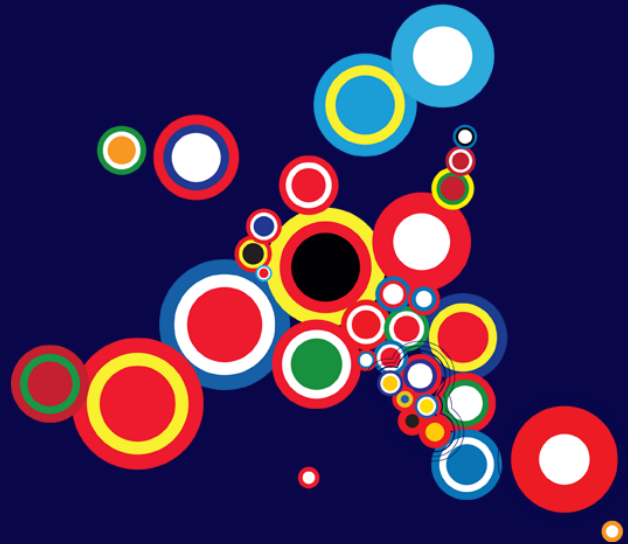




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

SERBIA

European Integration Facility
– Indirect management



The Action is part of a two-pronged approach (under direct management and under indirect management) to contribute to strengthening the capacity and accountability of the Serbian public administration to assist the Government in the preparation for EU membership. The support will be instrumental for alignment with the EU acquis and development and implementation of relevant reforms and strategies.

Specifically, the Action will assist the Government to align with the EU acquis, fulfil requirements of the EU standards in several key sectors and achieve progress in reform areas related to the EU accession process, by providing targeted support to already identified priorities, and securing flexible assistance for legislative alignment, enforcement of the legislation and institutional capacity building needs.

Action Identification	
Action Programme Title	Annual Action Programme for the Republic of Serbia 2018
Action Title	European Integration Facility – Indirect Management
Action ID	IPA 2018/041-249/2/Serbia/European Integration facility – Indirect management
Sector Information	
IPA II Sector	Democracy and governance
DAC Sector	15110
Budget	
Total cost	EUR 16,938,925.22
EU contribution	EUR 15,791,325.22
Budget line(s)	22.02 01 01
Management and Implementation	
Management mode	Indirect management
<i>Indirect management:</i> National authority or other entrusted entity	Ministry of Finance - CFCU
Implementation responsibilities	The institutional arrangements/final beneficiaries for implementation of this Action under indirect management include: Result 1 - Ministry in charge of European Integration (NIPAC TS) for Activity 1.1, Ministry in charge of Energy for Activity 1.2 and 1.3, Ministry in charge of health for Activity 1.4, Ministry in charge of Transport for Activity 1.5, Ministry in charge of Agriculture for Activity 1.6;
Location	
Zone benefiting from the action	Republic of Serbia
Specific implementation area(s)	N/A
Timeline	
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2019
Final date for contracting, including the conclusion of contribution/delegation agreements	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	6 years following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this programme should be de-	12 years following the conclusion of the Financing Agreement

committed and closed)			
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Serbia is making significant progress in the accession to the EU. Candidate country status was granted in 2012, the Stabilisation and Association Agreement (SAA) entered into force in September 2013 and EU negotiations began in 2014. Serbia is advancing in the accession negotiations process. The analytical examination of the EU Acquis (screening process) was completed in March 2015. Although the screening process assessed that Serbia should be capable of assuming the membership obligations in the medium term in almost all areas, it also demonstrated that public administration is lacking specific knowledge and expertise in a number of fields. Current weaknesses in the policy and legislative processes do not fully ensure an inclusive and evidence-based approach to the reform processes related to accession to the EU (the better regulation approach advocated at the EU level).

By June 2018, Serbia has opened 12 negotiating chapters of the acquis: 32, 35, 23, 24, 5, 7, 25, 20, 26 and 29, while two chapters (25 and 26) have been provisionally closed. Furthermore, a considerable number of chapters are either ready or are in an advanced stage of preparation for the opening.

Accession negotiations will increasingly require that Serbia improves the capacity of public administration. This is needed both in terms of developing adequate institutional structures, but also in terms of ensuring the sufficient number of qualified experts and competent civil servants with knowledge to work on the harmonisation of the national legislation with the acquis, including improving the quality of policy and legal drafting processes, effective enforcement of harmonised legislation and management of EU and public funds.

The **EU Integration Facility (EIF)** under indirect management will provide focused and flexible *ad hoc* expertise to support the EU accession-related priorities and sector reforms, including the development of capacities necessary for fulfilment of the EU accession requirements in terms of harmonisation and further enforcement of the legislation in line with the EU acquis. As regards Serbia's ability to take on the obligations from EU membership, the identification of the specific sectorial accession priorities supported through this Action was performed through the process of analytical assessment by the line national institutions responsible for policies in the individual sectors. The coordination and prioritisation of the needs was undertaken with the assistance of the Ministry in charge for European Integration within the Sector Working Group forum. In terms of the sector focused support main issues relate to securing adequate capacities and financial and human resources necessary for harmonization of the legislation and its enforcement in the areas of energy, health, transport and agriculture sectors.

OUTLINE OF IPA II ASSISTANCE

Capacity building within this Action has been envisaged for a specific oriented **Negotiation and Policy Development Envelope** which aims to enhance Serbia's institutional capacities and strengthen relevant institutions to meet the full range of priorities deriving from the EU accession and the Stabilization and Association process. This requires the quick reaction of the national administration and different actors in their efforts to manage the EU integration process, to mitigate risks which might jeopardise the EU future of the country and to ensure proper utilisation of the available pre-accession assistance. The support required by the Serbian institutions in the process of alignment of the legislation to the EU acquis is usually planned in a structured way and included in the regular IPA programming exercise. However, experience from previous programming rounds shows that some relevant actions related to the accession process were unforeseeable at the time of programming, and proved to be in need of support from IPA. The identification of the unanticipated needs depends on analytical assessment of the needs that shall take into account timing and relevance of the diverse accession priorities, results and status of implementation of previously programmed assistance, relevant strategic documents and stakeholder requirements.

Secondly, capacity building in the **energy sector** it is required with the aim to address the challenges related to the institutional capacity of the Energy Agency of the Republic of Serbia (AERS) and the reliability and energy efficiency of power distribution system in Serbia.

One of the main pillars of the continuously evolving EU energy acquis (e.g. the 3rd package of EU IEM legislation¹, TEN-E Regulation, REMIT and EU electricity and natural gas Network Codes) is the significant expansion of tasks and responsibilities of the national regulatory authorities (NRA), especially in terms of wholesale and retail market monitoring, infrastructure development, industry structure (e.g. system operators' unbundling), cross-border cooperation and customer protection. This is causing unprecedented increase in NRA workload. The implementation of the acquis in Serbia, together with the development of the Serbian electricity and natural gas markets from a more simple to a more sophisticated form, and the consequent expansion of the scope and quantity of data to be processed by AERS as a watchdog of the energy market, brings into focus two main challenges to be resolved. The first is bringing regulatory tools and mechanisms of AERS² into compliance with the new acquis and best regulatory and good governance practice. The second is increasing institutional capacity of AERS for performing NRA tasks (the need to strengthen institutional capacity of the energy regulator AERS has been identified in EC Progress Reports 2011-2018). While the first challenge has already been addressed within a technical assistance project under IPA 2014 "Technical assistance to AERS- Approximation of NRA Tasks to the Third Energy Package"³, support is now needed from this Action to resolve the second challenge. The Action aims at achieving physical resource adequacy via enhancing AERS information system, and thereby enabling AERS to handle the increased amount of data to be processed. Furthermore, by introducing elements of e-governance in AERS functioning, this Action contributes to increasing quality of service of AERS provided to market participants and customers. Finally, the Action strongly supports development of retail electricity and natural gas markets by enhancing the process of supplier switching by developing and operationalization of electricity and natural gas price comparison tools. Namely, in order to boost retail competition development, it is necessary to ensure that customers have access to objective and neutral information enabling them to actively participate at the market by switching tariffs or suppliers to obtain a better deal. Price comparison tools (web-sites) are among the most important tools supporting retail market functioning; only with reliable price comparison tools household and business customers can fully exploit benefits of competition in retail markets.

A second activity within this Action in the energy sector concerns the power distribution system in Serbia. It is currently facing two main challenges: a) need for improvement of security and reliability of supply and energy efficiency and b) need for integration of renewable energy sources (RES) and other distributed generation. In addition, it suffers of low operational reliability and security of supply because of the mostly radial network topology. There is no official methodology for systematic upgrade of very old power distribution system which results in degradation of its performance from year to year, introducing obstacles for economic development. Electricity supply reliability indicators (SAIDI and SAIFI) in the distribution network are higher than in other EU countries. Obsolete equipment with low energy efficiency produces high technical electricity losses. Identification of power losses per voltage levels, their detailed analyses and measures for their reduction are crucial for improvement of energy efficiency in distribution network. For this reason, the current Action will support the authorities in aligning with the acquis, namely Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment and Directive 2009/72/EC, concerning common rules for the internal market in electricity. This intervention should be the natural continuation of the IPA 2016 action supporting the development of a "Study on modalities to include electricity from RES into the distribution network and smart grids" which is in preparatory phase for implementation and is expected to start in autumn 2018 and last 18 months.

The main stakeholders under the proposed intervention are: AERS, PE EPS and the Ministry in charge of Mining and Energy of the Republic of Serbia.

The Action will provide support to the achievement of **objectives related to Chapter 28**, concerning consumer and health protection, by strengthening capacities of relevant institutions within the Substances of Human Origins (SoHO) system. Meeting the EU safety and quality requirements will require a substantial reorganization of the Serbian Transfusion and Transplantation Services, as well as upgrade of the medically assisted reproduction technology. Serbia should complete harmonization of national legislation with EU

¹ Directives 2009/72/EC and 2009/73/EC; Regulations 714/2009 and 715/2009, transposed in the Energy Law in 2014.

² Such as market and network rules, internal procedures, guidelines for the industry, methodologies for cost-benefit analysis, pricing methodologies, market monitoring mechanisms etc.

