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**ANNEX A NATIONAL PROGRAMME FOR SERBIA UNDER THE IPA -
TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR
2010 ADOPTED BY COMMISSION DECISION [C\(2010\)2409 OF 12/04/2010](#)**

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ANNEX
FINANCING PROPOSAL FOR IPA 2010 COMPONENT I NATIONAL
PROGRAMME FOR SERBIA

1 IDENTIFICATION

Beneficiary	Republic of Serbia
CRIS number	2009/021-765
Year	2010
Cost	EUR 174,206,679 ¹
Implementing Authority	European Commission Project 5: Council of Europe by joint management with European Commission Project 17: International Organisation for Migration by joint management with European Commission Project 9: UNOPS by joint management with European Commission
Final date for concluding the financing agreements	at the latest by 31 December 2011
Final dates for contracting	2 years following the date of conclusion of the Financing Agreement. No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166 (2) of the Financial Regulation. These dates also apply to the national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Codes	11120, 12110, 15110, 15111, 15130, 15150, 15210, 16063, 21020, 21040, 22030, 23030, 23040, 23050, 25010, 31110, 31120, 41010, 43010, 43030, 43040
Budget line(s) concerned	BGUE-B2010-22.020200-C1-ELARG
Programming Task Manager	Unit C2, DG Enlargement
Implementation Task Manager	European Commission Delegation in Belgrade

¹ The IPA component I allocation for 2010 is EUR 186,206,679. EUR 5 million are allocated for Nuclear Safety and EUR 7 million for Tempus that will be adopted by different financing proposals.

2 PRIORITY AXES / (MEASURES) / PROJECTS

2.a Priority axes

The IPA 2010 National Programme for Serbia is focused on the objectives set out in the Multi-Annual Indicative Planning Document (MIPD) 2009-2011.

The impact of the economic crisis on Serbian budget is a serious challenge for Serbia's administrative capacity which could negatively affect its EU integration process and the necessary conditions for the implementation of some assistance projects.

In the light of the international financial crisis, particular attention is being paid to alleviating its effects for Serbia within the coming years. For this reason IPA will still focus on some infrastructure projects of national and regional importance that contribute to economic growth.

The IPA component I allocation for 2010 is EUR 186.2 million. In addition to the assistance identified in this programme EUR 12 million support is provided to activities in the areas of Education (Tempus programme with EUR 7 million) and Nuclear Safety and Radiation Protection (EUR 5 million). These projects are coordinated and implemented under the relevant Multi-beneficiary programme and will be adopted by different financing proposals. It is for this reason that the 2010 National programme for Serbia amounts to EUR 174.5 million.

Since EUR 100 million from the original programmed 2009 National Programme for Serbia were allocated to budget support, the programming of IPA 2010 National Programme for Serbia has been prepared in parallel with the programming of IPA 2009.

The present 2010 national programme under component I complements the 2009 national programme by taking into account Serbian current needs at social and political level without forgetting the European integration path. This programme focus on the following priority axes:

(a) Political criteria: Public Administration Reform, support for preparation of IPA component III, support for municipalities, Treasury capacity building, fight money laundering and terrorism, alignment of Serbian penal system with EU standards and support for civil society.

(b) Socio-economic criteria: Education, implementation of the strategy for the fight against drugs / reduction of supply, support for South and South West Serbian municipalities, development of palliative care services, integrated innovation support programme, navigability of the Danube River (preparation of necessary documentation, removal of unexploded ordinances), supervision of road construction works on Corridor X, digital broadcasting switchover in Serbia.

(c) Ability to assume obligations of membership: Migration (capacity-building of relevant institution and prevention of illegal migration), market surveillance system for non-food and food products, support for agriculture and rural development, Serbian farm accountancy data network, support for the role of the Serbian National Reference Laboratories (SNRL) in the food chain, strengthening the environmental inspectorate, support for the energy sector.

(d) The last priority axis consists of project preparation, technical assistance and other support measures.

