

Project Fiche – IPA Multi-beneficiary Programmes / Component I

1 IDENTIFICATION

| | |
|--|---|
| Project Title | Support to the operating expenditures of the RCC Secretariat |
| CRIS Decision number | 2013/024091 |
| Project no. | 12 |
| MIPD Sector Code | 9. Support and other activities |
| ELARG Statistical code | 01.72 – Administrative support |
| DAC Sector code | 43010 |
| Total cost (VAT excluded)¹ | EUR 7 500 000 |
| EU contribution | EUR 2 400 000 |
| Management mode | Centralised |
| | DG Enlargement, Unit D3 |
| Implementation management | DG Enlargement, Unit D3 |
| Implementing modality | Stand-alone project |
| Project implementation type | Grant |
| Zone benefiting from the action(s) | Western Balkans ² : Albania, Bosnia and Herzegovina, Kosovo*, the former Yugoslav Republic of Macedonia, Montenegro, Serbia Turkey |

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

² Croatia is not mentioned in the list, as it is expected to be a Member State of the EU in the period covered by this action.

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

2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

The enhancement of regional cooperation is one of the priorities identified in the MIPD. By supporting the operation of the Secretariat of the Regional Cooperation Council (RCC), which is the main partner for regional cooperation in South East Europe, the EU will also strengthen regional cooperation per se.

2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

The MIPD 2011-2013 mentions the RCC Strategy and Work Programme, adding that the priorities identified therein "set the scene for its political work in the region". The MIPD also identifies, among the priorities for IPA support, the enhancement of regional cooperation in the fight against organised crime and corruption and regional cooperation in education. Both areas are included in the RCC Strategy and Work Programme.

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

The Enlargement Strategy and Main Challenges 2011-2012 states: "*The Regional Cooperation Council (RCC) has started implementing its three-year strategy and work programme, working towards more result-oriented action*".¹ Regional cooperation is one of the essential elements of the Stabilisation and Association Process, and progress achieved in this area is assessed every year in the Commission's Progress Reports on the Enlargement countries.

The Progress Reports often make references to the progress made in regional cooperation also thanks to the work of the RCC (for example, the Progress Reports for 2011 mentioned the adoption of a Regional Strategic Documents on Justice and Home Affairs, which had been elaborated by the RCC). Also, in the beginning of 2012, the RCC elaborated a "self-assessment" of the first year of the implementation of its Strategy and Work Programme, which was then endorsed by the RCC Board at its meeting in March 2012.

2.4 PROBLEM ANALYSIS

EU assistance to regional cooperation had been provided mainly through support to the Stability Pact for South Eastern Europe and its Special Coordinator, who was tasked to complement the EU Stabilisation and Association Process (SAP) with the Western Balkans. Encouraged by the international community, the IPA beneficiaries and members of the South East Europe Cooperation Process (SEECPP) agreed in May 2006 to take over the ownership of certain regional cooperation activities. This led to the decision a year later to establish the RCC, a regionally owned cooperation structure located in Sarajevo and co-financed by the IPA beneficiaries, the EU and other donors.

Considerable work was done in 2007 to establish the legal, administrative and financial basis of the RCC which formally commenced operations in early 2008. In the meantime, the Stability Pact handed over its activities to the RCC and closed down in mid-2008.

¹ COM(2011) 666 final/12/10.2011.

The RCC has been functioning since 2008 as the regionally-owned successor of the Stability Pact operating under the political umbrella of the South East European Cooperation Process (SEEC). The RCC has now completed four years of operation. During this period, the transition from the Stability Pact to the RCC was successfully achieved. The RCC's structures and Secretariat have been set up and are fully operational. The new, regionally owned organisation covers five priority areas, namely economic and social development, infrastructure and energy, justice and home affairs, security cooperation, building human capital, with parliamentary cooperation as an over-arching theme.

The RCC adopted in 2010 its "Strategy and Work Programme 2011-2013" (SWP), which was prepared with the help of the EU. It is an ambitious document, identifying areas where the RCC's work provides added value, in accordance with its mandate of: a) Representing the region, b) Assisting the regional cooperation political processes, i.e. the SEEC, c) Monitoring regional activities, d) Exerting leadership in regional cooperation and e) Providing a regional perspective in donor assistance in the identified priority sectors (for example, through its participation the Working Groups for the IPA Multi-beneficiary programme.

