

Project Fiche – IPA Multi-Beneficiary / Component I

1 IDENTIFICATION

Project Title	Regional Housing Programme (Sarajevo Process) 2nd phase 2012-2013
CRIS Decision number	2012/024-133; 2013/024-134
MIPD Sector Code	02. Justice and Home Affairs
ELARG Statistical code	01.63 – Aid to refugees and internally displaced persons (IDPs) or disadvantaged groups
DAC Sector Code	73010 – Reconstruction relief and rehabilitation
Total cost (VAT excluded)¹	EUR 583 661 000 (for the entire duration of the programme) EUR 253 450 000 (for 2nd phase 2012-2013) 2012: EUR 144 350 000 2013: EUR 109 100 000
EU contribution	EUR 130 200 000 for 2nd phase 2012-2013 2012: EUR 74 700 000 2013: EUR 55 500 000
Management mode	Joint management
Responsible Unit	ELARG D3
Implementation management	Council of Europe Development Bank (CEB) in joint management with the European Commission
Implementing modality	Stand alone project
Zones benefiting from the action(s)	Bosnia and Herzegovina, Croatia, Montenegro and Serbia

2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

The Sarajevo Declaration process, initiated in 2005, aims to find long-lasting solutions for refugees and displaced persons following the 1991-1995 conflicts on the territory of the

¹ The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

former Yugoslavia, including IDPs in Montenegro from 1999. The process involves four countries: Bosnia and Herzegovina, Croatia, Montenegro and Serbia (the “Partner Countries”).

International organisations with the United Nations High Commissioner for Refugees (UNHCR) in the lead, the EU, the OSCE as well as the United States have been closely involved in supporting the countries in addressing the issues.

This programme is an integral part of the Sarajevo Process. The process was in a stalemate until March 2010, when a ministerial meeting was held in Belgrade which brought together the four Partner Countries, the UNHCR, the EU and the OSCE.

At this meeting, the countries committed themselves to work towards solutions of a number of outstanding issues, including data exchange and statistics, pensions and con-validation rights, housing and property issues. The principle of an international donor conference to support a comprehensive political agreement between the four Partner Countries was also agreed. An international donors’ conference took place in Sarajevo on 24 April 2012 where the international donors (incl. the EU) pledged an amount of EUR 261 million.

In November 2011, the four Ministers of Foreign Affairs of the Partner Countries signed a Joint Declaration together with a Framework Programme in which it was agreed that a Regional Housing Programme (RHP) should be established.

The objective of the RHP, which will consist of four Country Housing Projects (CHPs), is to make a substantial contribution to the satisfactory resolution of the protracted problem of the remaining refugees and displaced persons in the Partner Countries by providing long-lasting, sustainable housing solutions.

2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

The IPA Multi-beneficiary Multi-annual Indicative Planning Document (MIPD) 2011-2013² identifies as one of its priorities the completion of the process of reconciliation in the Western Balkans and to ensure non-discrimination and respect for human rights.

This project falls under the chapter 3.1 of the Multi-beneficiary MIPD, Justice and Home Affairs, including fundamental rights and vulnerable groups and touches upon chapter 3.7, Social Development. The MIPDs 2011 – 2013 of the four Partner Countries equally identify as one of their priorities for IPA assistance the resolution of the protracted situation of the remaining refugees and displaced persons.

Sectoral policies on resolving the refugee/IDP situation varies between the countries. In Bosnia and Herzegovina, the main document dealing with this issue is the Revised Strategy for the implementation of Annex VII of the Dayton Peace Agreement. This document is lacking a housing policy, and social housing remains largely unregulated on state/entity level. Croatia does not have any applicable policy paper governing the particular area of social housing. The right to housing for vulnerable persons is mentioned in Croatia's law on social protection. Montenegro has two main strategies in place; the National Strategy for resolving issues of refugees/IDPs and the Social Housing Strategy. However, the social housing policy

² C(2011) 4179 final of 20.6.2011

needs to be further developed so as to include vulnerable persons. In Serbia, the National Strategy for resolving issues of refugees and IDPs serves as the overall policy framework, and is coupled by local action plans defined by the municipalities, which includes numbers of refugees, assessments of housing needs and proposed local solutions. The local governments may thus play an important role in Serbia when implementing the RHP.

2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENTS (SAA) / ANNUAL PROGRESS REPORT

The refugee return issue has been set as a short-term priority in the Accession Partnership with Croatia as well as in the European Partnerships with Bosnia and Herzegovina, Montenegro and Serbia.

The European Partnerships specifically mention the Sarajevo Declaration, with a request that a contribution be made to ensure its implementation.

The European Partnership with Serbia makes a specific reference that the right to a real choice between sustainable return and local integration be assured.

In accordance with Croatia's specific commitment during the accession negotiations and as stated in the Act of Accession, Annex 7, Croatia is required to complete the repossession of houses without further delay, as well as the improvement of the climate for the reintegration of returnees through regional development programmes in affected areas.

2.4 PROBLEM ANALYSIS

As a consequence of the armed conflicts in the 1990s, over three million people were displaced both within and beyond the borders of Bosnia and Herzegovina, Croatia, Montenegro and Serbia. Over the past two decades, sustained efforts on the part of the four affected states, as well as support from the international community, have enabled the majority of those affected to return home or find other durable solutions. However, despite these efforts, almost half a million people remain displaced throughout the region.

To solve this protracted displacement situation, Bosnia and Herzegovina, Croatia, Montenegro and Serbia launched, with the support of the international community, a regional initiative aimed at ensuring the voluntary return and reintegration or local integration of refugees and displaced persons from the 1991-1995 conflicts in these countries.

