Service with active employment policy measures. The support is limited to procurement and subsidies, covering training programme at employer request, subsidies for creation of new jobs, subsidies for self-employment and training for labour market needs.

Justification for the use of an exception to calls for proposals: The direct grant agreement with the National Employment Service will be concluded in accordance with article 190(1)(f) RAP due to its highly specialised technical competence, high degree of specialisation and sole legal and administrative power in this area.

Beneficiary: National Employment Service

Selection criteria: Financial and operational capacity

Award criteria: Relevance, effectiveness, feasibility, sustainability and cost-effectiveness of the action

Maximum EU co-financing: 90%

Timetable for signing the grant agreement: Q4 2014.

**Agriculture and rural development (EUR 4.8 million, IPA: EUR 3.23 million)**

**12. Agriculture and rural development sector (EUR 4.8 million, IPA: EUR 3.23 million)**

**Sector objectives:** Modernisation of agriculture sector, improvement of the quality of agricultural products and enhancement of food safety and disease control systems

**Main results expected:** Enhanced food safety and diseases control system (CSF and zoonotic/food borne diseases including rabies)

**Implementation modalities:**

**1. Procurement** EUR 3.8 million (IPA: EUR 2.3 million)

One supply contract to be indicatively tendered in Q1 after the signature of the FA.

**2. Grants – Twinning** EUR 1 million (IPA: EUR 0.9 million)

Objectives and results: Improved legislation and capacity for national monitoring and control for main animal/food borne diseases, antimicrobial resistance verification of deliveries

Maximum EU co-financing: 95%.

One twinning contract to be indicatively launched in Q1 2014.

**Other EU *acquis* and horizontal activities (EUR 35.7 million, EUR IPA: EUR 29.809 million)**

***13. Support to participation in EU programmes (EUR 10.58 million, IPA: EUR 6.59 million)***

**Objective and implementation modality:** To support Serbia's participation in EU programmes in areas such as education, health, science, culture, employment, entrepreneurship and innovation, taxation and custom systems by co-financing the costs of the "entry-tickets".

The participation of the Beneficiary Country in Union programmes shall follow the specific terms and conditions set out for each such programme in the memorandum of understanding to be concluded by the European Commission and the Beneficiary Country, in accordance with the agreements establishing the general principles for participation of the Beneficiary Country in Union programmes. It shall include provisions on both the total amount of the Beneficiary Country's contribution and the amount funded by assistance under the IPA regulation.

**Implementation modalities:** The reimbursements of the entry tickets for the different programmes Serbia is involved in will be done according to the requests of Serbian national authorities.

***14. Support to European integration and development of a project pipeline 2014-20 (EUR 25.121 million, IPA: EUR 23.221 million )***

**Project Objective:** To support Serbia with a number of specific projects:

- projects which support preparation of a project pipeline for the 2014-20 period;
- projects necessary in supporting Serbia with the EU integration process but which cannot be programmed in advance
- projects which fall outside the scope of the MIPD sectors; and
- projects which support the Belgrade-Pristina dialogue.

**Main results expected:**

- Project Preparation Facility successfully implemented, including identification, selection, support to project preparation and design of feasibility studies, cost-benefit analyses, environmental impact assessments, and therefore providing a

solid pipeline of infrastructure projects for implementation under the next financial perspective according to integrated and strategic sector approach

- Flexible and effective technical assistance/twinning support is provided to Serbia's pre-accession process and to the emerged unforeseen needs
- Technical assistance/investment support to key priorities arising from the Belgrade-Pristina dialogue are provided timely

**Indicative implementation modalities:**

**1. Project Preparation Facility** EUR 11 million (IPA: EUR 10 million)

Procurement:

Two service contracts to be indicatively tendered in Q1-Q3 after the signature of the FA.

**2. Non-programmable projects** EUR 14.1 million (IPA: EUR 13.2 million)

Procurement: EUR 9.4 million (IPA: EUR 8.8 million)

Indicative amount of 10-12 Framework contracts, 5-7 service, 1-3 supply/works contracts to be tendered between Q1 and Q12 after the signature of the FA.

Grants Twinning: EUR 4.7 million (IPA: EUR 4.4 million)

4-6 twinning and 4-5 twinning light contracts to be indicatively launched between Q1 2014 and Q4 2016.

Maximum EU co-financing: 95%.

*(See Annex II regarding Project Fiche Nr. 15 (Participation to JASPERS). Further EUR 1 million IPA support is provided for JASPERS, which is implemented under centralised management by the European Investment Bank (EIB) by joint management with the European Commission.)*

**The essential selection and award criteria for Twinning and Twinning Light:**

The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.

