

<b>2011 Annual Programme</b> <b>Regional Economic Development : 04-2011/2</b>
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**1. Basic information**

<b>1.1 CRIS number:</b>	2011/022-939
<b>1.2 Title:</b>	Regional economic development
<b>1.3 ELARG statistical code:</b>	02.22
<b>1.4 Location:</b>	Kosovo*

**Implementing arrangements**

<b>1.5 Contracting authority:</b>	European Commission Liaison Office to Kosovo
<b>1.6 Implementing agency:</b>	European Commission Liaison Office to Kosovo
<b>1.7 Beneficiary:</b>	Kosovo's Ministry of Local Government Administration (MLGA), contact Mr Besnik Osmani, Permanent Secretary

**Financing**

<b>1.8 Overall cost (VAT excluded):</b>	EUR 6.2 million
<b>1.9 EU contribution:</b>	EUR 5.7 million
<b>1.10 Final date for contracting:</b>	3 years after signing the financing agreement
<b>1.11 Final date for execution of contracts:</b>	2 years following the final date for contracting
<b>1.12 Final date for disbursements:</b>	1 year after the final date for execution of contracts

**2. Overall Objective and Project Purpose****2.1 Overall Objective:**

To contribute to the creation of the conditions for balanced and sustainable economic development in all the economic regions of Kosovo and to promote socio-economic, environmental and cultural development and exchanges between Kosovo border regions and those of neighbouring countries.

**2.2 Project purpose:**

Component 1: To support the implementation of the regional strategies already prepared in each of the five economic regions of Kosovo.

Component 2: To enable Kosovo stakeholders to actively participate and benefit from joint CBC initiatives with Montenegro, Albania and the former Yugoslav Republic of Macedonia.

\* Under UNSCR 1244/1999.

### **2.3 Link with European Partnership/Stabilisation and Association Process Dialogue/Progress Reports**

Along with the rest of the region, Kosovo is embracing the European agenda, underpinned by the EU policy for the Western Balkans, the Stabilisation and Association Process (SAP). In June 2008, the European Council reconfirmed that the EU remains committed to playing a leading role in ensuring economic, political development and stability of Kosovo in line with the European perspective of the Western Balkan region.

In the 2010 Action Plan for implementing the European Partnership, the Government of Kosovo aims to encourage job creation through the improvement and promotion of the business environment to make it the engine of economic development. The Action Plan also seeks to promote regional cooperation through the development of the capacity of central and local institutional capacities to prepare projects on cross border cooperation focused on the tourism and infrastructure sectors.

The 2010 Progress Report identifies that the deficiencies in policy formulation and implementation have increased the already high uncertainty in the economy and that unemployment remains very high particularly among the young. Poor infrastructure is also identified as a barrier to economic activity and growth.

And in a similar vein, the European Commission's Study on Kosovo ('Kosovo — Fulfilling its European Perspective', published together with the 2009 Progress Report), also mentions that Kosovo needs to address infrastructure weaknesses and low skill levels in order to make the economy more competitive.

### **2.4 Link with the Multiannual Indicative Planning Document (MIPD)**

Kosovo MIPD 2011-2013 identifies Private Sector Development as a Priority Sector. It says: " Within the framework of the European strategy for smart, sustainable and inclusive growth (Europe 2020), IPA is to support actions aimed to improve the competitiveness of Kosovo's economy, increase the productivity and strength of its export sector, improve the skills levels and employment prospects of its workforce, particularly by enhancing the performance of education systems and by facilitating the transition from education to employment, entry of young people to the labour market and support their skills set through support for issues such as non-formal learning, participation, volunteering and mobility modernise its physical support infrastructure in a sustainable manner and encourage private investment". The project will support capacity building and absorption capacity of various public and private entities in Kosovo— potential managing agencies and end recipients of EU Structural Funds' support in relevant sectors of socio-economic development.

MIPD for CBC 2011-2013, emphasises a need for "building the capacity of local, regional and national institutions to manage EU programmes and to prepare them for the management of future Structural Funds under the European Territorial Cooperation objective".

It states that " In **Kosovo**, five Regional Development Strategies were drafted in 2010 for the respective economic regions: South, North, Centre, East and West. Those regions in combination form the programming areas for the three cross-border programmes: Kosovo-Albania, Kosovo-the former Yugoslav Republic of Macedonia and Kosovo-Montenegro. The strategies were drafted by the five Regional Development Agencies in close cooperation with their founding municipalities and other stakeholders in the region. The priorities of the Regional Development Strategies are reflected in the cross-border programmes in which the regions participate."

