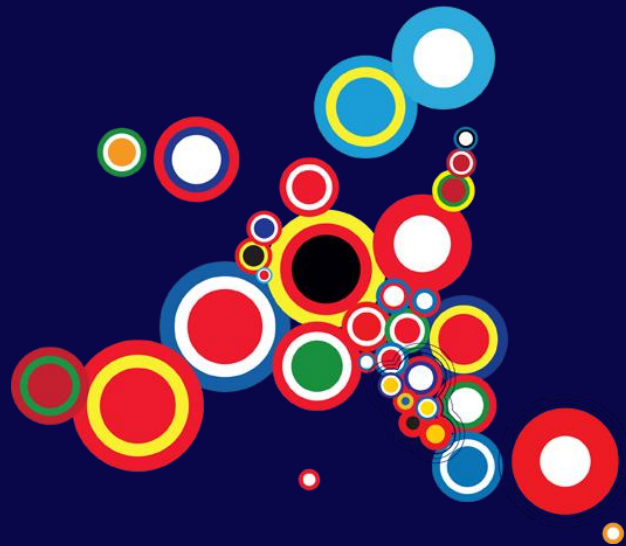




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

SERBIA Twinning Facility



Action summary

The aim of this Action is to support the process of gradual alignment of the Republic 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. The action will contribute to the achievement of progress in reform fields by allowing a faster response to the priority needs, through the implementation of specific twinning and other contracts in the indirect management mode. The sectors covered in this portion of the twinning facility (TWF) will be: (i) Home Affairs- Asylum, (ii) Competitiveness – Intellectual Property Rights and (iii) Environment – water management.

Action Identification	
Action Programme Title	Country Action Programme for Serbia for the year 2016
Action Title	Twinning Facility
Action ID	IPA 2016 AP Serbia 2016/039-802/3/Twinning Facility
Sector Information	
IPA II Sector	Democracy and Governance
DAC Sector	15110
Budget	
Total cost	5 000 000 EUR
EU contribution	5 000 000 EUR
Budget line(s)	22 02 01 01
Management and Implementation	
Management mode	Indirect management
National authority or other entrusted entity	Central Finance and Contracting Unit (CFCU) - Ministry of Finance, Department for Contracting and Financing of EU Funded Projects
Implementation responsibilities	Central Finance and Contracting Unit (CFCU) - Ministry of Finance, Department for Contracting and Financing of EU Funded Projects
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 2017
Final date for concluding delegation agreements under indirect management	At the latest by 31 December 2017
Final date for concluding procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
Final date for operational implementation	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"/>		X
Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

The European Council granted Serbia the status of candidate country in 2012. The Stabilisation and Association Agreement (SAA) between Serbia and the EU entered into force in September 2013. Accession negotiations were launched in January 2014. The analytical examination of the EU *acquis* (screening process) was completed in March 2015.

The EC assessed that Serbia should be capable of assuming the membership obligations in the medium term in almost all areas of the *acquis*, provided that the alignment and adoption of legislation is accompanied by its effective implementation and enforcement. This aspect remains a challenge in a number of sectors and is also due to current weaknesses in the policy and legislative processes, which do not fully ensure an inclusive and evidence-based approach (the better regulation approach advocated at the EU level). Rather, a considerable amount of new legislation is passed in a fast-track procedure. In addition, the screenings of the state of play of Serbia legislation and structures related to the Chapters of the *acquis* also demonstrated that there is a lack of specific knowledge and expertise in a number of areas.

Accession negotiations will, therefore, require that Serbia improves the capacity of public administration, 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 in terms of improving the quality of policy and legal drafting processes.

In terms of the institutional framework, Serbia has established structures to coordinate and carry out the process of accession negotiations. The Chief Negotiator has been appointed and is supported by the Negotiation team. National line institutions have a key role in the accession negotiations, in accordance with their respective competences. The Coordination body for the accession process has been established to deliberate on the most important issues and streamline accession-related tasks. In total, 35 negotiation groups will be functional during the accession process, while the Serbian European Integrations Office (SEIO) provides operational support to the Negotiation team.

In the next stage of the negotiations process, the opening, interim and closing benchmarks set by the EC for the *acquis* Chapters will have to be addressed as a matter of priority. As a first step, the development of the negotiation positions for each Chapter will require in-depth understanding of the substance of the Chapters, in order to define targets that are realistic and reachable.

