

## ANNEX

### National programme for Serbia under the IPA – Transition Assistance and Institution Building Component for the year 2012

#### 1 IDENTIFICATION

<b>Beneficiary</b>	Republic of Serbia
<b>CRIS decision number</b>	2012/022-967 2012/024-306
<b>Year</b>	2012
<b>EU contribution</b>	EUR 171,600,995
<b>Implementing Authority</b>	European Commission, apart from the following actions:  Project 1 – Component 2 with GIZ by indirect centralised management  Sector Fiche 4 – Measure 3.1: Council of Europe by joint management with European Commission,  Sector Fiche 6 – Measure 5: OSCE by joint management with European Commission  Project 7 – Component 1: EBRD by joint management with European Commission
<b>Final date for concluding the Financing Agreement</b>	At the latest by 31 December 2013
<b>Final date[s] for contracting</b>	3 years following the date of conclusion of the Financing Agreement  These dates apply also to the national co-financing.
<b>Final date for execution</b>	2 years following the end date for contracting.  These dates apply also to the national co-financing.
<b>Budget line(s) concerned</b>	22.02.01
<b>Programming Unit</b>	DG Enlargement, Unit C2
<b>Implementation Unit/ EU Delegation</b>	Delegation of the European Union to the Republic of Serbia  Project 14 - (JASPERS): A cross-subdelegation will be given from DG Enlargement to DG Regional Policy

## **2 THE PROGRAMME**

### **2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME**

The priorities of the IPA 2012 national programme for Serbia are in line with those of the Multi-annual Indicative Planning Document (MIPD) 2011-13 for the Republic of Serbia. The main priorities identified in the MIPD for IPA assistance over 2011-13 are to 1) Strengthen the rule of law and public administration; 2) Overcome the economic crisis and improve competitiveness; and, 3) Support social inclusion and reconciliation.

With the aim of concentrating IPA assistance on the main priorities identified in the annual progress reports while increasing ownership by the beneficiary country, the Commission is focusing its assistance over 2011-13 on a selected number of sectors: Justice and Home Affairs; Public administration reform; Social development; Private sector development; Transport; Environment, climate change and energy; as well as, Agriculture and rural development. These sectors were selected in consultation with the relevant stakeholders. In addition, with a view of assisting Serbia to implement the EU *acquis*, and in case particular needs are identified, specific projects may also support priorities that fall outside the scope of the above-mentioned sectors.

Under the present programme, the specific focus will be placed on the following MIPD priority sectors: justice and home affairs, social development, and environment and climate change. Transport is not covered, as in line with the move to sectoral approach, it is planned to be addressed in a more focused manner under a future national programme.

### **2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION**

The 2012 allocation for IPA Component I is EUR 190,000,995. EUR 7 million is allocated for the Tempus programme, EUR 2 million for the Civil Society Facility and EUR 10 million for the Regional Housing Programme for refugees (Sarajevo process). These programmes are implemented under the IPA 2012 Multi-beneficiary programme and will be adopted by separate Financing Proposals. Furthermore, EUR 600,000 has been re-allocated from IPA Component II to IPA Component I. Consequently, the 2012 programme for Serbia amounts to EUR 171,600,995.

The Delegation of the European Union in Belgrade holds regular sector donor coordination meetings with representatives of the EU Member States. It also co-chairs with the World Bank an informal donor group including international organisations and non-EU bilateral donors on a bi-monthly basis. Additionally, representatives of the EU Delegation participate in sector coordination groups convened at the initiative of line ministries and/or other donors. Bilateral donors such as Austria, France, Germany, Greece, Italy, the Netherlands, Norway, the United Kingdom, Spain, Sweden and Switzerland are active in donor co-ordination and pre-accession support. The EU Delegation also maintains close working relations with International Financial Institutions (IFIs), including IMF, EIB, EBRD and World Bank.

The responsibility for donor coordination within the Serbian administration lies with the Technical Secretariat of the National IPA Coordinator (NIPAC) in the Serbian

European Integration office (SEIO). A full round of written consultations on IPA 2012 proposals were conducted in February 2012 with the EU Member States, IFIs, as well as Civil Society Organisations. A meeting with embassies of EU Member States was held in Belgrade on 27 February 2012 and a number of bilateral consultations were organised on specific Project or Sector Fiches. The fiches were adjusted accordingly. In parallel, SEIO consulted extensively Civil Society Organisations

### **Justice and Home Affairs**

Justice and Home Affairs (JHA) is of crucial importance to Serbia's EU integration. Further serious efforts are needed to guarantee the existence of an effective and independent judiciary in line with EU standards. The main goals for the EU support over the period 2011-13 is to support implementation and further development of the judiciary reform strategy, which aims at ensuring independence, efficiency, effectiveness and accountability of the judiciary and law enforcement system, including efficient and timely delivery of criminal justice. Also, the focus is on strengthening border controls, supporting migration management and fight against irregular migration, including measures to address trafficking in human beings, as well as the asylum system.