³ Commencement of this 18- months project is expected in Q2 2018 (evaluation of bids has been finalized recently)

acquis to ensure full implementation of the EU quality and safety requirements in the area of biomedicine. The major concepts of key European Directives in the area of biomedicine (2002/98/EC, 2010/53/EU and 2004/23/EC) have been already transposed or are in the process of transposition through the laws that regulate the area of SoHO in the Republic of Serbia: the Law on Organ Transplantation, the Law on Cell and Tissue Transplantation (to be adopted), the Law on Infertility Treatment with the Procedures of Biomedical Assisted Fertilization and the Law on Transfusion medicine (adopted). There is also a necessity to prepare relevant by-laws and rulebooks to complete harmonization process and to implement those legal, regulatory and technical requirements.

According to the findings from the Serbia Mission Report, the latest EC Progress report, TAIEX expert mission's recommendations and IPA 2013 Twinning light project outputs, the following major challenges have been identified in the SoHO field: 1) insufficient administrative and human capacities and competencies of the Serbian Competent Authority (NCA) and lack of inspectors with education, skills and competencies in the SoHO field; 2) lack of technical capacities in the relevant SoHO institutions, necessary to meet EU safety and quality standards; 3) lack of a common coding system and unified information system in national transfusion service; 4) lack of national bio vigilance system to ensure proper SAR/E management; 5) lack of proper Database Management system to ensure adequate data protection and traceability in all SOHO fields, and 6) lack of national blood (organs, tissues and cells) quality management system to ensure the same quality and safety standards of blood components and other SoHO, countrywide. The Ministry in charge of Health, Directorate for Biomedicine is the key institution responsible for establishment of the SoHO system and acts as the National Competent Authority in this field. In addition, relevant health institutions (hospitals, Institutes) in the field of transfusion, transplantation and medically assisted reproduction technology are called SoHO institutions, and will be targeted during the implementation of this intervention.

Concerning the capacities in the **transport sector** to meet the EU requirements related to road safety, Serbia needs to adjust the mechanism of control of the driver's time and accuracy of the tachographs, the scope of surveillance carried out on the road and at the premises of the carriers as well as to develop the carriers risk assessment. Taking into consideration the existing capacities and resources of the national authorities responsible for the enforcement of the relevant legislative framework, additional support for full compliance with the EU requirements is necessary. Furthermore, for all new vehicles the installation of the SMART tachograph will be mandatory starting from June 2019⁴ in line with the EU requirements; in parallel the EC is considering the date from which all older generations tachograph will have to be replaced with SMART tachographs. Hence this places additional pressure to national authorities in terms of equipping and aligning capacities to new modern technologies.

Therefore, the Action aims to address the capacities related to improving of the **road safety system** in Serbia. Efficient implementation of the Law on working hours of road transport vehicle crew and tachographs⁵ and fulfilment of the EU requirements in the field of the road safety requires specific capacities of both relevant institutions, the Ministry in charge of Construction, Transport and Infrastructure (MCTI) and the Ministry in charge of Interior (MoI). The Law shall contribute to the fulfilment of the EU road safety objectives, in terms of meeting the EU requirements related to monitoring of at least 3% of the total number of working days of drivers to whom this Law applies, of which at least 30% is controlled on the road, and at least 50% at the premises of the carrier.

The adequate enforcement of the Law requires specific capacities, skills and competences of police officers and traffic inspectors, developed standardised methodology and technical procedures for controlling of the working hours of road transport vehicle crew and digital tachographs. The main challenges for the Law enforcement lie in the insufficient number of police officers and traffic inspectors, lack of specialised equipment and vehicles for the roadside and checks at the premises of the carrier, lack of digitalised system for data analysis and reports production, lack of unified electronic database with data on the conducted controls on the road and at the premises of the carrier, as well as on the imposed measures, that would enable

⁴ Implementing Regulation (EU) No 165/2014 of the European Parliament and of the Council, COMMISSION IMPLEMENTING REGULATION (EU) 2016/799 of 18 March 2016

⁵ Official Gazette of RS, No.96/15

a uniform action and exchange of information between authorized control bodies in country or with other countries do not exist.

Currently, Serbian police officers and traffic inspectors are trained to perform particularly controls related to analogue tachographs, but they are lacking knowledge and skills for performing controls of II and III generations digital tachographs, as well as for SMART tachographs. In this regard, during 2017, 65.664 vehicles and 765.406 working days of drivers were controlled, however data from only 2.930 digital tachographs were collected; at the carrier premises, 18.673 vehicles and 575.596 working days of drivers were controlled, out of which data from 2.167 digital tachographs were collected.

The key national responsible institutions are the MCTI, MoI and the Road Transport Safety Agency (RTSA). As prescribed by the article 43 of the Law, roadside controls and controls at premises of carriers shall be performed by the MCTI and MoI. MCTI is in charge for coordination of activities related to the Law enforcement as well as it is responsible for communication and exchange of information with the European Commission and other countries. The Ministry also implements activities related to: supervision of the enforcement of the Law, supervision in the premises of a transport undertakings and roadside checks and supervision of tachographs workshops, for the coordination of the activities concerning the supervision and for exchanging the data collected from the supervision with competent authorities in other EU member countries. RTSA is responsible for preparation of consolidated reports on conducted supervisions, based on inputs provided by the MCTI and MoI, issuing and keeping the records of the type-approval certificate of a tachographs and tachograph cards, issuing of approval, keeping the records, and performing expert supervision over the tachograph workshops and has the main role in the collection of data referring to tachographs. The issuing authority of the tachograph cards is RTSA Agency (Article 23). MoI is responsible for performing of the roadside supervisions, supervision at premises of a transport undertaking and for the enforcement of the Law.

In the **agriculture sector**, capacity building support is needed to the efforts of the Government of Serbia in establishment of functional Integrated Administration and Control System (IACS) in line with EU Common Agricultural Policy (CAP) requirements. IACS is the most important system for the management and control of direct payments to farmers made by the Member States in application of the CAP. Functional IACS provides for a uniform basis for controls and, among other requirements, it covers the administrative and on-the-spot controls of applications and the IT system, which supports the national administration in carrying out their direct payment functions. Its establishment is one of the mandatory conditions for finalisation of the EU negotiation process within the Chapter 11 and any delay in establishment of IACS bears the potential risk of Serbia not being able to manage EU direct payments after its accession to the EU. Furthermore, delays in IACS establishment may cause delays in development of control system for using national funds for direct payments, as well as funds from the European Agricultural and Rural Development Fund (EAFRD) and the European Agricultural Guarantee Fund (EAGF).

Taking into account the complexity of the IACS process and time required for its introduction learned from experiences from other countries, the Government of Serbia has already initiated certain steps towards the final goal a functional and accredited IACS. These commitments have been reiterated in the draft Action Plan for Chapter 11 and the National Plan for the Adoption of the Acquis (NPAA). In addition, amendments to the Law on Agriculture and Rural Development during 2016 created a legal basis for management of relevant registers and official records thus creating preconditions for development of IACS.

Farm register - *Existing situation* - *Farm register* is established and introduced since 2004, based on the Law on Agriculture and Rural Development⁶ and the Rulebook on the manner and conditions of making entries and maintaining the register of agricultural holdings⁷. The responsible body for managing the Farm register is the Directorate for Agrarian Payments (DAP), while its maintenance was entrusted to the Treasury Administration, within the Ministry of Finance. Since 2016, the Ministry of Agriculture, Forestry and Water Management (MAFWM) has a Contract on the maintenance of the Registry with the Treasury Administration. The Contract is renewed on the annual basis. *Planned activities* - During 2018 it is planned to upgrade the Farm register from national budget resources and these upgrades will include transformation of the Farm register to a web-based register and to further elaborate its connectivity and compatibility with

⁶ Official Gazette, RS No 41/09 and 10/13

⁷ Official Gazette RS No 17/13 and 102/15

existing and planned registers and system components (Animal Register, Land Parcel Identification System-LPIS). This will ensure IACS precondition to have a single system for recording the identity of each beneficiary and to guarantee unique identification regarding all aid applications and payments, as well as any other declarations, submitted by the same individual. In 2019 services for exchange of data between Farm register, LPIS and Animal register will be developed, and this will be financed from the national budget in 2019. **Animal register - Existing situation** - Animal register is established based on the Law on Veterinary⁸, represents the central register on animal registration (cattle, pigs, sheep and goats, bee hives, ungulates), managed by the Veterinary Directorate within the Ministry in charge of Agriculture. The Animal registry data are kept in electronic form, and adequately stored in relevant databases in line with IT security standards. *Planned activities* - Animal register will be upgraded and maintained during regular maintenance and upgrade through contracts which Ministry in charge of Agriculture has with its developers in order to ensure that all animal registers have the data necessary to be exchanged in IACS, and to ensure efficient processing and control of requests for assistance, including cross compliance requirements. These upgrades are done on annual basis and will be fully compatible by start of this intervention.

Land Parcel Identification System (LPIS) - Existing situation *Land Parcel Identification System (LPIS)*, DAP is responsible for development of LPIS while the Republic Geodetic Authority is responsible for provision of various geodetic data (Digital Orthophotos (DOP), Digital Cadastre Plan, Digital Terrain Model, Registry of Statistical Units etc.).-In order to develop LPIS in RS preparatory activities have been initiated to pilot LPIS in Serbia. A Memorandum of Understanding between the DAP and the RGA has already been concluded, which allows usage of the DOPs provided by the RGA for the establishment of the LPIS. . *Planned activities* - LPIS piloting will be financed through: the national budget, the Framework contract (FWC) and EU funded PLAC II project during 2018 and 2019. It will consist of following: Collecting data and DOP (National Budget); Study determining needs of institutional set-up involved in LPIS (PLAC II); Defining of the methodology for LPIS establishment and development of technical specifications for LPIS software (FWC); Procurement of software for the LPIS (National Budget); Trainings for staff on local and central level and testing the quality of solutions by applying the LPIS quality assessment methodology (National Budget and FWC).

Aid Application Database (Computerized Database) which is integral parts of the IACS is not existing in the Republic of Serbia and will be financed through this intervention.

The register of payments entitlements will be developed as well through this intervention, in case Serbia will opt for a payment scheme that requires it.

Rural Development Measures - IPA 2013 financed project “Support to IPARD Operating Structure” is developing rural development IT solution for authorization and control of commitments, authorization and control of payments, business, reporting and document management system for IPARD II measures and the part of this IT solution will be used as a part of IACS. Timeframe of development of rural development software for *IPARD* in the course of 2018-2019. Adjustments and addition of functionalities to the rural development measures software in the new EU Financial Perspective will need to be developed through this intervention.

