



Brussels, 25.6.2020
C(2020) 4356 final

COMMISSION IMPLEMENTING DECISION

of 25.6.2020

**adopting a Multi-country Action Programme for the year 2020 – part 1 under the
Instrument for Pre-accession Assistance (IPA II)**

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adopting a Multi-country Action Programme for the year 2020 – part 1 under the Instrument for Pre-accession Assistance (IPA II)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁽¹⁾, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures of the implementation of the Union's instruments for financing external action⁽²⁾, and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the Multi-country Action Programme for the year 2020 – part 1 under the Instrument for Pre-accession Assistance (IPA II)⁽³⁾, it is necessary to adopt a financing decision, which constitutes the annual work programme, for 2020. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU⁽⁴⁾.
- (3) Regulation (EU) No 231/2014 lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (4) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.

⁽¹⁾ OJ L 193, 30.7.2018, p.1.

⁽²⁾ OJ L 77, 15.3.2014, p.95

⁽³⁾ Regulation (EU) No 231/2014 of the European Parliament and the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (OJ L 77, 15.03.2014, p. 11).

⁽⁴⁾ www.santionsmap.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.

- (5) The Commission adopted a Multi-country Indicative Strategy Paper for the period 2014-2020 on 30 June 2014 which provides indicative allocations for the priorities for multi-country pre-accession assistance.⁽⁵⁾
- (6) In accordance with Article 6(4) of Regulation (EU) No 231/2014 the Indicative Strategy Paper has been reviewed and amended on 31 May 2018⁽⁶⁾.
- (7) Considering the proposals for action submitted by the beneficiaries concerned, the Multi-country Action Programme for the year 2020 - part 1 aims at providing assistance for actions in the following priorities: (i) Horizontal support to sector policies and reforms; (ii) Regional structures and networks; (iii) Regional investment support.
- (8) It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046.
- (9) Pursuant to Article 4(7) of Regulation (EU) 236/2014, indirect management is to be used for the implementation of the programme.
- (10) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046. To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046.
- (11) As a member of the Transport Community Treaty with South East European parties, the European Union should make its 2021 subscription to the Transport Community Secretariat under IPA II, in accordance with Article 239 of Regulation (EU, Euratom) 2018/1046.
- (12) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (13) In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.
- (14) The action programme provided for by this Decision is in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014,

HAS DECIDED AS FOLLOWS:

Article 1

The programme

The annual financing decision, constituting the Multi-country Action Programme for the year 2020 – part 1 under the Instrument for Pre-accession Assistance (IPA II), as set out in the Annex, is adopted.

Article 2

Union contribution

⁽⁵⁾ Commission Implementing Decision C(2014) 4293 of 30.06.2014.

⁽⁶⁾ Commission Implementing Decision C (2018) 3442 of 31.03.2018.

The maximum Union contribution for the implementation of the programme referred to in Article 1 is set at EUR 140 240 000 and shall be financed from the appropriations entered in the budget line 22.02.04.01 of the general budget of the Union.

The appropriations provided for in the first sub-paragraph may also cover interest due for late payment.

Article 3

Methods of implementation and entrusted entities or persons

The implementation of the actions carried out by way of indirect management, as set out in the Annex, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in the Annex.

Article 4

Flexibility clause

The following changes shall not be considered substantial, within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, provided that they do not significantly affect the nature and objectives of the actions:

- (a) Increases⁽⁷⁾ or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Article 5

Grants

Grants may be awarded without a call for proposal pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046 to the bodies referred to in the Annex.