	TOTAL IPA in EUR million	
<i>Axis 1. Political criteria</i>	54.12	31%
<i>Axis 2. Economic Criteria</i>	75.30	43%
<i>Axis 3. Approximation membership</i>	42.78	25%
<i>Axis 4. Support activities</i>	2.00	1%
Total	174,20	100%

2.b Description of projects grouped per priority axis

<i>Priority Axis</i>		IPA support (MEUR)	<i>Project Description</i>
<i>No.</i>	<i>Political Criteria</i>	<i>54.12</i>	<i>Project Description</i>
1.	Support for the implementation of Public Administration Reform process	6.50	<p>Project purpose: To contribute to the successful implementation of Public Administration (PA) Reform related to PA efficiency, civil service recruitment, career development, training and e-Government.</p> <p>Implementation: The project will be implemented through 3 service contracts and 1 supply tender for an indicative maximum amount of EUR 2 500 000.</p> <p>Indicative timetable for launching the tenders: 2 service contracts Q2 2010 and 1 service and 1 supply tenders Q3 2010.</p>
2.	Support preparation for IPA component III	5.00	<p>Project purpose: To support the Serbian Administration in the preparation and delivery of effective and mature project pipeline in accordance with EC procedures for IPA Programming and Procurement Rules.</p> <p>Implementation: The project will be implemented through 1 service contract and tender launching is indicatively foreseen in Q2 2010.</p>
3.	Municipal Infrastructure Support Programme - MISP 2010	31.12	<p>Project purpose: To further support the programme of municipal development projects started under CARDS and continued through IPA, with the next in the successful series of Municipal Infrastructure Support Projects, building on experience gained hitherto, and further driving the approximation to EU standards in the sector, through two components:</p> <p>Component 1: To accelerate building of the project pipeline to EU standards and to further the capacity-building of municipalities.</p> <p>Component 2: To support implementation of selected infrastructure projects.</p> <p>Implementation: All tasks related to component 1 and supervision in component 2 will be carried out through a single TA contract. Infrastructure works will be carried out through an appropriate number of works contracts, whose number will depend on the evaluation process by applying selection criteria.</p> <p>Indicative timetable for launching the tenders is Q2 2010 for the</p>

			service contract and Q2 2011 for work contracts.
4.	Support for the Ministry of Finance - Treasury administration capacity building	2.00	<p>Project purpose: To build sustainable capacities in the Treasury Administration for efficient budget execution, financial planning, budget accounting, reporting and debt management according to the best practice in the respective areas.</p> <p>Implementation: The project will be implemented through 1 service contract. Indicative timetable for launching the tender is Q2 2010.</p>
5.	Project against money laundering and terrorism financing in Serbia	2.00	<p>Project purpose: To enhance capacities of the key institutions to prevent and control money laundering, economic and financial crime and strengthen the interagency cooperation, through three components:</p> <p>Component I: Legislation development and public awareness raising</p> <p>Component II: Institutional capacity development</p> <p>Component III: Cooperation and information exchange</p> <p>Implementation: This project will be implemented through one contribution agreement with the Council of Europe for an indicative amount of EUR 2 000 000 due to the technical competence and high degree of specialisation in accordance with article 53(d) of the Financial Regulation. The indicative timetable for contracting is Q2 2010.</p> <p>Given the previous experience of the Council of Europe in the implementation of similar projects, including in Serbia, and the fact that Serbia has ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime of 1990 and is participating in the Moneyval evaluation mechanism, the Council of Europe is well placed to implement this project.</p> <p>The Council of Europe would also be able to co-fund this project. The Memorandum of Understanding between the Council of Europe and the European Union of 2007 – which <i>inter alia</i> calls for strong cooperation between the two organisations in justice and home affairs matters and the implementation of joint programmes - provides added justification for the implementation of this project by the Council of Europe.</p>
6.	Further alignment of the penal system with EU standards and strengthening alternative sanction system	5.5	<p>Project purpose: To support for the establishment of an efficient system for re-socialization and professional education of convicts in the Serbian society and establishment of effective alternative sanctions mechanisms in Republic of Serbia according to national Penal Reform Strategy. It consists of 2 components:</p> <p>Component I - Strengthening capacities of Ministry of Justice for introduction of efficient practical professional training program for convicts to enable them to be employed once their sentence is finished.</p> <p>Component II - Establishment of necessary preconditions for an efficient and effective alternative sanctions system in the Republic of Serbia.</p> <p>Implementation: The project will be implemented through 2 service contracts and 2 supplies tenders. Indicative timetable for launching the tenders is Q2 2010.</p>
7.	Support to civil society	2.00	<p>Project purpose: To contribute to socioeconomic development in Serbia by building human resources capacity and strengthening partnerships within the triangle of public, private and civil society actors as well as to support decentralisation and active participation of</p>