The *legal framework* regulating refugee housing has been reasonably well developed and covers most aspects of the areas of concern. There are significant differences in the approach of the Partner Countries in regulating this specific area.

In most cases, countries have developed and adopted a single overall law which regulates all issues regarding refugees (i.e. social benefits, legal status, access to medical care, housing etc.) and is treated as the “main law” applicable to refugees.

A good example is Serbia, where the Law on Refugees regulates most aspects of the rights of refugees. Nevertheless, other laws exist regulating social, medical and other rights of socially vulnerable categories which could also apply (e.g. Law on Health Insurance). In Partner Countries where such specific laws do not exist (e.g. Montenegro), refugee issues are regulated by existing sectoral laws and specifically developed strategies.

There is a divergence among the Partner Countries regarding the level of legal coverage of durable housing solutions for refugees and displaced persons as well as housing assistance under social protection schemes. Nonetheless, legislation on construction activities may be considered adequate and there is a comprehensive legal framework governing construction procedures.

The *institutional framework* incorporates institutional responsibility for all the processes for providing refugees with housing, from the identification and selection of beneficiaries to the provision of actual housing solutions and the monitoring of the actual transfer of the housing solution with the beneficiary refugees.

For the preparation of the *national implementation mechanisms* – the four CHPs – the following elements are to be addressed by the four Partner Countries and the international stakeholders:

- Specific legal and regulatory framework applicable to the CHPs – scope, relevant content and possible specific decrees;
- Detailed information and analysis of the institutional set-up of the CHPs;
- Available human resources in the specific technical fields; procurement (legal and technical), technical design, financial management, information management, etc.;
- Procurement legislation, arrangements and procedures;
- Management of funds *i.e.* channelling of funds, payments mechanisms, accounting procedures including financial reporting and control systems;
- Socio-economic direct and indirect effects of the CHPs;
- Thorough and sound estimates of project costs of the envisaged housing solutions in each of the CHPs;
- Thorough investigation of the tenancy/ownership rights of the end-beneficiaries as to how they may influence housing models and costs.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

In previous years, the EU has funded under CARDS and IPA a number of refugee support programmes, usually implemented through NGOs. Recently, the EU has funded from IPA Multi-beneficiary assistance the project "Regional Programme for refugee return and provision of durable solutions for refugees and internally displaced persons (IDPs) in the Western Balkans", which was implemented by the UNHCR. The project cost was about EUR 3 million.

The activities under the project implemented in the period July 2010 – December 2011 targeted the most vulnerable refugees from Bosnia and Herzegovina and Croatia who live in Bosnia and Herzegovina, Montenegro, Serbia and Kosovo^{*}; returnees to Croatia and to a lower extent to Bosnia and Herzegovina. The UNHCR and its partners provided legal

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

assistance, assisted voluntary repatriation to Bosnia and Herzegovina and mostly Croatia, extended social outreach assistance and facilitated local integration as measures deemed suitable to achieve durable solutions. The project provided direct assistance to a total of **16,688 beneficiaries in the region**. The assistance provided is distributed as follows:

- **778 refugees** were assisted with **voluntary repatriation**.
- **861 refugees** and IDPs were assisted with **local integration**.
- **6,893 refugees** received **legal counselling**.
- **8,156 returnees** received **legal counselling**.

In addition it was decided to allocate EUR 7.84 million from IPA 2011 funds to implement a preparatory first phase of the current Regional Housing Programme. The first phase is being implemented by the Council of Europe Bank and the UNHCR for a period of 15 months.

Bosnia and Herzegovina

The EU funded since 1996 to date around EUR 403 million for the return of refugees and displaced persons as well as the implementation of Annex VII of the Dayton peace Agreement. Assistance has been used to rehabilitate properties, basic utilities and social infrastructure as well as to implement sustainability measures (livelihood measures and creation of employment opportunities). Over the period 1996 to 2004 the total number of properties that will have been reconstructed with EU funds is approximately 30,000, ca. 4,500 jobs have been created and approx. 1,128 technical infrastructure projects had been successfully completed. Starting with 2012, the IPA financial support will cover both housing needs under the Regional Housing Programme and the Sarajevo Process and housing together with socio economic measures linked to the implementation of the revised Strategy for Annex VII.

Croatia

No EU assistance has been provided in recent years as Croatia funded its own national housing programme, which was monitored by the EU for closing Chapter 23. Several previous EU financed projects targeted, however, socio-economic reforms and human rights in the Areas of Special State Concern (former war zones inhabited by refugees, returnees and IDPs). Croatia foresees to allocate EUR 9.2 million in total to the Sarajevo Process from its IPA national programme 2012 and 2013. Further, Croatia has requested assistance by DG REGIO to look into the possibility for using ERDF funds 2014-2020 as part of Croatia's contribution to the Sarajevo Process.

Montenegro

A project of EUR 2.5 million aimed at identifying durable solutions for IDPs and residents of Konik camp – a major settlement located in Podgorica – was adopted under the IPA 2011 national programme and will include the construction of 90 apartments plus social integration measures. This project was preceded by two smaller projects (EUR 180 000) which provided technical assistance to the authorities in preparation for the IPA project. The continuation of this national project was foreseen within the 2012/2013 national programme. It has been

decided that the housing component (EUR 1 million) will be implemented by the regional project and that the national programme will implement the social component (EUR 1 million). A project to provide comprehensive support to refugees and displaced persons under IPA 2008 (EUR 1.5 million) included providing over 400 IDPs with housing, supporting over 230 income generation schemes and facilitating return of 50 displaced families to Kosovo.