The identification of the accession priorities which will be supported through this Twinning Facility (TWF) was performed through the process of analytical assessment by the line national institutions tasked with the individual sectors, and the coordination and prioritisation of the needs was undertaken with the assistance of SEIO. The identification of the needs has taken into account the relevant strategic documents in each sector, stakeholder requirements and needs, timing and relevance of the diverse accession priorities, and the results and status of implementation of previously programmed assistance.

To align with the relevant EU rules, the **asylum system** of Serbia needs to align the criteria for verifying safe countries of origin and the list of safe third countries with the *acquis*; improving the in-merit asylum adjudication introduction of a second instance judicial review.

A fully functional **Intellectual Properties** (IPR) infrastructure is an important parameter in relation to meeting EU requirements. A new strategy on IPR for period 2016-2020 is being developed. According to the Global Competitiveness Report (2015-2016), Serbia ranks 129 out of 140 countries in the intellectual property protection showing the country's significant availability of counterfeit and pirate goods and limited law enforcement capacity in the field.

With regards to the **Environment Sector**, the priority relates to the provision of support to planning in the **water management sector**, with particular focus on improving surface and groundwater quality. Serbia has been actively involved in the preparation of the overall Danube River Basin Management Plan, and has finalized a Draft National Danube River Basin Management Plan for its territory. Work still needs to be done

by preparing the specific Management Plans for the three water districts into which the Danube basin is proposed to be divided in Serbia (Danube, Sava and Morava).

The **quality of the legislative and policy-making process**, affecting all sectors, needs to be improved. The 2015 OECD/SIGMA baseline measurement¹ against the Principles of Public Administration highlights that *"...the basic foundations for evidence-based and inclusive policy development are established. However, challenges remain with regard to implementing clear procedures within the ministries, and between the administration and stakeholders, and with regard to inter-ministerial consultation. This has led to shortcomings in translating policy development structures and procedures into high-quality policy and legislative proposals."* As concerns impact assessment, the baseline notes that based on a review of six sample cases... *"the analysis is not comprehensive, as not all impacts are properly addressed. For each proposal, only one policy option is provided, and costing of the identified impacts is largely absent."* As concerns inter-ministerial coordination, the baseline assessment notes that it often lacks respect for deadlines, and information on opinions and reasoning for rejected items is not provided to the government. The baseline assessment highlights that even though public consultations are regulated, their scope is limited to public debate and co-operation with some selected stakeholders through working groups, which play an important role in developing proposals. Also, outcomes of these consultations are not attached to draft proposals, which are submitted for adoption.

OUTLINE OF IPA II ASSISTANCE

The IPA 2016 Twinning Facility aims at providing extended targeted and thematic support to the key institutions in the above sectors, selected on the basis of the complexity of the respective chapters, and in accordance with the priorities set out in the Indicative Country Strategy (ICS) 2014-2020.

The main expected result of the assistance is to support the Government in establishing of the necessary legislative framework and institutional capacities in line with the better regulation approach for the efficient carrying out of accession negotiations and for fulfilling the requirements of EU membership in the selected sectors. This includes:

Rule of law: The IPA II assistance will provide support to results related to the Home Affairs sector through further implementation of obligations deriving from the Action plan for Chapter 24 for implementation of migration and asylum policy and procedures in line with the Acquis.

Competitiveness: Activities will focus on the intellectual property rights legal approximation and strengthening capacities.

Environment sector: the TWF Action will provide support to policy planning in the water management sector.

In addition, through this envelope, support will be provided to any necessary Actions supporting the EU accession process, but which cannot be identified in the programming phase, as they will depend on the progress of Serbia's legislation and institution building.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

All of the actions proposed within the TWF derive from the priorities listed under the IPA II Indicative Strategy Paper (ISP) for Serbia, and have been aligned with the recommendations of the 2015 Annual Report for Serbia (AR 2015).

In the **Home Affairs** sector, the action will contribute to the objective of the ISP on **asylum** processing and asylum management in line with EU requirements, including adequate asylum reception facilities. The home affairs action has also been fully aligned to the measures of the Action Plan for Chapter 24 (Justice, Freedom, and Security), namely: 2.1.2, related to the necessary administrative capacity to deal with an increasing amount of asylum claims, and 2.1.6. related to the need to conduct a comprehensive assessment of administrative capacity, training needs and infrastructure.