Done at Brussels, 25.6.2020

For the Commission

Olivér VARHELYI

Member of the Commission

⁽⁷⁾ These changes can come from external assigned revenue made available after the adoption of the financing decision



Brussels, 29.6.2020
C(2020) 4480 final

CORRIGENDUM

of 29.6.2020

to Commission Implementing Decision C(2020) 4356 final of 25.6.2020 adopting a Multi-country Action Programme for the year 2020 – part 1 under the Instrument for Pre-accession Assistance (IPA II)

The Annex to Commission Implementing Decision C(2020) 4356 final of 25.6.2020 adopting a Multi-country Action Programme for the year 2020 – part 1 under the Instrument for Pre-accession Assistance (IPA II) is replaced by the following text:

EN

ANNEX

**to Commission Implementing Decision
adopting a Multi-country Action Programme for the year 2020 – part 1 under the
Instrument for Pre-accession Assistance (IPA II)**

1 IDENTIFICATION

Beneficiary	Western Balkans (Republic of Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Republic of North Macedonia, and Republic of Serbia) and Republic of Turkey
Basic act: CRIS/ABAC Commitment references and budget line:	Instrument for Pre-accession Assistance (IPA-II) 2020/041-818; MCP 2020 - part Directorate-General for Neighbourhood and Enlargement Negotiations 2020/NEAR>MOVE; MCP 2020 - part Directorate-General for Mobility and Transport 2020/NEAR>EAC; MCP 2020 - part Directorate-General for Education, Youth, Sport and Culture 2020/NEAR>EACEA; MCP 2020 - part Education, Audiovisual and Culture Executive Agency (EACEA) 22.020401 – Multi-country programmes, regional integration and territorial cooperation
Total cost:	EUR 142 524 764
EU Contribution:	EUR 140 240 000
Method of implementation	- Direct management by the European Commission and: - Indirect management with : <i>European Investment Fund (EIF)</i> for part of Action 1 - EU4 Business: Western Balkans Enterprise Development and Innovation Facility Development Facility (EDIF) and European Fund for Southeast Europe (EFSE) <i>Kreditanstalt für Wiederaufbau (KfW)</i> for part of Action 1 - EU4Business: Western Balkans Enterprise Development and Innovation Facility Development Facility (EDIF) and European Fund for Southeast Europe (EFSE)

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

	<p><i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</i> for part of Action 2 - EU4Youth: Enhancing skills and education for young people in the Western Balkans</p> <p><i>United Nations Educational, Scientific, and Cultural Organisation's International Institute for Educational Planning (UNESCO-IIEP)</i> for part of Action 2 - EU4Youth: Enhancing skills and education for young people in the Western Balkans</p> <p><i>European Bank for Reconstruction and Development (EBRD)</i> for part of Action 1 - EU4 Business: Western Balkans Enterprise Development and Innovation Facility Development Facility (EDIF) and European Fund for Southeast Europe (EFSE) and for part of Action 5 - EU4Connectivity: Support to Technical Assistance under the Western Balkans Investment Framework (IPF, EWBIF and IFICO) and JASPERS support to IPA II beneficiaries, as being the one of the Western Balkan Investment Framework (WBIF) European Western Balkans Joint Fund Managers</p> <p><i>European Investment Bank (EIB)</i> for part of Action 5 - EU4Connectivity: Support to Technical Assistance under the Western Balkans Investment Framework (IPF, EWBIF and IFICO) and JASPERS support to IPA II beneficiaries, as being the one of the Western Balkan Investment Framework (WBIF) European Western Balkans Joint Fund Managers</p> <p><i>Organization for Security and Co-operation in Europe (OSCE)/OSCE Office for Democratic Institutions and Human Rights (ODIHR)</i> for Action 8 - EU4Democracy: Support to electoral reform in the Western Balkans</p> <p><i>Organisation for Economic Co-Operation and Development (OECD)</i> for Action 9 - EU4Good Governance: support to Public Administration Reform: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey</p>
Final date for contracting, including the conclusion of delegation/contribution agreements	at the latest by 31 December 2021
Indicative operational implementation period	168 months from the adoption of the original Financing Decision

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

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

This Instrument for Pre-Accession Assistance (IPA II) Multi-country Action Programme is designed to respond to priority needs as identified in the Multi-country Indicative Strategy Paper 2014-2020 (hereinafter referred to as Strategy Paper) adopted on 30 June 2014¹, as last being revised. The Strategy Paper was revised to take account of the latest developments, and in particular, the Communication from the Commission on "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans" adopted on 6 February 2018² (hereafter referred to as *Western Balkans Strategy*). The Western Balkans Strategy aims to generate renewed reform momentum in the Western Balkans and provide significantly enhanced EU engagement in the region. For the period 2018-2020, the Strategy Paper has been therefore revised to ensure coherence with the new strategic orientations, in particular as regards the implementation of the six flagship initiatives presented in the Western Balkans Strategy.