Montenegro will allocate EUR 4.15 million from IPA Component I to the Sarajevo Process in the next five years. EUR 1 million in total is foreseen from the 2012-13 national programmes and EUR 3.15 million is foreseen from the next financial perspective.

Serbia

Up until the end of 2003, the EU provided humanitarian assistance throughout Serbia. The assistance included basic support for the residents in collective centres. Since 2004, EUR 60 million have been allocated under CARDS and IPA to mainly support the local integration of refugees. The activities of the funded projects were twofold: (a) providing durable solutions for refugees and IDPs which include housing and income generation activities and (b) provision of legal aid/assistance necessary for the implementation/enforcement of the rights of IDPs and refugees in Serbia.

In agreement with Serbian authorities, EUR 60 million will be allocated to the Sarajevo Process from the national IPA envelope, over the next five years. EUR 10 million is already earmarked in the IPA 2012 allocation to Serbia. As IDPs are not among the beneficiaries of the RHP in Serbia, further funds have been allocated under IPA 2012 in order to support housing solutions for them and complement the projects to be funded under the RHP

Donor activities

Several donors have been actively involved in dealing with issues relating to refugees and internally displaced persons (IDPs). The European Commission and the UNHCR have been at the forefront and have provided crucial humanitarian assistance over the past twenty years. Since the end of the conflict, several European countries have assisted the countries in the Western Balkans to address the social needs of the displaced and vulnerable population. The Swiss Agency for Development and Cooperation (SDC) and USAID - State Department's Bureau of Population, Refugees and Migration (BPRM) has been working on refugee and IDP-related issues. NGOs such as the Danish Refugee Council (DRC) have been working on providing more durable solutions.

The "Social Housing Programme in Bosnia and Herzegovina" implemented by the Catholic Relief Services (CRS) in cooperation with UN, and jointly financed by the Netherlands, the Bosnia and Herzegovina State-level Government and the CRS, has helped to develop a regulatory and legal framework.

The "Peacebuilding and Inclusive Local Development" (PBILD) UN Joint Programme has worked towards inclusive, peaceful and sustainable development in South Serbia, jointly managed by six specialized UN agencies, including UNHCR and United Nations Human Settlements Programme (UN-Habitat), in co-operation with a number of national partners.

With regard to 'de-institutionalisation' of social care there have been projects and programmes such as "Raising Standards and Self-Reliance" and "Social Innovations Fund" funded by the Department for International Development (DfID) and by Norway. These

programmes continue.

In 2009, the UNHCR with INTERSOS (Italian NGO) and the Commissariat for Refugees of the Republic of Serbia worked to provide the necessary assistance to the refugees from closed collective centres and to find solutions for the residents of the remaining collective centres.

Coordination

The European Commission and the CEB will implement the RHP with other international partners, namely the US Government, the UNHCR and the OSCE. In addition several national stakeholders – line Ministries, directorates etc. – will be involved. These institutions and their respective roles will be identified and defined as part of the Technical Assistance component of the programme.

2.6 LESSONS LEARNED

Several key lessons learned from previous projects in the region may be summarised as follows:

- Ensure availability of appropriate land plots within the municipalities where the actions are implemented and the willingness of the latter bodies to support the projects. Clear ownership status of the available land plots.
- Financial capacity of the municipalities to provide infrastructure, connections to existing public networks, supervision and in general to comply with their contractual obligations as an investor of the projects is important.
- Uniform living and quality-technical standards throughout implementation irrespective of the source of funding (donors, state budget etc) must be ensured.
- Proper technical and social monitoring is important to ensure good quality of the final product and to avoid misuse of funds while ensuring at the same time the carrying out of a project's specific objectives.
- Proper legislation of specific individual housing solutions (i.e. prefabricated houses, building materials) should be in place.
- Avoid cumbersome procedures regarding legal aspects of construction work, namely: issuing of urban, building and use permits.
- Build up sufficient capacity (financial and managerial) of the municipalities or municipal welfare centres or state welfare agencies to support and follow up actions related to housing solutions under social welfare conditions.
- Develop different housing solutions for different countries/regions/groups.
- Focus on integration and avoid creating ghetto conditions by selecting appropriate land plots, not isolated from but within city urban limits and with access to civic utilities.
- Ensure transparent selection of beneficiaries. Formation of the evaluation committee for the selection of beneficiaries by experienced members representing key stakeholders of the project (including the UNHCR) having the capacity to perform duties promptly and efficiently.

- Thorough social needs assessments to ensure a proper selection of end-beneficiaries.
- Develop integrated return programmes (housing, basic infrastructure and utilities (rehabilitation), provision of civil infrastructure (schools, health care, social security and pensions); Income generation and job creation are prerequisites for sustainable integration.
- Project Implementation Unit - It is important that a PIU be designed and its capacity adjusted according to the country programmes, reflecting the types of procurement in each country.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

Embedded in the context of the Sarajevo Process, the Regional Housing Programme aims to make a substantial contribution to the satisfactory resolution of the protracted problem of the remaining refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia by providing long-lasting, sustainable housing solutions.

This action will fully respect the rights of refugees and displaced persons involved and will recognise the mutual obligation of the signatories to cooperate closely and to synchronise their activities so as to find long-lasting housing solutions through either voluntary return and reintegration or local integration.

A donors' conference aiming at attracting a maximum amount of funds to support the financing of the RHP took place on 24 April 2012 in Sarajevo. At the Conference the EU presented its pledge, EUR 230 million for the entire duration of the programme (5 years), which will reach about half of the necessary amount of EUR 501 million. This pledge is subject to the overall EU budget under the *new financial perspective 2014-2020* and subject to *agreement by the IPA Committee*.