The RCC's immediate challenges is the efficient and effective implementation of the SWP, and the identification of lessons learnt from this exercise, that could then be used for the elaboration of a new programme, to take forward the work of the RCC beyond 2013.

In the course of 2011 and as foreseen in the framework of the SWP, the RCC took over responsibility for the Ljubljana Process on rehabilitation of cultural heritage as well as for the South East Europe Investment Committee (see below, section 2.5, for further details). Also, it elaborated a Regional Strategic Document and Action Plan on Justice and Home Affairs, which was adopted by all the members of the SEEC in March 2011. Currently, the RCC is developing mechanisms for monitoring regional cooperation in justice and home affairs, based on the Regional Strategic Document.

Concerning the future role of the RCC (beyond-2013), discussions are ongoing with, among others, the Commission, envisaging a stronger monitoring character, looking, for example, at potential gaps in regional cooperation and proposing ways and means to address them. Indeed, the identification of needs and gaps is an essential part of regional cooperation, and, in this area, the RCC can play an important role.

From the outset, the Commission has stated its political commitment to support the RCC by contributing roughly one-third to the operating costs of the RCC Secretariat for the periods 2008-2010 and 2011-2013. In relative terms, however, this financial contribution has been decreasing, in line with the Financial Regulation's principle of diminishing financial contributions to organisations receiving operating support and with a view to encourage increased contributions from the countries of the region.

However, due to the financial crisis, and subsequent budgetary constraints for the countries in the region it has become more and more difficult for the countries to increase their financial contributions to the budget of the RCC Secretariat. On the contrary: delays in their payment resulted in the Commission adopting, in December 2011, an amendment to the grant contract with the RCC Secretariat, allowing the Commission to proceed with payments in a more flexible manner in order to bridge the financing gaps faced by the RCC Secretariat. It cannot be expected, at this moment, that the countries of the region will be in a position to increase their contributions, thus rendering necessary the continuing – albeit diminishing – support by the Commission. In addition, a number of international donors are pulling out of the region or

reducing their contribution to the budget of the RCC Secretariat, thus rendering the contribution of the Commission even more important.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

The European Union has been providing support to the operating expenditures to the RCC since the latter's establishment. The European Union committed to provide EUR 1 million per year to support around a third of the running costs of the RCC Secretariat for the first three years of its existence, i.e. 2008-2010, while the rest would be co-financed by the region (SEECF members) and other international donors (the US, Norway, Switzerland). The annual budget of the RCC Secretariat is set at approximately EUR 2.7 million.

In addition the Commission provided during early 2010 some small technical assistance which has proven very useful for the preparation of the first drafts of the "Strategy and Work Programme 2011-2013".

In 2010 the Commission adopted Decision (2010) 7794, extending financial assistance to the RCC Secretariat for the period 2011-2013, for a total of EUR 3.2 million (2.4 million as assistance to the operating costs of the Secretariat at 0.8 million as a separate grant contract for strengthening the RCC Secretariat, the grant contract was awarded in 2011 to the Central European Initiative).

As of 2011, the EU is also providing funding to the RCC for two regional initiatives, namely the **Ljubljana Process II – Rehabilitating our Common Heritage** for a total budget of EUR 1.54 million and an EU contribution of EUR 1.5 million as well as **Support to the South East Europe Investment Committee** for a total budget of EUR 0.8 million and an EU contribution equalling 100%.

2.6 Lessons learned

The first four years of the operation of the RCC have shown that the organisation's work is more effective when it is focused on a smaller number of selected activities. Also, the proliferation of regional initiatives has made the monitoring role of the RCC increasingly important. The RCC should concentrate on a limited number of activities and develop its capacity to analyse the gaps and needs of the region, taking into account its limited financial resources, due to the withdrawal of some members from the Board and the inability of the countries of the region to increase their contribution due to the financial crisis.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

Continuing support to regional cooperation in South East Europe.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

Continuing support to the functioning of the RCC Secretariat.

3.3 RESULTS

The RCC is operationally capable to increase its efficiency, by focusing on result-oriented activities, identifying areas where its efforts provide added value and assuming a more strategic role in promoting regional cooperation in South East Europe.

3.4 MAIN ACTIVITIES

Grant contract with the RCC Secretariat. By contributing to the operational budget of the RCC, IPA assistance will help to implement the RCC's Strategy and Work Programme 2011-2013 and lay the foundation for its future role in the region.

