

ANNEX 1

ANNUAL ACTION PROGRAMME FOR KOSOVO* FOR THE YEAR 2015

1 IDENTIFICATION

Beneficiary	<i>Kosovo</i>
CRIS/ABAC Commitment references	2015/038-065 EUR 31 000 000 22.02 01 01 2015/038-066 EUR 47 000 000 22.02 01 02
Total cost	EUR 81 000 000
EU Contribution	EUR 78 000 000
Budget lines	22.02 01 01 and 22.02 01 02
Management Mode/ Entrusted entities	Direct management by the European Commission
Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary	At the latest by 31 December 2016
Final date for concluding <u>delegation agreements</u> under indirect management	At the latest by 31 December 2016
Final date for concluding <u>procurement and grant</u> <u>contracts</u>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
Final date for operational implementation	6 years following the date of conclusion of the Financing Agreement.
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement.
Programming Unit	NEAR D3 The former Yugoslav Republic of Macedonia, Kosovo
Implementing Unit/ EU Delegation	EU Office in Kosovo

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- **Rationale for the selection of the specific sectors under this programme:**

Under the IPA 2015 Annual Action Programme for Kosovo, the following sectors will be supported: democracy and governance, rule of law and fundamental rights; energy, agriculture and rural development.

Under **democracy and governance**, particular focus will be given to efforts to strengthen technical and administrative capacity of the Kosovo administration in relation to the European approximation process and in supporting the effective and efficient management and absorption of IPA funds. The programme will also support the implementation of the Pristina-Belgrade Dialogue and increases in effectiveness, independence and accountability of civil society in its participation in the policy making process.

Under **rule of law and fundamental rights**, challenges in two sub-sectors will be addressed: under the "justice" sub-sector, the focus will be on providing a sustainable and centralised system for registration and management of criminal records, reforming the regulatory framework on property rights, strengthening the framework of the penitentiary system and improving correction and probation services. Support will also be provided to legal forensic services and the protection of personal data. Under the "home affairs" sub-sector, the focus will be on contributing towards the increase of efficiency and effectiveness of law enforcement and rule of law institutions in their service provision to the justice sub-sector and Kosovo society in general.

The actions under **energy** will focus on the construction of a hazardous waste storage facility for the waste resulting from the decommissioning of the non-working parts of the power plant Kosovo A and other hazardous waste in Kosovo. The programme will also support improvements to the supply of district heating in Prishtinë/Priština and Gjakova/Đakovica. These actions will contribute to the reductions in volumes of hazardous waste, to the reduction of carbon emissions and to improving the efficiency of the energy sector in Kosovo.

In **agriculture and rural development**, the actions foreseen will help improve the competitiveness of the agri-food sector in Kosovo, improve the living conditions of the agricultural population, improve the safety of food products and increase the export capability of agricultural producers.

- **Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:**

The actions under each section build on past EU assistance delivered through IPA I and IPA II 2014: lessons learned from past evaluations and audits were taken in account when designing the actions herein, as well as complementarity with actions financed from other donors.

In the sub-sectors of **justice and home affairs** previous EU assistance has targeted both law enforcement and judiciary in order to assist the Kosovo institution in their overall fight against organised crime, such as capacity building (human and technical) of the Kosovo Police, support the implementation of the Kosovo Border Management Strategy and its Action Plan, the fight against organised crime and corruption, drug trafficking and the trafficking in human beings as well as providing continuous assistance to the Ministry of

Justice, Kosovo judicial institutions and to the sector as a whole in the process of reaching EU standards and aligning to EU *acquis* requirements. The home affairs sub sector has also been heavily supported by US Embassy, US Agency for International Development (USAID) and the International Criminal Investigative Training Assistance Program (ICITAP) in the form of capacity building for the Ministry of Internal Affairs, Kosovo Police, Kosovo Police Inspectorate as well as in areas such as fight against drugs trafficking and trafficking in human beings, border/boundary control, investigation techniques and other relevant areas. This sub-sectors are also supported by the United Nations Development Programme (UNDP) while the German Agency for International Cooperation - Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) provides some support to the Ministry of Internal Affairs under the umbrella of the support to the Ministry for European Integration.

The **energy sector** has had support to date, both in terms of professional capacity building, implementation of studies and implementation of concrete projects.