As pointed out in the Strategy Paper, challenges persist in the **area of democracy and rule of law**. The key challenge is to strengthen the functioning and independence of institutions guaranteeing democracy. This includes ensuring independent, impartial, efficient and accountable judicial systems, empowerment of civil society, the fight against organised crime, safeguarding **fundamental rights**, such as freedom of expression and the rights of persons belonging to minorities. While IPA II beneficiaries have taken steps to advance on **gender equality** by adopting or amending relevant legislation, implementation is weak.

The new revised enlargement methodology laid down in the February 2020 Communication "*Enhancing the accession process - A credible EU perspective for the Western Balkans*"³ underlines that a core objective of the European Union's engagement with the Western Balkans is to prepare them to meet all the requirements of membership. This includes supporting fundamental democratic, rule of law and economic reforms and alignment with core European values.

While IPA II funds need to be adapted to the specific situation of each individual IPA II beneficiary and supported under a bilateral IPA II programme, certain problems are best tackled at regional or horizontal level. This is the case where a beneficiary cannot achieve the desired results alone as they require close cooperation and support from other IPA II beneficiaries (for instance for fighting organised crime), or where joint efforts are more cost-effective since they create synergies or economies of scale. There should be a particular focus on supporting at regional level the reconciliation process in the Western Balkans.

The Strategy Paper sets out as well how IPA II assistance will support reforms and investments in line with the identified key challenges for **competitiveness and growth**, in complementarity with assistance provided under the bilateral programmes.

In accordance with the Strategy Paper, assistance will be delivered under the following four headings, each one presenting one dimension of the added value of the horizontal and regional programming:

- i. Horizontal support to sector policies and reforms;

¹ C(2014) 4293, 30.06.2014

² C(2018) 65, 06.02.2018

³ COM(2020) 57, 05.02.2020

- ii. Regional structures and networks;
- iii. Regional investment support;
- iv. Territorial cooperation.

The new orientations of the *Western Balkans Strategy*, in particular the implementation of the six flagship initiatives are also reflected. More focus will be put on the widening of the connectivity agenda to include:

- (a) **connecting infrastructures** in line with flagship initiatives 4 (increasing connectivity) and 5 (a Digital Agenda for the Western Balkans);
- (b) **connecting economies** and fostering economic governance (including the set-up of the Regional Economic Area), in line with flagship initiative 3 (supporting socio-economic development); and,
- (c) **connecting people** with a stronger focus on Education (towards doubling Erasmus+) and Youth, in line with flagship initiative 3 and extended support to reconciliation initiatives, in line with flagship 6 (supporting reconciliation and good neighbourly relations).

Additionally, renewed priority will also be put on security and migration issues, stepping up joint operational cooperation on organised crime (including counter-terrorism), border control and migration management, in line with flagship initiative 2 (reinforcing engagement on security and on migration). As per flagship initiative 1 (strengthened support to the rule of law), measures continue to be envisaged.

Some of the above mentioned priorities are being embedded into this programme.

The focus of the 2020 multi-country action programme - part 1 rests to a large extent on:

- 1) supporting the **socio-economic development** in the Western Balkans as well as the regional economic integration, with a focus on support to micro, and small and medium enterprises and **youth initiatives** promoting also reconciliation;
- 2) increasing **connectivity**, including **digital**, inducing a stronger emphasis on digital areas in the multi-country action programme in order to prepare the region better for the digital transformation, and;
- 3) addressing the **fundamentals first**, e.g. rule of law and fundamental rights, in addition to support to good governance, and matters of horizontal nature.