3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)

The MIPD 2011-2013 mentions the RCC Strategy and Work Programme, adding that the priorities identified therein "set the scene for its political work in the region". The MIPD also identifies, among the priorities for IPA support, the enhancement of regional cooperation in the fight against organised crime and corruption and to foster regional cooperation in education. Both areas are included in the RCC Strategy and Work Programme. In particular, the RCC's work on Justice and Home Affairs, with the elaboration of a Regional Strategic Document and Action Plan (see Section 2.4), will help achieve important targets in this sector.

The RCC is also actively involved in the majority of the main sectors for EU support 2011-2013, i.e., apart from Justice and Home Affairs, in Private Sector Development (through the work of its SEE Investment Committee), Transport and Energy Infrastructure, Environment and Climate Change, as well as Social Development.

3.6 SUSTAINABILITY

The RCC retains its operational capacity, strengthening regional cooperation in SEE.

An "exit strategy" does not exist at this stage, but will be discussed by the Commission at management level and in consultation with the European External Action Service, in due course.

3.7 ASSUMPTIONS AND PRE-CONDITIONS²

International donors and the countries of the region continue to contribute financially to the operating costs of the RCC Secretariat.

² Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

4 IMPLEMENTATION ISSUES

The project will be implemented by means of a grant contract with the RCC. According to Article 108 1(b) of the Financial Regulation, a grant can be awarded to finance the functioning of a body which pursues an aim of general European interest or has an objective forming part of a European Union policy. The grant is awarded directly to RCC based on Article 168(1)(c) of the Implementing Rules of the Financial Regulation on account of its de facto monopoly.

The RCC is thus a unique institution for regional cooperation, and no other organisation can perform this function. By supporting the operation of the Secretariat of the RCC, which is the main partner for regional cooperation in South East Europe, the EU will also strengthen regional cooperation per se. The EU has made a political commitment to support it as a forum for such cooperation. The contract is planned to be signed in quarter 4, 2013.

4.1 INDICATIVE BUDGET

Total budget for 2014-2016: EUR 7 500 000

Total EU contribution for 2014-2016: EUR 2 400 000 (32%)

Indicative Project budget (amounts in EUR) (for centralised management)

| <i>Support to the operational expenditures of the RCC Secretariat</i> | | | SOURCES OF FUNDING | | | | | | | | | |
|---|--------|---------|---------------------|------------------|-------|---------------------------|-------|-----------------|------------------------|--------------|----------------------|-------|
| | | | TOTAL EXPENDITURE | IPA CONTRIBUTION | | NATIONAL CONTRIBUTION | | | | | PRIVATE CONTRIBUTION | |
| | IB (1) | INV (1) | EUR (a)=(b)+(c)+(d) | EUR (b) | % (2) | Total EUR (c)=(x)+(y)+(z) | % (2) | Central EUR (x) | Regional/Local EUR (y) | IFIs EUR (z) | EUR (d) | % (2) |
| Activity 1 | X | | 7 500 000 | 2 400 000 | 32 | 5 100 000 | 68 | | | | | |
| TOTAL IB | | | | | | | | | | | | |
| TOTAL INV | | | | | | | | | | | | |
| TOTAL PROJECT | | | 7 500 000 | 2 400 000 | | 5 100 000 | | | | | | |

Amounts net of VAT

(1) In the Activity row, use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

| Contracts | Start of Tendering/ Call for proposals | Signature of contract | Project Completion |
|-----------|---|-----------------------|--------------------|
| Grant | N/A | Q4 2013 | Q4 2016 |

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non discrimination*

The RCC is an equal opportunities employer and respects the principles of non discrimination in all aspects.

4.3.2 *.Environment and climate change*

N/A

4.3.3 *Minorities and vulnerable groups*

According to its Statute, the RCC maintains close working relations with all actors of relevance in its priority areas, including civil society, other regional organisations and initiatives. Through its efforts on economic and social development, the RCC is working on improving conditions for the everyday life of the people of the region, regardless of their ethnic or social background.

4.3.4 *Civil Society/Stakeholders involvement*

The RCC holds regular consultations with civil society organisations from the beneficiaries, and their input is requested in the preparation of RCC actions.