Support of the energy sector was provided by the Government of Kosovo, by the EU, under IPA I, World Bank, USAID, Kreditanstalt für Wiederaufbau (KfW) and other donors that have supported the development of energy sector in the implementation of projects for the operation of energy enterprises for the development of energy sector legislation, strategy papers and implementation programs, implementation of studies and concrete projects for transmission, distribution, and decommissioning, implementation of the cogeneration project Kosovo B - Termokos, preparation of the 'Kosova e Re' Power Plant project package, the realization of the 400 kV line between Kosovo and Albania, implementation of environmental projects at Kosovo Energy Corporation (KEK) sites etc.

In **agriculture** previous assistance has focused on, among other things, establishment of farm registers, rural spatial planning, strengthening the Ministry of Agriculture, Forestry and Rural Development (MAFRD) advisory services and improving the quality of technical services provided by the MAFRD laboratories. Within the last years, the main assistance projects were for the Agricultural and Rural Development Programme / rural grants schemes to increase the competitiveness of the sector in general. In the **Veterinary, Phytosanitary, Food Safety** sub-sector focus is on improving food safety, veterinary and phytosanitary standards in order to increase the safety and competitiveness of Kosovo agricultural products. Other donors active in the sector include bilateral donors such as USAID, Danish International Development Agency DANIDA, GIZ, World Bank etc.

Within the Kosovo government, the Ministry of European Integration (MEI) is responsible for coordinating donor assistance. The Aid Management Platform, established with EU support, is used as the main tool for monitoring of donor activities. The EU Office hosts bi-monthly coordination meetings with EU Member States and other bilateral and multilateral donors (US, UN agencies etc.). Close cooperation has been developed with the European Union Rule of Law Mission (EULEX) on EU assistance provided to the rule of law sector. Kosovo has initiated work towards integrating the sector approach, in order to coordinate the interventions of the EU and other donors with its own interventions more efficiently, in the context of the implementation of its sector strategies.

List of Actions foreseen under the selected Sectors/Priorities:

Democracy and Governance

DIRECT MANAGEMENT	
Action 1 "EU Approximation Facility"	EUR 5 000 000
Action 2 " Facility for implementation of political priorities, including the Pristina-Belgrade dialogue"	EUR 3 000 000
TOTAL	EUR 8 000 000

Rule of Law and Fundamental Rights

DIRECT MANAGEMENT	
Action 3 "Further Support to Judicial Reform in Kosovo"	EUR 11 000 000
Action 4 "Further Support to Home Affairs in Kosovo"	EUR 12 000 000
TOTAL	EUR 23 000 000

Energy

DIRECT MANAGEMENT	
Action 5 "Construction of hazardous waste storage facilities"	EUR 12 000 000
Action 6 "Improving district heating in Pristina and Gjakova/Djakovica"	EUR 21 000 000
TOTAL	EUR 33 000 000

Agriculture and Rural Development

DIRECT MANAGEMENT	
Action 7 "Support to Kosovo's Further Development of the Agri-Rural Sector and Creating Prerequisites for the Development and Implementation of an Integrated Approach to Food Safety"	EUR 14 000 000
TOTAL	EUR 14 000 000

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR 1	<i>Democracy and Governance</i>	<i>EUR 8 000 000</i>
Action 1	<i>EU Approximation Facility</i>	<i>EUR 5 000 000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The main objective of the action is to support Kosovo in creating an effective, efficient and transparent public administration at all levels that ensures sustained socio-economic development, strengthens sectorial approximation and constructively engages in regional cooperation. In addition the facility aims to strengthen technical and administrative capacity of the Kosovo administration in relation to the European approximation process and to support the effective and efficient management and absorption of IPA funds.

Expected results include meeting specific and urgent needs identified in the course of the EU approximation process, management, monitoring and evaluation of IPA actions, building capacity in Kosovo's Ministry of European Integration and relevant line ministries in relation to Kosovo's EU approximation efforts and EU reform agenda and mainstreaming gender in laws, policies, sectoral documents, IPA action documents, and IPA programs.

Key indicators:

- Increase in MEI's capacity to take responsibility for coordination and management of EU assistance programmes;
- Increase in MEI and line ministries' capacity to mainstream gender in EU assistance programmes Improvement of access to services, recipients' rights and quality of services.