This Action Programme has been developed in the context of the COVID-19 pandemic. In line with the “*Communication on the Global EU response to COVID-19*”⁴, some of the actions will play an important role to support crisis adaptation and alleviation, in particular: a) facilitating access to liquidity to the private sector, in order to increase their resilience, growth and job creation; b) ensuring specific technical assistance support related to health infrastructure; c) addressing issues affecting the supply and the facilitation of movement of goods within the region, and between the region and the EU through coordinated and accelerated border crossing/sanitary procedures; and d) contributing to secure longer-term administrative structures able to respond cross-cuttingly to emergency situations as well as post-emergency rebuilding of societies and economies. Part of the Action Programme contributes to the implementation the EUR 455 million economic reactivation package for the region in close cooperation with the International Financial Institutions outlined in the “*Communication on Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery* -

⁴ JOIN (2020) 11, 08.04.2020

*Commission contribution ahead of the EU-Western Balkans leaders meeting on 6 May 2020*⁵.

It contains 10 regional and horizontal actions, which are in line with the priorities established under the Strategy Paper and grouped under three of its four headings. Where relevant actions under this multi-country action programme shall also respect and shall be implemented in line with the EU Charter of Fundamental Rights, Universal Declaration of Human Rights and other beneficiaries' international human rights obligations.

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

When designing this programme due account has been taken of activities implemented under the bilateral programmes, the guidance provided in EU strategic documents, the lessons learned from the programming and implementation of previous EU assistance and the findings from consultations with, inter alia, the beneficiaries, International Financial Institutions (IFIs), international organisations, the Regional Cooperation Council (RCC), EU Member States and civil society organisations (CSOs).

The lessons learned from IPA I demonstrated that progress towards meeting EU membership criteria is best achieved by a mix of measures planned both at regional and IPA II beneficiary level. The IPA interim evaluation and meta-evaluation recommended that the Multi-country programmes should develop more rigorous selection criteria for the supported actions and focus on areas with clear needs for a regional approach. It also concluded that further efforts are needed to involve regional stakeholders more in programming and that central administrations should be involved in project implementation as a way to improve ownership and coordination. The mid-term evaluation review of IPA II assistance has particularly emphasised the donor coordination and leverage elements of the support through the Western Balkans Investment Framework (WBIF). Complementarities and synergies of IPA II with the actions under the other thematic lines/programmes is good but needs to be pursued.

Other conclusions concern economies of scale in horizontal programmes versus efficiency risks, due to sometimes complex set-ups for their implementation under IPA I assistance.

Under IPA II, efficiency concerns will be addressed by more effective coordination, focusing on fewer priorities, comprehensive and longer-term planning and, where relevant, a sector approach.

⁵ COM(2020) 315, 29.04.2020

List of Actions foreseen under the selected Priorities:

LIST OF ACTIONS	MCSP PRIORITY / FLAGSHIP	MANAGEMENT MODE	AMOUNT IN EUR (EU CONTRIBUTION)
01 - EU4Business: Western Balkans Enterprise Development and Innovation Facility Development Facility (EDIF) and European Fund for Southeast Europe (EFSE)	Regional investment support / FLAGSHIP 3	Indirect	38 000 000
02 - EU4Youth: Enhancing skills and education for young people in the Western Balkans	Horizontal support / FLAGSHIP 3 and 6	Indirect	5 500 000
03 - EU4Youth: Western Balkan Youth Window under Erasmus+	Horizontal support / FLAGSHIP 3 and 6	Direct	3 000 000
04 - EU4Youth: European Week of Sport beyond Borders in the Western Balkans	Horizontal support / FLAGSHIP 3 and 6	Direct	1 000 000
05 - EU4Connectivity: Support to Technical Assistance under the Western Balkans Investment Framework (IPF, EWBJF and IFICO) and JASPERS support to IPA II beneficiaries	Regional investment support / FLAGSHIP 3, 4 and 5	Direct and Indirect	67 500 000
06 - EU4 Connectivity: EU contribution to the budget of the Transport Community	Regional structures and networks / FLAGSHIP 4	Direct	2 640 000
07 - EU4Rule of Law: Citizens Engagement for Public Integrity	Horizontal support / FLAGSHIP 1	Direct	2 500 000
08 - EU4Democracy: Support to electoral reform in the Western Balkans	Horizontal support / FLAGSHIP 1	Indirect	1 500 000
09 – EU4Good Governance: support to Public Administration Reform: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey	Horizontal support / FLAGSHIP 1	Indirect	15 000 000
10 - EU Integration Facility for the Western Balkans and Turkey	Horizontal support / Cross-cutting	Direct	3 600 000
TOTAL			140 240 000

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU⁶.