			<p>civil society in the development, implementation and monitoring of policies and EU standards at the local level.</p> <p>Implementation: The project will be implemented through 1 call for proposals (grant scheme) for an indicative amount of EUR 2 000 000. to be launched in Q2 2010.</p> <p>The co-financing of at least 10% (of the eligible expenditure of the project) will be provided by the final beneficiaries. The essential selection and award criteria of the call for proposals are laid down in the Practical Guide to contract procedures for EC external actions (see point 4.2 below).</p>
	Socio-Economic Criteria	75.30	Project Description
8.	Higher Education teaching infrastructure programme	25.00	<p>Project purpose: To improve the quality of education and training in Serbian higher education institutions which is demanded by the new knowledge-based society, modern learning processes, standards of industrial research and emerging labour market needs.</p> <p>Implementation: The project will be implemented through 2 service contracts and a number of works and supplies contract to be determined based on the selection criteria, for an indicative maximum amount of EUR 22 000 000.</p> <p>Indicative timetable for launching the tenders: 2 service contracts Q2 2010 and works/supplies tenders Q2 2011.</p>
9.	European South and South West Serbian Support Programme (ESSWeSP)	13.50	<p>Project purpose: To contribute to enhanced stability and socio-economic development in Serbia's poorest and most conflict-prone regions: South and South-West Serbia (Zlatiborski, Raški, Moravički, Rasinjski, Jablanicki and Pčinjski Districts)</p> <p>It will include following components:</p> <p>Component 1: Governance</p> <p>Component 2: Municipal management</p> <p>Component 3: Environmental, economic and social infrastructure</p> <p>Component 4: Public awareness</p> <p>Implementation: The project will be implemented through one contribution agreement with the United Nations Office for Project Services (UNOPS) for an indicative amount of EUR 13,450,000 due to the technical competence and high degree of specialisation in accordance with article 53(d) of the Financial Regulation. The indicative timetable for contracting is Q2 2010; and 1 direct grant contract for an indicative amount of EUR 50,000 with the Project on Ethnic Relations (PER) to be launched Q2 2010 for confidence building measures under Component 1 Governance.</p> <p>UNOPS has a unique track record in providing project management services in politically sensitive and post-conflict regions of the world. PER will have a direct contract without a call for proposals notably due to their technical competence and their high degree of specialisation and in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation</p>
10.	Development of palliative care services in the Republic of Serbia	3.50	<p>Project purpose: To contribute to improving the quality of health services in the health care system of the Republic of Serbia by the development of palliative care.</p> <p>Implementation: The project will be implemented through 1 service contract and 1 supply tender for an indicative amount of EUR</p>

			500.000. Indicative timetable for launching the tenders is Q2 2010.
11.	Implementation of strategy for fight against drugs - supply reduction component	4.00	Project purpose: To upgrade the system for the prevention of drug abuse and to fight production, trafficking and distribution of drugs in the Republic of Serbia in accordance with EU standards. Implementation: The project will be implemented through 1 Twinning contract for an indicative amount of EUR 1 500 000 and 1 supply tender for an indicative amount of EUR 2 500 000. Indicative timetable for launching the tenders is Q2 2010.
12.	Integrated innovation support programme	3.00	Project purpose: To increase competitiveness and economic growth in Serbia, through strengthening of innovation in SMEs in accordance to National Strategy for Development of Competitive and Innovative SMEs 2008-2013. The project includes two components: Component 1: Enhanced institutional capacity for efficient support to product and process innovation within SMEs and technology transfer Component 2: Instrument for financing of SMEs innovation Implementation: 1 service contract to be tendered in Q2 2010.
13.	Removal of unexploded ordinances (UXO) from the Danube river	3.80	Project purpose: To develop the full potential and the competitiveness of Serbia's inland waterway transport sector for socio-economic development, in particular in the Danube basin. The aim of the project is to remove identified unexploded ordnance (UXO) within the most priority areas and conduct an efficient and effective supervision of their removal from the navigation fairway in accordance with international regulations and standards. Implementation: The project will be implemented through 2 services contracts that include the contract for supervision Indicative timetable for launching the tenders is Q2 2010.
14.	Preparation of the necessary documentation for river training and dredging works on selected locations along the Danube River	2.00	Project purpose: To contribute to the restoration and creation of safe and swift navigation on the Danube River (Corridor VII) in full accordance with the Danube Commission requirements, EU standards and legislation of the Republic of Serbia. The aim of the project is preparation of project documentation for dredging and river training works on selected critical navigational sections of the Danube River identified in Inland Water Transport (IWT) Master Plan. Implementation: The project will be implemented through 1 service contract to be tendered in Q2 2010.
15.	Supervision of road construction works on the Corridor X	10.00	Project purpose: To assure the efficient and effective supervision of motorway construction works on selected Corridor X sections in line with FIDIC rules. Implementation: The project will be implemented through 3 service contracts: one for the E80 motorway and two for the E75 motorway. Indicative timetable for launching the tenders is Q2 2010.
16.	Assistance to the digital broadcasting switchover in Serbia	10.50	Project purpose: To introduce the European digital television standards in Serbia. Serbia has committed during the Regional Radio-communication Conference (ITU RRC-06) to start the digitisation process and to switch off the analogue broadcasting by 2015. Since the broadcasting of radio and television programme cannot be restricted to the territory of one country, it is of paramount importance to synchronise the switchover from analogue to digital radio and television programme broadcasting with the neighbouring countries in