". The project aims to support development of local administrative and project management capacity in Kosovo's border regions and to identify a pipeline of local development projects. Neighbouring countries, Albania, Montenegro and the former Yugoslav Republic of Macedonia have been allocated funds under the above-mentioned MIPD for cross border cooperation with Kosovo.

## **2.5 Link with the Medium Term Expenditure Framework (MTEF)**

The Medium-Term Expenditure Framework 2009-2011 acknowledges as a priority that conditions for a "rapid sustainable economic growth for the benefits of all citizens in Kosovo" should be created. The Medium Term Expenditure framework of Government of Kosovo foresees numerous infrastructure projects developed by municipalities to enhance the social and economic aspects of their communities. The Action Plan for the Implementation of the Decentralization process of Government of Kosovo also represents a set of detailed actions required. This project will contribute to this priority through supporting the development of regional capacity to promote economic growth both within Kosovo and through cooperation with neighbouring countries.

## **2.6 Link with national/ sectoral investment plans**

Other complementary initiatives in Kosovo that are related to activities under this project fiche include:

- Local Development Strategies – for each of the Municipalities of Kosovo. These documents emphasize the dimension of regional development and cross border cooperation as a tool for supporting socio-economic development and the protection and preservation of the environment.
- Regional Economic Development Strategies - developed with support of EU funding (EURED) for five economic regions in Kosovo. Regional Economic Development Strategies aim at strengthening the Kosovo economic regions and expanding a regional development framework in line with EU standards. They will support development of institutional capacities to manage the process of economic development, and supporting economic regeneration, job creation and human infrastructure development in different regions.
- Kosovo has recently prepared three Cross Border Cooperation Programmes with its neighbouring countries, Albania, the former Yugoslav Republic of Macedonia and Montenegro. The implementation of the first two started in 2011, while the Kosovo CBC Programme with Montenegro will start in 2012.
- 2008 Laws on Social Self-Government and 2008-2010 Action Plan for the Implementation of Decentralisation – aiming at establishing a sustainable system of local self-government and improving the efficiency of local public services throughout Kosovo.
- European Partnership Action Plan (EPAP) for Kosovo – which put great emphasis on regional development an cooperation as a vehicle for development of Kosovo in the view of overall European Integration Process.
- There exist a significant number of sector and cross sectoral strategies in Kosovo that relate to regional development and cross border cooperation initiatives.

## **3. Description of project**

### **3.1 Background and justification:**

Kosovo's social and political stability depends on sustained economic development and strengthened social cohesion. Kosovo's economic growth has been solid since over the last decade, attributable in part to large public investments in post-conflict reconstruction as well as an increase in private investment. The international economic and financial crisis had a limited impact on Kosovo's economy. The main effect has been a drop of remittances, and reduced external demand and prices for Kosovo's main exports. Real GDP growth decelerated from 5.4% in 2008 to 4.0% in 2009. GDP per capita<sup>3</sup> reached €1,790 in 2009, equal to 7.6% of the EU-27 average compared with 7.1% in 2008.

Unemployment remains very high. Unemployment in 2009 stood at 45% according to the Labour Force Survey. In the first half of 2010, the number of registered unemployed shrank by 0.2% compared with the first half of 2009. This drop was driven by the decrease in semi-skilled and skilled unemployment, whereas unskilled unemployment increased on average by 0.3%. By the end of June 2010, unskilled

unemployed accounted for 60% of total registered job seekers. An estimated 30,000 young people, mostly low-skilled, enter the labour market every year without many employment opportunities and chances of professional development. Labour continues to be Kosovo's most important export item which generates an inflow of remittances financing a large share of domestic consumption.

The structure of employment shows that labour has shifted mainly towards non-tradable sectors – some 17% were employed in trade, 13% in education, 10% in administration, 8% in construction and only 10% in manufacturing. Overall, in spite of positive growth, the economy is not creating enough jobs to absorb the young new entrants and reduce pressures on the labour market.

Kosovo's deficient basic regional infrastructure hampers its development. Investment from the consolidated budget does not suffice to guarantee the maintenance of Kosovo's existing infrastructure networks, let alone building new ones.

Sustainable stability can only be achieved if Kosovo's economy develops and offers opportunities to all communities.

Being landlocked, Kosovo's economic development depends to a considerable extent on its relations with its neighbours. But the same goes for Kosovo's neighbours to varying degrees as difficulties in maintaining productive cross border relations with Kosovo hamper the development of their regions bordering with Kosovo.