Action 1	EU4Business: Western Balkans Enterprise Development and Innovation Facility Development Facility (EDIF) and European Fund for Southeast Europe (EFSE)	EUR 38 000 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: It responds to the demand for enhanced private sector financing, in particular for innovative and high-potential small and medium-sized enterprises (SMEs), through equity, lending, guarantees and capacity building programmes. The activities also targets entrepreneurship of the most vulnerable including women and youth through access to funding and training to support entrepreneurial spirit. In the context of the COVID-19 pandemic, this action shall play an important role to support crisis adaptation and alleviation in line with the “*Communication on the Global EU response to COVID-19*”⁴ and the “*Communication on Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery - Commission contribution ahead of the EU-Western Balkans leaders meeting on 6 May 2020*”⁵ by ensuring that SMEs have access to a diversified source of funding, and technical assistance support to SMEs and entrepreneurs. The action includes two components:

Component I - *EU contribution to second-generation equity funds under the WB EDIF* will provide for the financing of phase II⁷ of the two EDIF equity funds for the region - one for start-ups and innovative companies and the other for more mature, expanding businesses.

Component II – *EU contribution to the EFSE Development Facility* will ensure EU funding for the EFSE Development Facility, as to maximize development finance impact and outreach for micro, small and medium-sized enterprises (MSEs). Contributing to the EFSE Technical Assistance programmes (advisory services, market research, business ventures, investor relations, support to youth, start-ups and business

⁶ https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

⁷ ENIF II and ENEF II represent the continuation of the previous two closed-end funds, which will follow the same structure, strategy and purpose. Two recent studies were conducted to assess the equity market situation in the Western Balkans: 1) one specifically requested by the Directorate General for Neighbourhood and Enlargement Negotiations in the framework of the EDIF platform carried out by the World Bank in 2019 “Diversification and Regional Integration of Financial Markets to Support Growth”, and 2) the other carried out by the EBRD in 2018 “The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy”. Both studies show that the Western Balkans financial market is heavily dominated by bank finance and that the lack of capital financing, still at a nascent stage across the region, is an important barrier to entrepreneurship, research and innovation by SMEs. They both conclude that there is a need for both regulatory reforms and Government support programmes to develop the private/equity/venture capital market in the region and that initiatives such as ENIF and ENEF need to be pursued. These market assessments and the fact that these are continuation of the previous funds contain the main elements required in an ex-ante assessment as per the Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union.

ecosystem) will increase the impact of the EU investment in the fund (C shares).

The proposed initiatives work in synergy to enhance the entrepreneurial capacity of companies in the region and improve their access to finance, to allow companies to become more competitive, and to align with the EU *acquis*.

Objectives: (1) to increase investments for small and medium-size, innovative enterprises and through Partner Lending Institutions (PLIs), financial intermediaries, accelerators, venture and equity vehicles and other financing platforms/vehicles; (2) to increase the competitiveness of SMEs in the Western Balkans (business skills, standards and business sophistication) to unlock their growth potential and contribution to the economy; and (3) businesses and ecosystem players to report change in the use and delivery of products and services received (for business) and/or facilitated (ecosystem players) in relation to capacity building and access to finance for businesses.

Expected results: (1) improved access to finance for the Western Balkans SMEs by diversification of financial markets; and (2) improved access and availability of business support services, including tailored made access to finance products.

Key performance indicators:

- Amount invested in SMEs within the Western Balkans.
- Net enterprise creation (new business per year).
- Number of jobs created.
- Trading across borders (rank).