Following the assessment of readiness for sector approach it has been concluded that conditions were not yet in place for sectoral approach. Therefore, the 2012 national programme includes three stand-alone projects. They will aim at supporting efficiency of courts, reforming human resources management of police, and supporting reform of irregular migration system, including measures to address trafficking in human beings. Further support will be dedicated for closure of remaining collective centres for internally displaced persons and returnees.

### **Public Administration Reform**

Despite the good overall capacity of Serbia's public administration at central government level and the adopted overall public administration reform strategy and its revised action plan (2009-12), reform progress in this area has remained slow, mainly due to weak coordination among stakeholders. Administrative capacity at local government level is also weak.

The main goals for the EU support in this sector over the period 2011-13 are to support the overall civil service reform and policy reforms for EU integration. With regard to administrative reform, the specific focus is on improvements in efficiency, effectiveness, transparency, commitment to non-discrimination and accountability of public administration at both central and local government level. With regard to EU integration, focus is on support to Serbia's preparation, adoption, implementation and enforcement of EU-related legislation, to improve policy coordination for EU integration, to build capacity in managing IPA funds and to further align the statistical system with the EU *acquis* and enhance coordination of statistical activities.

Following the assessment of readiness for sector approach, support will be provided through sector support under the 2012 national programme. The Sector Fiche builds on the overall Serbian public administration reform strategy and its action plan (2009-12), covering measures that support civil service reform both at central and local government level. There is still, however, room to improve internal coordination

mechanisms so that a more comprehensive sectoral approach can be gradually developed in the coming years.

The four measures identified in the Sector Fiche take into account the results of past assistance and the specific lessons learnt in order to increase impact of EU assistance. The focus of the sector support for civil service reform area under the 2012 national programme is to support further development of the system for professional training of civil servants; to support further development of e-Government; to strengthen administrative capacities in area of local self-government; and to support further improvement of planning, financial capacities and service provision on the local level (Exchange 4).

As concerns the EU integration area under this sector, there will be one stand-alone project providing support to the Statistical Office of the Republic of Serbia to further upgrade its statistical system in line with EU standards.

### **Social Development**

The main goals for the EU support over the period 2011-13 are to support social inclusion, employment and human resources development, human rights, the protection of minorities, anti-discrimination policies and education, notably for the youth. All these key areas are covered under the 2012 national programme.

Following the assessment of readiness for sector approach, support will be provided through sector support. The Sector Fiche builds on the comprehensive strategy framework in place, including the National Employment Strategy 2011-20, the social welfare development strategy, the national strategy for the development of vocational education and training (VET) and the strategy for improvement of the status of Roma in Serbia. The Sector Fiche further builds upon an extensive reform programme, covering labour market policy, education at all age levels, social welfare and services for the most disadvantaged groups, including Roma people and victims of trafficking, implemented in the past years through the support of the EU, World Bank, EIB, UNDP and a number of bilateral donors. There is strong donor coordination in this sector, as well as synergies and proper sequencing among various donor projects, therefore providing a good basis for sectoral approach, to be gradually further developed in the coming years.

The five measures identified in the Sector Fiche focus on the above priorities and take into account the results of past assistance and the specific lessons learnt. The focus of the sector support is on increasing the effectiveness of employment policies towards disadvantaged groups; strengthening the capacity of government and social partners to use social dialogue as a tool for development and implementation of social and economic reforms; improving the quality, coverage and relevance of education through modernisation of VET; supporting social inclusion of the most vulnerable groups, including victims of trafficking and Roma through more diversified community-based social services; and implementation of the Strategy for Improvement of the Status of Roma.

### **Private Sector Development**

The main goal in this sector is to overcome the economic crisis and achieve sustainable growth as well as to increase Serbia's integration, competitiveness and

export potential in the European market. Priority over the programming period 2011-2013 has been given to the promotion of entrepreneurship and SMEs, stimulating green entrepreneurship, research & development, tourism, rural economy, an improved business regulatory environment and infrastructure.

With a view to preparing for a comprehensive sector approach under a future national programme, the 2012 national programme includes only one stand-alone project in this sector. The project will focus on supporting SMEs, which account for 99,8% of the total number of enterprises in Serbia. The SME sector has a large influence on the performance of the Serbian economy accounting for more than 66% of all employees. However, poor financial management, inefficient organisational structures, lack of adequate strategic planning and difficulties in accessing markets have been identified as frequent problems among SMEs in Serbia.

The proposed project aims to increase productivity and competitiveness of the Serbian SME sector by providing tailor-made consultancy services and enhancing the capacity of local advisory services as well as by improving e-business environment by strengthening the legal and institutional framework. The project builds on lessons learnt from previous projects implemented by the EBRD in providing business services, including the importance of cost-share from the beneficiary in order to ensure commitment when advisory services are provided. With regard to improving e-business environment, the support will build on the results of the IPA 2010 project on supporting e-government development, and will need to be closely coordinated with the foreseen new e-government measure under Public Administration Reform sector.