¹ <http://www.sigmaxweb.org/publications/Baseline-Measurement-2015-Serbia.pdf>

The action on **IPR** will contribute to the achievement of the Annual Report 2015 recommendation that Serbia should align its Law on Copyright, Topographies of Semiconductor Products, Patents and Trademarks with the *acquis*, including with the IPR Enforcement Directive, and to strengthen formal coordination of different stakeholders on enforcement. The implementation of the activities under this Action will contribute directly to the achievement of the following result defined under the ISP: "to simplify the administrative and regulatory framework which is hampering both market entry and exit and dispute settlements. Furthermore, the Serbian legal framework in this area needs to be brought in line with the *acquis*".

In the **environment sector**, the Annual Report 2015 states that, as regards **water quality**, priority should be given to aligning the legislation with the *acquis* and implementing the code of good agricultural practice. The action will furthermore lead to the achievement of the ISP results which anticipate harmonization of Serbian legislation with the environment and climate *acquis* and strengthened institutional framework and administrative capacity for implementation both at the central and local government level and improvement of water management.

Under public administration reform, the Serbia 2015 annual report highlights that **inclusive and evidence-based policy development** is only partially ensured. It is noted that public and inter-ministerial consultation on proposals are required but often conducted formalistically and too late in the process. It is also noted that the quality of regulatory impact assessment varies. As concerns institutional set-up and accountability, the Serbia 2015 annual report further notes that many agencies decide on public policies and report to the Prime Minister and even to parliament rather than to the minister responsible for their area. Therefore, under this action any institutional capacity-building should address this issue and ensure efficient lines of accountability lines between institutions.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The activities proposed under this TWF derive from needs identified in the respective mid-term Sector Planning Documents for each individual sector. They are, therefore, embedded into the overall reform context in each sector and are a logical continuation of the support and assistance planned under both IPA and other donor funding.

The selection of the actions under this facility derives from lessons learned through the 2014 evaluation of performance of IPA I assistance, which noted that sustainability of some reforms requires proper, well-designed follow-up to relevant interventions. The application of this lesson learned is most visible in the case of the actions which represent the continuation of support in sensitive areas. An example is the issue of refugees, returnees and IDPs in Serbia, where the interventions need to be sequenced in order for the cumulative effects to be felt. Complementarity with the previous assistance becomes an aspect of the sustainability of such interventions, leading to the achievement of not just the specific results of each project, but jointly, to the achievement of the higher aims of the policy.

One of the major lessons learned from the evaluations conducted for previous IPA interventions is that if Serbia wants to achieve progress in the accession negotiation process, it is very important that it identifies areas where challenges in the implementation of the *acquis* can be expected. Early identification of these problems would allow the national experts more time in preparing their country's position (on transitional periods, on the length of these periods, on financial implications of full transposition of the *acquis*, etc.). Furthermore, development of reliable systems, institutional framework and/or administrative capacities for pursuing reforms and enforcement of legislation requires time and continuous support.

Although progress has been made through the previous assistance, a number of challenges remain: some of institutions have been hampered by lack of appropriate capacities. In this regard, the Action will provide sufficient support in order to continue strengthening current capacities in the relevant institutions such as line ministries and other bodies both for coordination of legal approximation, implementation of current and future legislation.

Another lesson learned from previous assistance provided to other pre-accession countries, and which guided the choice of actions under this facility is that targeted and timely support during the negotiations phase can make a substantial difference in the quality of the implemented reforms. The achievement of quality in the early results sets the pace for further future work, and gears the reform process in each sector toward better

and more efficient results. For this reason smaller scale interventions of the nature proposed in this facility are relevant.

The experience gained so far concerning the demand for having a small non-allocated share of funds to make room for emerging needs demonstrates the added value of such a programming and financing tool in the national IPA package. As expected, 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 non-allocated funds for twinning type projects 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.