(2) Assumptions and conditions

The following conditions will need to be met if the above indicative results are to be achieved: political commitment to the reform process; commitment of staff in the relevant ministries; the allocation of adequate resources. Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangement for the action: direct management

Essential elements of the action

Depending on the needs related to the EU approximation process, the facility described above will be implemented through a number of service/framework contracts as well as work contracts and supply contracts where the need for a rapid response of the Commission to non-programmable events is such that the duration of the procedure to amend this decision would frustrate the purpose of such response. The implementation will include:

Procurement: Global budgetary envelope reserved for procurement: EUR 2,500,000:

Indicative number and type of contracts: 10 service contracts, 7 works contracts, 2 supply contracts.

Indicative time frame for launching the procurement procedure: Q2 2016 - Q4 2017

Grants: An indicative amount of up to EUR 2,500,000 could be used for activities to be implemented through twinning, twinning light or calls for proposals.

a) Objectives and foreseen results: Support to meeting criteria for EU approximation and capacity building of Kosovo's administration

b) The essential eligibility criteria: For twinning/twinning light: applicants must be EU Member State administrations, mandated bodies or international organisations with recognised technical and administrative experience in the field.

For calls for proposals, the applicant must:

- be a legal person and
- be registered and operational in Kosovo for at least one year preceding the launch of the call for proposals and
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

c) The essential selection criterion is the financial and operational capacity of the applicant.

d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) Maximum rate of EU co-financing: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of grant contract: up to EUR 500 000, unless justified by the objective and nature of the intervention

g) Indicative date for launching the selection procedure: Q2 2016 - Q4 2017

SECTOR 1	<i>Democracy and Governance</i>	<i>EUR 8 000 000</i>
Action 2	<i>Facility for implementation of political priorities, including the Pristina-Belgrade dialogue</i>	<i>EUR 3 000 000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The main objective of the action is to support Kosovo institutions in implementing measures related to urgent political priorities in support of Kosovo's European perspective, including those that may arise from the Pristina-Belgrade dialogue, the normalisation of relations with Serbia, the EULEX strategic review, visa liberalisation and any other political developments.

Expected results include progress in the implementation of agreements reached within the framework of the Pristina-Belgrade dialogue, progress in the socio-economic development of northern Kosovo and increased mutual trust between communities and strengthened capacity of Kosovo authorities to assume their responsibilities following the phasing out of EULEX.

Key indicators:

- Progress made by Kosovo on the political criteria (qualitative assessment, Progress Report)

(2) Assumptions and conditions

The following conditions need to be met if the above results are to be achieved: continuation of the dialogue process and implementation of agreements reached; implementation of the 'First agreement of principles' of April 2013; implementation of the EULEX Strategic Review.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangement for the action: direct management

Essential elements of the action

This action will serve to finance activities which are necessary to implement the objectives and results set out above. Subject to further developments, including the EU-facilitated dialogue between Pristina and Belgrade, phase out of EULEX and the visa dialogue, the action may be implemented through twinning/twinning light /service /framework /grant contracts as well as works and supply contracts where the need for a rapid response is required.

SECTOR 2	<i>Rule of Law and Fundamental Rights</i>	<i>EUR 23 000 000</i>
Action 3	<i>Further Support to Judicial Reform in Kosovo</i>	<i>EUR 11 000 000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The action aims to improve the independence, effectiveness, accountability and impartiality of the justice system and to successfully complete the reform process of the judiciary in line with EU *acquis*. Expected results include: the establishment and functionalisation of a National Centralised Criminal Record System (NCCR) under the Kosovo Judicial Council; the completion of Kosovo's Civil Code; improvement of correctional and probation systems, with particular attention on the implementation of alternative sentences; improvement of capacities of the Department of Forensic medicine (DFM) to manage cases in an independent way; increase of capacities of the National Agency for the Protection of Personal Data (NAPPD) and implementation of the Law on Protection of Personal Data.

Key indicators include:

- Percentage of archived criminal data records entered into the NCCR;
- Number of legal acts identified, reviewed and harmonised with civil code provisions, including to address specific cultural gender inequalities in Kosovo;
- Percentage of executing alternative sentencing measures.

