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EUROPEAN COMMISSION

Brussels, 21 March 2011
C(2011) 1865

COMMISSION DECISION

of 2011

amending Decision C(2008) 5628 of 6 October 2008¹ adopting an Annual Programme for Kosovo (under UNSCR 1244/99)² under the IPA -Transition Assistance and Institution Building Component for 2008

¹ As first amended by Decision C(2010) 2367 of 13 April 2010.
² United Nations Security Council Resolution 1244 of 10 June 1999.

COMMISSION DECISION

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amending Decision C(2008) 5628 of 6 October 2008 adopting an Annual Programme for Kosovo (under UNSCR 1244/99)³ under the IPA -Transition Assistance and Institution Building Component for 2008

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)⁴, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidates and potential candidates.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council established for all candidates and potential candidates an Accession Partnership or a European Partnership. The Commission has adopted on 10 July 2009 a multi-annual indicative planning document 2009-2011 for Kosovo which presents indicative allocations for the main priorities for pre-accession assistance to Kosovo⁵.
- (4) The Commission adopted on 6 October 2008 by Decision C(2008) 5628 an Annual Programme for Kosovo under the IPA Transition Assistance and Institution Building Component for 2008 which aims at providing assistance to strengthen administrative capacity at all levels, enhance rule of law, human rights and good governance, improve socio-economic conditions for all communities, and develop regional cooperation.
- (5) The present amendment re-allocates EUR 2 411 810.00 of unspent funds from other activities to a new activity under Project 8: Support to Energy Efficiency and Transmission. This new activity aims to support Kosovo's long-term plan for energy efficiency which includes measures in the SME sector. This activity will be implemented through joint management with the European Bank for Reconstruction and Development (EBRD), in accordance with Article 53d of the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable

³ United Nations Security Council Resolution 1244 of 10 June 1999.

⁴ OJ L 210, 31.7.2006, p. 82.

⁵ C(2009)5438 of 10 July 2009.

to the general budget of the European Communities⁶ (hereafter: "Financial Regulation").

- (6) This amendment furthermore re-allocates EUR 7 044 479.44 of unspent funds to ongoing activities under Project 11: Municipal Infrastructure. These aim at improving social and economic infrastructure in Kosovo's municipalities.
- (7) Finally, the final date for execution of the Programme shall be extended by 18 months to allow for the implementation of the additional Municipal Infrastructure works contracts.
- (8) This Decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002⁷ (hereafter: "Implementing Rules") and constitutes thus a financing Decision within the meaning of Article 75 of the Financial Regulation.
- (9) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee⁸,

HAS DECIDED AS FOLLOWS:

Sole Article

The Annex to the Commission Decision C(2008) 5628 of 6 October 2008 adopting an Annual Programme for Kosovo (under UNSCR 1244/99) under the IPA Transition Assistance and Institution Building Component for 2008 is replaced by the Annex to the present Decision and is hereby adopted.

This programme shall be implemented partly by centralised management and partly by joint management with the Council of Europe, the United Nations Office for Project Services and the European Bank for Reconstruction and Development.

It shall be implemented by means of a financing agreement concluded between the Commission and Kosovo in conformity with the Framework Agreement of 19 December 2007.

Done at Brussels,

For the Commission
Stefan Füle
Member of the Commission

⁶ OJ L 248, 16.9.2002, p.1.

⁷ OJ L 357, 31.12.2002, p.1.

⁸ Recalling the Council Conclusions of 18 February 2008, Member States declare that the adoption of the Amendment of the Annual Programme for Kosovo under the IPA Transition Assistance and Institution Building Component for 2008 does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

ANNEX

AMENDED ANNUAL PROGRAMME FOR KOSOVO (UNDER UNSCR 1244/99)⁹ UNDER THE IPA TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2008¹⁰

1. IDENTIFICATION

Beneficiary	Kosovo ¹¹
CRIS number	2008/020-094
Year	2008
Cost	EUR 122.7 million
Implementing Authority	European Commission, except for Project 2 "Cultural Heritage in Kosovo" which will be implemented by joint management with the Council of Europe, Activities 4 and 6 of Project 1 "Strengthening the Rule of Law" which will be implemented by joint management with the United Nations Office for Project Services (UNOPS), and Activity 2 under Component 1 of Project 8 "Support to Energy Efficiency and Transmission" which will be implemented by joint management with the EBRD.
Final date for concluding the financing agreements	At the latest by 31 December 2009.
Final dates for contracting	Three years following the date of conclusion of the Financing Agreement. These dates apply also to beneficiary co-financing
Final dates for execution	Three and a half years following the end date for contracting. These dates apply also to beneficiary co-financing
Sector Code	43040, 14030, 15130, 11110, 23040, 15110, 15120, 25020, 15140, 15162, 31110, 24010, 16061, 15150, 16062, 12110, 32210, 21050
Budget line concerned	22.02.0200 ¹²
Programming Task Manager	Unit C3, DG Enlargement
Implementation Task Manager	Operational Section, European Commission Liaison Office to Kosovo

⁹ United Nations Security Council Resolution 1244 of 10 June 1999.