At the conference the international donors pledged an amount of EUR 31 million with another 30 million likely to follow in the next years. The biggest contributions came from the US (EUR 7,5 million for 2012, and with an intention for similar-sized annual contributions over the following years) and from Norway, Switzerland, Germany and Italy with EUR 5 million each for the entire duration of the Programme.

It will now become important to ensure progress for the concrete implementation in the four countries and demonstrate that the project is coming off the ground and to close the remaining financing gap of around 210 million by a second round of pledges, by possible use of ERDF money for Croatia and/or by soft loans from CEB.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

The RHP will consist of four Country Housing Programmes, one in each country, and will assist about 27,000 households or 74,000 individuals. The total budget of this Regional Housing Programme is estimated at EUR 583.7 million with a planned duration of five years.

A designated RHP Fund, managed by the CEB, will provide grants to the four CHPs. The CEB will also stand ready to provide soft loans to the Partner Countries to ensure that

sufficient funding for implementing the CHPs is available³ For this purpose a RHP Fund Secretariat will be set up at the CEB. As part of the application procedure for these grants and loans, each Partner Country will have to produce Feasibility Reports on its CHP in due course.

3.2.1 PLEDGING TO THE RHP FUND/TRUST MECHANISM

The contributions provided by donors will be administered within the framework of the RHP Fund. CEB's role in respect of the Fund shall be that of Fund Secretariat, Fund Manager and Finance Institution. The Fund, which shall not have separate legal personality, will be managed in accordance with CEB's policies and regulations under the supervision of the Steering Committee.

The purpose of the Fund is to provide financial support to the Partner Countries in the implementation of their respective CHP. This financial support shall take the form of *investment subsidy grants*.

Subject to the overall EU budget under the *new financial perspective 2014-2020* and subject to *agreement by the IPA Committee* the intention of the European Commission is to have an overall EU pledge reaching roughly half of the amount necessary (EUR 583.7 million) for the entire duration of the programme (at least five years).

The aim is that pledges from other bilateral donors (e.g. EU Member States, the USA and others) can cover most of the remaining needs of the programme (see budget in chapter 3.8).

The funds for 2012 and 2013 will be made available from the IPA national envelopes for the four Partner Countries as well as from the IPA Multi-Beneficiary allocation. The funds from IPA national programmes will be earmarked and transferred to separate national accounts or "compartments" within the RHP Fund or Trust Mechanism.

3.2.2 TABLE 2011-2013 (IN EUR)

Year/ Country	Regional	Bosnia and Herzegovina	Serbia	Croatia	Montenegro	Total
2011 (Phase 1)	2 838 000	5 000 000	-	-	-	7 838 000
2012	47 750 698	12 000 000	10 000 000	3 949 302	1 000 000	74 700 000
2013	26 146 731	12 000 000	12 000 000	5 353 269	-	55 500 000
Total	76 735 429	29 000 000	22 000 000	9 302 571	1 000 000	138 038 000

³ Complementary measures to secure funding such as holding a second Donor's Conference or introducing national financial contributions could also be considered

Technical Assistance for setting up and running the RHP secretariat, the PIUs and the Regional Coordination Forum (RCF) is included in the above figures and will be funded by Multi Beneficiary IPA, but managed outside the Trust Mechanism. The total amount to Technical assistance for the entire duration of the programme is estimated at around EUR 25 000 000.

3.2.3 INSTITUTIONAL AND ORGANISATIONAL SET-UP – RHP

The RHP will have a structure reflecting the tasks of the overall management of the RHP Fund and the selection and funding of the projects to be financed. The CHPs will be structured reflecting the tasks of implementation of the programmes taking national and local specificities into account.

It is proposed that the RHP have the following structure: a *Steering Committee*, an *Assembly of Donors* and a *Technical Committee*. Furthermore, a Regional Coordination Forum will be put in place. The function of each respective body is outlined below.

The Steering Committee is composed of the donors, the Partner Countries, the RHP Secretariat, the UNHCR and the OSCE. It will provide strategic guidance and coordinate activities under the RHP, and review the effectiveness of the activities financed with fund resources. It will also supervise the Fund's operations and the progress of the RHP.

The Assembly of Donors consists of the donors, and one representative from CEB, having a non-voting status. It will approve grant requests, and monitor and oversee the financial status of the fund. The Commission will permanently co-chair the Assembly, together with another donor representative on an annual rotary basis.

The Technical Committee is composed of the Commission, each donor or group of donors who has made one or more contributions totalling EUR 5 million, and the RHP Secretariat. The Committee will prepare grant request assessment criteria, screen and assess grant requests, submit grant requests for approval to the Assembly of Donors, and discuss implementation related issues based on information provided by the RHP Secretariat.

The Regional Coordination Forum will comprise of the Partner Countries, the Commission, the RHP Secretariat, the UNHCR and the OSCE. The RCF is not going to be a physical office, but a meeting place to discuss issues of regional relevance. It will provide a forum in which to:

- a) discuss Country Housing Project preparation and implementation as well as related technical assistance needs;
- b) coordinate sub-project pipeline to be submitted to the Technical Committee through the RHP Secretariat;
- c) exchange best practices and harmonise procedures related to the preparation and implementation of Country Housing Projects; and
- d) discuss other issues of common interest related to the preparation and implementation of Country Housing Projects.