### **Environment, Climate Change and Energy**

Environment, Climate Change and Energy are not only important areas for Serbia but also for its neighbours within and outside the EU. Serbia is one of the most industrialised countries in the region and a potential energy hub. The main goal of EU support is to promote sustainable growth. Over the programming period 2011-2013 focus will be given to nature protection, water and air quality, waste management, climate action, renewable energy resources, energy efficiency and security. In addition, support is provided for measures promoting transition to a low-carbon development, climate mitigation and adaptation.

Following the assessment of readiness for sector approach, support will be provided through sector support for environment and climate change in cooperation with other donors. With a view of preparing for a comprehensive sector approach for energy sector under a future national programme, there is only one stand-alone project in this sub-sector area.

The five measures identified in the Sector Fiche for environment and climate change take into account the results of past assistance and the specific lessons learnt in order to increase impact of EU assistance. The focus is on capacity-building to implement *acquis* standards and conventions in nature protection; on creation of a monitoring, reporting and verifying (MRV) system for the successful implementation of the EU Emissions Trading System; on establishment of an integrated environmental monitoring system for air and water quality; on development of waste management infrastructure; and on improvement of air quality through reduction in dust emissions from thermal power plants.

The stand-alone project in the energy sub-sector will support Serbia's commitment under the Energy Community Treaty to implement Directive 2006/32/EC on energy services. Assistance will be provided with preparation of a comprehensive survey on energy consumption and the second energy efficiency action plan.

### **Agriculture and Rural Development**

This is an important sector in the Serbian economy with a direct social dimension, as approximately half the Serbian population lives in rural areas. This sector, which includes food safety, veterinary and phytosanitary issues, is therefore a key challenge for Serbia in the pre-accession period. The priorities for EU support over the period 2011-13 are to support the development of a sustainable and competitive agricultural sector and to address the challenges of alignment with the Common Agricultural Policy. Consequently, support will particularly focus on the implementation of EU standards as well as increasing the capacity of Serbia's administration to utilise pre-accession assistance under Component V.

Following the assessment of readiness for sector approach, including a thorough gap analysis of the needs in this sector, and assessment of previous and ongoing donor assistance, the support will be provided through sector support. There is a clear strategy framework for this sector (the National Agricultural Programme of the Republic of Serbia 2010-13) and a strong ministry, therefore providing a good basis for sectoral approach, to be gradually developed in the coming years.

The five measures identified take into account the results of the gap analysis, and specific lessons learnt in implementing EU and other donor assistance. The focus is on increasing capacity building for upgrading of food establishments and for animal by-product management; on implementation of sustainable use of plant protection products and establishing systems for regular technical inspection of pesticide application equipment already in use; on continuation of support for the control/eradication of classical swine fever and rabies; on development of a sustainable inspection services information system for the responsible ministry; and on institutional capacity building and support to agriculture and rural development in Serbia for IPARD management.

### **Other EU *acquis* and horizontal activities**

With the view to assisting Serbia in the EU integration process as well as to supporting possible urgent priorities that may arise either from the EU integration process or from the Belgrade-Pristina dialogue, support is provided to specific projects which either fall outside the scope of the above MIPD sectors or which cannot be programmed in advance. These projects will aim at: strengthening the European integration process and management of post 2013 IPA; strengthening media freedom; and, supporting participation in EU programmes.

The planned allocation per MIPD sector under the 2012 national programme is as follows:

<b>MIPD sector (2011-13)</b>	<b>Total IPA in EUR million</b>	<b>%</b>
Justice and Home Affairs	32.51	18.95%
Public administration reform	16.05	9.35%
Social development	24.10	14.04%
Private sector development	6.18	3.60%
Transport	-	-
Environment, climate change and energy	57.15	33.31%
Agriculture and rural development	15.60	9.09%
Other EU <i>acquis</i> and horizontal activities	20.01	11.66%
<b>TOTAL</b>	<b>171.60</b>	<b>100%</b>

## 2.3 DESCRIPTION

MIPD 2011-13 Sectors	IPA support (in EUR million)	Sector support / Project Description
<b>Justice and Home Affairs</b>	<b>32.51</b>	
<b>1. Support to the Rule of Law System</b>	<b>13.40</b>	<p><b>Project objectives:</b> The project aims to improve efficiency, effectiveness and quality of court proceedings; to support the overall reform of enforcement of court decisions; and to support in implementation of the new Criminal Procedure Code; as well as to improve conditions for investigative techniques and forensics.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through four separate components:</p> <p>Component 1: Judicial efficiency will be implemented through one service contract planned to be contracted in Q4 after the signature of the FA.</p> <p>Component 2: Effective enforcement of court decisions will be implemented through a Delegation agreement (indirect centralised management) with GIZ for an indicative amount of EUR 1.8 million in accordance to article 54 (2)c of the Financial Regulation. The foreseen timetable for contracting is Q1 after the signature of the FA.</p> <p>Component 3: Implementation of the new Criminal Procedure Code will be implemented through one service contract and one supply tender, planned to be contracted in Q4 after the signature of the FA.</p> <p>Component 4 Improving investigative techniques and forensics will be implemented through one works contract, planned to be contracted in Q2 after the signature of the FA.</p> <p><b>Contribution to MIPD priorities:</b> The project addresses the MIPD objectives to strengthen the independence, efficiency and accountability of the judiciary; to improve prevention and fight against corruption and organised crime, including trafficking in human beings; and to strengthen and implement the relevant legislative framework and improve alignment with European standards.</p>
<b>2. Police reform and migration management</b>	<b>3.91</b>	<p><b>Project objectives:</b> The project supports Ministry of Interior with a comprehensive Human Resources Management (HRM) reform and improves migration management through effective</p>