¹⁰ Adopted by Commission Decision C(2008)5628 on 6 October 2008.

¹¹ Under UNSCR 1244/99.

¹² For the IPA 2008 programme, DG ELARG decided to transfer IPA funds initially allocated for Component II to Component I because in Kosovo the conditions for the development of EU CBC programmes were not met. A similar decision was made concerning IPA 2007 programme. DG ELARG will re-assess the conditions for the EU CBC programmes regarding the next IPA programmes.

2. PRIORITY AXES / PROJECTS

2.a Priority axes

The IPA 2008 programme for Kosovo is focused on the objectives identified in the Multi-Annual Indicative Planning Document (MIPD) 2008-2010. The programme contains 20 projects from which 19 projects are grouped under 3 strategic priority axes and one project provides the reserve and support activities to the programme. The objectives of the programme reflect the key priorities of the European Partnership and the priorities of Kosovo's Medium-Term Expenditure Framework.

Priority Axis 1 - Political Criteria

27% of the overall budget for the 2008 programme should be allocated to this axis, which focuses on the fulfilment of the EU's political criteria and consolidation of Kosovo's institutional, administrative and judicial set-up, including the fight against corruption, the protection of human rights and the rights of the Serb and other minorities and the promotion of civil society activities.

Priority Axis 2 – Economic Criteria

64% of the overall budget for the 2008 programme should be allocated to this axis which addresses wider socio-economic issues, including fiscal and financial management, auditing and accounting procedures, improvement of the investment climate, trade opportunities, and development of the energy, environment, transport, agriculture and rural development, education and employment sectors.

Priority Axis 3 – European Standards

8% of the overall budget for the 2008 programme should be allocated to this axis which focuses on capacity building and the approximation of legislation and flanking measures in the context of European standards as identified in the European Partnership. These include internal market issues, freedom, security and justice issues, food safety, veterinary and phytosanitary domains, statistics, media and electronic communication and the preparation for the participation in regional initiatives and relevant Community initiatives.

Priority Axis 7 – Support Activities

A support measures facility representing a maximum of 1 % of the total budget allocated to this programme is maintained to cover the costs of actions linked to preparation and follow-up directly necessary for the implementation of other actions already defined in this programme and the attainment of their objectives. Preparatory actions may cover activities such as studies, including feasibility studies, training, seminars, supervisory services and related technical assistance. Follow-up actions will consist of activities extending or supplementing other actions already defined in this programme and which have become necessary in order to achieve the intended results, without prejudice to Articles 242, 244 and 246 of the Implementing Rules to the Financial Regulation¹³. For the implementation of this support measures facility, an indicative number of 10-15 procurement contracts will be launched within three years from the signature of the financing agreement.

¹³ Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002.

The 2008 programme is designed to have the flexibility necessary to respond to Kosovo's priority needs in 2009 and 2010, particularly in the context of the strengthening EU leadership role and presence in Kosovo.

2.b Description of projects grouped per priority axis

Priority axis	IPA support (EUR million)	Project Description (Expected Results and Indicative Implementation Schedule)
Priority axis 1 <i>Political Criteria</i>	32.973	
01-2008/1/23: <i>Strengthening the Rule of Law</i>	13.763	<p>Results: Capacity of Kosovo's institutions to provide legal education, to approximate legislation with EU standards, to tackle asylum and migration issues, and border/boundary management is strengthened, one high-security prison built and re-appointment of Judges and Prosecutors in Kosovo completed.</p> <p>Implementation: 3 twinning contracts (EUR 3.5 million, EUR 2.5 million and EUR 1 million indicatively), 1-3 supplies accompanied with relevant services if appropriate, and 2 contribution agreements under joint management with the United Nations Office for Project Services (UNOPS) (EUR 3 million and EUR 876 000), executed in Q1 2009- Q3 2011.</p>
02-2008/1/26: <i>Preserving Cultural Heritage in Kosovo</i>	2.500	<p>Results: Legal, educational and economic aspects of the rehabilitation of cultural heritage are increasingly managed by the Kosovo authorities, and relevant actions are integrated in the local development strategies in pilot regions.</p> <p>Implementation: Joint management (contribution agreement) with the Council of Europe executed in Q1 2009- Q3 2011.</p>
03-2008/1/32: <i>Public Finance Administration</i>	5.876	<p>Results: Increased financial management capacity of Kosovo's public institutions including Supreme Audit Institution, and subsequent capacity of Kosovo's ministries to plan and implement public investments.</p> <p>Implementation: 1 twinning contract (EUR 1 million indicatively) and 1-2 service contracts executed in Q2 2009 – Q3 2011.</p>
04-2008/1/34: <i>Public Administration Reform (EU Integration)</i>	4.465	<p>Results: Enhanced management and coordination capacities of the Agency for European Integration under the Deputy Prime Minister's Office, including the coordination of EU assistance to Kosovo and ensuring enhanced knowledge on the EU among civil servants, Donor Coordination system fully operational.</p> <p>Implementation: 1 twinning contract (EUR 2.5 million indicatively), a service contract and a direct grant contract</p>