A system of controls consists of:

- a) administrative (systematic, automated) checks
- b) On-the-spot Controls (OTSC)

On the spot controls (b) are done via:

1. classical on-the-spot controls
2. Control with Remote Sensing (CWRS)

Control with Remote Sensing (CWRS) (2) is done:

- fully by photo-interpretation
- combination of photointerpretation and rapid field visits

Functional IACS provides basis for controls and, among other requirements, it cover the administrative and on-the-spot (OTS) control of applications based on the IT system, which enables the national administration in carrying out their direct payment function. Currently controls are carried out in line with

⁸ Official Gazette RS No 31/05, 30/10 and 93/12

the Law on Inspection Oversight. These controls are accrued out by the DAP, the Treasury Administration, Department for Agricultural Inspection and the Veterinary Directorate depending on their respective roles in line with national regulations. Future IACS need to comply with most recent developments, considering EU Member States are placing and increase emphasis in performing OTSC using Controls with Remote Sensing (CwRS) which refers to performance of checks of agricultural parcels by using satellite imagery and automating some of the tasks in the inspection process. CwRS Imagery is typically obtained from Copernicus program (Sentinel) or other source (for High and Very High Resolution, multi-spectral data),..

The key national responsible institution for direct payments in agriculture and therefore IACS is Directorate for Agrarian Payments (DAP), within the Ministry in charge of Agriculture, Forestry and Water Management. The Republic Geodetic Authority (RGA) is responsible for the provision of DOPs and the Digital Terrain Model required for LPIS establishment and is covered by the Memorandum of Understanding signed between DAP and RGA.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

All of the activities proposed within this Action derive from the priorities listed under the IPA II Indicative Strategy Paper (ISP) for Serbia, and have been aligned with the recommendations of the *EC Annual Report for Serbia 2018 (EC PR)* and the EC “*Credible enlargement perspective for and enhanced EU engagement with the Western Balkans*”.

The **Negotiations and Policy Developments Envelope** will enhance the institutional capacity to implement activities helping Serbia to meet the full range of its priorities deriving from the ISP, as well as from the Stabilization and Association Agreement and the latest EU-Western Balkan Strategy.

In the **energy sector**, the proposed activities will contribute the fulfilment of the ISP objective “to increase energy efficiency and competitiveness of the Serbian energy market and to improve security of supply”. Furthermore, the activity will focus on “further harmonisation of the Serbian energy legislation to meet the Energy Community Treaty and the *acquis* obligations”. The activity will contribute to the EC Annual Report recommendations related to the “promotion of the investments in energy efficiency” and “strengthening institutional capacity of AERS”. The activity will contribute to accomplishment of the Europe 2020 Strategy related to enabling secure, competitive and sustainable supply of energy to the economy and the society. Strengthening of the capacities related to the alignment with the Energy Community Treaty and implementation of the 3rd package implementation will ensure full compliance with the Energy Community Treaty requirements and will contribute to the accomplishment of the objectives of the EU-Western Balkan Strategy whereby “each country should complete all necessary reforms and streamline their policies fully in line with the five pillars of the Energy Union.”

Within the **health sector**, the activity will contribute to the EC Annual Report 2018 recommendation that Serbia needs to invest more efforts to support the “overall administrative and technical capacities of the Directorate for Biomedicine to perform oversight of the sector as the competent authority” and to further develop” safety standards and inspection services for the sector” in line with the EU requirements and quality.

In the **transport sector**, support will focus on the contribution to the achievement of the 2018 EC Annual Report recommendation to “improve road safety by taking measures to reduce fatalities and advance in Intelligent Transport Systems (define the strategic framework, adopt legislation, and improve capacity for implementation and enforcement).” It will also contribute toward the goals of the EU-Western Balkan Strategy : “Moreover, targeted efforts will be needed to reduce the disproportionately high number of road fatalities through a new road safety strategy.”

In terms of the national strategic reference framework, the activity will address the National Road Safety Strategy 2015-2020 measures focused on traffic safety improvement and decrease of traffic fatalities related to the commercial vehicles, through control of drivers working and rest hours.

The activity within the **agriculture sector** will contribute to the ISP result “Serbian agriculture policy is aligned with the EU *acquis*, including the establishment of the structures and systems necessary for implementation of the CAP”. Furthermore, it will contribute to reinforcement of capacities necessary for addressing the EC Annual Report 2018 findings “IACS is yet to be developed.” It will support efforts in fulfilment of the assumed obligations defined within the Action plan for Chapter 11 and NPAA as well as in implementation of the Strategy for agriculture and rural development in Serbia 2014-2024.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

Since 2014 Serbia benefited from three European Integration Facility Actions, out of which two are managed through direct management modality while one is managed through indirect management, in the total amount of EUR 54,386,974. In addition Serbia benefited from one Twinning Facility Action in the amount of EUR 5 million. The facilities were designed to assist Serbian authorities to strengthen capacities necessary for harmonisation and enforcement of the legislation as well as implementation of sectorial reforms necessary for fulfilment of the EU accession requirements.

Serbia is using the twinning modality since 2004, and areas sectors that are mostly relying on assistance provided through twinning projects are: justice and home affairs, agriculture and rural development and environment. So far, Serbian institutions participated in more than 60 twinning projects, with a total budget of more than EUR 75,000,000. Member States (MS) who are participating the most in the implementation of twinning projects in Serbia are: Germany, France, Austria, UK and the Netherlands whether they are lead or junior partners. Implementation of twinning projects contributed to establishment of the long-lasting connections between partner's and beneficiary countries, resulting in more initiatives for continuation of cooperation.

The experience gained so far concerning the demand for usage of this type of twinning-oriented negotiation and policy envelope, demonstrates high interest of the national administration and the purposefulness of such a programming and financing tool in the national IPA package. This proved to be relevant in particular for sectors with diversified and voluminous *acquis* such as environment, agriculture and rural development, internal market, but also justice and human resources development. In that respect the envelope ensures the reserve of funds to be mobilised with the aim to respond to emerging tasks related to the institution building and further strengthening of administrative capacities of institutions responsible for implementation of the *acquis* in a flexible and immediate way.

With regard to ensuring objective and transparent allocation of the funds to concrete actions and projects, it has been jointly concluded by the national institutions, primarily the MEI, and the Commission that based on the previous experience and the lessons learnt a comprehensive system of selections needed to be established. The management of the envelope is treated as a mini-programming exercise with all seriousness that such process requires and deserves. Consequently, as of IPA 2013 the envelope has been a subject of discussion and approval by the Working group members involving MEI, CFCU, National Fund and EU Delegation. The activities of the WG are steered by the jointly agreed Guidelines for management of these funds.

In terms of the **energy**, the Energy Regulatory Authority has already been supported through the EU funding. The most recently completed Twinning Project "*Capacity Building for the Energy Agency of the Republic of Serbia*", recommended that AERS should **highly prioritise** development of regulatory mechanisms in line with the evolution of the energy *acquis* (among others, 3rd Package, Network Codes, TEN-E Regulation) on one hand, and ensure resource adequacy, including further development of the AERS IT system for collection and exchange of all necessary data in the sector. These recommendations will be implemented via two interlinked projects - first (related to enhancement of regulatory mechanisms in line with the *acquis*) within a technical assistance project under IPA 2014 programme, and the second (related to IT resource adequacy) will be addressed via IPA 2018 Action. When it comes to electricity distribution system, security and reliability of electricity supply and distributed generation connection issues which are proposed under IPA 2018 intervention represents the follow-up of activities to improve the status of the distribution network, which are ongoing and/or will be implemented through Actions funded by the IPA 2014 for flood recovery measures: "Electrical equipment for the reaction in emergency situations" and IPA 2016 funded: "Study on modalities to include electricity from RES into the distribution network and smart grids". This support focuses on distributed generation connection, while this intervention should cover issues of security and reliability of supply of distribution system as a whole.

In relation to the **health** EU has already significantly supported the reform process in SoHO through provision of expert assistance in different analysis, studies, legislative acts preparation by TAIEX experts and PLAC project experts. In addition, support was provided in the field of transfusion through CARDS 2005 project for Reorganization of Blood Transfusion Services that supported the reforming/ upgrading the existing transfusion system, harmonization with the *acquis* and providing relevant equipment and works. The **IPA 2013 Twinning Light project** "Strengthening national institutional capacities in the field of Substance of Human Origin (SoHO) to improve the safety of blood in transfusion and transplantation" has provided a

broader experts assistance in conducting gap assessment analysis of the current Serbian overall capacities in the area of SoHO and identifying their needs and priorities in terms of staff and administration, management structure, technical conditions and infrastructure. Serbian Competent Authority (Directorate of Biomedicine) has been provided with set of recommendations for improvement in the SoHO defined priorities. Plan for reorganisation of the National blood transfusion service has been designed, in close collaboration with BC experts, in order to facilitate reform of National transfusion service in line with EU requirements, and to ensure optimal supply of the blood components of the same quality and safety for all citizens of RS. A comprehensive Roadmap document and technical specification for procurement of most critical equipment for SoHo institutions have been prepared in order to support Serbia in strengthening of their institutional capacities within the SoHO system. The road map document laid down major goals, objectives and priority actions and grounded basis for the IPA II action plan programming. The Activity proposed under this Action will support the Competent Authority (Ministry of Health – Directorate for Biomedicine) and SoHO institutions in implementing the Roadmap.

As regard the **transport**, basic experience and the initial knowledge of certain members of the Serbian traffic police in the field of control of digital tachographs in traffic on the road was acquired through participation in a seminar/training organized during 2014. Within the Twinning project “*Strengthening the Administrative and Performance Capacity of the Ministry of Transport and Transport Institutions*” two-day trainings regarding tachographs were provided in 2016.

Support to **agriculture** sector was provided through various interventions. The previous financial assistance related to the **Establishment of fully functional IACS/Control of Payments in agriculture** was related to expert’s assistance in development of the Strategy for implementation LPIS/IACS in Serbia. This Strategy provides base for Action plan for Chapter 11. This basic guiding tool will provide a roadmap and recommendations for developing the IACS in Serbia, defining clear action plan for financial perspective, necessary administrative and technical capacities and methods for implementation of LPIS/IACS. This intervention will support implementation of the envisaged measures contributing to the establishment of the fully functional IACS in Serbia. The establishment of the IACS, will manage and control direct payments and IACS rural development measures and it was priority for all candidate countries in the process of negotiations.

Ongoing IPA 2013 “Support to IPARD Operating Structure” will develop rural development IT solution for authorization and control of commitments, authorization and control of payments, business, reporting and document management system for IPARD II measures.