Kosovo institutions do not have substantial earlier experience in participating in CBC initiatives. Kosovo's future participation in IPA funding CBC initiatives will require significant support to develop the administrative capacity of its institutions, central, local and regional actors, non-profit organisations businesses communities etc. Thus, further IPA support to Kosovo for strengthening capacities to participate in CBC programmes should focus on the establishment of respective management structures for implementation, monitoring and evaluation of CBC-programmes, along with the required institutionalisation of the capacity to do so and proper communication.

This project intends to introduce an integrated approach of regional development and cross border cooperation. The above-mentioned initiatives together with other linked activities would form a 'EURED umbrella' providing Kosovo with an efficient tool for implementing its development strategies.

### **Component 1- Support to the EURED process**

The EURED process was launched by the Kosovo Authorities and the European Commission Liaison Office (ECLO) to Kosovo to support socio-economic development in Kosovo through the Regional Economic Development approach in line with EU practice.

The model of integrated development involves a process in which all the community stakeholders, both public and private, participate in designing and implementing a development strategy for renewing their region, stimulating the growth of enterprises, developing the infrastructure, providing social services and employment generation schemes

Under IPA 2008, the European Commission Liaison Office to Kosovo supported the process through three major tools:

I) Institutional Support to the five Regional Development Agencies (RDAs)

II) Grant Scheme for regional projects on creating the conditions for competitive businesses and on business related small scale infrastructure

III) Expert support to the RDAs and to the implementation of the Grant Scheme

As a result of that project, the EURED approach was introduced to Kosovo municipalities and central governmental institutions. Also, five Regional Development Agencies (RDAs) were established in Kosovo's economic regions (Centre, East, North, South, and West) through an agreement among the municipalities.

Two EU Regional Economic Development (EURED) Grant Scheme are already operational. The first Grant scheme is supporting nineteen projects through out Kosovo and the deadline for applications

under the second Grant Scheme is 30<sup>th</sup> May 2011. The financial resources allocated to the grant scheme allow financing of further 12-15 projects.

However, as EURED is a new process in Kosovo, further support is needed in order to consolidate the process. . Therefore this Project Fiche, drafted together with the Ministry of Local Government Administration, was developed to continue the Grant Scheme activities started under IPA 2008.

### **Component 2 – Cross Border Cooperation**

Further IPA support to Kosovo for strengthening capacities to participate in CBC programmes needs to focus on the establishment of respective management structures for implementation, monitoring and evaluation of CBC-programmes, along with the required institutionalisation of the capacity to do so and proper communication. The new project is expected to support Kosovo stakeholders of CBC programmes on the following:

- MLGA and other appropriate agencies to implement joint CBC initiatives with Albania, Montenegro and the former Yugoslav Republic of Macedonia
- Establishing or strengthening capacities of the joint CBC Programme implementation structures, such as, Kosovo Operating Structure (OP), Joint Monitoring Committee (JMC), Joint Technical Secretariat (JTS), etc, necessary for management and supervision of joint CBC activities with neighbouring countries.
- Support relevant institutions in the process of preparation and launch of calls for proposals
- Support to strengthen capacities of central, but in particular local institutions, municipalities, regional development agencies, non-public organisation, public in the process of responding to calls for proposals and projects generation, identification, preparation and submission of a projects pipeline consistent with each CBC Programme priorities and measures.
- Support to relevant institutions on monitoring of implementation of CBC programmes

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross-border impact**

Merging and consolidating Kosovo's development schemes will definitely increase their potential impact: the same effect cannot be achieved using scattered small-scale activities. With a consolidated approach, it is easier to ensure the dissemination of best practices and catalytic effects. Cross-border effects are more effective when developed and implemented as part of a consolidated regional development approach.

The integrated EURED and CBC approach address sustainability in a number of different ways:

- Firstly, by developing comprehensive local economic development strategies tailored to the specific social, economic, geographic and labour market needs in a given area, and funding projects which support the specific opportunities for economic regeneration in the given region, there is a greater chance to achieve sustainable impact in terms of jobs created and viable SMEs.
- Secondly, local ownership is achieved by involving the community stakeholders in the whole process of drafting the strategy, receiving approval from the government and appropriate parliamentary body, and being involved in overseeing and funding from government budget and IPA as part of the implementation of such a strategy.
- Thirdly, the integrated EURED and CBC approach aims at strengthening the local institutional framework for designing, co-ordinating and implementing projects for such an economic strategy including local municipalities, city administrations, universities, local service providers.

### **3.3 Results and measurable indicators:**

#### **Component 1 – Support to the EURED process**

##### Results

1. The expected result of this component is the successful implementation of projects funded under the Grant Scheme which will contribute to the economic development of their region.