		according to Article 168(1)(f) IR with NGO Development Gateway International (EUR 465 000) executed in Q2 2009 – Q3 2011.
05-2008/1/36: <i>Support to Media and Civil Society</i>	2.388	Results: Capacity of Kosovo Media Institute and involvement of the civil society in policy-making and awareness-rising in the areas of environment and equal opportunities are strengthened. Implementation: 2 service contracts, a grant scheme to civil society organisations executed in Q2 2009 – Q3 2011.
06-2008/1/63: <i>Sustainable Return and Reintegration</i>	3.981	Results: Increased capacity at municipal level to design and manage return and reintegration projects to ensure sustainable return of IDPs and refugees in target municipalities. Implementation: A grant contract after (or without if appropriate) calls for proposals with an international organisation executed in Q1 2009 – Q4 2010.
Priority axis 2 <i>Economic Criteria</i>	78.815	
07-2008/2/11: <i>Rural Development System and Pilot Testing</i>	3.965	Results: The Ministry of Agriculture, Forestry and Rural Development is prepared for the administration and implementation of the Agriculture and Rural Development Plan 2007-2013 of Kosovo, reviewed for consistency with EU pre-accession assistance to agriculture and rural development provisions. Farm register is set up and organisational structures for land consolidation are operational. Implementation: 1 twinning contract (EUR 1.5 million indicatively) and 1-2 service contracts executed in Q3 2009 – Q3 2011.
08-2008/2/15: <i>Support to Energy Efficiency and Transmission</i>	11.912	Results: Energy efficiency and the use of renewable energy resources is promoted and increased, and electricity transmission systems are upgraded in line with the requirements deriving from the Energy Community Treaty. Implementation: 2-3 service contracts, at least 1 works and 1 supply executed in Q4 2009 – Q4 2012, a contribution agreement under joint management with the EBRD executed in Q1 2011- Q4 2013.
09-2008/2/20: <i>Support to Privatisation Process</i>	6.000	Results: The privatisation and liquidation of remaining socially owned enterprises in Kosovo is completed. Implementation: A grant contract without calls for proposals as provided in Article 168 of the IR (an operating grant) with the Kosovo Trust Agency executed in Q3 2009 – Q3 2011.
10-2008/2/20: <i>Support to Mines and Minerals</i>	0.993	Results: Credible baseline information on Kosovo's mineral resources available for sustainable planning and management of mines and minerals sector, including for attracting foreign

<i>Sector</i>		investments. Implementation: A service contract executed in Q2 2009 – Q2 2011.
11-2008/2/22: <i>Municipal Infrastructure</i>	20.963	Results: Improved social and economic infrastructure in selected municipalities in Kosovo. Implementation: One service contract and up to 10 works contracts executed in Q1 2009 – Q4 2013.
12-2008/2/22: <i>Regional Development Structures and Instruments</i>	8.827	Results: A structure with corresponding instruments for regional development created and put in operation in Kosovo. Implementation: 2 service contracts, a framework contract and grant contracts without calls for proposals as provided in Article 168 of the IR (operating grants) with regional development agencies (EUR 0.9 million), a grant scheme for local beneficiaries ¹⁴ (EUR 2.5 million) and executed in Q4 2008 – Q4 2011.
13-2008/2/26: <i>Support to Education and Employment</i>	9.668	Results: Vocational Education and Training sector's accreditation and standards are established, and the quality and management of the general education system in Kosovo are improved. Implementation: 3-4 service contracts and 1-2 supplies executed in Q2 2009 – Q2 2012.
14-2008/2/27: <i>Improving Environment</i>	16.487	Results: Drinking water supply is improved in Mitrovica and Pristina regions and remaining dumpsites in Kosovo are closed. Implementation: 6-7 service contracts and 4 work contracts executed in Q4 2008 – Q4 2012.
Priority axis 3 <i>European Standards</i>	9.411	
15-2008/3/12: <i>Support to Animal Identification and Registration</i>	2.665	Results: Improved animal identification and registration system in Kosovo and strengthened control and eradication of classical swine fever and rabies in the Western Balkans' region. Implementation: 1-2 service contracts and 1-3 supplies executed in Q2 2009 – Q4 2010.
16-2008/3/14: <i>Support to Civil Aviation</i>	1.000	Results: Capacity of the Civil Aviation Regulator in Kosovo enhanced enabling aviation authorities to implement the European Common Aviation Area Agreement and to carry out