Finally, a general lesson learnt, applying to all sectors, is that policy and legislative development needs be inclusive and evidence-based, costed and subject to appropriate internal and external stakeholder consultations at the right time of the legislative and policy-making process. This is a key in ensuring implementation and enforcement of adopted policies and legislation.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To support Serbian administration to effectively conduct accession negotiations and successfully manage overall EU integration and pre-accession assistance geared towards EU membership.	Progress made towards meeting accession criteria.	EC Progress Reports Reports on functioning of the committee drafted by NIC secretariat; Reports of the Public Debt Administration. Audit missions IPA Monitoring Committees reports and meetings SIGMA reports	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
To support the establishment of legislative and institutional capacities for the efficient carrying out of accession negotiations and for fulfilling the requirements of EU membership in particular in the fields of home affairs, environment, and intellectual property rights (IPR).	Progress in the transposition of the EU acquis as measured by the % of the NPAA implemented	Progress Reports; NPAA Reports SEIO Reports on implementation of the Action Plans for fulfilment of EC recommendations contained in Annual Progress Reports Financing Agreements on Annual Programmes on pre-accession assistance	Continuous support of the GoS to European Integration process; Continuous support of the Member States to Serbia's European Integration process; Future allocation by the government of appropriate levels of human and financial resources; Budgetary constraints are not increased; Sufficient dedicated and qualified staff available at beneficiary institutions.
Result 1 – Migration management and Asylum Strengthened capacities of the Serbian Commission for Refugees and Migration and other relevant institutions for implementation of migration and asylum policy and procedures in line with the Acquis ¹	Degree of alignment with EU requirements of the Serbian reporting mechanisms in the field of migration and asylum Structures necessary for utilisation of EU	Yearly Report of the Serbian Commissariat for Refugees and Migration (SCRM) to the Government of the Republic of Serbia	Serbia's EU integration orientation; Close collaboration of SCRM, MoI, MoESTD, MoLESP; Continuing adherence to agreed

	Funds dedicated to refugees and migration in place	EU Progress Report Report on implementation of Action Plan for Chapter 24 and Chapter 23	policy objectives.
Result 2 – Intellectual Property Rights A fully functional system for IPR protection is established	Rate of physical counterfeiting	Annual Report/Market Inspectorate/Customs	Coordination among project beneficiaries is sufficient.
Result 3 – Environment Increased alignment with the EU acquis in the area of water management	Number of management plans for the water districts for Danube, Sava and Morava prepared Percentage of WFD principles implemented	EC Progress Reports Progress report of PWMCs on River Basin and Water District Management Plans	Adequate number of expert human resources in WD, PWMCs, RHMS and SEPA;
Result 4 – Twinning/twinning light contracts supporting harmonisation with the acquis Harmonisation of Serbian legislation with the acquis in a number of sectors ensured.	Degree of response to specific and urgent needs emerging from the European Integration process	Reports of the WG for Management of Unallocated Funds; IPA Monitoring Committee reports	AP, NPAA and Regular Reports provide adequate guidance to the programming exercise

DESCRIPTION OF ACTIVITIES

Result 1 – Strengthened capacities of the SCRM and other relevant institutions for implementation of migration and asylum policy and procedures in line with the Acquis

Activity 1.1 Further adjustment of the national legislation with directly applicable EU legislation - This activity envisages the analysis of all legislative acts that remained to be adopted, and proposing recommendations for amendments to the existing legislation in order to ensure its compliance with the EU acquis. This will include the gap analysis between national legislation and EU acquis, analysis of procedures on how to overcome differences and collisions as well as the analysis of capacity necessary for implementation. The special attention should be given to reporting requirements.

Activity 1.2 Increase capacity of relevant institutions to fulfil obligations arising by EU accession - This activity will contribute to the evaluation of existing procedures, staff and equipment necessary for the implementation of the legislation, and shall provide recommendations for their improvement. This will include capacity building activities for civil servants in charge for law enforcement and implementation of legislation, including requirements for the absorption of EU Funds dedicated to refugees and migration. An evaluating mechanism assessing the implementation of the relevant policies should be established.

Activity 1.3 Improving national coordination mechanisms and cooperation with EASO and other relevant EU agencies and networks - The proposed activity will contribute to further strengthening of coordination and cooperation between different stakeholders relevant for various aspects of migration management, by proposing concrete mechanisms for improvement of coordination and upgrade of the data exchange mechanism. An Action plan will contain detailed measures on establishing cooperation with relevant agencies and networks in the field of migration and asylum management including EASO and EMN.

Result 2 - Establishing fully functional system of IPR protection

Activity 2.1 Amendment of Serbian Criminal legislation in line with EU standards - Particular focus will be on the criminal code, online enforcement and enhanced investigation techniques. In this respect, the gap analysis of the national legislation should be carried out, resulting in recommendations for alignment and improvement.