			<p>order to prevent mutual interferences and difficulties in implementing digital broadcasting.</p> <p>Implementation: The project will be implemented through 1 service contract and 1 supply tender for an indicative amount of EUR 8 000 000.</p> <p>Indicative timetable for launching the tenders is Q2 2010.</p>
	<i>Ability to assume the obligations of membership</i>	42.78	<i>Project Description</i>
17.	Capacity building of institutions involved in migration management and reintegration of returnees in the Republic of Serbia	1.80	<p>Project purpose: To strengthen existing institutions' capacity in order to achieve EU standards in Migration Management and reintegration of returnees upon readmission.</p> <p>Implementation: The project will be implemented through one contribution agreement with the International Organization for Migration (IOM) for an indicative amount of EUR 1 800 000 due to the technical competence and high degree of specialisation in accordance with article 53(d) of the Financial Regulation. The indicative timetable for contracting is Q2 2010.</p>
18.	Establishment of efficient system for prevention and suppression of illegal migrations on the territory of the Republic of Serbia	5.00	<p>Project purpose: To provide support for the capacity building of the Ministry of Interior of the Republic of Serbia with the aim to develop effective and operational administrative system for illegal migration issues through accordance of legal, procedural and technological framework with EU standards in that field.</p> <p>Implementation: The project will be implemented through 1 twinning contract for an indicative amount of EUR 1 000 000 and 1 supply tender for an indicative maximum amount of EUR 4.000.000. Indicative timetable for launching the tenders is Q2 2010 for twinning and Q4 2010 for supplies.</p>
19.	Strengthening of the Serbian market surveillance system for non-food and food products	2.50	<p>Project purpose: To enable relevant Serbian authorities at adopting and enforcing EU legislations in the area of market surveillance, so to improve the efficiency of the structure and the effectiveness of the national system.</p> <p>Implementation: The project will be implemented through 1 service contract to be tendered in Q2 2010.</p>
20.	Institutional and capacity building and support to agriculture and rural development in Serbia	2.78	<p>Project purpose: To further strengthen the managing authority and Paying Agency to carry out tasks and responsibilities for decentralised management of EU and national funds.</p> <p>Implementation: The project will be implemented through 1 twinning contract for an indicative amount of EUR 2 000 000 and 1 supply tender for an indicative maximum amount of EUR 780 000. Indicative timetable for launching the tenders: 1 twinning contract Q2 2010 and supply tender Q4 2010.</p>
21.	Establishment of the Serbian farm accountancy data network (FADN)	2.20	<p>Project purpose: To establish a Farm Accountancy Data Network (FADN) in Serbia and improve administrative capacity according to EU standards and the Serbian Law on Agriculture and Rural Development.</p> <p>Implementation: The project will be implemented through 1 service contract to be tendered in Q2 2010.</p>