¹⁴ A grant scheme for local beneficiaries will be financed through the funds transferred from Component II to Component I and will serve as pilot testing of structures and instruments needed for the implementation of further CBC activities.

Regulatory Office		aviation activities in accordance with the EU aviation <i>acquis</i> and the International Civil Aviation Organisation standards and recommended practices. Implementation: A twinning contract (EUR 1 million indicatively) executed Q3 2009 – Q3 2011.
17-2008/3/18: Support to the Statistical Office of Kosovo	1.498	Results: Capacity of the Statistical Office of Kosovo is strengthened including to prepare, carry out and disseminate the results of the Population and Housing Census following international standards and requirements. Implementation: A service contract executed in Q3 2009 – Q4 2011.
18-2008/3/28: Support to Health	1.499	Results: Donor coordination is enhanced in the health sector in Kosovo with a view to also develop a health strategy that helps improve Kosovo preparedness to human health threats and develop systems for health monitoring and diseases surveillance. The Kosovo Medicines Agency is able to comply with the European Medicines Agency's Standards. Implementation: 1 twinning contract (EUR 1 million indicatively) and a service contract executed in Q2 2009 – Q2 2011.
19-2008/3/62: Strengthening Customs and Taxation	2.749	Results: Efficient and EU standardised Customs and Tax Services in Kosovo are set up enabling a reduction of smuggling and organised crime and improved domestic revenue collection. Implementation: 1-2 service contracts executed in Q1 2009 – Q2 2011.
Priority axis 7 Support Activities	1.501	
20-2008/7/40: Support Measures Facility	1.501	Results: The Agency for European Integration under the Prime Minister's Office is able to timely initiate and prepare interventions related to capacity building or of other urgent and currently unforeseeable nature. Implementation: Procurement (services, works and supplies), in total 10-15 contracts indicatively executed in Q1 2009 – Q4 2013.
TOTAL	122.700	

Projects under the IPA Multi-Beneficiary Programme 2008, and other linked horizontal measures for 2008 complementing the current programme

Close coordination and complementarity will be sought with the other EU instruments which are not part of this annual programme.

Two **multi-beneficiary** projects, supporting the whole Western Balkans' regions are financed from the IPA geographical envelopes, including Kosovo:

- TEMPUS – EUR 1.8 million to ensure that Mitrovica and Pristina universities in Kosovo and the teachers and students are fully included in partnership and studies with and/or in European universities.
- Nuclear Safety – EUR 0.2 million for Kosovo to participate in regional activities of nuclear safety and radiation protection.

Other projects under the Multi-Beneficiary Programme should also cover Kosovo in the scope of their activities attributed to the whole Western Balkans' region. They should complement the Kosovo programme in respective sectors with regional cooperation and coordination dimensions.

In addition to IPA programme the 2007-2010 programme of the AIDCO-managed **European Instrument for Human Rights and Democracy (EIDHR)** includes an annual allocation of EUR 0.9 million for Kosovo in 2007, 2008 and 2009. The programme should result in responding to the human rights challenges identified in the 'Political Requirements' section of the MIPD. The programme should be implemented through grant schemes to civil society organisations.

In addition to IPA programme in 2008, a pilot action on **cultural heritage** in war affected areas of the Western Balkans is foreseen with sub-projects in Kosovo and Bosnia and Herzegovina, both coordinated by DG ELARG Regional Programmes' unit. The allocation for Kosovo is EUR 1.5 million.

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

Past and on-going assistance

Community assistance to Kosovo has been provided since 1998 under a variety of instruments including regular technical assistance, humanitarian aid, exceptional financial support and financing to Pillar IV of UNMIK. Since 2000, the CARDS programme has been the main financial instrument for Kosovo, with programmes mainly implemented by the European Agency for Reconstruction. In 2006, the Instrument for Pre-Accession Assistance (IPA) was created with the first IPA programme to support Kosovo adopted by the Commission in 2007.