		<p>policies and coordination mechanisms.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through two separate components:</p> <p>Component 1: Police reform (one twinning for an indicative amount of EUR 1 million and one supply tender). The foreseen timetable for contracting is Q3 and Q8 respectively after the signature of the FA.</p> <p>Component 2: Migration management (one twinning for an indicative amount of EUR 1 million and one supply tender). The foreseen timetable is Q3 and Q6 respectively after the signature of the FA.</p> <p><b>Contribution to MIPD priorities:</b> The project addresses the MIPD objectives to strengthen and implement the relevant legislative framework and improve alignment with European standards as well as to strengthen migration management.</p>
<b>3. Support for improvement of the living conditions of forced migrants and closure of Collective Centres</b>	<b>15.2</b>	<p><b>Project objectives:</b> The project supports the Commissariat for Refugees the closure of all remaining collective centres by providing housing solutions for refugees, internally displaced persons (IDPs) and returnees under the Readmission Agreement as well as supports sustainable return of IDPs to Kosovo*.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through call for proposals for an indicative amount of EUR 14.2 million planned to be launched in Q4 and one service contract, planned to be contracted in Q4 after the signature of the FA.</p> <p><b>Contribution to MIPD priorities:</b> The project addresses the MIPD objectives to improve conditions for migrants, refugees and IDPs and will contribute to enabling a sustainable return to persons who are considering a return to their home of origin, as guaranteed by numerous human right instruments.</p>
<b>Public Administration Reform</b>	<b>16.05</b>	
<b>4. Support to Public Administration Reform</b>	<b>11.25</b>	<p><b>Objectives for sector support:</b> The comprehensive set of measures within this sector aim to facilitate implementation of key priorities in line with the public administration reform strategy both in central and local government level.</p> <p><b>Indicative implementation modalities:</b> The support in this sector will be implemented through</p>

\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

		<p>four measures:</p> <p>Measure 1 <i>Support for further development of the system for professional training of civil servants</i> will be implemented through one service contract, planned to be contracted in Q3 after the signature of the FA.</p> <p>Measure 2 <i>Support for further development of e-Government</i> will be implemented through one service contract, planned to be contracted in Q3 after the signature of the FA.</p> <p>Measure 3.1 <i>Strengthening of administrative capacities in area of local self-government</i> will be implemented through a contribution agreement (joint management) with the Council of Europe (EUR 1.8 million) in view of both its technical competence and the specific characteristics of the project, in accordance to article 53 (d) of the Financial Regulation. To be contracted in Q1 after the signature of the FA.</p> <p>Measure 3.2 <i>Support for further improvement of planning, financial capacities and service provision on the local level (Exchange 4)</i> will be implemented through a direct grant to the Standing Conference of Towns and Municipalities (EUR 1.3 million) in view of both its technical competence and the specific characteristics of the project, in accordance with the Article 168(1)(f) of the Implementing Rules to the Financing Regulation planned to be contracted in Q3 after the signature of the FA; and through call for proposals for an indicative amount of 4.65 million to be launched in Q6.</p> <p><b>Contribution to MIPD priorities:</b> The measures within this Sector Fiche address the objectives to improve efficiency, effectiveness, transparency, commitment to non-discrimination and accountability of the public administration at both central and local level; and to rationalise administrative resources.</p>
<p><b>5. Strengthening the Serbian Statistical System</b></p>	<p><b>4.80</b></p>	<p><b>Project objectives:</b> The project supports the Statistical Office of the Republic of Serbia to further upgrade the statistical system in line with the EU standards, especially by upgrading the ICT system, improving the system of producing National Accounts and developing a set of Sustainable Development Indicators.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through one service contract and one supply tender, planned to be contracted in Q3 and Q4 respectively after the signature of the FA.</p> <p><b>Contribution to MIPD priorities:</b> The project addresses the MIPD objective to further align the statistical system with the EU <i>acquis</i> and to further enhance coordination of statistical activities.</p>