The essential selection criterion is operational capacity of the applicant.

The award criteria are technical expertise of proposed experts, relevance, methodology and sustainability of the proposal.

## **2.4 CROSS-CUTTING ISSUES**

- Equal opportunities and non-discrimination: Participation of men and women will be ensured in all aspects of the programme implementation. Specific attention will be paid to addressing women's needs and interest throughout projects and organizing activities making it easier for them to participate. Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.
- Environmental protection and climate change: Special attention to EU environmental standards and climate change will be ensured in all aspects of the programme implementation in particular for the relevant infrastructure projects. Disaster resilience and risk prevention and management should be also integrated in the planning, preparation and implementation of projects.
- Respect for and protection of minorities and vulnerable groups: Particular attention will be paid to the protection and inclusion of minorities and vulnerable groups in all aspects of the programme. Minorities and vulnerable groups, in particular Roma, will be supported through the Social Development activities.
- Civil Society/Stakeholders involvement: SEIO established a consultation mechanism with civil society organisations (CSO) on programming of IPA and other donor assistance on sectoral basis in 2010. Sector Civil Society Organisations (SECO), which are representatives of their associated networks, participated in sectoral working group meetings composed of line ministries and other state bodies and provided comments on draft IPA 2013 Fiches.
- Good governance, with particular attention to fight against corruption.

## **2.5 ASSUMPTIONS AND PRE-CONDITIONS**

The government formally endorses the measures described in the Sector Fiches and Project Fiches. The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The government shall further ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.

The government will confirm availability of sufficient resources, including national co-financing, and adequate organisational structures in authorities responsible for the decentralised implementation system, in particular the National IPA Coordinator (NIPAC) and Programme Authorising Officer (PAO) offices, to carry out programme monitoring effectively. The capacity of Senior Programme Officers to effectively oversee implementation will be checked by the PAO prior to the implementation of projects.

The PAO will verify that conditionalities as described in the relevant Sector and Project Fiches are met before contracts are concluded. The National Authorising Officer (NAO) and PAO are committed to maintaining the procurement timetables of the projects and will take effective corrective measures in case of delays. The NAO

shall inform the Commission on changes to project results or the use of funds after the completion of contracts and following the submission of the final report for the programme. Any infringement of the applicable rules may lead to a review of the eligibility of EU financing provided.

### **3 BUDGET**

### 3.1 INDICATIVE BUDGET TABLE (DECENTRALISED MANAGEMENT)

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		National contribution*		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% <sup>(1)</sup>	EUR (c)	% <sup>(1)</sup>	EUR (d)=(e)+(f)	EUR (e)	% <sup>(1)</sup>	EUR (f)	% <sup>(1)</sup>	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% <sup>(2)</sup>
<b>Public Administration Reform</b>	6,750,000	6,175,000	91 %	575,000	9 %	6,070,000	5,159,500	85 %	910,500	15 %	12,820,000	11,334,500	7,8%
1. Public Administration Reform Sector	4,500,000	4,150,000	92 %	350,000	8 %	1,620,000	1,377,000	85 %	243,000	15 %	6,120,000	5,527,000	
2. Support to further modernisation of the Customs Administration and improved border management	2,250,000	2,025,000	90 %	225,000	10 %	4,450,000	3,782,500	85 %	667,500	15 %	6,700,000	5,807,500	
<b>Justice and Home Affairs</b>	18,950,000	17,490,000	92 %	1,460,000	8 %	6,500,000	5,525,000	85 %	975,000	15 %	25,450,000	23,015,000	15,8%
3. Justice Sector	6,600,000	6,150,000	91 %	450,000	9 %	4,200,000	3,570,000	85 %	630,000	15 %	10,800,000	9,720,000	
4. Home Affairs Sector	6,350,000	5,840,000	92 %	510,000	8 %	2,300,000	1,955,000	85 %	345,000	15 %	8,650,000	7,795,000	
5. Prevention and fight against corruption	6,000,000	5,500,000	92 %	500,000	8 %	0	0	0%	0	0 %	6,000,000	5,500,000	
<b>Private Sector Development</b>	7,900,000	5,550,000	70 %	2,350,000	30 %	13,000,000	11,500,000	88 %	1,500,000	12 %	20,900,000	17,050,000	11,7%
6. Private Sector Development Sector	7,900,000	5,550,000	70 %	2,350,000	30 %	5,000,000	4,500,000	90 %	500,000	10 %	12,900,000	10,050,000	