Activity 2.2 Building greater intelligence capacity on IPR enforcement – In order to improve information exchange between Serbian IPR enforcement institutions, the assessment of current practices and systems and their needs will be carried out, followed by the preparation of the information exchange platform and implementation of the training programme that should comprehend: intelligence products, knowledge products, tasking and coordination, strategic assessments, tactical assessments, problem profiling, etc. A specific activity will develop comprehensive guides for IPR enforcers related to laws and procedures.

Activity 2.3 Enhancing capacity related to investigations on the internet - The assessment and development of skills in online investigations related to copyright piracy and the sale of counterfeit goods over the Internet will be carried out. This implies assessment of current practices and development of procedures to reduce online IPR infringements. Also, tailored training programme will be developed on how to conduct more effective online investigations.

Activity 2.4 Enhancing the capacity in identifying and dealing with dangerous and low quality fake products - This activity will build greater investigative skills and capacity by: working with manufacturers and industry experts to build knowledge; helping enforcers to identify suspicious goods through packaging and labelling; helping enforcers to understand certification labelling; providing guidance on best practice evidence management.

Activity 2.5 Establishing calculation methods -This activity will create the methodology to demonstrate the value of IP to the Serbian economy and the methodology to calculate scope, scale and impact of counterfeiting and piracy. It will be followed by the training programme delivered to Serbian partners.

Activity 2.6. Development of Guides for IPR Enforcers related to laws and procedures. This implies the assessment of the current materials, adoption of EU best practices and development of online and physical guides for IPR enforcers.

Activity 2.7 Development of strategies and materials to improve public awareness about IP and counterfeiting and piracy - The activity will raise public awareness of the growing impact and threat of IP crime.

Activity 2.8 – Further improvement of operations under the Cooperation Model for IPR enforcement and enhancement of the new procedures in relation of the cooperation on data exchange for the Market inspectorates- The activity will support cooperation activities between IPR enforcement institutions by further support to already established or new working groups. Capacity building will take place in a “real work environment” for inspectors, and facilitate the electronic submission of right holder applications for action to the Market Inspectorate’s INES+ system. Support is needed for the development of a tailored made training of trainer’s package for Market Inspectorate and the development of work plans for the IPR enforcement cooperation model.

Result 3 – Continued support in implementation of Chapter 27 (Environment) in the area of water management and nature protection

Activity 3.1 - Support to planning in water management sector - The focus of the activity is the development of draft River Basin Management Plans for the three Water Districts – Danube, Sava and Morava in which the Danube River Basin will be divided on Serbian territory. These plans constitute the third and most detailed level (Part C) of the development of the Danube RBMP according to the WFD. The first two levels (Part A - international Danube River Basin Management Plan and Part B – National Danube RBMP for Serbia) have both been elaborated and adopted. The current Part B or National RBMP does ,however, not respond to all requirements of the WFD and notably lacks detail with regard to monitoring networks and monitoring results and the programme of measures. It is expected that this National level RBMP will be revised and completed later in line with the WFD with the information that will be generated by the district water management plans to be developed by the action here proposed.

The national and regional water administrators will establish the working group for the purposes of this activity, made up of the employees of the Water Directorate, Public Water Management Companies Republic Hydro-Meteorological Service and Serbian Environmental Protection Agency. The RBMPs should contain information on general characteristics of the water district, surface waters characterization, groundwater characterization, pressure and impact analysis, protected areas, surface and groundwater monitoring programme, environmental objectives, economic analyses and programme of measures. The main issue for the water administrators remains the lack of adequate knowledge concretely on pressure and impact analysis, as well as in other fields.

The role of the working group will be to do all steps in the preparation of the River Basin Management Plans, and later on to serve as trainers to other employees and to transfer their knowledge, having in mind that these plans should be updated every 6 years in accordance with the Law on Water. An additional result of this this activity will be the preparation of the legal gap analysis and organizational review referring to water sector governance, based on the RBMPs.