22.	Equipment and courier service supply and capacity building of Serbian National Referent Laboratories (SNRL) in food chain	6.50	<p>Project purpose: To commission National Reference Laboratories Directorate in Food Chain in Batajnica complex and make it fully operational in order to be in line with EU best practice and standards.</p> <p>Implementation: The project will be implemented through 1 twinning contract for and indicative amount of EUR 1 500 000 and 1 supply tender for an indicative maximum amount of EUR 5 000 000</p> <p>Indicative timetable for launching the tenders is Q2 2010 for the twinning contract and supply tender.</p>
23.	Strengthening the Serbian environmental inspectorate and relevant stakeholders	2.50	<p>Project purpose: To improve the capacity and effectiveness of the Serbian Environmental Inspectorate at republic, province and local levels and improve cooperation with relevant stakeholders.</p> <p>Implementation: The project will be implemented through 1 twinning or service contract for an indicative amount of EUR 2 000 000 and 1 supply tender for an indicative amount of EUR 500 000.</p> <p>Indicative timetable for launching the tenders: 1 twinning or service contract Q2 2010 and supply tender Q1 2011.</p>
24.	Follow up Technical Assistance to Srbijagas	1.50	<p>Project purpose: The purpose of the project is three fold to: Strengthen the capacity of Srbijagas company and gas transmission system operator; Implement specific requirements of the Energy Community Treaty concerning gas sector in Serbia; and Assist in developing investments possibilities of the company with the focus on gas interconnections.</p> <p>Implementation: The project will be implemented through 1 service contract to be tendered in Q2 2010.</p>
25	Construction of substations 400/110Kv Vranje4 and Leskovac2	15.50	<p>Project purpose: To assist in the creation of an electricity market in Serbia in conformity with the requirements of the Energy Community Treaty and the requirements of a Regional Energy Market; and to contribute to energy security in South Serbia by building a new electricity substation at Vranje and extending the capability of the electricity substation at Leskovac.</p> <p>Implementation: The project will be implemented through 1 service contract (including supervision of works), 1 supply tender for an indicative maximum amount of EUR 10 000 000 and 1 works contract for an indicative maximum amount of EUR 3 500 000.</p> <p>Indicative timetable for launching the tenders: 1 service contract Q2 2010 while supply and work contracts Q2 2011.</p>
26.	Implementation of energy component of the National strategy for sustainable development	2.50	<p>Project purpose: To Build the capacity in the energy sector which will lead to the implementation of the sustainable energy policy, implementation of Kyoto protocol, rational use of conventional fuels and increased use of renewable energy sources.</p> <p>Implementation: The project will be implemented through 3 service contracts to be tendered in Q2 (contracts 1 and 2) and Q4 2010 (contract 3).</p>
	<i>Supporting programmes</i>	<i>2.00</i>	<i>Project Description</i>

27.	Project Preparation Facility	2.00 ²	<p>Project purpose: To allow project preparation and implementation to proceed in a quick and effective manner.</p> <p>Actions to be supported are likely to include inter alia:</p> <ul style="list-style-type: none"> - recruitment of short-term technical assistance (local and international) for preparatory activities as preparation of feasibility studies, of terms of reference and for specifications for supply and works contracts which will ensure appropriate tender procedure; - recruitment of short term experts to participate in Tender Evaluation and assessment of applications submitted during call of proposals for Grant Schemes. A significant number of such evaluation procedures is foreseen due to the large number of contracts under IPA. <p>Implementation: The PPF will support the preparation and early implementation of activities under the IPA Annual Programmes through an indicative number of 20 service contracts starting in Q2 2010, whose size is to be decided according to the specific needs arising during the project preparation phase.</p>
	TOTAL	174.20³	

2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor coordination

Past and on-going assistance

The EC has been providing significant support to Serbia under a variety of instruments, including IPA, CARDS, macro-financial support and humanitarian aid. Overall, for the period 1998-2006, the amount of EC financial assistance to Serbia represents more than EUR 2 billion.

The Serbian national allocation for 2007 and 2008 totals EUR 360.9 million.

The IPA component I allocation for 2009 is EUR 182.5 million. EUR 100 million were approved for Budget support for Serbia at the end of July. EUR 70.5 million went to the National Programme 2009 with a total of 10 projects and was approved by the Commission in November 2009. EUR 5 million were allocated for Nuclear Safety and EUR 7 million for Tempus. Those two projects were adopted under IPA horizontal programme 2009.

Serbia participates in cross-border cooperation, where the priorities include infrastructure, flood prevention, environmental problems, cultural exchanges, research, job creation, security and crime prevention with an allocation of EUR 44.5 million for the period 2007-2010.

Discussions with civil society organisations have proved positive and these contacts should be widened in future years.

In addition, in the course of the Programme preparation particular attention was given to the projects financed under the Multi-Beneficiary IPA programmes managed by European Commission headquarters, which are linked to numerous sectors of common interest, such as justice, social issues, refugees, statistics and environment.

² 2,006,679

³ 174,206,679

Lessons learned

The programming of IPA 2010 funds takes into account the lessons learned from previous CARDS and Phare assistance, as well as the previous IPA exercises. Lessons learned from those programmes include:

- Increasing ownership of national bodies responsible for the EU programming process. Increasing local ownership and further development of administrative capacity are essential for the effective targeting of the support and achieving the agreed results in line with EU standards. Coordination between IPA programming and government overall long-term development strategy, including allocation of human and financial resources is essential.
- Increase in coordination between central and local government bodies and their absorption capacity.
- All EC assistance must complement and be consistent with Serbian institutions development and action plans.
- Particular attention must be paid to the preparedness and maturity of the projects to be selected.
- The absorption capacity and past achievement record of beneficiary organisations is important.