##### Measurable Indicators

- 12 to 15 grant projects approved
- 12 to 15 projects successfully implemented
- EUR 5.5 million awarded for grants together with co-financing

#### **Component 2 – Cross-border Cooperation**

##### Results

1. Joint CBC structures (OP, JMC, JTS, JSC) established and fully operational for the three borders of Kosovo with Montenegro, Albania and the former Yugoslav Republic of Macedonia,
2. Joint CBC programmes (for IPA funding after 2013) prepared and approved for Kosovo border areas with Albania, Montenegro and the former Yugoslav Republic of Macedonia
3. Calls for proposal launched under each joint CBC programme for each border
4. A pipeline of good quality project proposals from Kosovo stakeholders established
5. A proper monitoring evaluation and feed back mechanism on CBC initiatives established and operational

##### Measurable Indicators

- One CBC programme prepared / reviewed (including the new CBC programmes after 2013) jointly with neighbouring countries for each Kosovo border and started / advanced with implementation
- CBC structures (JMC, JTS) established and operational for each CBC border/programme (three) that Kosovo participates
- At least one call for proposal launched and contracted every year for each CBC programme that Kosovo is involved
- At least 30 project proposal received for each call from public organisations and civil society responding to calls for projects proposals for CBC initiatives
- 12 to 15 project proposals selected for funding and contracted
- Monitoring mechanism of CBC initiatives in place

### **3.4 Activities:**

#### **Component 1 - Consolidation EURED process**

##### *Activities*

Implementation of the Grant Scheme by the EC Liaison Office with the support and assistance of the EURED technical assistance and of the Regional Development Agencies in each of the five economic regions. Once call for proposals with maximum value of EUR 5.0 million. (EU financing of EUR 4.5 million, co-financing by the Ministry EUR 0.5 million). The Guidelines drafted by the EURED TA will be finalised by the EC Liaison Office based on the experience from the previous schemes that concentrated on projects for creating the conditions for competitive businesses and on business related small scale infrastructure projects.

The main objective remains economic development and job creation. Efforts will be made for further regionalisation and business orientation. Real, tangible and visible results of the proposals remain the most important selection criterion.

## **Component 2 – Cross-border Cooperation**

### *Activities*

1.1. Direct institution building support and related training on the establishment and strengthening of joint management structures for management, implementation and monitoring of CBC initiatives (OP, JMC, JTS)

2.1 Support for reviewing and preparation (for IPA funding after 2013) of at least three CBC programmes

3.1. Support and training to JTS and JMC for preparation and launch of CfPs

3.2. Awareness raising, institutional and training support to Kosovo institutions to participate in calls for proposal supported by CBC initiatives

4.1. Awareness raising and training to final applicants on CfPs and project generation

5.1 Capacity building support to establish a proper implementation, monitoring, evaluation and feed back mechanism for CBC initiatives

The implementation of this activity will be done via a service contract.

### **3.5 Conditionality and sequencing:**

Successful implementation of EURED initiatives in Kosovo would require that, the already established and functional, five regional development agencies become sustainable and their funding is secured. Continuation of EU funding to their operations or commitment from Government institutions to take it over is a pre-condition for their existence and smooth operation. Furthermore continuation of EU funding of EURED grant schemes and co-financing from the Government is a pre-requisite for the success of regional development initiatives.

The following conditionalities could apply to CBC component:

- Continuation of EU funding for CBC initiatives and existence of joint programmes with neighbouring countries after 2013
- Joint CBC structures established and operational
- Government commitment and/or availability of co-financing from potential applicants ensured

CBC related conditionalities are not clearly sequenced but rather inter-related. CBC initiatives in Kosovo border, but not, will have little chance to become sustainable unless EU funding continues for at least some more years. A pre-condition for the programmes to be implemented successfully will be the establishment and functionality of joint management structures between neighbouring countries. On other hand commitment and availability of co-financing is a pre-condition for implementation of EU support programmes.