Result 4 - Twinning/twinning light contracts supporting harmonisation with the acquis - To ensure implementation of a number of accession related Actions in the sectors covered by the EU acquis and policy dialogue with EU

The aim of activities supporting this result is to enable the implementation of a number of accession related actions of various actors (such as public institutions, ministries, Independent State Bodies, local administrations etc.) 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 under the envelope is to strengthen the capacities of the institutions in fulfilling their respective pre-accession roles and functions. The activities to be carried out relate to identification of the capacity building needs of relevant institutions and contracting and implementation of:

- Twinning/twinning light type of actions with EU Member States for *acquis* related issues or institution building
- General type of actions: up to 20% of the envelope can be used through technical assistance, grants and other types of contracts. SEIO by its legal mandate as a NIPAC TS, will interact with the institutions eligible for assistance in order to consolidate the quality of proposals and allocate the funds available to a number of sub-Actions which will be implemented and co-financed by the final beneficiaries. This is the case irrespective of the implementation system, i.e. whether it is direct or indirect.

In order to facilitate programming of these funds, the NIPAC TS established the Working Group (WG) for the Management of Unallocated Funds within the Instrument for Precession Assistance for the period 2007-2013 and 2014-2020ⁱ. The role of the WG is to review the Actions proposed for financing and to adopt the list of prioritized Actions for financing under IPA unallocated funds. According to the guidelines of the WG the management of unallocated funds follows this procedure: (i) Potential beneficiaries present possible Actions to be funded to the SEIO, that is responsible to consolidate all proposals and present them to the WGⁱⁱ; (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, conditions for start of the implementation – availability of funds for co-financing, capacities of beneficiaries and end recipients);
- 4) Proposal responds to an emergency (for example: floods, migration crises etc.),

RISKS

At the level of the entire Action document, the following risks have been identified:

Risk	Mitigation measure
Relevant ministries and other beneficiaries are hesitant to commit the necessary human resources to the preparation of relevant documents such as tendering documents	SEIO and EUD should always take into consideration workload analyses of all significant implementing institutions.
The relevant ministries and other beneficiaries are lacking capacities to further develop the Actions into the project documentation required for contracting and implementation.	Continuous support by SEIO in development of the capacity of all institutions to prepare good quality documentation is a mitigating factor for this risk
Lack of political commitment and willingness to support the actions; including due to changes in the Governmental structures and lack of constant coordination and cooperation between main beneficiary institutions.	The role of SEIO and the negotiating structures and the policy dialogue in the context of EU accession should be used to mitigate this risk.
Lack of willingness and capacities in ministries to engage in the inclusive and evidence-based approach in policy and legal development	The implementation of the Public administration reform strategy, supported by the EU and other donors, including through an IPA 2015 SBS, is a mitigation factor for this risk
Political pressure to adopt legislation in fast-track	Continuous political dialogue and implementation of

procedures without appropriate stakeholder involvement and evidence basis	the Public administration reform strategy, supported by the EU and other donors
Inadequate staffing and high turnover rates in the public administration.	The implementation of the Public administration reform strategy, supported by the EU and other donors, including through an IPA 2015 SBS, is a mitigation factor for this risk.
The need to establish a system of efficient coordination among different donors to avoid inefficiencies in action implementation.	The Sector working groups established by SEIO are the forum for the mitigation of this risk. The implementation of measures within SEIO and the national institutions aimed at improving monitoring of the various activities, including donor activities, will also mitigate this risk.
Absorption capacities for available EU funds may be low.	During the previous years, various efforts have been undertaken by relevant national authorities in Serbia to enable a higher absorption of EU funds. Special attention should be assigned to 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.

More specifically in relation to targeted support, potential risks refer to:

Environment: Insufficient capacities (in terms of number and adequate skills and knowledge) of Water Directorate, as well as capacities of PWMCS, RHMS and SEPA, for implementation of integrated river basin management practices.

CONDITIONS FOR IMPLEMENTATION

There are no specific conditions for the implementation of various activities envisaged under this action.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The institutional arrangements for implementation of the Action under indirect management includes following institutions:

- Sector Lead Institution (SLI) – The Ministry of Construction, Transport and Infrastructure
- Contracting Authority (CA - CFCU) - within the Ministry of Finance
- NIPAC/NIPACT TS – Serbian EU Integration Office (SEIO)
- National Fund (NF) - within the Ministry of Finance
- Audit Authority (AA)

Implementation arrangements

All Sector programmes under IPA II will be implemented and managed by the single Operating Structure, which shall be established as a group of bodies responsible for preparation, implementation, monitoring and evaluation of each particular sector programme. In regard to the transport sector, the Ministry of Construction, Transport and Infrastructure and Contracting Authority constitute part of the single Operating Structure related to transport sector. Other institutions, such as NIPAC (NIPAC TS), NF, AA, have specific roles in the implementation process as defined in Decentralized Management Decree.