<b>Social Development</b>	<b>24.1</b>	
<b>6. Support to Social Development</b>	<b>24.1</b>	<p><b>Objectives for sector support:</b> The comprehensive set of measures within this sector aim to promote further socio-economic development in Serbia based on higher levels of employment, a more educated and employable labour force and enhanced social inclusion of people from disadvantaged groups, with a particular emphasis on the Roma.</p> <p><b>Indicative implementation modalities:</b> The support in this sector will be implemented through five measures:</p> <p>Measure 1 <i>Increasing the effectiveness of employment policies towards disadvantaged groups</i> will be implemented through a direct grant to the National Employment Service (EUR 6.5 million) in accordance with the Article 168(1)(c) of the Implementing Rules to the Financing Regulation (<i>de jure</i> monopoly); and one service contract, planned to be contracted in Q4 and Q2 respectively after the signature of the FA.</p> <p>Measure 2 <i>Strengthening the capacity of government and social partners to use social dialogue as a tool for the development and implementation of social and economic reforms</i> will be implemented through one twinning for an indicative amount of EUR 1.5 million, planned to be contracted in Q3 after the signature of the FA.</p> <p>Measure 3 <i>Increasing capacity of Serbian VET system in improving the quality, coverage and relevance of the vocational education and training delivered</i> will be implemented through one service contract and one supply tender, planned to be contracted in Q2 and Q2 respectively after the signature of the FA.</p> <p>Measure 4 <i>Support to social inclusion of the most vulnerable groups, including Roma through more diversified community-based social services</i> will be implemented through one service contract, planned to be contracted in Q2 after the signature of the FA and through call for proposals for an indicative amount of EUR 4.5 million planned to be launched in Q4.</p> <p>Measure 5 <i>Implementation of the Strategy for Improvement of the Status of Roma in the Republic of Serbia</i> will be implemented through a contribution agreement with the OSCE (EUR 4.8 million) in view of both its technical competence and the specific characteristics of the project, in accordance to article 53 (d) of the Financial Regulation. This measure is planned to be contracted in Q1 after the signature of the FA</p>

		<b>Contribution to MIPD priorities:</b> The measures within this Sector Fiche address the objectives to align social policies in Serbia with EU standards; to support Serbia's efforts to adhere to the targets of Europe 2020 in employment, poverty and social exclusion; to improve enforcement of the education and employment policy, notably for the youth; and to further prevent social exclusion of vulnerable groups and minorities, notably the Roma.
<b>Private Sector Development</b>	<b>6.18</b>	
<b>7. Support to SME development</b>	<b>6.18</b>	<p><b>Project objectives:</b> The project aims to increase productivity and competitiveness of the Serbian SME sector by providing tailor-made consultancy services and enhancing the capacity of local advisory service providers as well as improve e-business environment by strengthening the legal and institutional framework.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through two separate components:</p> <p>Component 1: Business Advisory Services for SMEs through a contribution agreement (joint management) with the EBRD (EUR 3.481 million) in view of both its technical competence and the specific characteristics of the project, in accordance to article 53 (d) of the Financial Regulation, planned to be contracted in Q1 after the signature of the FA</p> <p>Component 2: Improving e-business environment through one service contract. The foreseen timetable for contracting is Q3 after signature of the FA.</p> <p><b>Contribution to MIPD priorities:</b> The project addresses the MIPD objectives to improve the regulatory and administrative environment for doing business in Serbia, and to develop public services and information businesses as well as to increase the competitiveness of Serbian enterprises and industry in the EU market.</p>
<b>Environment, Climate Change and Energy</b>	<b>57.15</b>	
<b>8. Support to Environmental Protection and Climate Change</b>	<b>55.15</b>	<b>Objectives for sector support:</b> The comprehensive set of measures within this sector aim to support Serbia to align with the EU environmental and climate <i>acquis</i> , to contribute to Europe 2020 targets in energy and climate change as well as to improve environmental standards and infrastructure in air and waste management.

	<p><b>Indicative implementation modalities:</b> The support in this sector will be implemented through five measures:</p> <p>Measure 1.1 <i>Capacity-building to implement acquis standards and conventions in nature protection</i> will be implemented through one service or twinning for an indicative amount of EUR 1.5 million and one supply tender. The foreseen timetable for contracting is Q4 after the signature of the FA.</p> <p>Measure 1.2 <i>Creation of a monitoring, reporting and verifying system for the successful implementation of the EU Emissions Trading Scheme</i> will be implemented through one twinning for an indicative amount of EUR 1 million. The foreseen timetable for contracting is Q4 after signature of the FA.</p> <p>Measure 1.3 <i>Establishment of an integrated environmental monitoring system for air and water quality</i> will be implemented through one service and one supply tender. The foreseen timetable for contracting is Q4 and Q8 respectively.</p> <p>Measure 2.1 <i>Development of waste management infrastructure</i> will be achieved through three works contracts, two supply tenders and two service contracts. The foreseen timetable for contracting is Q5 and Q7 respectively.</p> <p>Measure 2.2 <i>Improvement of air quality through reduction in dust emissions from thermal power plants (TPPs)</i> will be delivered through one works contract and one service contract planned to be contracted in Q3.</p> <p><b>Contribution to MIPD priorities:</b> The measures within this Sector Fiche address the objectives to improve environmental standards in air and waste management to contribute to EU 2020 targets in energy and climate change and to improve the environmental infrastructure.</p>
<p><b>9. Support to improvement of energy efficiency</b></p>	<p><b>2.0</b></p> <p><b>Project objectives:</b> The project supports the ministry in charge of infrastructures and energy with preparation of a comprehensive survey on energy consumption in Serbia and the second energy efficiency action plan.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through one service contract, planned to be contracted in Q3 after the signature of the FA.</p> <p><b>Contribution to MIPD priorities:</b> The project addresses the MIPD objectives to support Serbia aligning with the EU environmental and climate <i>acquis</i> and the requirements of the Energy</p>

