to the COMMISSION IMPLEMENTING DECISION adopting a special measure on COVID-19 impact mitigation in Bosnia and Herzegovina for 2020

1. **Identification**

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Bosnia and Herzegovina</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic act:</strong></td>
<td>Instrument for Pre-accession Assistance (IPA-II)</td>
</tr>
<tr>
<td><strong>CRIS/ABAC Commitment references and budget line:</strong></td>
<td>2020/042-899 EUR 5 million from 22.02 01 01</td>
</tr>
<tr>
<td></td>
<td>2020/042-900 EUR 18 million from 22.02 01 02</td>
</tr>
<tr>
<td><strong>Total cost:</strong></td>
<td>EU 23 million</td>
</tr>
<tr>
<td><strong>EU Contribution:</strong></td>
<td>EU 23 million</td>
</tr>
<tr>
<td><strong>Method of implementation</strong></td>
<td>Indirect management with:</td>
</tr>
<tr>
<td></td>
<td>- United Nations Development Programme (UNDP) <em>for action 1</em></td>
</tr>
<tr>
<td></td>
<td>- The entities to be selected in accordance with the criteria set out in section 2.2(3)(a) <em>for action 2</em></td>
</tr>
<tr>
<td><strong>Final date for contracting, including the conclusion of delegation/contribution agreements</strong></td>
<td>at the latest by 31 December 2021</td>
</tr>
<tr>
<td><strong>Indicative operational implementation period</strong></td>
<td>Thirty-six months from the adoption of this Financing Decision.</td>
</tr>
</tbody>
</table>
2. DESCRIPTION OF THE SPECIAL MEASURE

2.1 SECTORS SELECTED UNDER THIS SPECIAL MEASURE

- Rationale for the selection of the specific sectors under this measure:

The COVID-19 pandemic is having a tragic impact on human life and a massive disruptive effect on the societies and economies of the Western Balkans, which are faced with unprecedented burdens on their health and social protection systems. Thousands of citizens lost their life, while hundreds of thousands lost their jobs or are at risk of losing them. Temporary government support measures (unemployment benefits, deferrals/waivers to tax and social security contributions, etc.) have an important fiscal impact.

Containment and mitigation measures were necessary to limit the spread of the virus and save lives. However, they come at a great cost, as shutdowns imply reducing economic activity. These human and economic costs are likely to be larger for the Western Balkans, which generally have lower health care capacity, small overall economic resilience, larger informal sectors, less diversified financial markets, and a more limited fiscal space.

Economic policy should therefore focus on providing swift relief to affected businesses in the short term and on stimulating recovery in the medium term.

The EU’s response to the COVID-19 pandemic, laid down in the Joint Communication on the Global EU response to COVID-19\(^1\), follows the Team Europe approach, drawing from contributions from all EU institutions and combining the resources from EU member states and financial institutions. The EU and its Member States will contribute EUR 15.64 billion to a Team Europe package to support partner countries in their efforts to address the corona crisis in a comprehensive manner. This contribution builds on existing instruments and facilities that can deliver fast and tangible results.

The EU’s action focuses on addressing the immediate health crisis and resulting humanitarian needs, strengthening partner countries’ health, water and sanitation systems and their research and preparedness capacities to deal with the pandemic, as well as mitigating the socioeconomic impact. EU planned interventions in the Western Balkans were laid down by the European Commission in its Communication on Support to the Western Balkans in tackling COVID-19\(^2\) and the post-pandemic recovery, adopted on 29 April 2020.

This Special Measure has been developed in the context of the COVID-19 pandemic. An important part of the EU’s support presented in this Special Measure will help the private sector address the challenges they face due to the economic lock-down by mobilising EU-funded grant schemes. The other part will finance the purchase of medical equipment and other medical items. The measure contributes to the implementation of the EUR 80.5 million package mobilised by the European Commission for Bosnia and Herzegovina, in close cooperation with the International Financial Institutions, as outlined in the Communication on Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery.

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\(^1\) JOIN(2020) 11 final, 08.4.2020
\(^2\) COM(2020) 315 final, 29.4.2020
Overview of past and on-going EU, other donors’ and/or IPA II beneficiary's actions in the relevant sectors:

The EU supports international cooperation and multilateral solutions to the COVID-19 crisis and took a leadership role in the coordination efforts undertaken by the United Nations, the G20, the G7, the International Labour Organization (ILO) and the international financial institutions. The EU will put its full weight behind the UN Secretary General’s efforts to coordinate a UN-wide response.