Sector Lead Institution has the overall responsibility for managing the implementation of the Action and delivering of transport sector objectives, by securing that all institutions involved in implementation and monitoring are structured in a way to fulfil their tasks and responsibilities in meeting the pre-defined sector targets. In addition, the Ministry also represents the only body responsible for the implementation of the transport sector programme measures. Furthermore, the Ministry is responsible for preparation of all necessary documentation in order to secure timely implementation of actions and its submission to the Contracting Authority.

In addition, SLI is coordinating the work of all sector relevant institutions that will represent **the beneficiaries of IPA 2016 support** and these are following institutions:

For Result 1 – Commissariat for Refugees and Migration

For Result 2 - The Ministry of Trade, Telecommunications and Tourism in cooperation with Intellectual Property Office

For Result 3 – The Ministry of Agriculture and Environmental Protection

For **Result 4** - NIPAC TS (SEIO) is responsible for achieving the Negotiations and Policy Developments Envelope.

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

The activities under the result 1 - Strengthened capacities of the SCRM and other relevant institutions for implementation of migration and asylum policy and procedures in line with the Acquis will be implemented through one Twinning contract.

Activities under result 2 - Establishing fully functional system of IPR protection will be implemented through twinning contract.

The activities under result 3 – Continued support to implementation of Chapter 27 in the area of water management will be implemented through one twinning contract

The activities under result 4 - will be implemented through several twinings / twinings light or other types of assistance (other types of assistance can be used up to 20% of the value of the envelope under this result). Activities will be implemented in line with Guidelines for Work of the Working Group for Management of Unallocated Funds. Members of the WG are officially appointed representatives of the following institutions: Delegation of the European Union to the Republic of Serbia, Ministry of Finance (Sector for Managing EU Funds and Central Contracting and Financing Unit) and Serbian European Integration Office (NIPAC TS).

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring arrangements

Monitoring of the progress in sector support implementation will be done in accordance with the rules and procedures for monitoring under Decentralized Management (DM), as specified in the DM Decree and DM Manuals of Procedures for IPA II. Manuals of procedures include detailed procedure for monitoring on different levels with clear responsibilities and deadlines in the monitoring process.

IPA II monitoring process is organized and lead by the NIPAC/NIPAC TS. National IPA Coordinator (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 of the overall IPA assistance and is responsible for ensuring the linkage of IPA assistance to the EU accession process. NIPAC monitors the process of programming, preparation and implementation as well as the sustainability and effects of SPs aiming to improve these processes, timely identification,

remedying and alleviation of potential issues in the process of programming and implementation of SPs.

Inter-institutional coordination in the Action implementation and monitoring will be ensured through the following structures:

Steering Committee (SC) will be organised in line with detailed provisions of the respective procedures under DM of IPA II. SC is responsible to ensure smooth implementation through regular review of sector plan progress.

Sector Working Group (SWG) for transport sector is established to further strengthen inter-institutional cooperation and is responsible to ensure efficient coordination of activities related to programming and monitoring of EU funds, to propose relevant measures and activities in transport sector.

Evaluation and audit of sector support will be done in accordance with the Decentralized Management rules and procedures, which envisage responsibility of the national authorities to provide for the IPA Interim evaluation, while other types of evaluation (ex ante, ex post, thematic, etc.) may be initiated by national institutions on ad hoc basis and per need. With regards to the audit, procedures on internal controls under decentralized management regulate in detail various types of audit to be performed (internal and external), audit planning, carrying out of audits, following up on audit recommendations and reporting on follow up activities.