ANNEXES

- 1. Log frame**
- 2. Amounts (EUR) contracted and disbursed per quarter over the full duration of the project**
- 3. Description of Institutional Framework**
- 4. Reference list of relevant laws and regulations only where relevant**
- 5. Details per EU funded contract where applicable**
- 6. Project visibility activities**

ANNEX 1: Logical framework matrix in standard format

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|---|--|---|---|--|
| LOGFRAME PLANNING MATRIX FOR Project Fiche | | Project title and number: Support to the operational expenditure of the RCC Secretariat – number 11 | | |
| | | Contracting period expires: 30 Nov 2014 | | Execution period expires: 30 November 2017 |
| | | Total budget | 7 500 000 | |
| | | IPA budget: | 2 400 000 | |
| Overall objective | Objectively verifiable indicators (OVI) | Sources of Verification | | |
| Continuing support to regional cooperation in SEE Europe | Regional cooperation is improving, RCC SWP is implemented | European Commission's Annual Enlargement Strategy Paper and Progress Reports. RCC's Quarterly and Annual Reports. | | |
| Specific objective | Objectively verifiable indicators (OVI) | Sources of Verification | Assumptions | |
| Continuing support to the functioning of the RCC Secretariat. | Payments made. Support to the RCC Secretariat provided. Capacity of RCC Secretariat is strengthened. | RCC's Financial Report Audit Report European Commission's Annual Enlargement Strategy and Progress Reports RCC's Annual Report, including self-assessment RCC policy papers, reports of meetings. | Approval of Financial Report by RCC Secretary General, Financial Sub-Committee, and RCC Board. | |
| Results | Objectively verifiable indicators (OVI) | Sources of Verification | Assumptions | |
| Activities envisaged in the RCC's priority areas are implemented. Regional cooperation in SEE is strengthened. | Regional priorities are achieved. Work of the two initiatives taken over by the RCC (Ljubljana Process and SEE Investment Committee) is successful. Gaps in regional cooperation are addressed. Duplication of activities is avoided. | European Commission's Annual Enlargement Strategy Paper and Progress Reports. RCC's Quarterly Reports and Annual Reports. Evaluation/assessment (by RCC itself, European Commission, other donors). | RCC Secretariat is properly staffed. Political and financial support from the countries of the region and other donors is maintained. New Strategy (post-2013) is approved. | |
| Activities to achieve results | Means / contracts | Costs | Assumptions | |
| Meetings/Conferences/Papers/Reports | Discussion documents/Policy Papers/Active participation in meetings. | EUR 2 400 000 | All other contributions are provided. | |

ANNEX 2: Amounts (in EUR) contracted and disbursed per quarter over the full duration of project

| Contracted | | | | | | | | | | | | |
|-------------------|---------|------------------|---------|---------|---------|------------------|---------|------------------|---------|------------------|---------|------------------|
| | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 |
| Contract 1 | | 2 400 000 | | | | | | | | | | |
| Cumulated | | 2 400 000 | | | | | | | | | | |
| Disbursed | | | | | | | | | | | | |
| | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 |
| Contract 1 | | 720 000 | | | | 420 000 | | 420 000 | | 420 000 | | 420 000 |
| Cumulated | | 720 000 | | | | 1 140 000 | | 1 560 000 | | 1 980 000 | | 2 400 000 |

ANNEX 3: Description of the institutional framework

The RCC was established in 2008 to provide a regionally-owned cooperation framework to take over the role of the Stability Pact, and provide the South East European Cooperation Process (SEECP) with operational capabilities⁵. In particular, according to its Statute, the RCC "*will function as a focal point for regional cooperation in SEE and will provide political guidance to and receive substantive input from relevant regional task forces and initiatives active in specific thematic areas of regional cooperation*".

The RCC has 45 members of which 29 also sit in the RCC Board (*see list below*). The Board holds annual (ministerial-level) and quarterly meetings. Decisions are taken by *consensus*, although the *active* positive reaction of members is not necessary. The RCC *Secretariat* is based in Sarajevo (total staff of 25), and there is a *Liaison Office* in Brussels (staff of 7). The Secretary-General (presently the Croat Hido Bišćević) is appointed by the SEECP⁶ summit, which also endorses the annual work programmes. The work of the RCC covers five areas: Economic and Social Development, Infrastructure and Energy, Justice and Home Affairs, Security Cooperation, Building Human Capital and Parliamentary Cooperation.

The EU participates in the RCC in a *troika* format (Commission-EU Presidency-Council Secretariat). Cooperation between the RCC and the Commission on a day-to-day basis is ensured by ELARG/D3 "Regional Cooperation and Programmes".