Through FWC in 2014 the “Strategy outline for the implementation of the LPIS and broader IACS requirements in Serbia” has been prepared and it has been updated and reviewed during TAIEX expert mission held in April 2017. Through the on-going TA “PLAC II” further update of the Strategy will be conducted (update of the IACS Strategy, the Report with recommendations of the establishment and the maintenance of the IACS).

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To contribute to strengthening legislative framework and institutional capacities, for fulfilling the requirements of EU membership	Rate of transposition of the EU <i>Acquis</i> , as measured by the % of the implementation of the Serbian National Programme for Approximation with the <i>Acquis</i>	EC Annual Reports NPAA Reports	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
To support Serbian administration to effectively meet requirements and conditions deriving from the accession negotiations and successfully manage overall EU integration and pre-accession assistance geared towards EU membership focusing on key areas, mainly in relation to energy, transport, agriculture and health.	Number of negotiations Chapters of the <i>Acquis</i> opened and number closed	Progress assessment made in European Commission Annual Progress Report for Serbia EC Common position on relevant negotiating chapters NPAA reports	Continuous commitment of the Serbian government to the EU integration process Continuous commitment of the EU to the enlargement process Continuous commitment to the implementation of public administration reform and public financial management reform programme; Sufficient dedicated and qualified staff available at beneficiary institutions
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Result:</p> <p>Sustainable administrative and institutional capacities developed in order to ensure further harmonisation, enforcement of the EU <i>acquis</i> and successful accomplishment of the accession negotiations in key EU <i>acquis</i> chapters including transport, energy, health and agriculture.</p> <p>Activity: 1.1. Negotiations and Policy Development Envelope</p> <p>Activity 1.2.: Support to the Energy Agency of the Republic of Serbia (AERS) for energy market and network infrastructure data collection and</p>	<p>Number of national institutions implementing selected actions for the achievement of NPAA priorities.</p> <p>1.1. Degree of response to specific and urgent needs emerging from the EU accession process</p> <p>1.2. Supplier switching rate in electricity and natural gas sectors (% of total</p>	<p>EC Progress Report Conclusions from the SAA Committee and Sub-committees Meetings</p> <p>Annual Reports of the MoI and MCTI</p>	<p>Sufficient level of civil servants experienced in European integration affairs remain in respective beneficiary institutions AP, NPAA and Regular Reports provide adequate guidance to the EU integration process</p>

<p>analysis (chapter 15)</p> <p>Activity 1.3.: Support to improvement of power distribution system and decrease of energy losses (chapter 15)</p> <p>Activity 1.4.: Support in strengthening capacities of relevant institutions within the SoHO system (chapter 28)</p> <p>Activity 1.5.: Support to improving the traffic safety system (chapter 14)</p> <p>Activity 1.6.: Support for first stage building of a functional IACS (chapter 11)</p>	<p>delivered commodity)</p> <p>1.3.1 Reliability indicators (SAIDI¹ and SAIFI²) 5% improvement and technical energy losses reduction 0.25%</p> <p>1.3.2 Legislation in force presenting completely transposed Directive 2002/98/EC, 2004/23/EC and 2010/53/EU with corresponding technical directives</p> <p>1.4 Competent Authority and SoHO institutions operating in accordance with the EU Directives and requirements in the field of biomedicine</p> <p>1.5.1 Number of controlled drivers' working days on roadside checks</p> <p>1.5.2 Number of controlled drivers' working days performed in the premises of undertakings (transport companies)</p> <p>1.6. Established LPIS/IACS system within the Paying Agency compliant with the accreditation/entrustment criteria for EAGF and EAFRD payments</p>	<p>Annual and Final Reports on implementation of interventions</p> <p>Reports of the WG for Management of Unallocated Funds;</p> <p>IPA II Monitoring Committees; IPA II sectorial monitoring committees; Annual Reports on implementation of IPA TAIB under Decentralised Management, Annual Reports on the implementation of IPA II assistance, and EAMR reports</p> <p>EPS's weekly, monthly and annually reports on Distribution system reliability</p>	<p>Basic policy decisions are taken, including:</p> <ul style="list-style-type: none"> • choice of payment scheme • eligibility thresholds (per farm and per parcel) <p>choice of type of reference parcel system</p>
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¹ SAIDI is defined as the average duration of interruptions for customers served during a specified time period

² SAIFI is defined as the average number of times that a customer's power is interrupted during a specified time period

DESCRIPTION OF ACTIVITIES

The Result will be achieved through the following activities:

Activity: 1.1. Negotiations and Policy Development Envelope

The aim of the envelope is to provide flexible and immediate support to gradual alignment of Serbia with the requirements of the EU acquis and the relevant standards according to the better regulation approach in a number of key sectors through the twinning facility modality. The TW facility will contribute to the achievement of progress in reform fields by allowing a faster response to the priority needs, through the implementation of specific twinings. Furthermore, it will enable the implementation of a number of accession related actions of various actors in order to meet specific and urgent needs identified in the course of the pre-accession and negotiation processes, through the implementation of twinning and twinning light type of projects. The general outcome to be achieved is to strengthen the capacities of the institutions in fulfilling their respective pre-accession roles and functions.

Although the Negotiations and Policy Development Envelope serves as a flexible facility with the aim to provide immediate support to interventions which could not be identified during the process of programming, the Ministry in charge of European Integration in cooperation with the Ministry in charge of Agriculture identified indicative interventions. In particular, “Support to establishment of carcass classification system in line with EU CAP” have been identified as priority since it aims to provide further support to enforcement of the Law on Organisation of Agricultural Products Market in establishing a harmonized system of Common Market Organization of agricultural products in the field of carcass classification, which is one of the strategic objectives of the EU accession process. However, the Law on Organisation of Agricultural Products Market, in line with the EU Regulation 1308/2013 is planned to be adopted in the III quarter of 2018. Therefore, the proposed intervention can be considered mature for funding once the Law is adopted, and based on the findings of report from the Twinning light implemented in this field.

Furthermore, additional assistance may be envisaged to complement the Result 6, in relation to the compliance assessment of the IACS/LPIS system.

This facility will be implemented by the Working Group for the Management of Negotiation and Policy Envelope Funds within the IPA for the period 2007-2013 and 2014-2020. Members of the Group are the Ministry in charge of European Integration, the Central Financing and Contracting Unit of the Ministry in charge of finance, the National Fund, NAO support office and the EU Delegation. The role of the WG is to review and to adopt the list of prioritized Actions for financing. The basis for the work and the management of Negotiation and Policy Envelope funds is the jointly agreed Guidelines for management of Negotiation and Policy Envelope funds with following procedure: (i) Potential beneficiaries present possible Actions to be funded to the Ministry in charge of European Integration, that is responsible to consolidate all proposals and present them to the WG¹¹; (ii) Proposed Actions are reviewed and considered by the WG; (iii) On the basis of the predefined criteria, the WG shall define the priority list of the proposed Actions, programme year for allocation of funds and management mode of financing; (iv) List will be regularly updated based on the newly identified needs.

Selection and prioritisation of the Actions for financing will be done according to following criteria:

1. Linkage to the priorities defined within the ISP;
2. Significance for the completion of an on-going project, action or process;
3. Maturity (documentation readiness, fulfilment of conditions for start of the implementation, capacities of beneficiaries and end recipients);
4. Proposal responds to an emergency (for example: floods, migration crises etc.).

Activity 1.2.: Support to the Energy Agency of the Republic of Serbia (AERS) for energy market and network infrastructure data collection and analysis (chapter 15)

¹¹ Members of the WG can propose Actions for funding as well

In order to establish conditions for effective operation of AERS in line with EU energy acquis and fully align AERS institutional capacity to EU standards, it is necessary to enhance its regulatory instruments and mechanisms, provide additional training for its staff for performing new regulatory tasks and obtain IT support for handling significantly increased amount of data and improving AERS services to the market participants and consumers. This action will aim at enhancing AERS information system. Assistance will focus on:

- Supporting discharging core NRA tasks as per the applicable acquis (e.g. Directives 2009/72/EC, 2009/73/EC; Regulations (EC) 714/2009, 715/2009, TEN-E Regulation, REMIT) developing software modules for e-monitoring electricity and natural gas markets, infrastructure development (TYNDP, PECE) and quality of service, as well as the module for licencing and certification;
- Supporting discharging ancillary processes in AERS (e.g. by developing software modules for AERS intranet and archive), increasing efficiency of AERS internal procedures and quality of services of AERS provided to market participants and customers;
- Enhancing development of retail electricity and natural gas markets by developing an electricity and natural gas price comparison tool, enabling customers to make informed choice while exercising their right to switch suppliers
- Developing additional software modules in line with ToR/Technical specification developed on bases of performed IT needs analysis within the IPA 2014 project.

The calculation of project cost is based on expert estimation, taking into consideration information related to projects comparable in size and scope of work implemented by similar EU regulators (Slovak Regulatory Authority RONI, and Austrian Regulatory Authority E-Control). The choice of contract type is based on the type of inputs mainly required- developing the software and providing training for users; procurement of goods (e.g. licenses, hardware) is neither envisaged nor necessary (AERS has already procured the required software- MS SQL Server (database) and Visual Studio (developer's tool for applications).

Activity 1.3.: Support to improvement of power distribution system and decrease of energy losses (chapter 15)

This Action should provide the beneficiary with the detailed study with recommendation for increasing security of supply and improvement of reliability and energy efficiency of power distribution system.

According to the Energy Efficiency Directive, Article 15, distribution companies are required to increase energy efficiency in network design, development and operation and consequently contribute to the reduction of technical electricity losses that brings benefits to electricity distribution companies, customers and whole society. Implementation of this activity will contribute to the 5% improvement of the reliability indicators (SAIDI and SAIFI) and the 0.25% technical energy losses reduction. The study will focus on the improvement of the power distribution system through the analysis of the power distribution system in details by using computer simulation models in order to improve its reliability, security, conduct detailed analysis of technical power losses, which are crucial for improvement of energy efficiency in distribution network. The study would be a guideline for decisions for investments in the distribution network with the aim to provide reliable and secure operation of network to meet demands and integration of new distributed generation and promotion of renewable sources. Finally, the study should provide recommendations on the best practices for investment planning in distribution system..

The Action will focus on the following analyses:

- Detailed power analyses of distribution grid including consideration of power system elements' operational state, network topology, primary and secondary equipment characteristics, network voltage levels, etc.
- Modelling of power distribution system for computer simulation of power flows based on the previous paragraph, including collection of data necessary for computer modelling of distribution system for simulation of power flows in steady and transient states.
- Development and verification of distribution system computer simulation model.