To date, European Union assistance - including EU Member States' assistance - amounts to EUR 2.7 billion. Out of this figure, EU assistance accounts for over EUR 1.9 billion. In addition in 2006-2007, for planning EU future presence in Kosovo, Joint Actions for the EU Planning Team Kosovo Mission have provided for almost EUR 80 million and for the International Civilian Office Planning Team more than EUR 5 million.

EU support to Kosovo in 1999-2007 (in EUR million)

CARDS and IPA support	1,249
Support to UNMIK Pillar IV	136
Exceptional financial assistance (including budgetary support)	117
Humanitarian assistance (for the period 1999-2002)	443
Total	1,945

IPA 2007 programme amounts to EUR 62 million and is being implemented by the European Commission Liaison Office in Kosovo, and jointly with the Council of Europe and by the DG ELARG TAIEX unit. The programme is aimed to provide assistance to strengthen administrative capacity at all levels, enhance the rule of law, human rights and good governance, improve socio-economic conditions for all communities, and develop regional cooperation.

Kosovo has also benefited from the CARDS and IPA regional programmes to support actions of common interest for the Western Balkan region, for example in the fields of infrastructure, institution building, higher education (e.g. Tempus) and cross-border cooperation. However, Kosovo's possibilities and capacities to fully participate in regional programmes were limited hitherto.

Lessons learned

Experience as summarised in the recent DG ELARG evaluation reports, more specifically in the evaluation report for Public Administration Reform, suggests that IPA assistance needs to consider the following lessons learned:

- EU assistance must be directly linked to Kosovo's development and action plans set within a clear European perspective, in line with the European perspective of the region, e.g. the Action Plan for the implementation of the European Partnership priorities and Kosovo's Medium-Term Expenditure Framework, including relevant sectoral strategies and plans when available and in line with pre-accession objectives.
- A precondition for efficient assistance is co-ordination, requiring increased efforts of Kosovo's institutions to articulate a link between their development needs and EU assistance, efficient donor consultation and improved co-operation within the Provisional Institutions of Self-Government (PISG), under the auspices of Kosovo's IPA coordinator. Kosovo's Action Plan for the implementation of the European Partnership should specify the sub-sectors where IPA assistance can be used and how it would match with financing from other donors and Kosovo's budget. Given Kosovo's European perspective, in line with the European perspective of the region, the Donors' Conference referred to below should also strengthen donor co-ordination.
- Increased local ownership of EU assistance to Kosovo is essential for its effective targeting and for achieving the agreed results in line with EU standards. Therefore, the planning and project preparation, implementation and monitoring capacity of Kosovo's authorities has to be improved.

- As Kosovo moves closer to Europe and *acquis* approximation becomes increasingly important, the administrative and financial implications of *acquis* approximation to the Kosovo administration must be considered. The administration's absorption capacity must be taken into account when designing programmes in order to allow maximum benefit of assistance provided, including its capacity to develop internal evaluation mechanisms for institutional capacity assessment.
- Proper monitoring of programmes and projects, both by the beneficiaries and the Commission is a key requirement in order to guarantee the desired results or adapt the activities to the rapidly developing environment.

Donor Coordination

The government has made significant progress in strengthening its leadership of donor coordination in Kosovo since early 2006. The formulation of sector level strategies (e.g. the agriculture master plan, education, readmission and reintegration, energy strategy, private sector development strategy, etc) together with the developing management capacities of ministries, has improved the basis for donor dialogue and coordination at the ministerial level. A donor coordination system has been established in the Office of the Prime Minister to enhance Kosovo's aid coordination, in close dialogue with local and international stakeholders. Key challenges of donor coordination include:

- Ensuring the donor coordination system has the resources and political support to perform its role;
- Clarifying the institutional structure of donor coordination, namely the roles of different units involved in donor coordination in the Prime Minister's Office and other ministries;
- Improving inter-ministerial coordination and harmonisation in many policy areas, including education, health, decentralisation, minority returns, etc;
- Donors and the government need to do more to increase efficiency and effectiveness of donor assistance based on Kosovo's European perspective, in line with the European perspective of the region.

On 11 July 2008, the Commission organised a Donors' Conference to support Kosovo's socio-economic development within the region's European perspective. Kosovo's preliminary Mid-Term Expenditure Framework (MTEF) for 2008-2010 identifies a gap of around EUR 1.4 billion. The Conference secured pledges of support to address key issues in areas such as rule of law, education, energy, transport and socio-economic development, to be mobilised by a variety of means, including budget support and project assistance. One of the outcomes of the Conference is an inventory, which helps the matching of assistance offered with needs identified.