7. European Partnership with Municipalities – European PROGRES	0	0	0 %	0	0 %	8,000,000	7,000,000	88 %	1,000,000	12 %	8,000,000	7,000,000	
<b>Transport</b>	5,400,000	4,947,500	92 %	452,500	8 %	13,100,000	11,135,000	85 %	1,965,000	15 %	18,500,000	16,082,500	11,1%
8. Transport sector	5,400,000	4,947,500	92 %	452,500	8 %	13,100,000	11,135,000	85 %	1,965,000	15 %	18,500,000	16,082,500	
<b>Energy, Environment and Climate Change</b>	13,300,000	11,830,000	89 %	1,470,000	11 %	14,203,466	11,950,000	84 %	2,253,466	16 %	27,503,466	23,780,000	16,3%
9.Environment and Climate Change Sector	7,400,000	6,680,000	90 %	720,000	10 %	7,203,466	5,970,000	83 %	1,233,466	17 %	14,603,466	12,650,000	
10. Energy Sector	5,900,000	5,150,000	87 %	750,000	13 %	7,000,000	5,980,000	85 %	1,020,000	15 %	12,900,000	11,130,000	
<b>Social Development</b>	4,200,000	3,780,000	90 %	420,000	10 %	20,000,000	17,525,000	88 %	2,475,000	12 %	24,200,000	21,305,000	14,65%
11. Social Development Sector	4,200,000	3,780,000	90 %	420,000	10 %	20,000,000	17,525,000	88 %	2,475,000	12 %	24,200,000	21,305,000	
<b>Agriculture and Rural Development</b>	1,000,000	950,000	95 %	50,000	5 %	3,800,000	2,280,000	60 %	1,520,000	40 %	4,800,000	3,230,000	2,2%
12. Agriculture and Rural Development Sector	1,000,000	950,000	95 %	50,000	5 %	3,800,000	2,280,000	60 %	1,520,000	40 %	4,800,000	3,230,000	
<b>Other EU acquis and horizontal activities</b>	35,708,482	29,817,533	84 %	5,890,949	16 %	0	0	0%	0	0 %	35,708,482	29,817,533	20,5%
13. Participation in EU programmes	10,587,191	6,596,242	62 %	3,990,949	38 %	0	0	0%	0	0 %	10,587,191	6,596,242	
14. Support to European Integration and development of a project pipeline	25,121,291	23,221,291	92 %	1,900,000	8 %	0	0	0%	0	0 %	25,121,291	23,221,291	

2014-20													
<b>TOTAL</b>	93,208,482	80,540,033	86 %	12,668,449	14 %	76,673,466	65,074,500	85 %	11,598,966	15 %	169,881,948	<b>145,614,533</b>	<b>100%</b>

Amounts net of VAT

\* Contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector/Project. Expressed in % of the grand total of column (h). It indicates the relative weight of the Sector/Project with reference to the total IPA EU contribution of the entire FP.

### **3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME**

The IPA EU contribution, which represents 85,72% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of decentralised management is based on the **public expenditure**. Joint co-financing will be used as a rule.

In the case of grants, final grant beneficiaries should contribute with a minimum of 10 % of the eligible expenditure of the project both for investment and institution building projects and a minimum of 5% of the eligible expenditure in the case of twinning.

## **4 IMPLEMENTATION**

### **4.1 MANAGEMENT MODES AND IMPLEMENTATION MODALITIES**

This programme shall be implemented by decentralized management, in accordance with article 53c of the Financial Regulation 1605/2002<sup>1</sup> and the corresponding provisions of the Implementing Rules<sup>2</sup>. The Beneficiary Country will continue to ensure that the conditions laid down in Art.56 of the Financial Regulation 1605/2002 are respected at all times.

The ex-ante control by the European Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the European Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation.

### **4.2 GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application.

### **4.3 IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS**

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

---

<sup>1</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1525/2007 (OJ L 343, 27.12.2006, p.9).

<sup>2</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

The twinning grant agreement shall be established in accordance with relevant provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application.

The Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the website of DG ELARG.

#### **4.4 ENVIRONMENTAL IMPACT ASSESSMENT, NATURE CONSERVATION AND DISASTER RESILIENCE**

All investments shall be carried out in compliance with the relevant EU environmental legislation.