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 (2016)	Target 2020	Final Target (2025)	Source of information
Progress made towards meeting accession criteria.	Screening reports completed for all acquis chapters	Negotiating chapters interim and closing benchmarks met in accordance with the agreed dynamic	All negotiation Chapters closed	Government reports and reports of the Negotiating team
Progress in the transposition of the EU acquis as measured by the % of the NPAA implemented	To be determined by the end of 2016	80% of the NPAA plan until 2020 achieved	100% of the NPAA achieved	
Degree of alignment with EU requirements of the Serbian reporting mechanisms in the field of migration and asylum	Partially	Fully align	Fully align (2020)	Migration profile of the Republic of Serbia
Structures necessary for utilisation of EU Funds dedicated to refugees and migration in place	Not in place	Structures in place	Structures in place and fully operational	Report on implementation of Chapter 24
Rate of physical counterfeiting	71%	60%	Same as 2020	Annual Report/Market Inspectorate/Customs
Number of management plans for Danube, Sava and Morava prepared	0 (2016)	3(2020)	3 (2020)	
Percentage of WFD principles implemented	50% (2015)	100%	100%	Progress report of PWMCs on River Basin and Water District Management Plans
Degree of response to specific and urgent needs emerging from the European Integration process	To be determined by the end of 2016	Negotiating chapters interim and closing benchmarks met in accordance with the agreed dynamic	Negotiating chapters closing benchmarks met in accordance with the agreed dynamic	Government reports and reports of the Negotiating team

5. SECTOR APPROACH ASSESSMENT

The activities under this Action belong to several sectors and as such have been identified by relevant sector working groups and presented in relevant sectors of the Indicative Strategy Paper Serbia 2014-2020.

6. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

The Action, as being focused on implementing specific and urgent needs emerging from European Integration process, represents the tool that will mainstream and provide an effective guide to all actors, to better implement gender mainstreaming and thereby better serve the needs of citizens, both women and men.

Furthermore, one specific Result of the proposed Action is designed to support administrative structures and their capacities for sound implementation and oversight of EU Gender Equality *acquis* in the migration sector (asylum). In particular through this Action it shall be ensured establishment of well-functioning gender mainstreaming mechanism which shall ensure establishment and strengthening of both horizontal and vertical coordination mechanisms and capacities among relevant actors at national, provincial and local levels in the field of asylum policy in order to secure implementation of Gender Equality *acquis*.

EQUAL OPPORTUNITIES

A number of the results under this action target specifically the implementation of the principle of equal opportunities. This includes the specific results related to asylum (Result 1).

Equal opportunities will be also secured through appropriate information and publicity material, in the design of activities and accessibility to the opportunities they offer. The different project implementation structures will ensure the observance of the principles of equal opportunities and non-discrimination.

Enforcement of those principles is likewise ensured through specific administrative procedures applied in accordance with the Law on non-discrimination.

MINORITIES AND VULNERABLE GROUPS

The Action targets a number of minority and vulnerable groups. The activities under Result 1 aim to improve the conditions in Serbia for migrants, asylum seekers, illegal and legal migrants. The application of the national policy and strategic documents and the best EU standards and practices in the promotion and protection of the rights of the minority and vulnerable groups will be ensured in all aspects of the preparation and implementation of this action.

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 - SEKO 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. During 2013 and 2014, Office for Cooperation with Civil Society in cooperation with the Negotiating team for the

accession and relevant institutions for different negotiation chapters included CSOs in negotiations. 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 - SEIO 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.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Activities envisaged under this AD focus strongly on a number of environmental issues. The specific results of the action seek to enhance the alignment of Serbia's legislation, institutional structures, and degree of implementation of the EU acquis and standards, in particular related to water management. The actions will jointly have a strong impact on the capacities of Serbia to align with the EU acquis requirements and standards in the environment sector. No specific climate change mitigation or adaptation actions are envisaged, although in the field of energy, a strong focus on acquis alignment in the area of energy efficiency is supported.

7. SUSTAINABILITY

The action will produce sustainable results in the short run since it is designed to support the already existing beneficiary institutions and structures that are 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 project 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.

TWF shall prepare adequate Actions for IPA II funding in order to strengthen the institutions and administrative capacity for the full application of the EU acquis in Serbia and will therefore improve the effectiveness of Serbia's preparations for EU accession. It will also help in strengthening the capacity of institutions responsible for management of IPA II assistance.

Finally, this action will ensure that all policies that are produced as its result will be developed according to the better regulation approach, which ensures inclusive and evidence-based policy and legislative development. The increased focus on the quality of the legislative and policy-making process will help to ensure that adopted policies and laws can be better implemented. 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.

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 the responsibility of the IPA II beneficiary, and 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 Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall 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.

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.

ⁱ Decision number 119-01-61/2015-03. The Working group members are officially appointed representatives of the following institutions: Delegation of the European Union to the Republic of Serbia, Ministry of Finance (Sector for Managing EU Funds and Central Contracting and Financing Unit) and Serbian European Integration Office (NIPAC TS).

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