The IPA 2008 programme will be implemented by the European Commission Liaison Office to Kosovo, in close consultation and - where appropriate - cooperation with other donors including the EU Member States, USAID and International Financial Institutions, particularly the EIB, EBRD and the World Bank, and jointly with the Council of Europe and the United Nations Office for Project Services (UNOPS).

2.d Cross cutting issues

Systematically addressing cross-cutting issues has been a critical starting point in programme design. This is essential if gender equality, minorities' inclusion and environmental sustainability are to be properly mainstreamed within this programme. Local actors/bodies in

charge of these issues as well as civil society shall be systematically consulted to specifically assist Kosovo institutions/organisations to effectively mainstream in line with European standards and appropriate practices. A portion of the projects' budget may be allocated for this purpose. Each project fiche explains how cross-cutting issues shall be mainstreamed.

Equal opportunities and non-discrimination (Gender equality)

Evidence shows that societies discriminating by gender (and/or ethnicity – see below) hinder their ability to develop and to reduce poverty. In contrast, the active participation of all (whether in education, employment, or governance etc.) contributes consistently to more effective development. Taking full account of the Kosovo framework (civil service, gender equality and anti-discrimination laws), projects will be based on a consultative process with the Office for Good Governance, the Agency for Gender Equality (Office of Prime Minister) and the existing network of gender officers in ministries and municipalities. Specific attention will be given to ensure that women's needs and interests are addressed throughout projects' development and that activities are organised so as to encourage/facilitate women's participation (e.g. training). Assistance will also be provided to Kosovo institutions and civil society to ensure that gender equality is adequately mainstreamed within the development of legislation, government strategies and policies.

Support to Minorities and Vulnerable Groups

Mainstreaming minority issues in projects is essential to deliver assistance that is able to trigger economic growth and the reduce poverty. Failure to integrate Kosovo's minorities into the social, economic and political mainstream can lead to further human rights violations and political destabilisation. Mainstreaming minorities and vulnerable groups' issues are key elements of the Anti-Discrimination Law, which highlights the importance of promoting a multi-ethnic society. Specific attention will be given to ensure that minority specific needs and interests are addressed throughout project development and that activities are organised so as to encourage/facilitate their participation, in particular:

- Achieving adequate minority representation in training and coaching activities;
- Favouring adequate minority recruitment and representation in the civil service and in all aspects of central and local administration (as stipulated under relevant regulations), particularly in the institutions supported under this programme;
- Using the Kosovo's official languages as stipulated in the applicable law;
- Addressing the particular requirements of minority issues in strategic, tactical and operational police matters.
- Meeting the specific needs of Serbian, Roma, Ashkali, Egyptian and other communities.

Environmental protection and sustainability

Projects will systematically examine the opportunities to enhance the protection of the environment in Kosovo (and across the region). In particular, the programme's infrastructure reconstruction and rehabilitation activities will be consistent with environmental implications as set out in relevant regulations and the Law on Environmental Protection. But there is also a need to get an analysis of environmental impact at an earlier stage and/or at a more strategic level by making a holistic sustainability assessment using the Strategic Environmental Assessment tool. A strategic environmental assessment could help to analyse the environmental accumulative effects of the different programmes. It would also facilitate to determine how respective programme, or project, will influence not only the sector where it

will be implemented, but also other sectors in the society interacting with the one in case. This could be the case, for example, between the projects aimed to support education, transport and energy, and between these and other social and economic sectors.

Democratic governance

Democratic governance is a prerequisite for an effective implementation of projects. Emphasis should be put on the need for an accountable and professional civil service which would perform under the commandments of legality, transparency, public consultation and integrity, in order to ensure the proper implementation of the projects and to ensure the sustainability of the reforms undertaken.

2.e Conditions

The programme includes the following conditionalities:

- The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order for EU financial support to be used in the most effective and sustainable manner.
- Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and formally endorse the documents before tenders. Beneficiaries shall also participate in the selection committees for procurement and grants.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of the planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering, monitoring and coordination committees, and seminars as required by the project activities.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the Implementing Authority.

2.f Benchmarks

	2008 (indicative)		2009 (cumulative, indicative)		2010 (cumulative, indicative)		2011 (cumulative, indicative)	
	EU	BF*	EU	BF*	EU	BF*	EU	BF*
Number of tenders launched	4	0	50	10	60	10	63	10
Number of calls for proposals launched	0	0	8	5	8	5	8	5
Direct award of grant/contribution agreements	0	0	0	0	3	0	4	0
Contracting Rate (%)	0	0	40	55	80	100	100	100

* For parallel beneficiary co-financing

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

Kosovo's IPA coordinator is the Permanent Secretary of the Ministry of European Integration. Discussions on the "Roadmap for the Decentralised Implementation System (DIS)" have been initiated but are still at a very early stage.