Disaster risk resilience and risk prevention and management will be promoted in the preparation and implementation of the programmes and projects. Due consideration will also be given to the resilience of infrastructure to natural and man-made disasters in compliance with any requirement set out in relevant Union legislation.

### **5 MONITORING AND EVALUATION**

#### **5.1 MONITORING**

Programme implementation will be monitored through the IPA Monitoring Committee assisted by Transition Assistance and Institution Building Monitoring Committee.

They shall assess the effectiveness, quality and coherence of the implementation of this programme. They may make proposals to the European Commission and the national IPA coordinator, with a copy to the national authorising officer, for decisions on any corrective measures to ensure the achievements of programme objectives and enhance the efficiency of the assistance provided.

#### **5.2 EVALUATION**

Programmes shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes.

After the conferral of management powers, the responsibility for carrying out interim evaluations shall lie with the Beneficiary Country, without prejudice on the European Commission's rights to perform any ad hoc interim evaluations of the programmes it deems necessary.

Ex post evaluation shall remain a prerogative of the European Commission even after the conferral of management powers to the Beneficiary Country.

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

## **6 AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

### **6.1 Audit, Financial Control and Anti-fraud measures**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the EU Delegation in the Beneficiary.

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>3</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

### **6.2 Financial adjustments**

The national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the EU assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the EU assistance.

In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the EU assistance paid to the beneficiary in accordance with national recovery procedures.

### **6.3 Audit trail**

The national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts.

### **6.4 Preventive Measures**

Beneficiary countries shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006<sup>4</sup>. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the European Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the European Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the

---

<sup>3</sup> OJ L 292; 15.11.1996; p. 2

<sup>4</sup> OJ L371, 27.12.2006, p. 1.

effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts.

Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Union's financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Union's financial interests.

The authorities of the Beneficiary Country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the European Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

## **6.5 Financial corrections**

In order to ensure that the funds are used in accordance with the applicable rules, the European Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the European Commission and the Beneficiary Country.

A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the Beneficiary Country;

If the European Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from EU financing.

The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the European Commission following the criteria and procedures provided for in the IPA Implementing Regulation.

## ANNEX II

### National programme for Serbia under the IPA – Transition Assistance and Institution Building Component for the year 2013 – Centralised and joint management part

#### 1 IDENTIFICATION

<b>Beneficiary</b>	Republic of Serbia
<b>CRIS decision number</b>	2013/024-815
<b>Year</b>	2013
<b>EU contribution</b>	EUR 33,169,000
<b>Implementing Authority</b>	<p>Sector Fiche Nr. 6 (Private sector development), Measure 3.1, Operation 3.1.2: World Bank by joint management with the European Commission</p> <p>Project Fiche Nr. 7 (European PROGRES), Activity 1: United Nations Operations and Services (UNOPS) by joint management with the European Commission</p> <p>Sector Fiche Nr. 10 (Energy sector), Measure 2.1, Operation 2.1.1: European Bank for Reconstruction and Development (EBRD) by joint management with the European Commission</p> <p>Sector Fiche Nr. 11 (Social development), Measure 2, Operation 2.3: United Nations Children's Fund (UNICEF) by joint management with the European Commission</p> <p>Project Fiche Nr. 15 (Support to JASPERS): European Investment Bank (EIB) by joint management with the European Commission</p>
<b>Final date for concluding:</b>	
<b><u>Financing Agreements with a beneficiary country</u></b>	31 December 2014
<b><u>Contribution Agreements under joint management</u></b>	31 December 2014
<b>Final date for operational implementation</b>	6 years following the date of conclusion of the relevant Financing Agreement with a beneficiary country.
<b>Final date for implementing the Financing Agreement</b>	10 years following the conclusion of the relevant Financing Agreement with a beneficiary country
<b>Budget line(s) concerned</b>	22.02.01
<b>Programming Unit</b>	DG Enlargement, Unit C2
<b>Implementing Unit/EU</b>	Delegation of the European Union to the Republic of

<b>Delegation</b>	Serbia
-------------------	--------

## **2 THE PROGRAMME**

The 2013 IPA allocation for Serbia is EUR 196,683,533. Out of these funds, EUR 4 million has been allocated for the Tempus programme, EUR 2.5 million for the Civil Society Facility and EUR 12 million for the Regional Housing Programme for refugees (Sarajevo process). All these programmes are implemented under the IPA 2013 Multi-beneficiary programme and will be adopted by separate Financing Proposals. Furthermore, EUR 0.6 million has been re-allocated from Component II to Component I. Consequently, the 2013 national programme for Serbia (Component I) amounts to EUR 178,783,533.