- Analysis of critical operational regimes of distribution grid including investigation of the most severe and the most frequent disturbances in distribution system critical regimes; analyses of the disturbances' impact to the various types of customers (consumers, producers and prosumers).
- Investigation of smart grid solutions regarding issue of high system voltages including high voltages in minimum operational regimes of distribution system appeared due to the low consumption and increased production of distributed generation; smart grid solutions related to operation of both distribution system and distributed generation concerning high voltages.
- Definition and elaboration of methodology for energy technical losses forecasting in distribution system taking into consideration weather conditions, consumption forecast and production plans, historical data, etc.
- Detailed analyses of energy losses in distribution grid elements (power lines and transformers) in critical operational regimes including investigation of power and energy losses per voltage levels and types of transformers and lines
- Preparation of guidelines and recommendations for optimal investments in distribution network based on the results of the study. Once accepted this methodology, EPS will be able to make more reliable and sustainable investment plans regarding distribution network. Within optimal investments, among other things, the following should be considered:
 - Construction of backup lines needed to provide security of supply without power interruption;
 - Application of smart grid solutions that will enable: distribution grid meshed operation, improved voltage control, fast fault identification, etc.;
 - Once accepted this methodology, EPS will be able to make more reliable and sustainable investment plans regarding distribution network.
- Software development - Software solution for the implementation of the methodology for energy technical losses forecasting defined in Study analysis.

Activity 1.4.: Support in strengthening capacities of relevant institutions within the SoHO system (chapter 28)

This intervention will build upon the results of a previous twinning light project The intervention will support improvement of the competencies and functioning of the Competent Authority with specific emphasis on the surveillance and inspectorate system, and increase of the institutional capacities and technical conditions of the most relevant SoHO institutions. It will contribute to ensuring completion of the legislation in force, presenting Directive 2002/98/EC, 2004/23/EC and 2010/53/EU with corresponding technical directives fully transposed, and Competent Authority and SoHO institutions operating in accordance with the EU Directives and requirements in the field of biomedicine. The Action will focus on the following:

- Further full harmonization of the national legislation with the EU requirements in the SoHO field through drafting and preparation of laws implementing acts (bylaws, rulebooks, reporting templates, etc.) based on the best EU practice. Support will focus on more efficient transposition of the EU requirements related to SoHO field through provision of missing by-laws and law implementing acts or amending the existing in relevant fields.
- Strengthen institutional and administrative capacities of the Competent Authority for biomedicine regarding the process of authorization, inspection, monitoring, reporting and bio vigilance through: mapping, drafting and developing operational procedures and tools for the CA, needs analysis in regards to critical equipment and IT system to support their roles and functionalities (OPO, authorization, monitoring, inspection, reporting and bio vigilance), conducting joint inspections in selected establishments according to the EU regulations and the best inspection practice, organization of the different set of capacity building activities for CA (e.g. to fulfill their roles of the OPO, authorization and development of the Registry of SoHo institutions, development and management of the bio vigilance system

- Upgrading and equipping of relevant SoHO institutions, their institutional capacities and technical conditions in order to meet the EU safety and quality standards through: assessment of the existing quality system and technical conditions in SoHO institutions to meet the EU requirements, defining procurement plan of critical equipment in line with recommendations, developing internal procedures for the SoHO institutions to prepare and fulfil their requirements for the authorization and to fulfil their roles and responsibilities in vigilance and reporting to CA.
- Supply of critical equipment of transfusion and transplantation for SoHO institutions to meet safety and quality EU Directives requirements, in line with open competition criteria.

Activity 1.5.: Support to improving the traffic safety system (chapter 14)

The Law on working hours of road transport vehicle crew and tachographs is providing clear mandate to control authorities to effectively and efficiently enforce its provisions related to the amount of checked drivers' working hours, in compliance with Directive 2006/22/EC.

The proposed intervention aim to contribute to the increase of the volume (up to at least 3% of the total number of drivers working days in accordance with the EU Directive) and the quality of digital tachograph control through adequate training of police officers, procurement of necessary equipment (the number of sets for controlling digital tachographs and specialized vehicles) and the adoption of clear procedures and methodologies for the control of digital tachographs.

Furthermore, the intervention will contribute to clearer regulation of cooperation procedures between relevant authorities; defining the methodology for the risk assessment; procurement and installation of hardware and software for collection of conducted control data; implementation of the risk rating system; establishment of the unified electronic database for exchange of data (between national authorities and with EU Member states) and storing of the data on conducted controls and imposed measures; training of police officers and traffic inspectors in line with the new generation tachographs and usage of controlling equipment. In addition, data obtained through controls of the vehicle crew engaged in road transport and tachographs will allow for more evidence based planning and decision making.

Realization of this intervention will further facilitate strengthening of cooperation and joint actions of the two ministries that would cover a large number of controls over professional drivers and carriers, which shall allow reaching the scope of controls performed and prescribed by relevant legislation. In addition, planning and decision making in this area will be more evidence based and facilitated.

The proposed intervention shall be implemented through phased approach, having in mind the workload of control/supervision officers and the need for their continual education and training for implementation of controls and the use of specialized equipment. The intervention includes the following activities:

- *Selection of the most efficient model of cooperation between the MCTI, MoI and RTSA related to the enforcement of the Law* – although the existing legislative framework defines the clear mandates of the MCTI, MoI and RTSA in the field of coordination, controls and reporting on the working hours of road transport vehicle crew and tachographs, unlike in other EU countries currently there is lack of clear working procedures including the division of tasks related to carrying out of the controls on the road and at the premises of the carriers by relevant authorities. Therefore, the intervention shall contribute to defining of the work plan of controls, clear division and scope of controls performed by relevant authorities, division of roadside checks and controls at the carrier premises between relevant authorities, as well as drawing up manuals (guidelines) for the trainees and other stakeholders. This activity will be realised through service contract.
- *Performing the risk assessment of transport companies in line with the EU requirements and preparation for reporting to relevant EU institutions, including the methodology for the risk assessment* – the activity include defining of the methodology for conduction of the carriers risk assessment. This activity will be realised through service contract.
- *Creating of a central database on performed surveillance and connection with EUCARIC.* The electronic database will keep the records of all performed roads-side and at the carrier's premises controls including prescribed measures. The activity envisage procurement and installation of hardware and software which will enable development of unified electronic database (and training

for the users) and control sets for collecting data from supervision in the field of driving time, rest, brakes, working hours and tachograph, on roads and at premises of transport companies, and for providing appropriate reports and risk assessment of transport companies. Developed database will enable collection of data from different sources as well as exchange of data/reports between relevant national institutions and with other EU member states (EUCARIS, Tahonet, etc.) respecting the security requirements defined by the MoI and MCTI procedures. In addition, database will enable: prevention of discrimination in control and minimum keeping of drivers and vehicles off the road; online connection with police officers and traffic inspectors in the field in order to enable efficiency of controls and effectiveness of public services provided to citizens as well as equal treatment and market participation of domestic and foreign transport companies. Online access to database will enable uniform work of supervisory bodies. Access to database will be online in real time to all involved stakeholders and database will enable system for electronic exchange with other member states and also the submission of Annual Reports to the European Commissions. This activity will be realised through supply contract and it entails services for necessary upgrade of the procured software.

- *Training of traffic inspectors and police officers* - strengthening the capacities of police officers and traffic inspectors responsible for effective and timely supervisions of the participants in road traffic and transport companies through delivery of specialized trainings, including ToT, study visits to EU countries. Trainings include basic training for 140 police officers and traffic inspectors as well as advanced trainings for 40 trainers. Trainings will be focused on specialized skills related to controls of digital (SMART) tachographs, since existing knowledge and skills of police officers and transport inspectors are currently aligned with the structure and the age of the vehicles and tachographs dominant in Serbia (analogue tachographs). The trainings shall equip police officers and traffic inspectors to perform controls on digital tachographs as well as to conduct controls related to manipulations with tachographs. This activity will be realised under the supply contract.
- *Equipping of the police officers and transport inspectors with the digital tachograph simulators, for further training of new staff and renewing the knowledge of existing staff.* 27 simulators will be divided to 27 police administrations where trainings will be held in future. The training would be attended by inspectors and police officers. In addition to 27 simulators, the Traffic Police Directorate, the Inspection Department within the MCTI and the Traffic Safety Agency will receive one simulator each. This activity will be realised through supply contract.
- *Equipping police officers and traffic inspectors for supervision of the digital tachographs on the roads through procurement of special equipped vehicles and additional sets for controlling of digital tachographs* - procurement of 10 specialized vehicles will enable road controls plus 58 sets for control (laptops, License software for data reading from SMART and other digital tachographs, Download devices for driver cards and Digital Tachograph, Scanners for diagram charts, Ink jet printers, Control tachograph cards). Any supply will be in line with open competition criteria. This activity will be realised through supply contract.

Activity 1.6.: Support for first stage building of a functional IACS (chapter 11)

The main objective of this intervention is to support completion of the process of IACS establishment before Serbia's accession to the EU. The proposed intervention will build on the results and efforts committed by the GoS in the course of 2018 and 2019 with the reference to implementation of all relevant activities for IACS establishment defined within the NPAA and Action Plan for Chapter 11.

The proposed intervention will enable that utilized agricultural land, eligible agricultural holdings which apply for aid (direct payments, rural development, agro-environmental measures) and applications for support in particular direct payments are registered through the IACS. After the implementation of LPIS in pilot municipalities, this activity will establish LPIS on the whole territory of Republic of Serbia. Also, remaining IACS software components will be developed along with functionalities which allows monitoring and control with Control with Remote Sensing. In order to establish the IACS in line with EU requirements the proposed intervention will provide support to procurement of hardware for full IACS implementation as well as to strengthen capacities of the DAP to successfully finalise this complex process through development of the remaining IACS components.