The EU’s response follows a Team Europe approach. It draws contributions from all EU institutions and combines the resources mobilised by EU Member States and financial institutions, in particular the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). Working together, Team Europe can muster a critical mass that few others can match.

To support the Western Balkan partners in tackling COVID-19 crisis, the EU has mobilised a package of over EUR 3.3 billion. The package includes reallocations from the Instrument for Pre-accession Assistance of EUR 882 million for the entire region, out of which EUR 80.5 million for Bosnia and Herzegovina; a EUR 1.7 billion package of assistance from the European Investment Bank and EUR 750 million of Macro-Financial Assistance, out of which 250 million for Bosnia and Herzegovina.

As a result of COVID-19 outbreak, the Western Balkans have also activated the Union Civil Protection Mechanism (UCPM) and have already started to receive assistance from the UCPM Member States and Participating States.

In a rapidly changing environment, with high levels of uncertainty, close cooperation between all partners is essential. During the implementation of this Special Measure, coordination of the measures taken and the funds allocated to Bosnia and Herzegovina by all donors and financial institutions will be of outermost importance in order to obtain the most beneficial results for the citizens and the economy of the country.

List of Actions foreseen under the selected Sectors/Priorities:

<table>
<thead>
<tr>
<th>Sector/Priority/Action</th>
<th>Direct management</th>
<th>Indirect management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>With entrusted entity</td>
</tr>
<tr>
<td><strong>Democracy and governance</strong></td>
<td></td>
<td>EUR 5 000 000</td>
</tr>
<tr>
<td>COVID-19 emergency medical support</td>
<td></td>
<td>EUR 5 000 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>EUR 5 000 000</td>
</tr>
<tr>
<td><strong>Competitiveness, innovation, agriculture and rural development</strong></td>
<td></td>
<td>EUR 18 000 000</td>
</tr>
<tr>
<td>COVID-19 economic impact mitigation</td>
<td></td>
<td>EUR 18 000 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>EUR 18 000 000</td>
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</tbody>
</table>
2.2 DESCRIPTION AND IMPLEMENTATION OF THE SPECIAL MEASURE

The envisaged assistance to Bosnia and Herzegovina is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Democracy and governance</th>
<th>EUR 5 000 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION 1</td>
<td>COVID-19 emergency medical support</td>
<td>EUR 5 000 000</td>
</tr>
</tbody>
</table>

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

The overall objective of this action is to support Bosnia and Herzegovina in managing the medical crisis generated by the COVID-19 pandemic.

The specific objective of this action is: to provide Bosnia and Herzegovina with emergency medical equipment and other medical items, in view of managing the medical crisis generated by the COVID-19 pandemic.

Expected result: Emergency medical equipment and other medical items delivered to the Bosnia and Herzegovina authorities.

Key performance indicator:
Number of adequate medical equipment and number of medical items delivered to Bosnia and Herzegovina authorities, to help them manage the COVID-19 pandemic.

(2) Assumptions and conditions

Conditions:

- There will be no major security risks (e.g.: a second wave of COVID-19 pandemic) that will further affect/lock-down economic activity.

- European Union Delegation in Bosnia and Herzegovina and the entrusted entities will ensure close coordination with other relevant donors or other International Financial Institutions providing emergency medical support for the management of the COVID-19 medical crisis.

Assumptions:

The necessary medical equipment is available on the market and is accessible to the entrusted entity.

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

³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
(3) Implementation modalities

(3)(a) Indirect management with United Nations Development Programme

This action may be implemented in indirect management with the United Nations Development Programme (UNDP). This implementation entails the delivery of urgently needed medical equipment and other medical items necessary to the authorities of Bosnia and Herzegovina for the management of the COVID-19 medical crisis.

The envisaged entity has been selected using the following criteria:

- presence in Bosnia and Herzegovina and in other Western Balkan countries. Sufficient administrative capacity.
- capacity to respond quickly in crisis situations.
- proven track record and expertise in medical field related programmes in Bosnia and Herzegovina, as well as in other Western Balkan countries.
- experience with all tasks that are required under the special measure: logistical support, procurement, managing large and complex operations.
- successfully completed the EU 'pillar assessment'.

In case the envisaged entity would need to be replaced, the Commission’s services may select a replacement entity using the same criteria.