(2) Assumptions and conditions

The following conditions need to be met if the above results are to be achieved: Kosovo authorities will ensure that sufficient budget and human resources are available to maintain any equipment funded under EU projects. Within the 2016 annual budget, within the Budget groups of Goods & Services' as well as 'Capital Investments' there will be sufficient allocation (at least 10% of the contract value) for maintenance of the equipment supplied through EU support. Government of Kosovo will continue to support reforms in the rule of law sector and respective sub-sectors, Kosovo institutions and other stakeholders are willing and committed to proactively participate in the implementation of the action.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangement for the action: direct management

Essential elements of the action

Grant – Twinning 1 - Call for proposals (EUR): 2 000 000

- a) Objectives and foreseen results: The overall quality of the correction and probation services is improved, including prevention and reintegration programmes for all categories of offenders as well as the use of alternative punishments;
- b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.
- c) The essential selection criterion is the operational capacity of the applicant.
- d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.
- e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- f) Indicative amount of Twinning contract: EUR 2 000 000
- g) Indicative date for launching the selection procedure: Q4 2015

Grant – Twinning 2 - Call for proposals (EUR): 2 000 000

- a) Objectives and foreseen results: Data protection legislation is completed, including in the areas of justice, health and telecommunication and the capacities of all relevant practitioners are increased. The public is made aware of their data protection rights.
- b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.
- c) The essential selection criterion is the operational capacity of the applicant.
- d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.
- e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be

justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

- f) Indicative amount of Twinning contract: EUR 2 000 000
- g) Indicative date for launching the selection procedure: Q4 2015

Procurement:

- a) the global budgetary envelope reserved for procurement: EUR 7 000 000
- b) the indicative number and type of contracts: 1-4 contracts: services and supplies.
- c) indicative time frame for launching the procurement procedure: Q1 2016

SECTOR 2	<i>Rule of Law and Fundamental Rights</i>	<i>EUR 23 000 000</i>
Action 4	<i>Further Support to Home Affairs in Kosovo</i>	<i>EUR 12 000 000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The action aims to contribute towards the increase of efficiency and effectiveness of law enforcement /rule of law institutions in their service provision to justice and Kosovo society in general through targeted capacity building of institutions active in fight of organised crime, through overall police reform in accordance with EU standards and requirements as well as through ensuring a reliable civil registry system.

Expected results include: support to the fight against organised crime and to civil registration and document security in ensuring functioning document security and civil registration system at municipal and central level in Kosovo.

Key indicators include:

- Increase in the rate of successful investigations in Kosovo Police leading to indictments and convictions;
- Increase in the percentage of birth registrations, particularly among RAE communities;
- Increase in the percentage of death registrations.

(2) Assumptions and conditions

The following conditions need to be met if the above results are to be achieved: Sufficient budget and human resources will be made available from the Kosovo authorities to maintain any equipment funded under EU projects and ensure the project's sustainability. Within the 2016 annual budget, within the Budget groups of 'Goods & Services' as well as 'Capital Investments' there will be sufficient allocation (at least 10% of the contract value) for maintenance of the equipment supplied through EU support. Government of Kosovo will continue to support reforms in the rule of law sector and respective sub-sectors, Kosovo

institutions and other stakeholders are willing and committed to proactively participate in the implementation of the action.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangement for the action: direct management

Essential elements of the action

Grant – Twinning 1 - Call for proposals (EUR): 4 500 000

- a) Objectives and foreseen results: Support to Kosovo Police Reform: To support Kosovo Police in reforming the organisational and functional structure in accordance with international standards and best practices;
- b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.
- c) The essential selection criterion is the operational capacity of the applicant.
- d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.
- e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- f) Indicative amount of Twinning contract: EUR 4 500 000
- g) Indicative date for launching the selection procedure: Q4 2015

Grant – Twinning 2 - Call for proposals (EUR): 2 000 000

- a) Objectives and foreseen results: To provide support to the Civil Registration Agency and Municipal Civil Status Offices to further improve and implement management and maintenance principles regarding the IT systems and legal framework as well as implement structures that guarantee consistent and continuous civil services.
- b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.
- c) The essential selection criterion is the operational capacity of the applicant.
- d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.
- e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- f) Indicative amount of Twinning contract: EUR 2 000 000
- g) Indicative date for launching the selection procedure: Q4 2015

Procurement:

- a) the global budgetary envelope reserved for procurement: EUR 5 500 000:
- b) the indicative number and type of contracts: 1-4 contracts, services and supplies.
- c) indicative time frame for launching the procurement procedure: Q4 2015 – Q2 2016

SECTOR 5	<i>Energy</i>	<i>EUR 33 000 000</i>
Action 5	<i>Construction of hazardous waste storage facilities</i>	<i>EUR 12 000 000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The action aims to contribute to the safe management of toxic and industrial waste in Kosovo, especially hazardous waste resulting from the decommissioning process of Kosovo A thermal power plant as well as from other industrial processes through the construction of storage facilities for said waste.