In order to reach this goal, the proposed intervention includes following:

- Development of software for remaining IACS components (Register of payment entitlements; Aid Application Database; Rural development measures software modules)
- Establishment of LPIS on the whole territory of the Republic of Serbia
- Developing and/or upgrading Rural development measures software modules
- Development of control tools (OTSC, classical (farm visit), CwRS and CwRS + Rapid Field Visits)
- Integration of all registers, databases and software into integrated system (IACS)
- Strengthening of human capacities for IACS and LPIS at all levels
- Supply of IT equipment in line with open competition criteria.
- Raising awareness among farmers will be introduced through carefully designed campaigns on the novelties related to the payment entitlements and IACS functionalities

RISKS

Although there are no major risks foreseen that could seriously jeopardise the implementation of the IPA 2018 Action, there are still a number of risks which have been identified at the level of the entire Action:

Risk	Mitigation Measure
Lack of political commitment and willingness to support the actions; including the risk of changes in the Governmental structures and lack of constant coordination and cooperation between main beneficiary institutions	The role of MEI and the EU negotiating structures and the policy dialogue in the context of EU accession should be intensified.
Insufficient inter and intra institutional awareness of roles of all beneficiaries during implementation of the action	Active participation of all beneficiaries in the process of the action programming and implementation, targeted capacity building activities for involved representatives are foreseen
Inadequate staffing and high turnover rates in the public administration influences the absorption capacities in line ministries and relevant bodies involved in the Action	<p>Strong commitment of the Government towards implementation of the public administration reform strategy.</p> <p>Setting up of each programmes comprehensive monitoring and evaluation systems, a careful targeting and preparation of programme potential beneficiaries and extensive training should be provided to programme administration and institutions involved</p> <p>Continuation of capacity development of involved institutions through other available EU and donor funded initiatives</p> <p>Implementation of recommendations on capacity development within involved institutions provided through other EU projects</p>
Relevant ministries and involved beneficiaries hesitant to commit necessary human resources to the preparation of relevant implementation documents	<p>MEI takes into consideration workload analyses of all significant implementing institutions.</p> <p>Continuous support by MEI in development of the capacity of all institutions to prepare good quality documentation</p>
Resistance of involved institutions to implement the changes in line with the EU acquis requirements	<p>Continual capacity development and raising of awareness among involved institutions and beneficiaries on necessary EU requirements which has to be fulfilled</p> <p>Lead institutions take stronger role in facilitating and leading sector institutions which have to respect decisions and implement them as the obligatory</p>
Deficiency in making timely decision about Actions to be funded from the Negotiation and Policy Envelope funds	MEI, being Technical Secretariat to the WG for Management of Negotiation and Policy Envelope Funds will support work of the WG in making an assessment of

Risk	Mitigation Measure
	proposed Actions

CONDITIONS FOR IMPLEMENTATION

Beneficiary institutions for each result are responsible to assure the compatibility of any newly developed systems with the existent national systems, in particular in software and hardware development. In the implementation of any supply components related to this Action, no items can be procured for which compatibility of technical specifications needs to be ensured with the existent systems of the Beneficiary, requiring restricted procurement procedures or affecting open competition.

Activity 1.2: Finalization of the project IPA 2014 “Technical assistance to AERS – approximation of NRA tasks to the energy third package”, which will provide relevant elements of tender documentation (Terms of Reference/Technical Specification) for this activity.

Activity 1.4: 1) Necessary number of SoHO inspectors employed in the Competent Authority, in line with the recommendations of the TW light project, 2) Unique information system (MAC -ISBT128) introduced and operational for all blood establishments (centres as defined by the Law on Transfusion medicine). The conditions shall be fulfilled prior to the contract signature.

Activity 1.5: Detailed technical specification for supply of hardware, software and upgrade of software for installation of the central database in order to achieve full compatibility with EUROCARIS network shall be developed through FWC and completed before the initiation of the supply contract tender procedure.

Activity 1.6: a. The Farm register is upgraded from national budget resources, including transformation of the Farm register to a web-based register which will enable connectivity and compatibility with existing and planned registers and system components; b. Services are developed for exchange of data between Farm register, LPIS and Animal register, from the national budget; c. Animal register is upgraded and maintained through contracts which Ministry in charge of Agriculture has with its developers in order to ensure that all animal registers have the data necessary to be exchanged in IACS, and to ensure efficient processing and control of requests for assistance, including cross compliance requirements; d. Successfully introduced LPIS in pilot municipalities in accordance with agreed steps and timelines; e. Rural development software for IPARD is developed and made operational in the course of 2018-2019. The conditions shall be fulfilled prior to the contract signature. f. framework policy decisions are taken in regards to the choice of the EU payment scheme, eligibility thresholds, reference parcel system for LPIS, etc. g. The institutional structure of the future Paying Agency has to be defined and approved in order for the software development to be successful, and for all elements of this complex system to be properly integrated and be able to function in an effective manner. Before approving the tender publication, the Commission will assess the institutional structure in charge, by positively confirming that the main elements of the system are in place, including: the decision on the number and type of paying agencies, number of levels for the organizational structure of the paying agency/ies (central, regional, local) including their designated locations, estimated number of beneficiaries, estimated number of eligible parcels.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

This Action will be implemented under indirect management for which the allocation of roles and responsibilities takes into consideration the current state of knowledge, skills and capabilities of the beneficiary institutions and the Central Finance and Contracting Unit (CFCU) within the Ministry in charge of Finance to prepare, tender, evaluate, sign and implement contracts and twinnings. Final beneficiaries are the national authorities who are directly responsible for the harmonization and enforcement of the EU acquis, standards and practice in sectors/areas covered within this Action.

The institutional arrangements for implementation of activities which will contribute to the achievement of Action results are:

For the Activity 1.1 final beneficiary is MEI, in capacity of NIPAC TS/Body responsible for coordination of programming, monitoring and evaluation (BCPME), while the end recipients of the assistances may be line ministries and other responsible public institutions.

For the Activity 1.2 the final beneficiary is the Ministry in charge of Energy, while the Energy Agency of the Republic of Serbia in the end recipient.

For the Activity 1.3 the final beneficiary is the Ministry in charge of Energy, while end recipient is PE EPS.

For the Activity 1.4 the final beneficiary is the Ministry in charge of Health while the Directorate for Biomedicine within the MoH is the end recipient.

For the Activity 1.5 the final beneficiary is the Ministry in charge of Construction, Transport and Infrastructure while the end recipients are: the Ministry in charge of Interior, the Road Transport Safety Agency and the Ministry in charge of Construction, Transport and Infrastructure.

For the Activity 1.6 the final beneficiary is the Ministry in charge of Agriculture, Forestry and Water Management, while the end recipient is Directorate for Agrarian Payments within the Ministry in charge of Agriculture.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

This Action under IPA II assistance will be implemented and managed in accordance with the rules and procedures under the **indirect management** and in line with respective legislation and Manuals of Procedures.

Result 1: Sustainable administrative and institutional capacities developed in order to ensure further harmonisation, enforcement of the EU acquis and successful accomplishment of the accession negotiations in key EU acquis chapters

Activity 1.1 Negotiations and Policy Development Envelope will be implemented through several twinning / twinning light contracts.

Activity 1.2 Support to the Energy Agency of the Republic of Serbia (AERS) for energy market and network infrastructure data collection and analysis will be implemented through one service contract.

Activity 1.3 Support to improvement of power distribution system and decrease of energy losses will be implemented through one service contract.

Activity 1.4 Support in strengthening capacities of relevant institutions within the SoHO system will be implemented through one Twinning and one Supply contract. National contribution for supply of the equipment in the amount of EUR 947,600 will be secured through the budget of the Republic of Serbia.

Activity 1.5 Support to improving the traffic safety system will be implemented through one service and one supply contract. Detailed technical specification for procurement of hardware, software as well as necessary upgrade of software will be provided through a separate Framework Contract. National contribution in the amount of EUR 200,000 will be secured through the budget of the Republic of Serbia.

Activity 1.6 Support to the establishment of fully functional IACS will be implemented through one service and one supply contract.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring the progress of implementation will be done in accordance with the rules and procedures for monitoring stipulated in the IPA II Implementing Regulation and Framework Agreement between the republic of Serbia and the European Commission on the arrangements for implementation of Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance (IPA II).

The overall progress will be monitored by means of several sources:

- **Result Orientated Monitoring (ROM) system** (led by DG NEAR): This will provide, as necessary and required, an independent assessment of the on-going or ex-post performance of the Action.
- **IPA II Beneficiary's own monitoring:** IPA II monitoring process is organised and led by the NIPAC, supported by the NIPAC TS/ BCPME. NIPAC is the main interlocutor between the Serbian government and the EC regarding strategic planning, co-ordination of programming, monitoring of implementation,

evaluation and reporting on the overall IPA II assistance. NIPAC monitors the process of programming, preparation and implementation, as well as the sustainability and effects of programmes, aiming to improve these processes, ensure timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions. Through the support of the NIPAC TS/BCPME, the NIPAC prepares regular monitoring reports for the Government and the EC based on the reports drawn up by the institutions responsible for implementation. It reports on the formulation of Action, the fulfilment of preconditions for the initiation of public procurement procedures, the implementation of Action, its sustainability and effects, and organises the process of evaluation.

- **Self-monitoring performed by the EU Delegation:** This is part of the annual assurance strategy process and is done based on the ex-ante risk assessment of actions/contracts considered riskier.
- **Joint monitoring by DG NEAR and the IPA II Beneficiary:** The compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly (at least once a year) monitored by the IPA Monitoring Committee. It will be supported by Sectoral Monitoring Committees which will ensure monitoring process at sector level. The results of monitoring will be used in the policy-making process to propose programme adjustments and corrective actions.

Monitoring process envisages participation of various stakeholders, such as EC/EUD, NIPAC, NIPAC TS/BCPME, NAO, NAO SO, NF, Contracting Authorities, Final Beneficiaries, AA, and other institutions and civil society organisations.

In line with the IPA II Implementing Regulation 447/2014, an IPA II beneficiary who has been entrusted budget implementation tasks of IPA II assistance shall be responsible for conducting **evaluations** of the programmes it manages.