Donor Coordination

The responsibility for donor coordination within the Serbian administration lies with the Sector for Programming and Management of EU funds and Development Assistance (DACU), the Technical Secretariat of the NIPAC, at the Ministry of Finance.

The European Commission Delegation in Belgrade holds regular sector donor coordination meetings with EU Member States representatives. On a two-monthly basis it also co-chairs (together with the World Bank) an informal donor group including international organisations and non-EU bilateral donors. Additionally, representatives of the Delegation participate in sector coordination groups convened at the initiative of line ministries and/ or other donors.

Close working relations are also maintained with IFIs (IMF, EIB, EBRD, World Bank, KfW). CARDS programmes have, over time, supported IFI investments in Serbia by financing preparatory work before actual investments and funding Project Implementation Units. The majority of activities carried out with IFIs are in the following sectors: transport, energy, health, education, SME credit lines and municipal investments.

Bilateral donors such as Sweden, the Netherlands, the United Kingdom, Germany, Austria, Italy, France, Spain, Greece, Norway and Switzerland are very active in donor co-ordination and pre-accession support. It is important to continue working closely with these actors under IPA particularly with regard to their institution building plans.

Member States have been de-briefed on the state of IPA 2010 National Programme during a meeting held at the Delegation on 4 February 2009. A written consultation on the list of project proposals has taken place on 24 June 2009.

2.d Horizontal issues

Equal opportunity for participation of men and women and the minority representation will be assured in all aspects of the programme implementation. 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.

The Programme will also contribute to environmentally sustainable economic development by bringing the country closer to EU environmental standards, through strengthening administrative structures and fostering the approximation with *acquis* requirements.

2.e Conditions

The programme includes the following conditionalities:

The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.

- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order for EC financial support to be used in the most effective and sustainable manner.
- 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. Beneficiaries shall also participate in the selection committees for procurement and grants as non-voting members.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions shall 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.

Additional project specific conditions are described in the project fiches. The project fiches are formally approved by exchange of letters between the Commission and the government of Serbia. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the Implementing Authority.

2.f Benchmarks

	N		N+1 (cumulative)		N+2 (cumulative)	
	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched**	35	8	41	13	41	13
Number of calls for	1	0	1	0	1	0

proposals launched						
Number of twinning contracts	5	0	5	0	5	0
Number of contribution agreements	3	0	3	0	3	0
Number of direct grants	1	0	1	0	1	0
Contracting Rate (%)	88%	60%	100%	100%	100%	100%

"N" being the date of conclusion of the Financing Agreement.

* In case of parallel national co-financing

** Table excludes tenders launched under the Project Preparation Facility (project 27)

2.g Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission

The Serbian authorities have adopted a DIS Roadmap in January 2008 (last up-dated in March 2009), while a Strategy for the preparation of DIS accreditation has been prepared and submitted to the Commission in April 2008. All key stakeholders regarding DIS on the side of the Serbian administration have been appointed.

In a letter (dated 10/02/2009) the National Authorising Officer (NAO) *considers Stage 0 to be completed* (key people appointed, organigrammes of NF and CFCU, as well as implementation and operational agreements elaborated). Ten out of the 12 envisaged Programme Management Units in line Ministries have been established as well.

Under the new system the NIPAC secretariat would be formally assigned the responsibility for the monitoring of programmes. The Audit Authority has been decided to be placed under direct responsibility of the Competent Accrediting Officer (CAO). The report on results of stage 0 of the DIS Roadmap also has presented an outline of the staffing levels, training needs and basic training programme. A Gap Assessment assignment for Component I and II and financed by 2007 IPA started in April 2009 and Stage 2 "Gap Plugging" is to be initiated during autumn 2009.