### **3.6 Linked activities**

Name of project (Amount)	Start End	Activities/Results
IPA 2008 Municipal Social and Economic Infrastructure (MunInfra IV) (EUR 9.8)		Municipal infrastructure projects such as public buildings (incl. schools), water and sewerage systems, roads, sports facilities for a total investment value of approximately EUR 8.5 million. Works tender to be published in late June 2010.

million)		
IPA 2007 Municipal Social and Economic Infrastructure Programme (MunInfra III) (\$ 10.6 million)	Sep 2009 -	The programme consists of two parts: 1.) seven sports fields and playgrounds in Pristina, Mitrovica, Peja and Prizren: 2.) 13 schemes such as public buildings, local roads, sewage/wastewater and water supply networks in 13 municipalities (all of them south of the Ibar, incl. Pristina and Prizren)
IPA 2008 Municipal Social and Economic Infrastructure (EUR 1.4 million)	Jul 2009 -	Technical and administrative support for implementing infrastructure projects under one international works contract
IPA 2008 Support to EU Regional Economic Development Approach in Kosovo (EUR 6.6 million)	March 2009- Feb 2012-	Establishing and putting into operation five Regional Development Agencies, providing financial support via the EURED grant scheme to small-scale regional socio-economic projects and providing RDAs and Regional Stakeholders with expert support in the areas of strategy-building, institution building, financial management, communication and public relations, etc.
CARDS 2005/2006 Cross-Border Cooperation (CBC) Programme (EUR 0.9 million)	August 2008- July 2010	Helping the Kosovo Operating Structures draft and implement up to three CBC programmes: Kosovo-Albania, Kosovo-the former Yugoslav Republic of Macedonia and Kosovo-Montenegro. Involving RDAs in the process.
IPA 2007 Developing an enabling economic environment for all of Kosovo's communities (EUR 13.0 million)	June 2008  June 2010	Improving the management and operational capacity of the Ministry of Trade and Industry, the Investment Promotion Agency and the new Patent Office. Helping the successor of the Kosovo Trust Agency to continue the privatisation and liquidation process. Supporting business growth and job creation through technical and advisory support for SMEs.
CARDS 2006 Ministry of Trade and Industry (MTI) (EUR 2.5 million)	May 2006 - May 2008	Helping the MTI to formulate and implement sound SME policy and strategy — in line with the EU Charter for Small Businesses — and developing effective business services to support the successful growth of SMEs.
CARDS 2004 Poverty alleviation in marginalised municipalities (EUR 3 million)	Dec- 2006 – Jun 2009	To create income-generating and employment opportunities among vulnerable groups in the targeted municipalities. To help alleviate poverty, stabilise socio-economic conditions and stimulate the economic development of marginalised groups in Kosovo's economy. To foment the growth of entrepreneurial spirit. To contribute to the growth of positive community development. To help local entrepreneurs establish or expand businesses. To help improve the marketability of locally produced goods.
CARDS	2003-	Technical support for improving the social and economic



2003/2005 Municipal and Social Infrastructure Development Programme (EUR 18.2 million)	Dec 2009	infrastructure in municipalities throughout Kosovo by implementing small to medium-sized projects. This includes funds from the 2003 and 2005 budgets. In total, 11 ongoing works contracts / 44 infrastructure schemes covering (for example) school and municipal buildings, water and wastewater schemes and road schemes.
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### **Activities undertaken by other donors in this area**

#### **United States Agency for International Development (USAID)**

1. Business Enabling Environment in Municipalities (\$ 14?) 2010-ongoing
2. Effective Municipalities Initiative (\$9.0 million) 2007 – 2010
3. Local Government Initiative (\$ 11.0 million) 2004-2007

#### **Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)**

1. Economic development and employment promotion (2003-2010)
2. Modernising municipal services (2006 – 2013)
3. Rural Economic Development (EUR 3 million) 2010-2013

#### **Swiss Agency for Development and Cooperation (SDC)**

Women Business Development Project (WBDP) (EUR1.2 million) 2004-2008

#### **World Bank**

1. Business Environment Technical Assistance Project (\$7 million) 2005-2011
2. Community Development Fund 2 Project (\$4.42 million) 2003-2007

#### **Austrian Development Agency (ADA)**

Integrative Regional Development in the Municipality of Suharekë/Suva Reka in the field of Agriculture (EUR 2.6 million) 2009 - ongoing

#### **UK Department for International Development (DFID)**

1. Assessment of feasibility of Cross Border Cooperation (CBC) in Kosovo 2007
2. Preparation of the Terms of Reference (ToRs) for CBC service — contract financed from CARDS 2005/2006.

In addition, a number of international bilateral and multilateral donors (European Commission, KfW Bank, Swiss Government, Danish International Development Agency, Swedish Government, Dutch Government and Austrian Government) have implemented larger scale infrastructure developments throughout Kosovo. Many NGOs have been involved in small projects to develop water supply systems, particularly in rural areas.