The European Commission may carry out a **mid-term, a final or an ex-post evaluation** for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

INDICATOR MEASUREMENT

Indicator	Baseline (2)	Target 2022 (3)	Final Target 2025 (4)	Source of information
Rate of transposition of the EU <i>Acquis</i> , as measured by the % of the implementation of the Serbian National Programme for Approximation with the <i>Acquis</i>	tbc	tbc	100%	NPAA report
Number of EU <i>acquis</i> chapters opened and closed	12 (2018) (10 opened and 2 temporarily closed)	All Chapters opened At least 22 chapters closed	All chapters closed	EU progress report for Serbia, published on yearly basis. NPAA Reports
Number of national institutions implementing selected actions for the achievement of NPAA priorities	No institutions supported in 2017	At least 5 institutions supported by 2022	5	Reports on the implementation of IPA II assistance
Supplier switching rate in electricity and natural gas sectors (% of total delivered commodity)	3.5% (electricity) 3.7% (natural gas) (2016):	4% (electricity) 4% (natural gas)	5% (electricity) 5% (natural gas)	Annual Reports of AERS for 2022 and 2025
Reliability indicators (SAIDI and SAIFI) 5% improvement and technical energy losses reduction 0.25%	2016: SAIDI = 455.36 SAIFI = 5.85 Technical losses =8.17%	SAIDI=439.28 SAIFI=5.68 Technical losses =8.03%	SAIDI = 432.6 SAIFI = 5.56 % of technical losses =7.92%	EPS's weekly, monthly and annually reports on Distribution system reliability
Legislation in force presenting completely transposed Directive 2002/98/EC, 2004/23/EC and 2010/53/EU with corresponding technical directives	Partially aligned (2016)	Fully aligned	Fully aligned	Annual report of the Ministry of Health European Commission Annual Progress Report for Serbia
Competent Authority and SoHO institutions operating in accordance with the EU Directives and requirements in the field of biomedicine	No (2016)	No (not completely)	Yes	Annual report of the Ministry of Health European Commission Annual Progress Report for Serbia
Number of controlled drivers' working days performed in the premises of undertakings (transport companies)	482,326 (2016)	506,442	530,559	Annual Reports of the MoI and MCTI
Number of controlled drivers' working days on	1,262,162 (2016)	1,300,027	1,350,513	Annual Reports of the MoI and MCTI

roadside checks				
Established LPIS/IACS system within the Paying Agency compliant with the accreditation/entrustment criteria for EAGF and EAFRD payments	No (2017)	No	Yes	Directorate for Agriculture Payments (DAP) Reports

(1) This is the related indicator as included in the Indicative Strategy Paper (for reference only)

(2) The agreed baseline year is 2010 (to be inserted in brackets in the top row). If for the chosen indicator, there are no available data for 2010, it is advisable to refer to the following years – 2011, 2012. The year of reference may not be the same either for all indicators selected due to a lack of data availability; in this case, the year should then be inserted in each cell in brackets. The baseline value may be "0" (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as "N/A" or "will be determined later".

(3) The target year CANNOT be modified.

(4) This will be a useful reference to continue measuring the outcome of IPA II support beyond the 2014-2020 multi-annual financial period. If the Action is completed before 2020 (year for the performance reward), this value and that in the 2020 target column must be the same.

5. SECTOR APPROACH ASSESSMENT

IPA II introduces a strategic approach towards programming of the EU financial assistance, which entails a long-term vision, coherent and comprehensive way of planning of the EU funds according to the key priorities.

The proposed Action is not designed in order to primarily provide support to sector specific interventions, but is rather designed to horizontally address the most urgent needs of the relevant national institutions in the process of assuming obligations from the EU membership. Hence the activities under this Action belong to several identified sectors which are specified during the programming but also provide facility for unspecified sector interventions and most urgent needs of the relevant national institutions in the process of EU accession. Identified sectors are recognised by relevant Sector Working Groups and presented in relevant national documents covering the multiannual programming period until 2020.

The Government of Serbia have been firmly committed towards enforcement of the sector approach in the process of planning and programming of the international assistance, during the previous period. This have been demonstrated through the number of initiatives which contributed to the fulfilment of sector approach criteria in order to enable more strategic use of available domestic and int'l resources for implementation of national sector reforms and enlargement priorities.

Relevant sectorial institutions developed the sector approach roadmaps which were designed to efficiently streamline necessary steps for full enforcement of the sector approach at the sectorial level. The roadmaps shall facilitate more coherent and consistent sector strategic framework. They define clear targets to be met within the defined timeframe. Streamlining of the sectorial strategic framework will be further reinforced by implementation of the Law on the planning system in the Republic of Serbia, and accompanying by-laws which aims to regulate the planning system in Serbia and establish a purposeful, efficient, transparent, coordinated and realistic public policy planning and monitoring system.

Sector Reform Contract (SRC) for the PAR sector, IPA 2015, shall additionally strengthen capacities for public policy development and coordination in terms of planning, analysis, creation, adoption, monitoring and evaluation. The SRC activities will focus on development and adoption of a policy development and monitoring system, including methodology, templates and mechanisms for receiving and responding to policy monitoring reports.

Furthermore, the PAR SRC will contribute to the improvement of planning and budgeting of public expenditures through emphasising the importance of result based planning, better link between allocated expenditures and policy objectives, and accompanying Serbia in the gradual introduction of programme based budgeting. Preparation of the PAR SRC assumed development of first sectorial MTEF in Serbia as part of the pre-conditions to the SRC. Furthermore, the SRC actions will involve the gradual change of the budget preparation methodology allowing for the preparation of sector-based MTEF documents, linking the budget expenditures in the mid-term period to programmatic goals that are sector wide, rather than institutionally based.

PFM Strategy is adopted as a precondition to the sector budget support to PAR sector. As of 2015 all line ministries are required to produce programme budgets. Budget beneficiaries are obliged to submit three-year projections in the course of the annual budget cycle. Fiscal strategy sets the medium-term budget limits per budget beneficiary which allows for the estimates of sector budgets on the basis of individual annual budgets for the institutions. The programme budgeting mechanism can already be qualified as very instrumental for consolidating the fiscal discipline and for the transparency of public expenditure. However, there is yet no full-fledged mid-term, sector-based budgetary planning process that could be used to develop mid-term expenditure frameworks.

Sector and donor coordination is performed in the Sector Working Groups (SWGs) forum which has been established in order to achieve efficient and coordinated process of programming and monitoring of international development assistance, especially the IPA, as well as to provide the basis for the implementation of sector approach. Primary role of the SWG is to ensure adequate forum for sector policy dialogue and reliable basis for effective planning and programming enabling strategic focus and prioritization, complementarity of various interventions and optimization of different sources of funds. It thus improves the coordination and management of int'l development assistance and increases its effective absorption while ensuring a transparent and inclusive dialogue among all relevant stakeholders.

Sector monitoring system is for the time being based on the following mechanisms: (i) system of indicators in "National Priorities for International Assistance for period 2014-17 with 2020 projections (NAD)", (ii) indicators defined in the sectorial and/or cross sectorial strategic documents and (iii) periodical review of the implementation of strategies and action plans relevant for the sector. Sector strategy contains outcome and result based indicators, baseline and target values. Indicators are in line with sub sector policy objectives. However, the capacities for defining proper (RACER) indicators, carrying out the monitoring and evaluation tasks on the sector level should be strengthened.

The public administration of Serbia is not equipped with general methodology, guidelines, manuals and IT system for monitoring and evaluation and they have been developed on a case-by-case basis. Evaluation is done ad hoc, without methodology, there is no internal capacity to carry out evaluation, and this refers both to sector and sub sector level. Reporting mechanism on sub sector level is not harmonised and there is no reporting mechanism on the sector level.

6. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

In accordance with the EU Gender Action Plan (EU GAP¹²), and National Action Plan for Gender Equality¹³, in the proposed Action gender mainstreaming will be applied as a tool to ensure that women and men benefit from the Action results. It means that gender aspects of specific sectors and actions will be taken into consideration in all the phases of the Action implementation (design, implementation, monitoring and evaluation and reporting) Gender disaggregated data will be ensured in all activities of the Action.¹⁴

In 2016, Serbian Government adopted a National Strategy for Gender Equality 2016 – 2020 with an accompanying Action Plan for its implementation, as the main strategic document for promotion of gender equality in the Republic of Serbia. The proposed Action will closely align with the provisions and measures of this Strategy. In 2016, National Parliament adopted changes of the Law on Budget System¹⁵ of the Republic of Serbia and introduced gender responsive budgeting as a mandatory for all budget users. By 2020 it should be applied in all budget programs.

At the level of the activities the following can be recommended:

- In all the capacity building activities, vulnerability analysis, citizens' engagement and gender sensitive consultations are required. In order to contribute to local development, customer oriented services and increased accessibility of services, capacity building should cover consultations with customers (prior to infrastructure investments), service satisfaction measurement, complains management and human rights based approach, and gender mainstreaming and gender equality.
- All statistical data that will be used and collected during the intervention needs to be gender segregated and segregated according to type of settlement.
- Gender responsive SIA assessment should be conducted.
- Promotional and informative campaigns at the level of local communities (municipalities) related to the expected results of the activities should be organized as convenient. In this context, any promotional materials that will be used need to include visual promotion of gender equality i.e. to avoid gender stereotypes.

¹² <https://europa.eu/capacity4dev/public-gender/minisite/eu-gender-action-plan-2016-2020>

¹³ <http://socijalnoukljucivanje.gov.rs/en/the-national-strategy-for-gender-equality-until-2020-adopted/>

¹⁴ In accordance with Article 40 of Gender Equality Law (Official Gazette of the Republic of Serbia, 2009-12-11, No. 104/09)

¹⁵ https://www.paragraf.rs/propisi/zakon_o_budzetskom_sistemu.html

- The activities should introduce concrete measures to support the gradual increase of the number of employed women on a local level in all fields of capacity building (and increase other target groups in capacity building activities).

EQUAL OPPORTUNITIES

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of action and accessibility to the opportunities they offer. An appropriate men/women balance will be sought on all the activities of the Action. All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs, as a proof of equal participation of men and women in the different phase. Enforcement of those principles is likewise ensured through specific administrative procedures applied in accordance with the Law on non-discrimination. In the implementation of activities under this Action, the same principles shall apply, so that participation in the envisaged activities will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc. Gender equality incentives will be incorporated particularly in activities concerning capacity building. Implementing partners will be encouraged to address the specific needs and priorities of both women and men in planning processes and allocation of resources especially because of differential impacts of planned action in relation to health, education, food supplies, water and sanitation, energy and other basic supplies, as well as employment and income generating opportunities.

MINORITIES AND VULNERABLE GROUPS

Furthermore, the Action will, through the Negotiations and Policy Developments Envelope, support the further alignment of the Serbian legislation to the EU standards and relevant *acquis*, in a number of sectors. Having in mind the demands of enlargement, which concern not only stability and prosperity, but also democratic values, articulated in Copenhagen political criteria for membership, the Action, through its Negotiations and Policy Developments Envelope, shall spread the message that compliance with basic democratic standards is more than a condition for entry; it is a condition of membership. Also, since one part of the Action will be implemented through this envelope, there is possibility to support activities that directly deal with minorities and vulnerable groups.