3 BUDGET (AMOUNTS IN EUR)

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 ⁴		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% ⁵	EUR (c)	% ¹	EUR (d)=(e)+(f)	EUR (e)	% ¹	EUR (f)	% ¹	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% ⁶
Priority Axis 1: Political Requirements	24 285 000	23 800 000	98	485 000	2	42 820 000	30 320 000	71	12 500 000	29	67 105 000	54.120.000	31
Support to the implementation of PAR	4 000 000	4 000 000	100	0	0	5 000 000	2 500 000	50	2 500 000	50	9 000 000	6 500000	
Support preparation for IPA component III	5 000 000	5 000 000	100	0	0	0	0	0	0	0	5 000 000	5 000 000	
Support to the municipalities of the Republic of Serbia to prepare and implement infrastructure projects - MISP 2010	6 000 000	6 000 000	100	0	0	35 120 000	25 120 000	72	10 000 000	28	41 120 000	31 120 000	
Treasury administration capacity building	2 000 000	2 000 000	100	0	0	0	0	0	0	0	2 000 000	2 000 000	

⁴ contribution (public and private national and/or international contribution) provided by national counterparts

⁵ Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

⁶ Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU Contribution	
	Total expenditure	IPA EU contribution		National contribution⁴		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%⁵	EUR (c)	%¹	EUR (d)=(e)+(f)	EUR (e)	%¹	EUR (f)	%¹	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%⁶
Project against money laundering and terrorism financing in Serbia	2 265 000	2 000 000	88	265 000	12	0	0	0	0	0	2 265 000	2 000 000	
Further alignment of penal system of Republic of Serbia with EU standards and strengthening alternative sanction system	2 800 000	2 800 000	100	0	0	2 700 000	2 700 000	100	0	0	5 500 000	5 500 000	
Support to civil society	2 220 000	2 000 000	90	220 000	10	0	0	0	0	0	2 220 000	2 000 000	
Priority Axis 2 Socio-Economic Requirements	38 800 000	38 800 000	100	0	0	41 850 000	36 500 000	87,22	5 350 000	12,78	80 650 000	75 300 000	43
Higher Education Teaching Infrastructure Programme	3 000 000	3 000 000	100	0	0	22 000 000	22 000 000	100	0	0	25 000 000	25 000 000	
European South and South West Serbia Support Programme - ESSWeSP	10 000 000	10 000 000	100	0	0	5 000 000	3 500 000	70	1 500 000	30	15 000 000	13 500 000	
Development of Palliative Care Services in the Republic of Serbia	3 000 000	3 000 000	100	0	0	1 100 000	500 000	45	600 000	55	4 100 000	3 500 000	

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU Contribution	
	Total expenditure	IPA EU contribution		National contribution ⁴		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% ⁵	EUR (c)	% ¹	EUR (d)=(e)+(f)	EUR (e)	% ¹	EUR (f)	% ¹	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% ⁶
Implementation of Strategy for fight against drugs-supply reduction component	1 500 000	1 500 000	100	0	0	2 500 000	2 500 000	100	0	0	4 000 000	4 000 000	
Integrated Innovation Support Programme	3 000 000	3 000 000	100	0	0	0	0	0	0	0	3 000 000	3 000 000	
Removal of Unexploded ordinances (UXO) from the Danube River	3 800 000	3 800 000	100	0	0	0	0	0	0	0	3 800 000	3 800 000	
Preparation of the necessary documentation for river training and dredging works on selected locations along the Danube River.	2 000 000	2 000 000	100	0	0	0	0	0	0	0	2 000 000	2 000 000	
Supervision of road construction works on the Corridor X (Grdelica – Vladicin Han and Pirot – Ciflc sections)	10 000 000	10 000 000	100	0	0	0	0	0	0	0	10 000 000	10 000 000	
Assistance to the digital broadcasting switchover in Serbia	2 500 000	2 500 000	100	0	0	11 250 000	8 000 000	71	3 250 000	29	13 750 000	10 500 000	

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU Contribution	
	Total expenditure	IPA EU contribution		National contribution ⁴		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% ⁵	EUR (c)	% ¹	EUR (d)=(e)+(f)	EUR (e)	% ¹	EUR (f)	% ¹	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% ⁶
Priority Axis 3 – European Standards	20 000 000	19 000 000	95	1 000 000	5	36 050 000	23 780 000	66	12 270 000	34	56 050 000	42 780 000	25
Capacity building of institutions involved in migration management and reintegration of returnees in the Republic of Serbia	2 000 000	1 800 000	90	200 000	10	0	0	0	0	0	2 000 000	1 800 000	
Establishment of efficient system for prevention of illegal migrations on the territory of the Republic of Serbia	1 000 000	1 000 000	100	0	0	4 000 000	4 000 000	100	0	0	5 000 000	5 000 000	
Strengthening of the Serbian market surveillance system for non-food and food products	2 850 000	2 500 000	88	350 000	12	0	0	0	0	0	2 850 000	2 500 000	
Institutional Capacity Building and Support to Agriculture and Rural Development in Serbia	2 220 000	2 000 000	90	220 000	10	780 000	780 000	100	0	0	3 000 000	2 780 000	
Establishment of the Serbian Farm Accountancy Data	2 200 000	2 200 000	100	0	0	0	0	0	0	0	2 200 000	2 200 000	