### **3.7 Lessons learned**

- It is important to make a close link between “Regional Development and CBC related” **initiatives**. Ways of addressing this should be explored further before both EURED and CBC programme implementation intensifies. It will be less effective if the two frameworks (with their own set of regional priorities that apply to the same regions) develop separately.
- Collaboration and cooperation at regional level consolidates individual efforts into a more effective tool for development. Cooperation on regional development projects also boosts development at national level. Through their involvement with the Grant Scheme, Regional Development Agencies (RDAs) should, in principle, contribute to more effective donor cooperation at regional level and avoid unnecessary duplication of activities.

- The experience of the previous grant schemes shows that generally municipalities and grassroots organisations most often do not have the capacities for preparing and implementing good project proposals. Targeted training activities are to be envisaged and partnerships with more advanced organisations are to be encouraged. Particularly, educational and research centres located in the programme area should be encouraged to participate in the programme not only by establishing academic exchanges but also by supporting local stakeholders in defining and implementing joint initiatives.
- In the case of Kosovo, cooperation between business support organisations, such as Chambers of Commerce, Industry and Trade associations) has been relatively weak during the CBC programming process. That makes some priorities related to business support related initiatives still rather top-down oriented. This is an issue to be addressed more carefully at the stage of implementation, especially when preparing and launching the calls for proposals.

#### 4. Indicative Budget (amounts in EUR million)

			TOTAL EXP.	SOURCES OF FUNDING								
				IPA EU CONTRIBUTION		BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Component 1: Support to the EURED process			5.0	4.5	90	0.5	10	0.5				
Contract 1.1 EURED Grant Scheme		X	4.5	4.5	100							
Contract 1.2 Co-financing of the Grant Scheme		X	0.5			0.5	100	0.5				
Component 2: Cross Border Cooperation			1.2	1.2	100							
Contract 2.1 TA to MLGA : service	X		1.2	1.2	100							
TOTAL IB			1.2	1.2	100							
TOTAL INV			5.0	4.5	90	0.5	10	0.5				
<b>TOTAL PROJECT</b>			<b>6.2</b>	<b>5.7</b>	<b>92</b>	<b>0.5</b>	<b>8</b>	<b>0.5</b>				

NOTE: Amounts net of VAT

(1) In the Activities column use 'X' to identify whether institution building (IB) or investment (INV).

(2) Expressed in % of the **total** expenditure (EXP) (column (a))

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1 EURED Grant scheme (10-15)	Q2 2012	Q4 2012	Q4 2014
Contract 2.1 Service	Q1 2012	Q2 2012	Q2 2014

## 6. Cross-cutting issues

### 6.1 Equal Opportunities

Special attention will be paid to three target groups:

- Women;
- Those with disabilities and special needs
- Religious and ethnic minorities

Through every aspect of its work, the EURED and CBC will address issues of discrimination and will work to remove barriers that prevent everyone from participating equally and fully in the project itself or to participating in projects funded through the EURED and CBC Grant Scheme.

### 6.2 Environment

Consistently mainstreaming environmental sustainability into economic development processes can help deliver long-term benefits that help improve the general quality of life throughout Kosovo.

Environmental sustainability will be thoroughly assessed before approving any of the project proposals referred to in this project sheet. Special attention will be paid to infrastructure projects. Within each scheme, project proposals directly targeting sustainability and environmental issues are encouraged.

### 6.3 Minorities

Social sustainability will be addressed by promoting equality of opportunity for all — with a particular focus on minorities, women and vulnerable groups — in addition to fostering civil society and good governance. This will include the use of the appropriate languages (Albanian, Serbian or others) for the appropriate audience. Organisations applying to run projects funded by the EURED and CBC grant scheme will need to do the same.

## **ANNEXES**

- Annex I- Log frame in standard format
- Annex II- Amounts contracted and disbursed per quarter over the full duration of the programme
- Annex III- Description of institutional framework
- Annex IV - Reference to laws, regulations and strategic documents
- Annex V- Details per EU-funded contract