Expected results include: construction and operation of hazardous waste storage facilities, supervision of construction works, elaboration of risk and safety manuals and guidelines for storage of hazardous waste and training of staff.

Key indicators include:

- Construction of the hazardous waste storage facilities;
- Reduced pollution from hazardous waste in Kosovo.

(2) Assumptions and conditions

The following conditions need to be met if the above results are to be achieved: Kosovo authorities need to establish the operator of the hazardous waste storage facility and allocate financial and human resources for its operation as well as all the necessary permits, procedures and land ownership for the construction and operation of the facility. The legal framework governing the management of hazardous waste needs to be completed and Kosovo institutions (Ministry of Environment and Spatial Planning, Municipality of Fushë Kosovë) and other stakeholders are willing and committed to proactively participate in the implementation of the action.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangement for the action: direct management***Essential elements of the action*****Procurement:**

- a) the global budgetary envelope reserved for procurement: EUR 12 000 000:
- b) the indicative number and type of contracts: 1-4 contracts, services and works.
- c) indicative time frame for launching the procurement procedure: Q1 2016 – Q3 2016

SECTOR 5	<i>Energy</i>	<i>EUR 33 000 000</i>
Action 6	<i>Improving district heating in Prishtinë/Priština and Gjakova/Djakovica</i>	<i>EUR 21 000 000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The action aims to improve the supply of district heating in Prishtinë/Priština and Gjakova/Djakovica in order to decrease losses of heat energy within the district heating systems, contribute to the systems' higher efficiency, improve the quality of heating supply for customers and improve environmental performance, i.e. reduce greenhouse gas emissions from the two district heating systems by switching to renewable energy sources (biomass) in Gjakova/Djakovica and improving the efficiency of the Pristina district heating system.

Expected results include: fuel switching from fuel oil fired boilers to biomass based combined heat and power production at Gjakova/Djakovica district heating plant, improved quality of heating supply in Prishtinë/Priština by improving the district heating network, improved environmental performance of both district heating systems and improved local economy by promoting the use of biomass and increasing employment opportunities.

Key indicators include:

- Increased heat and electricity production from biomass;
- Increased efficiency of the heat production capacities;
- Increased number of consumers connected to the district heating networks.

(2) Assumptions and conditions

The following conditions need to be met if the above results are to be achieved: Prior to starting the construction of the district heating plant in Gjakova/Djakovica, the environmental permit should be obtained and any outstanding land ownership/location issues resolved. Beneficiaries have to ensure the co-financing for the rehabilitation of the district heating network in Gjakova/Djakovica and for the implementation of this Action in Prishtinë/Priština. Financial resources for the purchase of biomass fuel for the operation of the district heating plant in Gjakova/Djakovica should be budgeted for each year before the onset of new heating tariffs.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangement for the action: direct management

Essential elements of the action

Procurement:

- a) the global budgetary envelope reserved for procurement: EUR 21 000 000:
- b) the indicative number and type of contracts: 1-4 contracts, services and works.
- c) indicative time frame for launching the procurement procedure: Q1 2016 – Q3 2016

SECTOR 8	<i>Agriculture and Rural Development</i>	<i>EUR 14 000 000</i>
Action 7	<i>Support to Kosovo's Further Development of the Agri-Rural Sector and Creating Prerequisites for the Development and Implementation of an Integrated Approach to Food Safety</i>	<i>EUR 14 000 000</i>

(a) Description of the Action, objective, expected results and key performance indicators

The main objectives of the action are to ensure improved access to and competitiveness on the internal and international markets for Kosovo's agri-rural sector and support Kosovo's future alignment to the EU acquis related to development and implementation of an integrated approach to food safety. Expected results include improved production capacity of Kosovo's farmers with potential to become agro-entrepreneurs and agri-rural operators; improved capacity for Kosovo in relation to the EU Common Market Organisation (CMO) and agricultural statistics; technical documentation necessary for development of an irrigation system; a centralised and comprehensive information technology (IT) system for the Kosovo's Food and Veterinary Agency (KFVA); and strengthened plant production and protection system and capacities in Kosovo.

Key indicators:

- Increase of agricultural output
- Number of farms and agri-rural operators with extended, modernised or diversified production capacity)
- Degree of preparedness of Kosovo to implement the EU acquis Chapter 12 - Food safety, veterinary and phytosanitary policy

(b) Assumptions and conditions

The following conditions are expected to be met in order to allow for achievement of the results envisaged: Kosovo institutions and other stakeholders are willing and committed to proactively participate in the implementation of the action including the municipalities in the North of Kosovo; sufficient budget should be allocated to the KFVA with the view to cover operational expenses and maintenance of the IT systems put in place; timely transfer of veterinary/sanitary and phytosanitary inspectors from municipalities to central level.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of funding.