This national programme is presented through two Annexes. This Annex II covers interventions that will be managed under centralised management, and it amounts to EUR 33,169,000. Annex I covers interventions that will be managed under decentralised management, and it amounts to EUR 145,614,533.

### **2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME**

The priorities of the IPA 2013 national programme for Serbia are in line with those of the Multi-annual Indicative Planning Document (MIPD) 2011-13: 1) Strengthen the rule of law and public administration; 2) Overcome the economic crisis and improve competitiveness; and, 3) Support social inclusion and reconciliation.

The EU assistance over 2011-13 is focused on a selected number of sectors: public administration reform; justice and home affairs; private sector development; transport; environment, climate change and energy; social development; as well as, agriculture and rural development. These sectors were selected in consultation with the relevant stakeholders. In addition, with a view of assisting Serbia to implement the EU *acquis*, and in case particular needs are identified, specific projects may also support priorities that fall outside the scope of the above-mentioned sectors. This Annex II covers actions only in Private sector development, Energy sub-sector, and Social development, as well under Other EU *acquis* and horizontal activities.

### **2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION**

#### **Private sector development**

##### Sector Fiche Nr. 6 (Private Sector Development), Measure 3.1., Operation 3.1.2

This operation is part of the Sector Fiche on private sector development and the measure supporting research and innovation and technology transfer. The purpose of this operation is to support relevant Serbian authorities in development of a R&D and Innovation strategy, action plan and an infrastructure roadmap as well as to provide technical assistance and capacity-building for relevant organisations.

##### Project Fiche Nr 7 (European PROGRES), Activity 1



As highlighted in the 2012 Progress Report, Serbia needs to do more to support the socio-economic development of especially Sandzak and Presevo, Bujanovac and Medvedja. This project and its Activity 1 support this objective and aim to improve local governance and the conditions for business and infrastructure development in 34 municipalities in South and South West Serbia. It specifically aims to increase and/or strengthen planning and management capacities, advance business enabling environment, enhance implementation of social inclusion and employment policies, and communicate effects of Serbia's EU accession to general public.

## **Environment, Climate Change and Energy**

### Sector Fiche Nr. 10 (Energy sector), Measure 2.1, Operation 2.1.1

This operation is part of the Sector Fiche on Energy and the measure improving the security and diversification of gas supply through construction of a new energy facility. This operation supports the construction of one part of the regional by-directional high-pressure gas pipeline, which will connect the gas pipeline systems of Serbia and Bulgaria. Such connection will provide Serbia with access to a second import pipeline and Bulgaria with access to Serbia's existing and planned gas storage, improving the energy security of both countries.

## **Social development**

### Sector Fiche Nr. 11 (Social development), Measure 2, Operation 2.3:

This operation is part of the Sector Fiche on Social development and the measure supporting social inclusion and poverty reduction of vulnerable and multiply disadvantaged groups. The focus of this operation is on disadvantaged children, who are in need of social welfare care and support and who are in contact with the justice system. The operation aims through diversified actions and by supporting centres for social work, service providers, free legal aid entities, etc. to improve the social welfare system so that measures will be taken in the 'best interest of the child'.

## **Other EU *acquis* and horizontal activities**

### Project Fiche Nr. 15 (Support to JASPERS)

This project is a continuation of the Joint Assistance to Support Projects in European Regions (JASPERS) project adopted under IPA 2012. Through further provision of expert advice, the project supports Serbia in preparing more mature infrastructure project proposals as well as in preparing a more solid pipeline of project proposals in the future.

## **2.3 DESCRIPTION**

<b>Private sector development</b>
<i>Sector Fiche Nr. 6 (Private sector development), Measure 3.1, Operation 3.1.2</i>
<i>IPA: EUR 2.5 million</i>
<b>Measure objective:</b> To create a comprehensive R&D and innovation strategy and

assisting technology transfer

**Main results expected:**

- Enhanced system for supporting innovation and technology transfer, including improved capacities of relevant stakeholders
- R&D and Innovation Strategy and Action Plan prepared
- Infrastructure Roadmap and Action plan prepared

**Implementation modalities:**

**Joint management:**

- World Bank
- Justification for the choice of organisation: World Bank has substantial expertise in supporting the Serbian National Innovation System design and reforms, as it has been involved in the innovation dialogue in Serbia for the past four years. World Bank is currently administering the Serbia Innovation project (funded under IPA 2012), and there are important synergies between the projects. It is also expected that administrative barriers are reduced with the same implementing partner. As World Bank is also implementing development of the Western Balkan R&D for innovation strategy, it is expected that there will be a better alignment of regional and national policies.