		Community Treaty, to reform energy policy and increase competition in the sector, as well as to contribute to Europe 2020 targets in energy and climate change.
<b>Agriculture and rural development</b>	<b>15.6</b>	
<b>10. Support to agriculture and rural development</b>	<b>15.6</b>	<p><b>Objectives for sector support:</b> The comprehensive set of measures within this sector aim to support Serbia to further strengthen the food safety and veterinary fields with a particular focus on the national system of laboratories for food chain control, animal welfare, control of diseases, and controls at external borders as well as to improve capacity for policy formulation and implementation with respect to rural development.</p> <p><b>Indicative implementation modalities:</b> The support in this sector will be implemented through five measures:</p> <p>Measure 1.1 <i>Capacity building for upgrading of food establishments and for animal by-product management</i> will be implemented through one twinning for an indicative amount of EUR 2 million, planned to be contracted in Q3 after the signature of the FA.</p> <p>Measure 1.2 <i>Implementation of sustainable use of plant protection products and establishing systems for regular technical inspection of pesticide application equipment already in use</i> will be delivered through one twinning for an indicative amount of EUR 1.3 million and one supply tender, planned to be contracted in Q3 and Q4 respectively.</p> <p>Measure 1.3 <i>Continuation of support for the control/eradication of classical swine fever and rabies in the Republic of Serbia</i> will be implemented through three supply tenders and one service contract. The foreseen timetable for contracting is in Q3.</p> <p>Measure 1.4 <i>Development of a sustainable inspection services information system for the Ministry of Agriculture, Trade, Forestry and Water Management (MATFWM)</i> will be implemented through one service contract, planned to be contracted in Q3.</p> <p>Measure 2 <i>Institutional capacity building and support to agriculture and rural development in Serbia for IPARD management</i> will be delivered through one twinning for an indicative amount of EUR 1.5 million and one service contract, planned to be contracted in Q3.</p> <p><b>Contribution to MIPD priorities:</b> The measures within this Sector Fiche address the objectives to further strengthen the food safety and veterinary sectors and to improve capacities within state institutions for policy formulation and implementation with respect to agriculture and rural</p>

		development as well as to develop implementing structures within the management and control system under Component V.
<b>Other EU acquis and horizontal activities</b>	<b>20.01</b>	
<b>11. Strengthening the European Integration Process and management of post 2013 IPA</b>	<b>11.84</b>	<p><b>Project objectives:</b> To strengthen technical and administrative capacity of the Serbian administration in relation to the European integration process; to support measures related to urgent political needs that may arise from the Belgrade-Pristina dialogue.</p> <p><b>Indicative implementation modalities:</b> The project will be partly implemented through one service contract (related to decentralised management of EU assistance) for an amount of EUR 1.5 million . 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 and depending on the needs related to EU integration process and the Belgrade-Pristina dialogue, a number of twinning/twinning light/service/framework/grant contracts as well as supply contracts or direct agreements (limited to the Belgrade-Pristina dialogue). The project will include in particular a direct grant to the Geodetic authority for an indicative amount of EUR 3 million in order to support the digitalisation of cadastral information in accordance with the Article 168(1)(c) of the Implementing Rules to the Financing Regulation (de jure monopoly), planned to be contracted in Q1 after the signature of the FA</p>
<b>12. Strengthening Media Freedom</b>	<b>3.0</b>	<p><b>Project objectives:</b> The project aims to strengthen media freedom by supporting the ministry in charge of culture, media and information society to implement the media strategy and by supporting independence and professionalism of journalists and other media professionals.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through one service contract and call for proposals for an indicative amount of EUR 1.8 million. The foreseen timetable for contracting is Q4 and Q7 respectively after the signature of the FA.</p>
<b>13. Support for participation in EU programmes</b>	<b>4.17</b>	<p><b>Project objectives:</b> To support Serbian participation in EU programmes by co-financing the costs of the "entry-tickets" which Serbia has to pay in areas such as education, health, science, culture, employment, entrepreneurship and innovation, taxation and custom systems.</p> <p><b>Indicative implementation modalities:</b> The activity will be implemented as a reimbursement of a part of the payment for the entry ticket after the entry ticket has been paid, on the basis of a specific agreement with the EU. Co-financing is EUR 2.8 million from national authorities.</p>
<b>14. Participation to JASPERS</b>	<b>1.0</b>	<b>Project objectives:</b> The project aims to support effective and efficient management and absorption

		<p>of EU pre-accession funds.</p> <p><b>Indicative implementation modalities:</b> The project on Joint Assistance to Support Projects in European Regions (JASPERS) (EUR 1,000,000) will be implemented through a direct grant to the European Investment Bank, in accordance with Article 168(1) f of the Implementing Rules of the Financial Regulation.</p>
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## **2.4 CROSS-CUTTING ISSUES**

### ***Civil society***

SEIO established a consultation mechanism with civil society organisations (CSO) on programming of IPA and other donor assistance on sectoral basis in 2010. Sector Civil Society Organisations (SECO), which are representatives of their associated networks, participated in sectoral working group meetings composed of line ministries and other state bodies and provided comments on draft IPA 2012 Fiches.