The Commission authorises that the costs incurred by the entrusted entity may be recognised as eligible as of 24 March 2020, since the country authorities requested financial support from the Commission from this date in order to urgently purchase medical equipment and other medical items in order to increase their capacity to manage the medical crisis generated by the COVID-19 pandemic.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Competitiveness, innovation, agriculture and rural development</th>
<th>ACTION 2</th>
<th>COVID-19 economic impact mitigation</th>
<th>EUR 18 000 000</th>
<th>EUR 18 000 000</th>
</tr>
</thead>
</table>
(1) Description of the Action, objective, expected results and key performance indicators

The **overall objective** of this action is to support Bosnia and Herzegovina in mitigating the economic effects generated by the COVID-19 pandemic.

The **specific objectives** of this action are:

- To mitigate the impact of the COVID-19 crisis on businesses of agri-food and tourism operators, Micro, Small and Medium Enterprises (MSMEs), entrepreneurs and farmers and ensure business continuity.
- To support the development of start-ups by unemployed, women or persons which appertain to vulnerable groups (e.g: minorities).

**Expected results:**

1. Continuation of business activities of MSMEs, entrepreneurs and farmers affected by the COVID-19 economic lock-down crisis;
2. Product and business innovation and reorganization / localization of the supply chains to maintain the functioning and increase competitiveness of MSMEs, agri-food and tourism operators, entrepreneurs and farmers;
3. To support the development of start-ups by unemployed, women or persons which appertain to vulnerable groups (e.g.: minorities);
4. Creation of a financial and legal advice Help Desk for the grant beneficiaries of the present special measure.

**Key performance indicators:**

- Number of MSMEs, agri-food and tourism operators, entrepreneurs and farmers which re-launched their business activities with EU financial support;
- Number of MSMEs, agri-food and tourism operators, entrepreneurs and farmers which implemented innovative solutions to improve their businesses;
- Number of innovative start-ups created by unemployed persons or which appertain to vulnerable groups;
- Number of MSMEs, agri-food and tourism operators, entrepreneurs and farmers who received support from the Help Desk.

(2) Assumptions and conditions

**Conditions:**

- There will be no major security risks (e.g.: a second wave of COVID-19 pandemic) that will further affect/lock-down economic activity.
- The entrusted entity and its partners will ensure effective coordination and wide publicity of the action so that they reach as many as possible potential beneficiaries.
- European Union Delegation in Bosnia and Herzegovina and the entrusted entities will ensure close coordination with other relevant stakeholders active in the MSMEs sphere, such as business organisations, donors or other International Financial Institutions.
**Assumptions:**

The main assumptions underlying the implementation of action relate to the interest of the economic operators and entrepreneurs in business continuation/re-launch and interest of persons who are unemployed or appertain to vulnerable group in start-ups and their awareness about their needs and the opportunities offered by the EU.

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

**(3) Implementation modalities**

**(3)(a) Indirect management by entrusted entities**

This action may be implemented in indirect management with entities which will be selected by the Commission services using the following criteria:

- presence in Bosnia and Herzegovina and in other Western Balkan countries. Sufficient administrative capacity;
- experience in managing grant schemes in Bosnia and Herzegovina;
- experience with all tasks that are required under the special measure: logistical support, procurement, managing large and complex operations;
- experience in providing financial and legal services in Bosnia and Herzegovina in the field of company law;
- successfully completed the EU 'pillar assessment'.

The implementation by this entity entails the contribution of the selected entity to the results of this action as presented in point 1 above.

In case the envisaged entity would need to be replaced, the Commission’s services may select a replacement entity using the same criteria.

**(4) Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.
### 3 Budget

#### 3.1 Indicative Budget Table – Special Measure on COVID-19 Impact Mitigation in Bosnia and Herzegovina

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>01: Democracy and Governance</th>
<th>5 000 000</th>
<th>5 000 000</th>
<th>5 000 000</th>
<th>5 000 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1: COVID-19 emergency medical support</td>
<td>5 000 000</td>
<td>5 000 000</td>
<td>5 000 000</td>
<td>5 000 000</td>
<td></td>
</tr>
<tr>
<td><strong>Objective 2</strong></td>
<td>06: Competitiveness and innovation</td>
<td>18 000 000</td>
<td>18 000 000</td>
<td>18 000 000</td>
<td>18 000 000</td>
</tr>
<tr>
<td>Action 2: COVID-19 economic impact mitigation</td>
<td>18 000 000</td>
<td>18 000 000</td>
<td>18 000 000</td>
<td>18 000 000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>23 000 000</td>
<td>23 000 000</td>
<td>23 000 000</td>
<td>23 000 000</td>
<td></td>
</tr>
</tbody>
</table>
4 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.

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 the European Commission (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 Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

5 EVALUATION

The financing of the evaluation shall be covered by another financing decision.

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.