In addition, the European Commission has a long-term framework agreement with this organisation, in the meaning of the Article 53d(a) of the financial regulation.

- Tasks entrusted to the entity: support with development of a R&D and Innovation strategy, action plan and infrastructure roadmap; technical support to implement regulatory and operational recommendations to be carried out through assessment of current legislation on R&D and innovation; support with drafting all legal documents; support with development of operational guidelines for the implementation of the strategy; technical assistance to innovation support organisations.
- Type of agreement: Standard contribution agreement, to be indicatively signed in Q2/2014

***Project Fiche Nr. 7 (European PROGRES), Activity 1***

***(EUR 16.6 million, IPA: EUR 12.6 million)***

**Project Objective:** To improve local governance, and the conditions for business and infrastructure development in 34 municipalities in South and South West Serbia.

**Main results expected:**

- Strengthened local governance 34 municipalities in South and South West Serbia, including improved planning and management capacities
- Competitiveness of local economy increased through improved business environment and management/organisational capacities of SMEs/agricultural cooperatives
- Access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups improved through development and implementation of local policies
- Effects of Serbia's EU accession communicated to general public

**Implementation modalities:****Joint management:**

- United Nations Operations and Services (UNOPS)
- Justification for the choice of organisation: As an UN agency UNOPS is respected and considered as a politically neutral by all involved stakeholders. Having already experience of working in a post-conflict environment, where there are still unresolved and/or latent tensions, UNOPS is considered to be in the best position to include different majority and minority ethnic groups together in economic and social development programming.  
In addition, the European Commission has a long-term framework agreement with this organisation, in the meaning of the Article 53d(a) of the financial regulation.
- Main tasks entrusted to the entity:
  - Strengthening local governance: Support municipalities in planning and execution of capital investments; assist municipalities in urban planning; provide technical assistance to municipalities to development and management of infrastructure projects; support municipalities in development of new local policies and introduce structural governance reforms; develop new policies and/or administrative regulations addressing vertical coordination between the Government and local self-governments;
  - Increase competitiveness of local economy: support at least 15 municipalities in improving business enabling environment; support preparation of inter-municipal and local economic/social infrastructure projects; provide support to at least two models of Public Private Partnership; facilitate establishment of new SME cluster, and support existing SME clusters in common market approach and introduction of international quality management; support agricultural producers in reaching common markets
  - Support access to employment, with equal opportunities to women and men, and social inclusion of most vulnerable groups: design and deliver vocational training programmes; support with local strategies/action plans for employment and social inclusion; promote active inclusion and improved integration of social and employment services; improve working conditions and management of local cultural institutions; organise at least two calls for proposals for partnership projects of civil society organisations; support young people from Albanian community to learn Serbian
  - Communication of effects of Serbia's EU accession to general public: Advocacy campaigns in partnership with civil society; communication actions on results and impact of the programme
- Type of agreement: Standard contribution agreement, to be indicatively signed in Q2/2014

**Energy, Environment and Climate Change**

*Sector Fiche Nr. 10 (Energy), Measure 2.1, Operation 2.1.1*

*(EUR 66.009 million, IPA: EUR 14.269 million)*

**Measure objective:** To reform energy policy, increase competition in the energy sector and strengthen regional and cross-border cooperation

**Main results expected:**

- Improved security and diversification of gas supply through construction one part of the regional by-directional high-pressure gas pipeline, in order to connect the gas pipeline systems of Serbia and Bulgaria

**Implementation modalities:****Joint management:**

- European Bank for Reconstruction and Development (EBRD)
- Justification for the choice of organisation: EBRD has substantial expertise and experience in supporting the Serbian energy sector. EBRD is currently administering a loan of EUR 150 million to Srbijagas, including investment in the maintenance, transport system development and construction of new facilities. In the preconditions for the disbursement of the loan several conditions like restructuring and unbundling of the company in accordance with the second package of EU energy directives should be met. At the same time, since EU Delegation is managing an IPA 2010 project providing technical assistance to Srbijagas, there are important synergies between the EBRD loan and the IPA project. In the Memorandum of Understanding signed between Serbia and Bulgaria it is foreseen that existing unspent loan money would be reallocated and used together with the IPA grant fund for the construction of the interconnection gas pipeline. It is also expected that administrative barriers would be reduced with the same implementing partner. The EBRD is therefore in a unique position to manage this project.