RHP & RHP Fund institutional framework

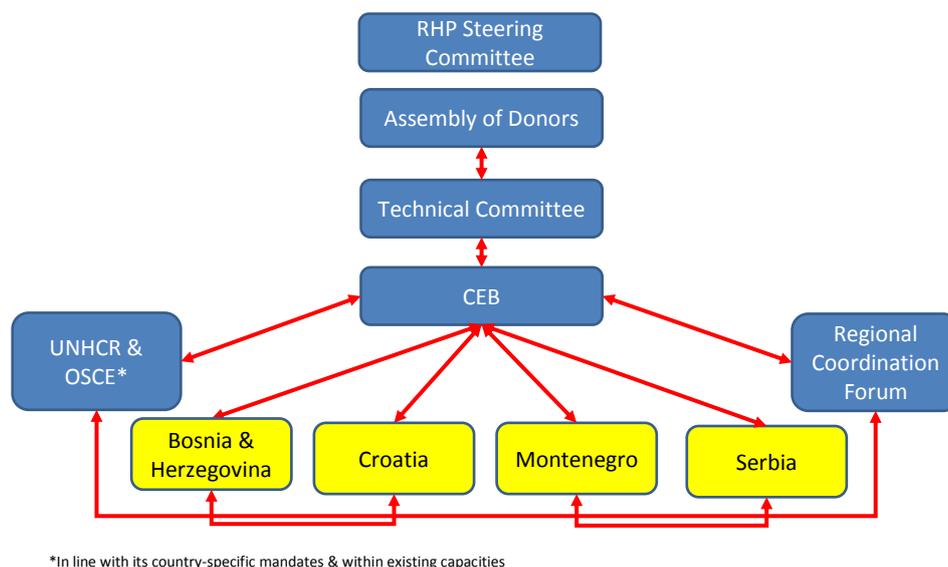


Figure 1. Institutional and organisational set up - RHP

The Fund

Un-earmarked funding covering all Partner Countries is the preferred option. However, a donor may earmark its contribution for a specific Partner Country or Partner Countries. Each contribution shall be made pursuant to a "Contribution Agreement" between the donor and the Fund Manager. The amount of the contribution shall be not less than the equivalent of EUR 250 000 at the time of payment;

To be eligible for a Grant, Partner Countries will have to ensure that investment projects benefit at least one of the six categories of beneficiaries identified within the Programme, namely:

- a) **Category I** includes all 1991-1995 refugees, regardless of their status, who are residents of collective centres or other forms of collective accommodation, whether formal or informal.
- b) **Category II** includes all 1991-1995 vulnerable refugees accommodated privately and all former occupancy right holders without a durable solution in their country of origin or reception country. For the purpose of the joint programme, the vulnerability criteria applied by UNHCR in regional countries are also to be used.
- c) **Category III** includes all vulnerable returnees to Bosnia and Herzegovina and Croatia as well as all vulnerable returnees who have already returned to Croatia but do not have a durable solution either in the country of origin or in the reception country.
- d) **Category IV** applies to displaced persons accommodated in collective centres or private accommodation in Croatia.
- e) **Category V** includes vulnerable displaced persons outside collective centres in Bosnia and Herzegovina.
- f) **Category VI** includes vulnerable displaced persons in Montenegro from 1999.

This has specifically been agreed by the participating countries given that the joint programme in other countries deals only with 1991-1995 refugees.

Identification of beneficiaries will be carried out by the Partner Countries with the support and under the monitoring of the UNHCR in line with jointly agreed eligibility and vulnerability criteria.

3.2.4 INSTITUTIONAL AND ORGANISATIONAL SET-UP – CHP

Each CHP will have a National Steering Committee consisting of key stakeholders of the country. This may be based on existing structures or set up as a new institution. It is important that the Lead Institution has the overall responsibility for reporting to the RHP Steering Committee. The Lead Institution will be overall responsible for the implementation of the CHP, for the establishment of the PIU and for selecting the beneficiaries in particular in close cooperation with the UNHCR and OSCE (final lists to be endorsed by the National Steering Committee (NSC)).

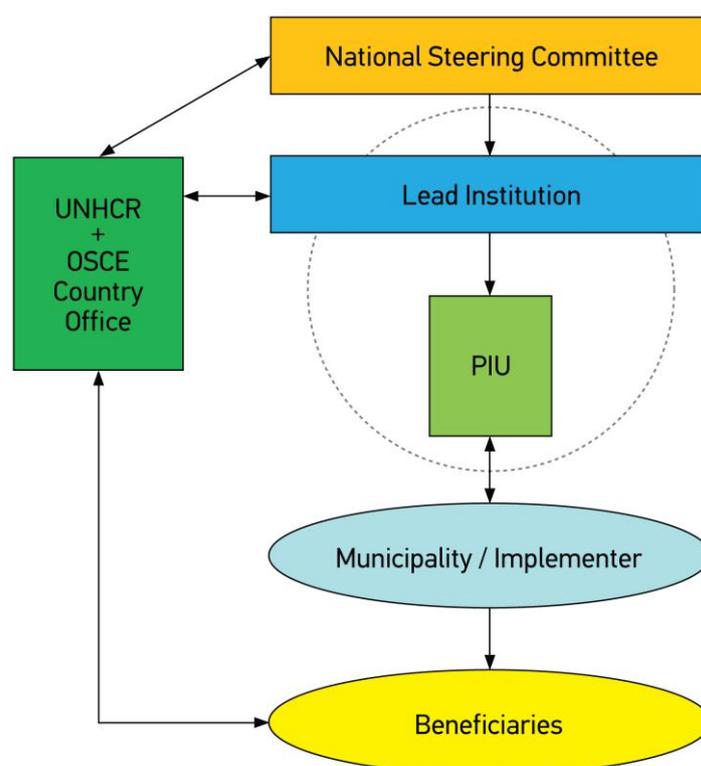


Figure 2. Generic Institutional and Organisational set up - CHP

3.3 RESULTS

The expected overall results of the RHP are significant. Successful implementation of the programme will result in:

- Improved living conditions for about 74,000 refugees and displaced persons;
- Increased capacity of the authorities in the four Partner Countries to manage public

- funds according to European standards e.g. for large-scale housing schemes;
- Enhanced regional cooperation and confidence building on the basis of a comprehensive political agreement between the four Partner Countries.