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU Contribution	
	Total expenditure	IPA EU contribution		National contribution ⁴		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% ⁵	EUR (c)	% ¹	EUR (d)=(e)+(f)	EUR (e)	% ¹	EUR (f)	% ¹	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% ⁶
Network (FADN)													
Equipment and courier service supply and capacity building of Serbian National Referent Laboratories Directorate in food chain	1 500 000	1 500 000	100	0	0	5 000 000	5 000 000	100	0	0	6 500 000	6 500 000	
Strengthening the Serbian Environmental Inspectorate and Relevant Stakeholders	2 000 000	2 000 000	100	0	0	500 000	500 000	0	0	0	2 500 000	2 500 000	
Follow up technical assistance to Srbijagas	1 500 000	1 500 000	100	0	0	0	0	0	0	0	1 500 000	1 500 000	
Construction of Substation 400/110 Kv Vranje-4 & Leskovac-2	2 230 000	2 000 000	90	230 000	10	25 770 000	13 500 000	52	12 270 000	48	28 000 000	15 500 000	
Implementation of Energy Component of the National Strategy for Sustainable Development	2 500 000	2 500 000	100	0	0	0	0	0	0	0	2 500 000	2 500 000	
Priority axis 4 - Supporting programmes	2 006 679	2 006 679	100	0	0	0	0	0	0	0	2 006 679	2 0206 679	1

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU Contribution	
	Total expenditure	IPA EU contribution		National contribution⁴		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	%⁵	EUR (c)	%¹	EUR (d)=(e)+(f)	EUR (e)	%¹	EUR (f)	%¹	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	%⁶
Project Preparation Facility	2 006 679	2 006 679	100	0	0	0	0	0	0	0	2 006 679	2 006 679	
TOTAL	85 091 679	83 606 679	98	1 485 000	2	120 720 000	90 600 000	75	30 120 000	25	205 811 679	174 206 679	100

* 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) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA EU contribution of the entire FP.

3.2 Principle of Co-Financing applying to the projects funded under the programme

The EU contribution, which represents 85% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used.

The co-financing foreseen for institution building (IB) does not reach the 10% required. However the overall co-financing for investments (INV) is 25%. After consulting the European Commission Serbia decided temporarily, due to the current financial crisis, to reduce their co-financing for IB. In view of the overall figures for INV exceeding the minimum required in priority axis 1 and priority axis 3, the no co-financing or low rate of co-financing for (IB) is accepted.

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 case of twinning.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Method of implementation

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation⁷ and the corresponding provisions of the Implementing Rules⁸. The implementation of the programme is delegated to the European Commission Delegation to Serbia.

The Project 5 “*Project against money laundering and terrorist financing in Serbia*”, the Project 17 “*Capacity building of institutions involved in migration management and reintegration of returnees in the Republic of Serbia*” and the Project 9 “*European South and South West Serbia Support Programme (ESSWeSP)*” will be implemented by the European Commission by joint management with the Council of Europe, International Organization for Migration and UNOPS following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules.

To this end, the Commission will conclude Contribution Agreements with the Council of Europe, the International Organization for Migration and UNOPS.

4.2 General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

The grant contract provided for in the framework of project 9 (component 1) may be awarded to the Project on Ethnic Relations (PER) without a call for proposals notably due to their technical competence and their high degree of specialisation and in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation.

⁷ Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1)

⁸ Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1)

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

In line with best practice gained under previous EC-funded programmes, FIDIC conditions of contract for works may be used for work investments.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website⁹ at the date of the initiation of the procurement or grant award procedure.

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreements between the Commission and the Council of Europe, the International Organization for Migration and UNOPS implementing such programme/activity.

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.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address: http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

4.4 Environmental Impact Assessment and Nature Conservation

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

5 MONITORING AND EVALUATION

5.1 Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

5.2 Evaluation

Programmes shall be subject to *ex ante* evaluations, as well as interim and, where relevant, 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 *ex ante* and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

⁹ current address:
http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

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 Delegation in the Beneficiary Country.

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) 2185/96¹⁰.

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

The authorising officer by delegation (AOD), or the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

8. LIMITED CHANGES IN THE IMPLEMENTATION OF THE PROGRAMME

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature¹¹, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

¹⁰ OJ L 292; 15.11.1996; p. 2

¹¹ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.