3. BUDGET (AMOUNTS IN EUR MILLION)

3.1. Indicative budget table

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		Beneficiary contribution*		Total expenditure	IPA EU contribution		Beneficiary contribution*				
	EUR m (a)=(b)+(c)	EUR m (b)	% ⁽¹⁾	EUR m (c)	% ⁽¹⁾	EUR m (d)=(e)+(f)	EUR m (e)	% ⁽¹⁾	EUR m (f)	% ⁽¹⁾	EUR m (g)=(a)+(d)	EUR m (h)=(b)+(e)	% ⁽²⁾
Priority axis 1 Political Criteria	28.106	27.152	97	0.954	3	8.971	5.821	65	3.150	35	37.077	32.973	27
Project 1 Rule of Law	8.541	7.942	93	0.599	7	6.971	5.821	84	1.150	16	15.512	13.763	–
Project 2 Cultural Heritage	2.775	2.500	90	0.275	10	0.900	0	0	0.900	100	3.675	2.500	–
Project 3 Public Finance	5.876	5.876	100	0	0	0	0	0	0	0	5.876	5.876	–
Project 4 Public Administration	4.465	4.465	100	0	0	0	0	0	0	0	4.465	4.465	–
Project 5 Media and Civil	2.468	2.388	97	0.080	3	0	0	0	0	0	2.468	2.388	–

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution		
	Total expenditure		IPA EU contribution		Beneficiary contribution*		Total expenditure		IPA EU contribution		Beneficiary contribution*			
	EUR m (a)=(b)+(c)	EUR m (b)	% ⁽¹⁾	EUR m (c)	% ⁽¹⁾	EUR m (d)=(e)+(f)	EUR m (e)	% ⁽¹⁾	EUR m (f)	% ⁽¹⁾	EUR m (g)=(a)+(d)	EUR m (h)=(b)+(e)	% ⁽²⁾	
Society														
Project 6 Return and Reintegration	3.981	3.981	100	0	0	1.1	0	0	1.1	100	5.081	3.981	–	
Priority axis 2 Economic Criteria	37.253	27.753	74	9.500	26	78.862	51.062	65	27.800	35	116.115	78.815	64	
Project 7 Rural Development	4.365	3.965	91	0.400	9	0	0	0	0	0	4.365	3.965	–	
Project 8 Energy	0.800	0.800	100	0	0	30.612	11.112	36	19.500	64	31.412	11.912	–	
Project 9 Privatisation	14.000	6.000	43	8.000	57	0	0	0	0	0	14.000	6.000	–	
Project 10 Mines and Minerals	0.993	0.993	100	0	0	0	0	0	0	0	0.993	0.993	–	
Project 11	0	0	0	0	0	22.363	20.963	94	1.400	6	22.363	20.963	–	

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution		
	Total expenditure		IPA EU contribution		Beneficiary contribution*		Total expenditure		IPA EU contribution		Beneficiary contribution*			
	EUR m (a)=(b)+(c)	EUR m (b)	% ⁽¹⁾	EUR m (c)	% ⁽¹⁾	EUR m (d)=(e)+(f)	EUR m (e)	% ⁽¹⁾	EUR m (f)	% ⁽¹⁾	EUR m (g)=(a)+(d)	EUR m (h)=(b)+(e)	% ⁽²⁾	
Municipal Infrastructure														
Project 12 Regional Economic Development	6.327	6.327	100	0	0	2.800	2.500	89	0.300	11	9.127	8.827	–	
Project 13 Education and Employment	10.768	9.668	90	1.100	10	0.600	0	0	0.600	100	11.368	9.668	–	
Project 14 Environment	0	0	0	0	0	22.487	16.487	73	6.000	27	22.487	16.487	–	
Priority axis 3 European Standards	8.611	8.311	97	0.300	3	1.100	1.100	100	0	0	9.711	9.411	8	
Project 15 Animal Identification and Registration	1.865	1.565	84	0.300	16	1.100	1.100	100	0	0	2.965	2.665	–	
Project 16	1.000	1.000	100	0	0	0	0	0	0	0	1.000	1.000	–	