The inclusion of particularly vulnerable groups, into the preparation, implementation and monitoring/evaluation of activities implemented under this facility is strongly encouraged. Authorities at national and local level are encouraged to consider, in the design of all activities under the facility, the application of a fundamentals first approach aligned with the Western Balkans Strategy and the updated ISP for Serbia. In particular, the inclusion of Roma, and specifically Roma girls is strongly encouraged.

Furthermore, the Action will in no way cause any harm to the rights of any individuals, including minorities and vulnerable groups. Equally, having in mind the demands of EU enlargement, and that the EU has increasingly articulated its aspiration to represent not only stability and prosperity, but also democratic values, articulated in Copenhagen political criteria for membership, the Action, through its visibility and communication activities, shall spread the message that compliance with basic democratic standards is more than a condition for the EU accession.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The cooperation with Civil Society Organisations (CSOs) is facilitated by the Government's commitment as part of its European Agenda. Regarding mechanisms for dialogue, two official mechanisms exist: (i) Office for Cooperation with Civil Society; and (ii) Sectorial Civil Society Organisations - SECO for the processes of IPA programming. Both are examples of good practices in terms of CSO representation in general.

The Government Office for Cooperation with Civil Society is the main institutional mechanism for the support of developing the dialogue between the Government and CSOs through offering support to its institutions in understanding and recognizing the role of CSOs in policy shaping and decision making processes. Office for Cooperation with Civil Society also established the mechanism that allows involvement of CSOs in negotiations on the accession of the Republic of Serbia to the European Union. CSO participation in this process so far included monitoring of explanatory screenings, participation in the preparation of the bilateral screening for some negotiating chapters and participation in briefing meetings that followed bilateral screenings.

In addition, NIPAC TS - MEI established a consultation mechanism with the civil society organization (CSOs). This mechanism is based on the consultative process with Sectorial Civil Society Organizations

(SECOs) and serves as a platform that enables exchange of information and contribution of CSOs in relation to planning development assistance, particularly programming and monitoring of the Instrument for Pre-Accession Assistance (IPA).

The Platform for participation and monitoring the negotiation process with the EU, i.e. the National Convention on the European Union (NCEU) has also been established as a permanent body for thematically structured debate on Serbian accession into the European Union, between representatives of the governmental bodies, political parties, NGOs, experts, syndicates, private sector and representatives of professional organizations. Furthermore, NCEU was established primarily as body with the aim to facilitate cooperation between the National Assembly and the Civil society during the process of the EU accession negotiations and represents a platform for the cooperation and consultations with the government and its bodies in charge of the EU accession negotiations (the negotiating team, negotiating working groups).

CSOs will be included directly into the implementation of a number of interventions within this AD. Specific attention will be paid in the framework of this action to ensure that civil society and other non-state stakeholders are consulted in the right time of the legislative and policy-making process and that the decision-makers are informed about the outcomes of the consultations.

Communication and cooperation with civil society related to the interventions in the energy sector is important having in mind a significant contribution of the CSOs to the implementation of this Action, especially from those ones dealing with the local development. A number of active CSOs have been working within these areas, and their knowledge and practical experiences from the field are valuable sources of information for the design and implementation of the activities in the respective sector. Furthermore, they serve as an important platform to check the progress against the real needs on the ground. For this reason, the communication and coordination with the CSOs will be an integral feature of the contracts in these areas.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The interventions proposed within the Action Documents related to the energy sector directly relates to environmental issues and all anticipated actions were designed to have positive impact on “Rio markers”. Action contributes reducing vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience.

7. SUSTAINABILITY

The Action is designed as a support to the public administration efforts focused on development of institutional and human capacities in order to enable more efficient fulfilment of the EU accession requirements. Therefore, the Action will produce sustainable results through contribution to existing beneficiary institutions and structures, already in place, but which require additional assistance in the complex process of the harmonisation with *acquis* and for the preparation for negotiations. This process is a key political priority to the Serbian Government, and the resources and attention of the national authorities are strongly geared toward achieving the steps needed for the opening and closing of the negotiation chapters, and for the achievement of all benchmarks in the process of EU accession negotiations. All of the capacities developed through this Action will be used in the future period for the further alignment as part of the accession, and they will be a crucial resource for the EU integration. Sustainability is also envisaged in the fact that the support for legislative alignment results in adoption of the laws, by-laws, plans and policy documents by the Parliament, Government or governmental bodies, ensuring that these are part of the system, and not ad hoc interventions.

This Action will ensure that all policies and legislation will be developed according to the better regulation approach, which ensures inclusive and evidence-based policy and legislative development. Also, institution-building under this action will respect effective lines of accountability between institutions (agencies and parent institutions), therefore avoiding any possible fragmentation of administration. Furthermore, the sector focused assistance to better harmonisation and enforcement of legislation in line with the EU requirements as well as capacity development of relevant national institutions involved in the Action will be secured through embedding of the Action results into the existing institutional set up and public administration system.

In case of Negotiations and Policy Development Envelope, the sustainability has to be monitored through sub-actions, since the envelope itself is not using any funds or implementing any actions. The sustainability of envelope has been ensured in the past through the successful implementation of sub-actions and through the achievement of envelope purposes and results of individual sub-actions. The Action will increase the

ownership of MEI regarding the EU integration policy dialogue. The Action is likely to result in better performance of the Government and relevant national institutions in the fulfilment of their functions, and in better inter-institutional cooperation. The foreseen impact of the Action is also efficient harmonisation with the EU acquis and fulfilment of EU accession criteria.

When it comes to energy, software developed for Information system supporting 3rd energy package implementation, will remain in Energy Agency of the Republic of Serbia (AERS), and will last in time, as Serbia approaches the EU accession. After completion of the foreseen activity, full benefits of the technical assistance project for AERS from IPA 2014 programme will be exploited¹⁶, and AERS staff will be fully capable to perform their tasks of supervising, maintaining and, if necessary, upgrading the information system. Any needs for hardware upgrade or licenses purchase, will be secured through AERS funding, if applicable. Procurement of goods (e.g. licenses, hardware) is neither envisaged nor necessary, at this moment (AERS has already procured the required software- MS SQL Server (database) and Visual Studio (developer's tool for applications). The benefits for system users (AERS core staff on one hand, and market participants and customers on the other hand) are expected to last and grow beyond intervention's implementation period, following the development of Serbian electricity and natural gas markets and further expansion of AERS competences in line with evolution of EU acquis and regional and Pan-European market integration developments. As regards support to improvement of power distribution system, proposed solutions will be used in distribution system long, mid and short term planning. The implemented activities will contribute to capacity building and transfer of knowledge in the field of power distribution system security of supply, reliability and energy efficiency that will last after its completion. Furthermore, the sector focused assistance to better harmonisation and enforcement of legislation in line with the EU requirements as well as to capacity development of relevant national institutions involved in the Action will be secured through embedding of the Action results into the existing institutional set up and public administration system.

The capacity building of the NCA (Directorate for Biomedicine) through institutional capacity building, and further support mechanisms, lays the basis for the NCA to implement the legislation in accordance with the acquis. The capacity building of the NCA will guarantee ownership of institutions, healthcare professionals and an overseeing and supervision role to secure implementation of transfusion and transplantation legal framework.

Capacity development of the MCTI and MoI will result in qualified and equipped staff who will be able to professionally enforce the Law on working hours of road transport vehicle crew and tachographs and it would establish the basis for further improvement of the system without the need for additional foreign support. A training system which should provide continual education of representatives of both ministries/control officers shall be established. Maintenance and upgrading of the equipment would be provided by user's themselves. Additional sources for expansion of the number of control officers who will monitor and allow faster fulfilment of the volume of conducted controls will be secured from the national budget. International cooperation with supervisory authorities as well as joint activities in the controls in a way that the experiences which are missing are exchanged and more efficient methods for achieving better results are introduced will contribute to the sustainability of the action.

Support to the establishment of fully functional IACS will be used in many public administration departments for the creation of agricultural policy and as a source of statistic data (source of verified data), for the assessment of the impact of agricultural policy, for the improvement of transparency in implementation of agricultural policy, for improving quality of life in rural areas for an easy control of an administration request and for the easier identification of agricultural land to be used (by farmers). Along with the establishment of the IACS, technical (hardware, software, connection with other registers) and human resources will be developed. The employees will be fully trained for the IACS (on the central and local levels). After the intervention implementation period all of the direct payments and part of the rural development measures will be paid out based on it (first from the national budget, then when we become a member of the EU from the EU budget). The sustainability of the system will be of utmost importance and will be ensured by continuous use by the employees, both old and newly engaged. Given the fact that the

¹⁶ The outputs of IPA 2014 project – regulatory tools and mechanisms supporting EU energy acquis implementation – will show their full effects on AERS performance after removing the obstacles related to physical resource adequacy.

system represents the backbone of the process of providing support to the Agriculture and Rural Development sector from EU funds, it will have to be constantly used, and there is no risk that the sustainability could be in question upon the completion of the project. Financing of operating and maintenance costs of the technical equipment will be provided through the budget of the Republic of Serbia.

8. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be funded from the amounts allocated to the Action. All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process, as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions will aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

Visibility and communication aspects shall be complementary to the activities implemented by DG NEAR and the EU Delegations in the field. It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities. The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA monitoring committee and the sectoral monitoring committees.

In regard to the planned interventions within the energy sector workshops, trainings and site visits are envisaged. In addition, presentations in the Chamber of Commerce of the Republic of Serbia will be organised during the intervention's implementation period.

In terms of concrete visibility outputs, support with regard to strengthening of the capacities of relevant institutions within the SoHO system has very strong visibility impact since it is supporting the most important health reform in Serbia, having direct influence on the Serbian citizens.

The visibility of the activities relating to digital tachographs will be covered by the regular activities of the Republic Traffic Safety Agency – Department for Vehicles through regular seminars organized by the Agency, control of workshops for tachographs, international cooperation with partners in this field, announcements on website of the Agency, etc.

Support to the establishment of fully functional Integrated Administration and Control System (IACS) will have the great reach among the agricultural producers and visibility, since it will enable public administration to establish the system for allocation, monitoring and control of payments as well as it will represent an analytical tool for better formulation of agricultural policy; source of statistical data, a tool for the assessment of the impact of agricultural policy, for the improvement of transparency in implementation of agricultural policy, for improving quality of life in rural areas for an easy control of an administration request and for the easier identification of agricultural land to be used.