Specific results of the project for 2012-2013:

1. Commenced construction works of housing/ apartment units.
2. Improved and sustainable living conditions, as well as secured social inclusion, for end-beneficiaries.
3. Project preparatory and start-up actions implemented;
4. The criteria for allocation of houses built are defined and an indicative list of persons considered to have priority is established;
5. Training and stakeholder consultations organised, application processes for grant and loan allocations agreed by all stakeholders;
6. Partner Countries' PIUs are established and functional;
7. The RHP Secretariat in Paris is established and functional;
8. The RCF is functional and running

Measurable indicators of the project for 2012-2013:

1. Number of housing/apartments units where construction works has commenced: around 3400 households;
2. Number of project preparatory and start-up actions implemented: 15% of the total;
3. Quality of project documents and quality and quantity of stakeholder consultations: 12 consultations per year;
4. Quality and quantity of tender documents, terms of reference and technical specifications: about 25% of the total documents to be prepared;
5. PIUs, RHP Secretariat and RCF are staffed.

3.4 MAIN ACTIVITIES

1. Disbursements of investment grants through the RHP Fund (Trust Mechanism) according to the pledge made at the Donors' Conference in Sarajevo on 24 April 2012. These are funds from both IPA National as well as IPA Multi Beneficiary programmes.
2. Establish and support the functional running of the four CHPs, including the PIUs, in

the four Partner Countries;

3. Establish and support the functional running of the RHP Fund (Trust Mechanism) Secretariat;
 4. Establish and support the functional running of the RCF;
 5. Support the functional running of and participation in the Technical and Steering Committees of the RHP.
- Activity 1 is financial support and shall take the form of *investment subsidy grants*. This activity will be implemented by joint management with the CEB. To this end it is foreseen to sign one Contribution Agreement with CEB, following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules, in quarter 3, 2013 for a total amount of EUR 78 950 000 (EUR 49 450 000 and EUR 29 500 000 for 2012 and 2013 allocation respectively). An addendum to the Contribution Agreement will be signed in quarter 1, 2014 for a total amount of EUR 26 000 000 (allocation 2013).
 - Activity 2 is *Technical Assistance* and will be managed outside the RHP Fund.
 - Activities 3-5 are *support to the CEB* for managing the programme and the RHP Fund. These activities will be partly financed by management fees from the RHP Fund and partly through the Contribution Agreements with CEB and will also be managed outside the RHP Fund.

Activities 2-5 will be implemented by joint management with the CEB. To this end it is foreseen to sign a Contribution Agreement with CEB, following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules, in quarter 2, 2013 (EUR 25 250 000) for 2012 allocation.

The project would include the purchase of land and / or existing houses or buildings in order to harbour displaced refugees.

UNHCR and OSCE (in line with its country specific mandates and within existing capacities) will provide support to Partner Countries by monitoring progress of the country projects as regards beneficiaries and by reporting to relevant partners. This will ensure, inter alia, that the end-beneficiaries will be those qualified as the most vulnerable, such as defined by the Partner Countries jointly with the UNHCR. UNHCR and OSCE will also support CEB, when necessary, in monitoring that the housing solutions provided to the end-beneficiaries address their specific needs. This is implemented by means of a Contribution Agreement with the UNHCR under joint management and financed with IPA Multi-Beneficiary allocation for 2011.

3.5 SUSTAINABILITY

To ensure its successful implementation, the RHP will be based on two guiding principles:

- Mutual accountability; and
- Project sustainability.

Political and financial sustainability in the four Partner Countries will determine the levels of sustainability for the RHP and the four CHPs and will be underpinned by:

- a) A strong sense of ownership of Partner Countries;
- b) An integrated approach that Partner Countries, supported by the key international stakeholders, have adopted in preparing their projects; and
- c) Substantial support for capacity building in Partner Countries throughout the duration of the Programme.

3.6 ASSUMPTIONS AND PRECONDITIONS

It is assumed that the international community stays committed to help the region finding appropriate solutions to the protracted problem of the remaining refugees and displaced persons by honouring their pledges to the fund.

Furthermore, it is assumed that all four Partner Countries stay committed to completing the Sarajevo Process and provide sufficient resources to set up a coherent mechanism to steer, supervise and control the implementation of their CHP. Regular consultation of all stakeholders and accountability throughout the implementation are preconditions for achieving the expected results.

In addition to providing Technical Assistance to put in place a coherent mechanism of controlling (ex-ante and ex-post), monitoring and surveillance, the EU Delegations in all four Partner Countries will play an important role in the general follow-up of the CHPs.

Important risks do exist that could hamper the successful implementation of the programme, including delays in setting up the appropriate institutional and organisation framework for the CHPs and delays in the actual construction phase for which mitigating actions should be carefully planned.

Furthermore, there may be a risk that the relocated communities are perceived as "privileged" by the pre-existing neighbouring communities and thus conflicts can arise. However, this risk should not be over-estimated; all Partner Countries have been exposed to experience in implementing housing projects for vulnerable refugee/displaced populations, especially on the municipal level.