### ***Equal opportunity***

Participation of men and women will be ensured in all aspects of the programme implementation. Specific attention will be paid to addressing women's needs and interest throughout projects and organizing activities making it easier for them to participate. Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

### ***Minority and vulnerable groups***

Particular attention will be paid to the protection and inclusion of minorities and vulnerable groups in all aspects of the programme. Minorities and vulnerable groups, in particular Roma, will be supported through the Social Development activities.

### ***Environment***

Special attention to EU environmental standards will be ensured in all aspects of the programme implementation in particular for the relevant infrastructure projects. Disaster resilience and risk prevention and management should be also integrated in the planning, preparation and implementation of projects.

## **2.5 ASSUMPTIONS AND PRE-CONDITIONS**

The government formally endorses the projects described in the Sector and Project Fiches, including the identified parallel co-financing commitments.

The government will ensure that beneficiary institutions have adequate financial, material and human resources for implementation of the programme. Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and shall formally endorse the documents before tendering. They shall participate in the selection committees for procurement and grants as non-voting members. They shall also organise, select and appoint members (taking account of gender and ethnic balance) of working groups, steering, monitoring and coordination committees, and seminars, as required by the project activities.

The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The government shall further ensure

long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.

Further contract specific conditionalities are described in the relevant Sector and Project Fiches. The Fiches are formally approved by exchange of letters between the European Commission and the government of Serbia. In the event the contract specific conditionalities are not met, suspension or cancellation of the foreseen project or specific activities will be considered by the Contracting Authority.

## **2.6 ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS**

The Serbian authorities have adopted a Roadmap for Decentralised Management of EU funds in January 2008. It has been revised on several occasions based on progress with preparations for decentralised management (last updated in October 2011).

Stage II gap plugging was completed for Components I-IV in December 2011 and Stage III compliance assessment in May 2012. Following the findings of the Compliance Assessment Report, Serbian authorities submitted the accreditation package to the European Commission in June 2012.

In terms of preparation for IPA Component V, the relevant authorities are receiving support through twinning and technical assistance. The Pre-accreditation review which is to be performed by an external auditor financed by bilateral assistance is foreseen for autumn 2012.

## **3 BUDGET**

### 3.1 INDICATIVE BUDGET TABLE (CENTRALISED MANAGEMENT)

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		National contribution <sup>(3)</sup>		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% (1)	EUR (c)	% (1)	EUR (d)=(e)+(f)	EUR (e)	% (1)	EUR (f)	% (1)	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% (2)
<b>Justice and Home Affairs</b>	15,300,000	15,100,000	99%	200,000	1%	19,560,000	17,410,000	89%	2,150,000	11%	34,860,000	32,510,000	19%
<i>1. Support to the Rule of Law System</i>	12,300,000	12,100,000	98%	200,000	2%	1,300,000	1,300,000	100%	0	0%	13,600,000	13,400,000	
<i>2. Police reform and migration management</i>	2,000,000	2,000,000	100%	0	0%	2,110,000	1,910,000	91%	200,000	9%	4,110,000	3,910,000	
<i>3. Support for improvement of living conditions of forced migrants and closure of collective centres</i>	1,000,000	1,000,000	100%	0	0%	16,150,000	14,200,000	88%	1,950,000	12%	17,150,000	15,200,000	
<b>Public administration reform</b>	15,715,000	15,050,000	96%	665,000	4%	1,000,000	1,000,000	100%	0	0%	16,715,000	16,050,000	9,4%
<i>4. Support to public administration reform</i>	11,915,000	11,250,000	94%	665,000	6%	0	0	0%	0	0%	11,915,000	11,250,000	
<i>5. Strengthening the Serbian statistical system</i>	3,800,000	3,800,000	100%	0	0%	1,000,000	1,000,000	100%	0	0%	4,800,000	4,800,000	