**ANNEX I: Logical framework matrix in standard format**

LOGFRAME PLANNING MATRIX FOR Project Fiche 6		Programme name and number	IPA 2010
<b>Regional Economic Development (EURED)</b>		Contracting period expires: Ref to section 1.10	Disbursement period expires: Ref to Section 1.12
		Total budget: EUR 6.2 million	IPA budget: EUR 5.7 million
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
To contribute to the creation of the conditions for balanced and sustainable economic development in all the economic regions of Kosovo and to promote socio-economic, environmental and cultural development and exchanges between Kosovo border regions and those of neighbouring countries	<p>Regional measures of economic activity, e.g. new jobs created, levels of investment, number of start-ups, etc.</p> <p>Increased level of exchanges, cooperation and partnership between stakeholders of Kosovo bordering areas with their counterparts across the neighbouring border, expressed in statistics of the level of trade volumes between the countries and regions involved</p> <p>Increased level of economic growth in the eligible regions of Kosovo with other neighbouring countries.</p>	<p>Regional and national economic surveys</p> <p>Government reports</p> <p>EC reports</p> <p>Statistical data and publication from the MLGA, Kosovo Statistical Agency, Chamber of Commerce etc</p> <p>Other donors reports</p>	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Component 1 – Support to the EURED process:</b> To support the implementation of the regional strategies already prepared in each of the five economic regions of Kosovo.	<p>At least 12 regional development projects receiving assistance and are successfully implemented.</p> <p>Contribution of assisted projects to job creation, 150 jobs created.</p>	<p>Projects implementation reports</p> <p>Ex-post evaluation of the regional development plans' implementation and in particular of the assisted projects</p>	National government is willing to develop the national policy, legal framework and institutional framework for the regional economic development process

<p><b>Component 2 – Cross Border Cooperation:</b> To enable Kosovo stakeholders to actively participate and benefit from joint CBC initiatives with Montenegro, Albania and the former Yugoslav Republic of Macedonia.</p>	<p>Kosovo participates actively in a at least three CBC initiatives</p> <p>Evidence of joint CBC structures between Kosovo and its neighbouring countries established and operational</p> <p>Evidence of start of implementation of joint CBC programmes (launch of joint calls for proposals for each programme etc)</p> <p>Interest of local stakeholders to participate in CBC initiatives increased (reflected in number of applications)</p> <p>Quality of project proposals improved (results of project evaluations scoring)</p>	<p>EC Progress Reports</p> <p>GoK progress report on meeting EP requirements</p> <p>Joint programmes submitted to EC for approval</p> <p>Reports of Joint Monitoring Committees</p> <p>Calls for Proposal launched approved for launch by ECLO and EC Delegations in neighbouring countries</p> <p>Joint Technical Secretariat reports on number of organisations submitting project proposals</p> <p>Joint Technical Secretariat reports on number of project proposals selected</p> <p>Reports of Joint Monitoring Committees</p>	<p>There are no new political constraints for Kosovo`s participation in CBC initiatives financed through IPA</p> <p>Political stability in Kosovo and in the neighbouring countries</p> <p>Bordering countries remain interested and committed to engage in the CBC initiatives with Kosovo</p> <p>Strong interest for cooperation among the local stakeholders in the eligible areas in both sided of the borders.</p>
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>

<p><b>Component 1 – Support to the EURED process</b> A fully contracted grant fund with the expected outcome of successful implementation of projects contributing to the economic development of their region.</p> <p><b>Component 2 – Cross Border Cooperation</b> Joint CBC structures (OP, JMC, JTS, JSC) established and operational for the three borders of Kosovo with Montenegro, Albania and the former Yugoslav Republic of Macedonia,</p> <p>Joint CBC programmes (for IPA funding after 2013) prepared and approved for Kosovo border areas with Albania, Montenegro and the former Yugoslav Republic of Macedonia</p> <p>Calls for proposal launched under each joint CBC programme for each border</p> <p>A pipeline of good quality proposals from Kosovo stakeholders established</p> <p>A proper monitoring evaluation and feed back mechanism on CBC initiatives established and operational</p>	<p>12 to 15 projects approved EUR 5.5 million awarded to grant beneficiaries At least one CBC programme prepared / reviewed (including the new CBC programmes after 2013) jointly with neighbouring countries for each Kosovo border and started / advanced with implementation</p> <p>CBC structures (JMC, JTS) established and operational for each CBC programme (three) that Kosovo participates</p> <p>At least one call for proposal launched and contracted every year for each CBC programme that Kosovo is involved</p> <p>At least 30 project proposal received for each call from public organisations and civil society responding to calls for projects proposals for CBC initiatives</p> <p>Number of project proposals selected for funding and contracted</p> <p>Monitoring mechanism of CBC initiatives in place</p>	<p>EC Liaison Office reports</p> <p>EC Progress Reports GoK progress report on meeting EP requirements Joint programmes submitted to EC for approval Reports of Joint Monitoring Committees Reports of Joint Monitoring Committees Calls for Proposal launched and approved for launch by ECLO and EC Delegations in neighbouring countries Joint Technical Secretariat reports on number of organisations having submitted project proposals Joint Technical Secretariat reports on number of project proposals selected</p>	<p>Sufficient capacity of grant beneficiaries to implement their projects successfully (Note: capacity building support will be provided to successful applicants by RDAs and through existing TA contract. In addition the RDAs and TA will assist in the monitoring of contracted projects to indentify any potential problems)</p> <p>Bordering countries remain interested and committed to engage in CBC initiatives with Kosovo Strong interest in cooperation among the local stakeholders in the eligible areas in both sided of the borders</p>
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Activities	Means	Costs	Assumptions
<p><b>Component 1- Support to EURED process</b> Grant support to small-scale projects in five economic regions</p> <p><b>Component 2 – Cross Border Cooperation</b> Direct institution building support and related training on the establishment and strengthening of joint management structures for management, implementation and monitoring of CBC initiatives (OP, JMC, JTS)</p> <p>Support for reviewing and preparation (for IPA funding after 2013) of at least three CBC programmes</p> <p>Support and training to JTS and JMC for preparation and launch of CfPs</p> <p>Awareness raising, institutional and training support to Kosovo institutions to participate in calls for proposal supported by CBC initiatives</p> <p>Awareness raising and training to final applicants on CfPs and project generation</p> <p>Capacity building support to establish a proper implementation, monitoring, evaluation and feed back mechanism for CBC initiatives</p>	<p>Grant scheme</p> <p>Technical assistance</p>	<p>EUR 4.5 million EU EUR 0.5 million co-financing</p> <p>EUR 1.2 million</p> <p>TOTAL EUR 6.2 million</p>	<p>Sufficient interest from eligible applicants with good quality projects. (Note: capacity building support will be provided to potential applicants by RDAs and through existing TA contract</p>