3.7 PRELIMINARY BUDGET – RHP (OVER 5 YEARS)

Reference is the Joint Declaration of November 2011 (in '000 EUR)

Country	National funds (in-kind)	Ratio	Donor funds	Ratio	Total
Bosnia and Herzegovina	15.150	15%	85.893	85%	101.043
Montenegro	4.154	15%	23.542	85%	27.696
Croatia	29.926	25%	89.777	75%	119.703
Serbia	33.522	10%	301.698	90%	335.220

Total	82.752	14%	500.909	86%	583.661
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4. IMPLEMENTATION ISSUES

4.1 INDICATIVE BUDGET

			SOURCES OF FUNDING																			
			TOTAL EXP.RE		IPA CONTRIBUTION				NATIONAL CONTRIBUTION (3)								OTHER DONOR CONTRIBUTION (3)					
ACTIVITIES	IB (1)	IN V (1)	EUR million (a)=(b)+(c)+(d)		EUR million (b)		% (2)		Total EUR million (c)=(x)+(y)+(z)		% (2)		Central EUR (x)		Reg./ Local EUR million (y)	Financing gap (z)		EUR million (d)		% (2)		
			2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	-	2012	2013	2012	2013	2012	2013	
Project RHP 2 nd phase 2012- 2013																						
Activity 1) (Disbursement to the RHP Fund - Contribution Agreements with CEB)		x	109.1	109.1	49.45	55.5	45.3	50.9	53.45	47.4	49.0	43.4	16.6	16.6	-	36.84	30.8	6.2	6.2	5.7	5.7	
Activity 2-5) (Contribution Agreements re TA/support to CEB)		x	35.25	-	25.25	-	71.6	-	-	-	-	-	-	-	-	-	-	10	0	28.4	-	

TOTAL IB	35.25	25.25	<i>71.6</i>	-	-	-	-	-	10	<i>28.4</i>
TOTAL INV	218.2	104.95	<i>48.1</i>	100.85	<i>46.2</i>	33.2	-	67.64	12.4	<i>5.7</i>
TOTAL PROJECT	253.45	130.2	<i>51.4</i>	100.85	<i>39.8</i>	33.2	-	67.64	22.4	<i>8.8</i>

Amounts net of VAT

- (1) In the Activity row use 'X' to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))
- (3) The Donors' Conference in Sarajevo on 24 April 2012 resulted in total pledges of EUR 261 million. This should be sufficient to cover the programme the first three years. The financing gap per year is 1 million less as it is already covered by IPA contribution for 2011 (EUR 5 million). It will be covered by future pledging from donors and possibly by soft loans from CEB (Calculation based on total figure of EUR 584 million, TA deducted and broken down per year)

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN PER QUARTER)

Contracts	Start of tendering/Call for proposals	Signature of contracts	Project Completion
Contribution Agreement with CEB – INV grants 2012 and 2013	N/A	Q3 2013	Q4 2018
Addendum to Contribution Agreement with CEB – INV grants 2013	N/A	Q1 2014	Q4 2018
Contribution Agreement with CEB – TA/support to CEB 2012	N/A	Q2 2013	Q4 2018

4.3 CROSS-CUTTING ISSUES**4.3.1 Equal Opportunities and non discrimination**

Equal opportunities and non-discrimination principles will be respected as regarding gender as well as minorities at the programming and implementation stage. Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

When it comes to involvement during construction, equal opportunities will be provided to industry players from all partner countries under international competition rules, where applicable.

4.3.2 Environment and climate change

The RHP implementation involving construction should strive to apply the highest technical building standards to maximize energy efficiency, environmental protection and ensure sustainable development. In most cases energy efficiency in the buildings must be enhanced, enriched and the relevant EU Directives have to be implemented. In some of the Partner countries and to a certain extent the issue is covered through the applicable legislation and regulatory framework but this has to be further supplemented in the forthcoming period with the addition of secondary legislation, regulations etc. This constitutes a solid basis for constructing energy efficient buildings and houses and it must be set as a priority for the RHP considering the big number of dwellings that will be constructed.

4.3.3 Minorities and vulnerable groups

The needs of the displaced change with their age, gender, education, duration of displacement and living conditions and many other complex aspects of protracted refugee situations. Although it is expected that the resolution of housing needs will have a catalytic effect and enhance the social integration process of the displaced populations, the creation of a framework for prioritising, gathering, analysing and incorporating social information and the conditions for ensuring adequate participation into the design and delivery of individual projects could be beneficial to enhance social integration of the beneficiaries including minorities and vulnerable groups..

4.3.4 Civil Society/Stakeholders involvement

While significant benefits could flow from the economic effects of the RHP/CHP, there is need to also identify and evaluate the associated potential negative outcomes. The social impact of the RHP/CHP needs to be identified and possibly measured. This process should be managed in such a way that positive externalities are magnified and negative ones minimized. Nevertheless, overall macroeconomic conditions of national economies and state of local economies will significantly affect the magnitude of positive economic and social impacts.

Tenure diversification should be considered when and if possible in order to avoid concentration of the poor and disadvantaged, protraction of poverty and stigmatisation of the beneficiaries.