(3) Implementation arrangement for the action: direct management

Essential elements of the action

Grant – Call for proposals (EUR): 8 800 000

a) Objectives and foreseen results: To ensure improved access to and competitiveness on the internal and international markets for Kosovo's agri-rural sector through building capacity of Kosovo's farmers with potential to become agro-entrepreneurs and agri-rural operators.

b) The essential eligibility criteria: in order to be eligible for a grant, the applicant must:

- be a legal person **and**
- be registered agriculture producer with potential to become agro-entrepreneur **or** be agri-rural operator¹ **and**
- be registered and operational in Kosovo for at least one year preceding the launch of the call for proposals **and**
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

c) The essential selection criteria are financial and operational capacity of the applicant.

d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for grants under this call is 60% of the eligible cost of the action. If the applicant proposes redistribution and/or climate change related measures, the maximum percentage of the total estimated eligible costs of the action is 75%.

f) Indicative amount of the call: EUR 8 800 000

g) Indicative date for launch of the call for proposals: Q2-3 2016

Grant – Twinning - Call for proposals (EUR): 1 200 000

a) Objectives and foreseen results: To provide support in preparation of: complete and EU compliant legislation; operating procedures and control capacity; a system for: plant protection, production of plant products, import, export and marketing of plants and plant products;

b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.

c) The essential selection criterion is the operational capacity of the applicant.

d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be

¹ Agri-rural operators include all agro-food processors and other businesses in rural area according to the definition for "rural area" provided in Kosovo's rural development program

justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

- f) Indicative amount of twinning contract: EUR 1 200 000
- g) Indicative date for launching the selection procedure: Q3-4 2016

Procurement:

- a) the **global** budgetary envelope reserved for procurement: EUR 4 000 000
- b) the indicative number and type of contracts: 3 contracts, services;
- c) indicative time frame for launching the procurement procedure: Q2-3 2016

3 BUDGET

3.1 INDICATIVE BUDGET TABLE - ACTION PROGRAMME FOR KOSOVO

		Direct Management			
		EU Contribution	IPA II beneficiary Co-financing	Total expenditure	MM
Objective 1	Sector 1 Democracy and Governance	EUR 8 000 000		EUR 8 000 000	direct
	Action 1 EU Approximation Facility	EUR 5 000 000		EUR 5 000 000	direct
	Action 2 Facility for implementation of political priorities, including the Pristina-Belgrade dialogue	EUR 3 000 000		EUR 3 000 000	direct
	Sector 2 Rule of Law and Fundamental Rights	EUR 23 000 000		EUR 23 000 000	direct
	Action 3 Further Support to Judicial Reform in Kosovo	EUR 11 000 000		EUR 11 000 000	direct
	Action 4 Further Support to Home Affairs in Kosovo	EUR 12 000 000		EUR 12 000 000	direct
Total Budget for Objective 1- budget line 22.02 01 01		EUR 31 000 000		EUR 31 000 000	direct
Objective 2	Sector 5 Energy	EUR 33 000 000	EUR 3 000 000	EUR 36 000 000	direct
	Action 5 Construction of hazardous waste storage facilities	EUR 12 000 000		EUR 12 000 000	direct
	Action 6 Improving district heating in Prishtinë/Priština and Gjakova/Djakovica	EUR 21 000 000	EUR 3 000 000	EUR 24 000 000	direct
	Sector 8 Agriculture and Rural Development	EUR 14 000 000		EUR 14 000 000	direct
	Action 7 Support to Kosovo's Further Development of the Agri-Rural Sector and Creating Prerequisites for the Development and Implementation of an Integrated Approach to Food Safety	EUR 14 000 000		EUR 14 000 000	direct
Total Budget for Objective 2 - budget line 22.02 01 02		EUR 47 000 000	EUR 3 000 000	EUR 50 000 000	direct
TOTALS		EUR 78 000 000	EUR 3 000 000	EUR 81 000 000	direct

4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

This programme shall be implemented by direct management by the EU Office in Kosovo in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twining:

Twining 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 IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

5 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG NEAR and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectorial Monitoring committees, which will ensure a monitoring process at sector level.