**ANNEX II: Amounts (in EUR million) Contracted and disbursed by quarter for the project**

<b>Contracted</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>
Contract 1.1 EURED Grant Schemes				4.5								
Contract 1.2 CBC TA Service		1.2										
<b>Cumulated</b>		<b>1.2</b>	<b>1.2</b>	<b>5.7</b>								
<b>Disbursed</b>												
Contract 1.1 EURED Grant Schemes				4.0				0.5				
Contract 1.2 CBC TA Service		0.5			0.2		0.2		0.2			0.1
<b>Cumulated</b>		<b>0.5</b>	<b>0.5</b>	<b>4.5</b>	<b>4.7</b>	<b>4.7</b>	<b>4.9</b>	<b>5.4</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.7</b>

### **ANNEX III: Description of Institutional Framework**

MLGA webpage link: <http://www.mapl-ks.org/>

#### **Links to RDA websites:**

RDA Centre <http://www.rdacentre.org/>

RDA North <http://rdanorth.org/>

RDA East <http://www.rdaeast.org/> (under construction)

RDA West <http://www.rda-west.org./home.html>

RDA South <http://www.rda-south.org/>

#### **CBC website**

[www.cbckosovo.eu](http://www.cbckosovo.eu)

#### **ANNEX IV: Reference to laws**

- Regulation No 2007/30 amending UNMIK Regulation No. 2000/45 on self-government of municipalities in Kosovo
- Law No 2004 / 15 on construction
- Law No 2002/8 on environmental protection
- Law No 2003/11 on roads
- Law No 02/L-30 the waste law
- Law No 2004/ 24 on water; Regulation No. 2003/9 on the promulgation of the law adopted by the Assembly of Kosovo on environmental protection

## **ANNEX V: Details of each EU funded contract**

### **Component 1 – Support to the EURED process**

Continuation of the EURED grant schemes for IPA 2008-2009. The Guidelines will be finalised by ECLO based on experience of the above scheme and similar activities in the European Union. The main objective remains economic development and job creation. Efforts will be made for further regionalisation and business orientation. Real, tangible and visible results of the proposals remain the most important selection criterion.

### **Component 2 – Cross Border Cooperation**

The contract will be a continuation of the project “Cross Border Cooperation Programme” for Kosovo. TORs will be prepared by ECLO as contracting authority and MLGA as the project counterpart and direct beneficiary. The implementation of this activity will be done via a service contract.

The assistance will provide direct institution building support and related training on the establishment and strengthening of joint management structures for management, implementation and monitoring of CBC initiatives (OP, JMC, JTS). Support will be provided as needed for reviewing and preparation of Kosovo CBC programmes to be funded by future IPA funding after 2013. The project will provide also support and training to JTS and JMC for preparation and launch of CfPs. Potential applicants, beneficiaries of CBC grants will benefit from awareness raising, institutional and training support on CfPs and project generation. Capacity building support to establish a proper implementation, monitoring, evaluation and feed back mechanism for CBC initiatives will also be provided.