<b>Social development</b>	10,300,000	10,300,000	100 %	0	0%	17,900,000	13,800,000	77%	4,100,000	23%	28,200,000	24,100,000	14%
<i>6. Support to social development</i>	10,300,000	10,300,000	100 %	0	0%	17,900,000	13,800,000	77%	4,100,000	23%	28,200,000	24,100,000	
<b>Private sector development</b>	7,865,000	6,181,000	79%	1,684,000	21 %	0	0	0%	0	0%	7,865,000	6,181,000	3,6%
<i>7. Support to SME development</i>	7,865,000	6,181,000	79%	1,684,000	21 %	0	0	0%	0	0%	7,865,000	6,181,000	
<b>Environment, Climate change and Energy</b>	8,050,000	8,050,000	100 %	0	0%	63,200,000	49,100,000	78%	14,100,000	22%	71,250,000	57,150,000	33%
<i>8. Support to environmental protection and climate change</i>	6,050,000	6,050,000	100 %	0	0%	63,200,000	49,100,000	78%	14,100,000	22%	69,250,000	55,150,000	
<i>9. Support to improvement of energy efficiency</i>	2,000,000	2,000,000	100 %	0	0%	0	0	0%	0	0%	2,000,000	2,000,000	
<b>Agriculture and rural development</b>	8,300,000	8,300,000	100 %	0	0%	8,800,000	7,300,000	83%	1,500,000	17%	17,100,000	15,600,000	9%
<i>10. Support to agriculture and rural development</i>	8,300,000	8,300,000	100 %	0	0%	8,800,000	7,300,000	83%	1,500,000	17%	17,100,000	15,600,000	
<b>Other EU acquis and horizontal activities</b>	23,068,242	20,009,995	87%	3,058,247	13 %	0	0	0%	0	0%	23,068,242	20,009,995	12%
<i>11. Strengthening the European integration process and management of IPA II</i>	11,840,000	11,840,000	100 %	0	0%	0	0	0%	0	0%	11,840,000	11,840,000	

<i>12. Strengthening Media freedom</i>	3,200,000	3,000,000	94%	200,000	6%	0	0	0%	0	0%	3,200,000	3,000,000	
<i>13. Support for participation in EU programmes</i>	7,028,242	4,169,995	59%	2,858,247	%	0	0	0%	0	0%	7,028,242	4,169,995	
<i>14. Participation to JASPERS</i>	1,000,000	1,000,000	100%	0	0%	0	0	0%	0	0%	1,000,000	1,000,000	
<b>TOTAL</b>	88,598,242	82,990,995	94%	5,607,247	6%	110,460,000	88,610,000	80%	21,850,000	20%	199,058,242	<b>171,600,995</b>	<b>100%</b>

Amounts net of VAT

- (1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).
- (2) Sector or Project rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the sector or with reference to the total IPA EU contribution of the entire FP.
- (3) Contribution (public and private national and/or international contribution) provided by national counterparts

### **3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME**

The IPA EU contribution, which represents 86.21% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used.

Co-financing is not assured for all the sectors due to difficult economic situation that Serbia is facing. However, specific co-financing efforts have been ensured for the investment projects.

Through the different projects there is a national co-financing foreseen per sector as follows:

- Justice and Home affairs: 7%
- Public Administration reform: 4%
- Private Sector Development: 21%
- Social Development: 15%
- Environment, Climate Change and Energy: 20%
- Agriculture and Rural Development: 9%

In the case of grants, final grant beneficiaries should contribute with a minimum of 10 % of the eligible expenditure of the project.

Where Serbian authorities do not carry out financial or other commitments made in the context of this programme and the Sector/Project Fiches, and as a consequence realisation of envisaged results becomes jeopardized, the national authorities will bear the resulting additional costs for the sector support/ projects. Such cases will be determined in agreement between the Commission and NIPAC.

## **4 IMPLEMENTATION**

### **4.1 MANAGEMENT MODES AND IMPLEMENTATION MODALITIES**

The programme will be implemented on a direct centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation and the corresponding provisions of the Implementing Rules.

The following part of the programme will be implemented by indirect centralised management:

- Project 1 – Component 2 with GIZ, in accordance with Article 54(2)c of the Financial Regulation.

The following part of the programme will be implemented by the European Commission by joint management:

- Sector Fiche 4 – Measure 3.2 with Council of Europe, in accordance with Article 53d of the Financial Regulation.
- Sector Fiche 6 – Measure 5 with OSCE, in accordance with Article 53d of the Financial Regulation.
- Project 7 – Component 1 with EBRD, in accordance with Article 53d of 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 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 DEVCO website at the date of the initiation of the procurement or grant award procedure. The essential selection and award criteria for the award of grants are laid down in the Practical Guide. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants. They will help evaluate the applicants' financial and operational capacity to carry out the proposed action (selection criteria) and the quality of the action proposed in the application as regards its relevance to the set of objectives and priorities set out in the Calls for proposals, its effectiveness and feasibility, sustainability and budget cost-effectiveness (award criteria).

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the international organisation implementing such programme/activity.

#### **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 Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the website of DG ELARG at the following address:

[http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)

The twinning manual (annex C8) indicates the substantial selection criteria, which refer to operational capacity of the applicant Member State administration, the relevance of the proposal in relation to the objectives set out in the Twinning Project Fiche, the methodology of the activities developed in the proposal and the overall sustainability of the proposal.

#### **4.4 ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION**

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

## **5 MONITORING AND EVALUATION**

### **5.1 MONITORING**

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

For the parts of the programme implemented by joint management with an international organisation, 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/or, ex post evaluations in accordance with Articles 57 and 82 of IPA 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 evaluations 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 EU Delegation in Serbia.

In order to ensure the efficient protection of the financial interests of the European Union, 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) 2185/96<sup>2</sup>.

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/her 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

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<sup>2</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities. OJ L 292; 15.11.1996; p. 2



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.

## **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 nature<sup>3</sup>, 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.

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<sup>3</sup> 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.