ANNEXES

- *Log frame (**Annex I**)*
- *Amounts (in EUR) contracted and disbursed per quarter over the full duration of project (**Annex II**)*
- *Details per EU funded contract (**Annex III**)*
- *Project visibility activities (**Annex IV**) (to be completed –CEB communication strategy)*

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Regional Housing Programme (Sarajevo Process) 2 nd Phase		
		Contracting period expires: 30 November 2013 for the 2012 budget appropriations 30 November 2014 for the 2013 budget appropriations		Execution period expires: 30 November 2017
		Total budget (5 years)	EUR 583.7 million	
		Total budget (for 2 nd phase 2012-2013)	EUR 253.45 million	
		IPA budget (2012-2013)	EUR 130 200 000	
Overall objective	Objectively verifiable indicators (OVI)	Sources of Verification		
Contribution to the satisfactory resolution of the protracted problem of the remaining refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia by providing long-lasting, sustainable housing solutions with full respect for the rights of refugees and displaced persons.	End-beneficiaries have attained a durable housing solution and are effectively integrated with full access to rights and services.	UNHCR monitoring and reporting on selection of beneficiaries and on access to rights for end-beneficiaries. (Contribution agreement with UNHCR is part of the pre-project (phase 1) for 2011) CEB monitoring and reporting on overall implementation of the Programme.		
Specific objective	Objectively verifiable indicators (OVI)	Sources of Verification		Assumptions
Setting up of 4 Country Housing Programmes; setting up and functional running of the RHP Fund; Disbursements to the RHP Fund; Institutional and	Staffing of PIUs, RHP Fund secretariat, RCF and meetings held in the governing bodies.	CEB as implementer of the RHP – through monitoring and reporting		Donors and Partner countries stay committed to complete the Sarajevo Process.

organisational set up of the RHP; Institutional and organisational set up of the CHPs.			
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Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<p>For the overall RHP (five years):</p> <ul style="list-style-type: none"> • Improved living conditions for a significant number of refugees and displaced persons – exact figures will be confirmed; • Increased capacity of the beneficiaries to manage public funds according to European standards e.g. for large-scale housing schemes; • Enhanced regional cooperation and confidence building on the basis of a comprehensive political agreement between the four Partner Countries. <p>For the project 2012-2013:</p> <ul style="list-style-type: none"> • Commenced constructions works of housing/ apartments units. • Improved and sustainable living conditions, as well as secured social inclusion, for end-beneficiaries. • Project preparatory and start-up actions implemented; • The criteria for allocation of houses built are defined and a list of persons considered to have priority is established; 	<ul style="list-style-type: none"> • Number of Project preparatory and start-up actions implemented: 15% of the total; • Quality of project documents and quality and quantity of stakeholder consultations: 12 consultations per year; Number of training; • Quality and quantity of tender documents, terms of reference and technical specifications: about 25% of the total documents to be prepared; • PIUs, RHP Secretariat and RCF are staffed; • Number of housing/apartments units where constructions works has commenced: around 3400 households. 	CEB and UNHCR post monitoring procedures.	

<ul style="list-style-type: none"> • Training and stakeholder consultations organised, application processes for grant and loan allocations agreed by all stakeholders; • Partner Countries' Project Implementation Units (PIUs) are established and functional; • The RHP Secretariat in Paris is established and functional; • The RCF is functional and running. 			
Activities to achieve results	Means / contracts	Costs	Assumptions
<ol style="list-style-type: none"> 1. Disbursements of investment grants through the RHP Fund (Trust Mechanism) according to the pledge made at the Donors Conference in Sarajevo on 24 April 2012. These are funds from both IPA National as well as IPA Multi Beneficiary programmes. 2. Establish and support the functional running of PIUs in the four Partner Countries; 3. Establish and support the functional running of the RHP Fund (Trust Mechanism) Secretariat; 4. Establish and support the functional running of the RCF; 5. Support the functional running of and participation in the Technical and Steering Committees of the RHP. 	<p>1) Contribution Agreement with CEB under joint management for disbursement of funds to the RHP Fund under CEB's General Conditions set up for the establishment of the RHP Fund (Trust Mechanism). Addendum to Contribution Agreement with CEB</p> <p>2)-5) Contribution Agreement with CEB under joint management Technical assistance and support to CEB.</p>	<p>1) Total amount of EUR 78.95 (EUR 49.45 million for Investment Subsidy Grants for 2012 and EUR 29.5 million for Investment Subsidy Grants for 2013). Additional EUR 26 million for Investment Subsidy Grants for 2013).</p> <p>2) -5) EUR 25.25 million for Technical Assistance for 2012.</p>	

ANNEX II: Amounts (in EUR) contracted and disbursed per quarter over the full duration of project 2012-2013 (EU contribution)

Contracted	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014 – Q4 2018
Contract 1 – INV grants for 2012 and 2013							78 950 000		
Contract 2 – TA for 2012						25 250 000			
Addendum to Contract 1									26 000 000
Cumulated						25 250 000	104 200 000	104 200 000	130 200 000
Disbursed	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014 – Q4 2018
Contract 1 – INV grants for 2012 and 2013 (and addendum)								39 475 000	65 475 000
Contract.2 – TA for 2012							2 900 000		22 350 000
Cumulated							2 900 000	42 375 000	130 200 000

ANNEX III: Details per EU funded contract

The project will be implemented by joint management with the CEB. To this end it is foreseen to sign Contribution Agreements with CEB, following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules.

- ***Investment subsidy grants***: It is foreseen to sign one Contribution Agreement with CEB, following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules, in quarter 3, 2013 for a total amount of EUR 78 950 000 (EUR 49 450 000 and EUR 29 500 000 for 2012 and 2013 allocation respectively). An addendum to the Contribution Agreement will be signed in quarter 1, 2014 for a total amount of EUR 26 000 000 (allocation 2013).
- ***Technical Assistance and support to CEB***: It is foreseen to sign a Contribution Agreement with CEB, following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules, in quarter 2, 2013 (EUR 25 250 000) for 2012 allocation.

Annex IV: *Project visibility activities (to be completed –CEB communication strategy)*