RCC Members (* Board members)

Region

Albania*

Bosnia and Herzegovina*

Croatia*

The Former Yugoslav Republic of Macedonia*

Montenegro*

Republic of Moldova*

Serbia*

Turkey*

United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo in accordance with United Nations Security Council Resolution 1244*

EU and Member States

European Union (EU)*, represented by a representative of the High Representative and a representative of the European Commission.

Austria*

Bulgaria*

Czech Republic*

Denmark

Federal Republic of Germany*

⁵ *Joint Declaration on the Establishment of the Regional Cooperation Council (RCC)*, Sofia, 27 February 2008, Annex II "Statute of the RCC" and its amendment in 2011 taking into account the Lisbon Treaty.

⁶ SEECP members are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia and Turkey.

Finland*
France*
Greece*
Hungary*
Ireland*
Italy*
Latvia*
Poland*
Romania*
Slovakia
Slovenia*
(Spain)*
Sweden*
United Kingdom
European Investment Bank

Other states

Canada
Norway*
Switzerland*
United States of America*

Other international organisations

Council of Europe
Council of Europe Development Bank
European Bank for Reconstruction and Development
North Atlantic Treaty Organisation
Organisation for Economic Co-operation and Development
Organisation for Security and Co-operation in Europe
South East European Co-operative Initiative
United Nations
United Nations Economic Commission for Europe
United Nations Development Programme
World Bank

The Expert Pool

The Expert Pool, currently composed of 15 members of staff (including the members of staff working for the South East Europe Investment Committee Project, attached to the Economic and Social Development Unit), is programme-oriented. It designs and implements RCC programmes and projects in five priority areas:

- Economic and social development
- Infrastructure and energy
- Justice and home affairs
- Security cooperation
- Building human capital and parliamentary cooperation

The RCC also works on promoting regional cooperation in the area of Public Service Broadcasting.

Each priority area is structured as a Unit, headed by a Senior Expert. The Head of the RCC Expert Pool also acts as Deputy RCC Secretary General. The Media Unit is in charge of the Public Service Broadcasting issues.

The experts represent the RCC Secretariat at regional coordination meetings (including the IPA Multi-beneficiary Working Groups), working groups (on energy, infrastructure, environment, and social infrastructure) or plenary meetings of the International Financial Institutions Advisory Group (IFI AG), as well as at different international fora, informing of RCC Secretariat's activities, initiatives and projects.

The RCC Expert Pool also provides input to the process of networking among RCC members from South East Europe (SEE) and the RCC Secretariat with participation of the European Commission and relevant IFIs.

The Expert Pool keeps regular contact with representatives of different national, regional and international organizations, foundations and networks interested to develop or strengthen cooperation with the RCC. Special attention is given to regional initiatives and taskforces, which have been mapped, while their activities are being coordinated and streamlined by the RCC Secretariat and its Expert Pool.

The RCC experts actively implement the RCC Secretariat's communication strategy. They deliver lectures on regional cooperation and RCC at different courses of postgraduate studies, as well as briefings for journalists from the region, young politicians, and other interested groups.

Together with the RCC Front Office, the Expert Pool conducts RCC outreach activities across the RCC area, to government officials, international organizations, business community, civil society, media and other stakeholders.

ANNEX 4: Reference list of relevant laws and regulations

- Multi-Beneficiary Multi-annual Indicative Planning Document (2011-2013)
- Enlargement Strategy and key challenges 2011-2012
- RCC Annual report 2010-2011
- RCC Strategic Work-programme 2011-2013
- RCC Self-assessment for the first year of its implementation of the Strategy and Work Programme 2011-2013.

ANNEX 5: Details per EU-funded contract:

The European Commission and the RCC Secretariat will conclude a Grant contract for the operating expenditures.

| | Type of Contract | Amount in EUR | Duration |
|-------------------|-------------------------|----------------------|-----------------|
| Contract 1 | Grant | 2 400 000 | 36 months |

Rental costs, exclusively related to the period of co-financing of the operation, may be eligible under this IPA programme.

ANNEX 6: Project visibility activities

The RCC has already developed visibility capacities and, often with the participation of the Commission, has organised a number of awareness-raising events in the beneficiaries, which are envisaged to continue. Close cooperation between the Commission and the RCC ensures maximum visibility for the project.