(2) Assumptions and conditions

The main condition that has to be in place for an effective and timely implementation of the action is related to the need of building consensus among main stakeholders (e.g. governments officials, donors, entrepreneurs, investors, business services providers and multilateral organisations) that the proposed programmes are priority in the region. Therefore, in order to maximise the impact of their interventions and leverage on synergies, the European Bank for Reconstruction and Development (EBRD), the Kreditanstalt für Wiederaufbau (KfW) and the European Investment Fund (EIF) will work closely with other relevant stakeholders in the SME sphere such as business organisations, donors, International Financial Institutions. In parallel with the action the KfW, EIF and EBRD interact locally with policy-makers and larger business community, participate in different consultative process as to share legal and economic expertise on laws, regulations, and strategies. This "beneficiary-based" engagement complements and strengthens the financing and advisory activities under this action. There are significant opportunities to combine activities across beneficiaries to deliver mutually reinforcing, integrated programmes that maximises value for money. The availability of the EU contribution in the pre-investment phase of the venture capital is crucial for the setting up of the funds.

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

(3) Implementation modalities

Indirect management with international organisations:

A part of Component I of this action may be implemented in indirect management with EIF via Trusteeship Agreements. This implementation entails, among others, channelling the IPA allocation and the EU representation to the governing structures to the two equity funds. The proposed action is a phase II of two ongoing equity funds (the Enterprise Expansion Fund and the Enterprise Innovation Fund). The implementation

will be based on the experience so far under phase I, whereby the EU participation in the two equity funds as investor was also made via Trusteeship Agreements with the EIF. The envisaged entity has been selected using the following criteria: the EIF has co-funded and advised the EU participation in the existing equity funds under IPA I and is the only entity having experience in representing the EU in such type of financing vehicles. The current proposal is for phase II of those financial instruments, which are complementing each other.

The European Commission will sign an Agreement with EIF in order to invest in the Enterprise Innovation Fund for an amount of EUR 15 000 000 and to replenish the fees to EIF as the trustee for EU funds.

An Agreement will also be signed with the EIF for an amount of EUR 12 000 000 in order to invest in the EBRD- led Enterprise Expansion Fund and to support some administrative and technical expenses related to the investment. In an effort to streamline and draw on established mechanisms, the action will be again integrated under the WB EDIF. The EIF is the most suitable and de facto the only actor to pursue with the related entrusted tasks.

A second part of Component I may be implemented in indirect management with the EBRD. This implementation entails the provision of technical assistance services to accompany investee companies under ENEF II as investment advisor of ENEF and provider of advisory services of EUR 3 000 000. The envisaged entity has been selected using the following criteria: teams for managing of TA already in place, experience from supervising and advising equity fund management, ability to mobilise variety of local and international consultants, network of experts and partnerships with investors and investee companies already in place.

If negotiations with the above-mentioned entrusted entity (EBRD) fail, this part of the action may be implemented in indirect management with EIF. The envisaged entity has been selected using the following criteria: the EIF has co-funded and advised the EU participation in the existing equity funds under IPA I and is the only entity having experience in representing the EU in such type of financing vehicles.

Component II of this action shall be implemented in indirect management with KfW. This implementation entails the delivery of capacity building and institutional development to business ecosystem actors such as financial intermediaries, regulators, incubators, accelerators, venture capital and equity platforms, think tanks, etc. in order to strengthen micro and small enterprises (MSEs) as beneficiaries who overall have the potential to develop, grow and expand their businesses in such a way that they can increase their turnover and support and maintain employment. The envisaged entity, KfW, was selected because of their relevant experience with the EFSE Fund and Development Facility. KfW is the EFSE Fund's lead investor and initiator, one of the trustees for the EU Contribution to the EFSE Fund, and member of the EFSE Development Facility Committee which authorisation is required for all activities funded under the Development Facility. The budgetary envelope reserved for this component is EUR 8 000 000.