This cooperation will aim at pooling funds with EBRD, in accordance with Article 53d(c) of the Financial Regulation.

- Main tasks entrusted to the entity: review and completion (if needed) of the preparatory work, including General Project Design, Preliminary Project Design, detailed Hydrological and Geotechnical Study, Environmental and Social Impact Assessment Study, Final Project Design; location and construction permits, etc.; preparation of the tender dossier for preparation of the technical specifications and construction works in accordance with FIDIC (International Federation of Consulting Engineers) rules; execution of the construction works, testing and commissioning; supervision of the construction works by separate contract with supervising engineer.
- Type of agreement: Standard contribution agreement, to be indicatively signed in Q2/2014

**Social development****Sector Fiche Nr. 11 (Social development), Measure 2, Operation 2.3****IPA: EUR 2.3 million**

**Measure objective:** To advance social inclusion of marginalised groups, with special focus on children who are in need of social welfare care and support and who are in contact with the justice system

**Main results expected:**

- Available mechanisms (centres for social work, service providers, free legal aid)

entities, etc.) supported and strengthened in order to improve the social welfare system so that measures will be taken in the 'best interest of the child'

- Actions implemented to secure access to justice for children, including improvement of a monitoring system

**Implementation modalities:**

**Joint management:**

- United Nations Children's Fund (UNICEF)
- Justification for the choice of organisation: UNICEF in Serbia is the only international organisation with existing experience of working on both social welfare and justice reforms from the perspective of child well-being and child rights.

In addition, the European Commission has a long-term framework agreement with this organisation, in the meaning of the Article 53d(a) of the financial regulation.

- Tasks entrusted to the entity: Provide support to centres for social work in order to improve case management and integrate a family-strengthening perspective; provide support to service providers to provide family preservation and other family strengthening services; provide advice in down-scaling large scale institutions for children with disability; provide support to relevant organisations to fully apply international standards in securing access to justice for children; provide support in improving a monitoring system
- Type of agreement: Standard contribution agreement, to be indicatively signed in Q2/2014

**Other EU *acquis* and horizontal activities**

***Project Fiche Nr. 15 (Support to JASPERS)***

***IPA EUR 1.5 million***

**Project Objective:** To accelerate Serbia's preparations for the absorption of the EU funds by supporting the development of a pipeline of infrastructure projects.

**Main results expected:**

- Improved quality of Serbian infrastructure project proposals and relevant documentation

**Implementation modalities:**

**Joint management:**

- European Investment Bank (EIB)
- Justification for the choice of organisation: EIB has implemented JASPERS since 2006. It has therefore acquired a high degree of specialisation necessary to deliver the relevant support to both Member States and candidate countries in improving development of infrastructure projects and relevant project documentation. This in line with Article 53d(b) of the Financial Regulation.
- Tasks entrusted to the entity: Provide advice on the conceptual development of projects; provide advice on strategic and conceptual documents supporting individual projects; provide advice on specific aspects of project preparation (e.g.

cost-benefit analyses, environmental impact assessments, procurement plans, design); review of documents such as feasibility studies, EIAs, technical designs, tender documentation, provide advice on compliance with relevant EU *acquis*

- Type of agreement: Standard contribution agreement, to be indicatively signed in Q2/2014

#### **2.4 CROSS-CUTTING ISSUES**

- Equal opportunities and non-discrimination: Participation of men and women will be ensured in all aspects of the programme implementation. Specific attention will be paid to addressing women's needs and interest throughout projects and organizing activities making it easier for them to participate. Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.
- Environmental protection and climate change: Special attention to EU environmental standards and climate change will be ensured in all aspects of the programme implementation in particular for the relevant infrastructure projects. Disaster resilience and risk prevention and management should be also integrated in the planning, preparation and implementation of projects.
- Respect for and protection of minorities and vulnerable groups: Particular attention will be paid to the protection and inclusion of minorities and vulnerable groups in all aspects of the programme. Minorities and vulnerable groups, in particular Roma, will be supported through the Social Development activities.
- Civil Society/Stakeholders involvement: SEIO established a consultation mechanism with civil society organisations (CSO) on programming of IPA and other donor assistance on sectoral basis in 2010. Sector Civil Society Organisations (SECO), which are representatives of their associated networks, participated in sectoral working group meetings composed of line ministries and other state bodies and provided comments on draft IPA 2013 Fiches.
- Good governance, with particular attention to fight against corruption

#### **2.5 ASSUMPTIONS AND PRE-CONDITIONS**

The government formally endorses the operations, activities and projects relevant to this Annex II and as described in the Sector and Project Fiches. The government will ensure that beneficiary institutions have adequate financial, material and human resources for implementation of the programme. Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and shall formally endorse the documents before tendering. They shall participate in the selection committees for procurement and grants as non-voting members. They shall also organise, select and appoint members (taking account of gender and ethnic balance) of working groups, steering, monitoring and coordination committees, and seminars, as required by the project activities.