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		Beneficiary contribution*		Total expenditure	IPA EU contribution		Beneficiary contribution*				
	EUR m (a)=(b)+(c)	EUR m (b)	% ⁽¹⁾	EUR m (c)	% ⁽¹⁾	EUR m (d)=(e)+(f)	EUR m (e)	% ⁽¹⁾	EUR m (f)	% ⁽¹⁾	EUR m (g)=(a)+(d)	EUR m (h)=(b)+(e)	% ⁽²⁾
Civil Aviation													
Project 17 Statistical Office	1.498	1.498	100	0	0	0	0	0	0	0	1.498	1.498	–
Project 18 Public Health	1.499	1.499	100	0	0	0	0	0	0	0	1.499	1.499	–
Project 19 Customs and Taxation	2.749	2.749	100	0	0	0	0	0	0	0	2.749	2.749	–
Priority axis 7 Support Activities	0.480	0.480	100	0	0	1.021	1.020	100	0	0	1.501	1.501	1
Project 20 Support Measures Facility	0.480	0.480	100	0	0	1.021	1.021	100	0	0	1.501	1.501	–
TOTAL	74.570	63.696	86	10.754	14	89.954	59.004	66	30.950	34	164.404	122,700	100

* contribution (public and private beneficiary and/or international contribution) provided by counterparts

- (1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).
- (2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire Financing Proposal.

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

The rate of the EU contribution for this programme amounts to 74.6 %. Kosovo's authorities, partners and beneficiaries of grant schemes provide parallel¹⁵ or joint co-financing totalling 25.4 % of the programme. The EU contribution has been calculated in relation to the total eligible expenditure.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of implementation

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation¹⁶ and the corresponding provisions of the Implementing Rules¹⁷. The programme will be implemented by the European Commission Office in Pristina. The exception to this are Project 1 (activities 4 and 6), Project 2 and Project 8 (activity 2 under Component 1) (see below).

Activities 4 and 6 of Project 1 will be implemented by the European Commission through joint management with the United Nations Office for Project Services (UNOPS), following *Article 53d of the Financial Regulation* and the corresponding provisions of the Implementing Rules; Project 2 will be implemented by the European Commission through joint management with the Council of Europe following *Article 53d of the Financial Regulation* and the corresponding provisions of the Implementing Rules; and Activity 2 under Component 1 of Project 8 will be implemented by the European Commission through joint management with the EBRD, following *Article 53d of the Financial Regulation* and the corresponding provisions of the Implementing Rules.

To this end, the Commission and the United Nations Office for Project Services (UNOPS), the Council of Europe, and the EBRD respectively will conclude Contribution Agreements.

Joint management will be used to delegate implementation of tasks to international organisations. EBRD is concerned by this management mode. EBRD is currently subject to an assessment in relation to Article 53d of the Financial Regulation. In anticipation of the results of the assessment, the authorising officer deems that, based on longstanding and problem free cooperation with the EBRD, joint management mode can be proposed and an agreement can be signed in accordance with the provisions laid down in Article 43 of the Implementing Rules to the Financial Regulation.

4.2. General rules for procurement and grant award procedures

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

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

¹⁵ Parallel co-financing will be provided in the form of parallel contacts executed by the beneficiaries of the projects. The Implementing Authority is responsible for the overall monitoring of the implementation.

¹⁶ OJ L 248, 16.9.2002, p.1.

¹⁷ OJ L 375, 31.12.2002, p. 1.

in the framework of Project 4 can be directly awarded to the NGO Development Gateway International without a call for proposals in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation because of its technical competence. Development Gateway International has developed such technical competence during the initial implementation of customised systems (pilot phase). Given the fact that the platform's development is already well advanced and that the platform as being developed already has the full support and involvement not only of the Kosovo authorities but also of the entire donor community, DGI is the only organisation technically competent and capable of operating in the given field of activities.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EU external actions" ("Practical Guide") as published on the EuropeAid website¹⁸ at the date of the initiation of the procurement or grant award procedure.

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the United Nations Office for Project Services (UNOPS), the Council of Europe and the EBRD, respectively, implementing Project 1 (activities 4 and 6), Project 2 and Project 8 (activity 2 under Component 1).

4.3. Implementation Principles for Twinning Projects

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

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

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

4.4. Environmental Impact Assessment and Nature Conservation

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

The procedures for environmental impact assessment as set down in the EIA-Directive¹⁹ will fully apply to all investment projects and the application of the European Principles for the Environment will be ensured²⁰.

An appropriate nature conservation assessment shall be made for any project, equivalent to that provided for in Art. 6 of the Habitats Directive²¹, that is likely to affect sites of nature conservation importance.

¹⁸ Current address: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

¹⁹ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40).

²⁰ Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive).

5. MONITORING AND EVALUATION

5.1. Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisation(s) concerned

5.2. Evaluation

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96²².

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

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

²¹ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

²² OJ L 292; 15.11.1996; p. 2

8. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature²³, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending Financing Decision being necessary.

²³

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