The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The government shall further ensure

long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.

Further contract specific conditionalities are described in the relevant Sector and Project Fiches. The Fiches are formally approved by exchange of letters between the European Commission and the government of Serbia. In the event the contract specific conditionalities are not met, suspension or cancellation of the foreseen project or specific activities will be considered by the Contracting Authority.

### **3 BUDGET**

### 3.1 INDICATIVE BUDGET TABLE (CENTRALISED MANAGEMENT)

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		National contribution*		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% (1)	EUR (c)	% (1)	EUR (d)=(e)+(f)	EUR (e)	% (1)	EUR (f)	% (1)	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% (2)
<b>Private Sector Development</b>	19,100,000	15,100,000	79%	4,000,000	21%	0	0	0%	0	0%	19,100,000	15,100,000	46%
6. Private Sector Development Sector, Measure 3.1, Operation 3.1.2	2,500,000	2,500,000	100%	0	0%	0	0	0%	0	0%	2,500,000	2,500,000	
7. European Partnership with Municipalities – European PROGRES, Activity 1	16,600,000	12,600,000	76%	4,000,000	24%	0	0	0%	0	0%	16,600,000	12,600,000	
<b>Energy, Environment and Climate Change</b>	0	0	0%	0	0%	66,009,230	14,269,000	22%	51,740,230	78%	66,009,230	14,269,000	43%
10. Energy Sector, Measure 2.1, Operation 2.1.1	0	0	0%	0	0%	66,009,230	14,269,000	22%	51,740,230	78%	66,009,230	14,269,000	
<b>Social Development</b>	2,300,000	2,300,000	100%	0	0%	0	0	0%	0	0%	2,300,000	2,300,000	7%
11. Social Development Sector, Measure 2, Operation 2.3	2,300,000	2,300,000	100%	0	0%	0	0	0%	0	0%	2,300,000	2,300,000	



<b>Other EU <i>acquis</i> and horizontal activities</b>	1,500,000	1,500,000	100%	0	0%	0	0	0%	0	0%	1,500,000	1,500,000	5%
15. Project Fiche Support to JASPERS"	1,500,000	1,500,000	100%	0	0%	0	0	0%	0	0%	1,500,000	1,500,000	
<b>TOTAL</b>	22,900,000	18,900,000	83%	4,000,000	17%	66,009,230	14,269,000	22%	51,740,230	78%	<b>88,909.230</b>	<b>33,169,000</b>	<b>100%</b>

Amounts net of VAT

\* Contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector/Project. Expressed in % of the grand total of column (h). It indicates the relative weight of the Sector/Project with reference to the total IPA EU contribution of the entire FP.

### **3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME**

The IPA EU contribution, which represents 37.31% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of joint management is based on the **total expenditure**. Parallel co-financing will be used.

Even though co-financing is not assured for the Sector Fiche Nr. 11, Measure 2, Operation 2.3 and Project Fiche Nr. 15, the co-financing has been assured at sector level, as indicated in Annex I.

## **4 IMPLEMENTATION**

### **4.1 GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreement/Administration Agreement between the Commission and the international organisation implementing such programme/activity in accordance with Article 53d of the Financial Regulation No 1605/2002.

### **4.2 ENVIRONMENTAL IMPACT ASSESSMENT, NATURE CONSERVATION AND DISASTER RESILIENCE**

All investments shall be carried out in compliance with the relevant EU environmental legislation.

Disaster risk resilience and risk prevention and management will be promoted in the preparation and implementation of the programmes and projects. Due consideration will also be given to the resilience of infrastructure to natural and man-made disasters in compliance with any requirement set out in relevant Union legislation.

## **5 MONITORING AND EVALUATION**

### **5.1 MONITORING**

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisations concerned.

### **5.2 EVALUATION**

Programmes shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes.

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

## **6 AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the EU Delegation in the Beneficiary.

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>1</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

---

<sup>1</sup> OJ L 292; 15.11.1996; p. 2