Action 2	EU4Youth: Enhancing skills and education for young people in the Western Balkans	EUR 5 500 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: It contributes to increasing skills and knowledge of young people in the Western Balkans by enhancing education systems, and promoting cooperation in the region. It includes two components:

Component I - *Reconciliation of Youth through School Partnerships* will contribute to regional cooperation, trust and reconciliation among young people in the Western Balkans through supporting the Regional Youth Cooperation Office (RYCO) in strengthening its capacities and in establishing the Western Balkans School Partnership Scheme.

Component II - *Diagnosis of the Education System* will also contribute to diagnosis of the education systems in the Western Balkans with the aim to provide the relevant institutions, ministries and other relevant stakeholders with the necessary evidence for developing their strategies and reforms.

Objectives: (1) to strengthen RYCO's capacity and to establish a regional School Partnership Scheme; and (2) to improve identification of system strengths and weaknesses, monitor progress achieved and define the best education policy options.

Expected results: (1) RYCO's institutional/operational capacity to manage international cooperation projects is improved; (2) the capacity of schools and other formal education structures to actively participate and develop quality projects on youth exchanges is improved; (3) regional youth and school cooperation, mobility and exchange is increased; and (4) capacity of education stakeholders to build strategies and reforms based on evidence is developed.

Key performance indicators:

- Structured regional cooperation of institutions responsible for education is established.
- Structured School Partnership Scheme is established, and sustainability ensured.
- Diagnosis is carried out.

(2) Assumptions and conditions

The implementation of the action will depend on several key factors, including political commitments, strengthening the necessary structures for implementation and developing the capacity of involved stakeholders at central and regional levels.

(3) Implementation modalities

Indirect management with a Member State organisation and an international organisation

Component I of this action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. This implementation entails management and implementation of all aspects of the action, including budget implementation tasks (procurement and grants award procedures as relevant), to achieve objectives of the action – in particular, strengthening the RYCO's internal capacities, strengthening capacities of schools to participate in youth exchange programs, and reinforcing regional cooperation among the ministries in charge of education ensuring an

enabling environment for structured cooperation among schools in the region. Tasks may include inter alia: the provision of technical assistance, capacity building, seminars, conferences, events, visits, joint operational activities, carrying out studies and analysis, provision of software and supplies, and supporting travel and subsistence of beneficiary participation. The budgetary envelope reserved for this component is EUR 4 500 000.

The envisaged entity has been selected using the following criteria: demonstration of financial and operational capacity, technical expertise, proven experience in implementing similar regional actions, and previous experience of working with RYCO and therefore, knowledge of its working culture. Such implementation is justified, as the scope of the intervention requires governance development and capacity building of RYCO.

Component II of this action may be implemented in indirect management with the United Nations Educational, Scientific, and Cultural Organisation's International Institute for Educational Planning (UNESCO-IIEP). This implementation entails implementation of all aspects of the action, including management, coordination and provision of expertise to perform diagnosis of educational system in Western Balkans IPA beneficiaries. This implementation will result in providing relevant institutions, ministries and other relevant stakeholders with the necessary evidence for forming their strategies and reforms, as well as for calibrating dialogue and financial assistance based on clear evidences. The budgetary envelope reserved for this component is EUR 1 000 000.

The envisaged entity has been selected using the following criteria: mandate to support educational policy, planning and management, and expertise to provide necessary evidence for forming educational strategies and reforms.

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

Action 3	EU4Youth: Western Balkan Youth Window under Erasmus+	EUR 3 000 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The Erasmus+ Programme is one of the key instruments of the European Union for achieving its objectives in terms of young people's personal, socio-educational and professional development. Under Erasmus+ Key Action 2, which fosters cooperation for innovation, exchange of good practices, and capacity building in the field of youth, the Western Balkans Youth Window promotes sustained development of youth organisations in the region and practice of youth work using non-formal learning. This action facilitates Erasmus+ partners in the Western Balkans to increase the overall participation of young people and youth workers in Erasmus+ non-formal learning projects, as well as to allow organisations located in the Western Balkans Erasmus+ partners to apply directly for EU grants under the framework of Erasmus+ Programme. This is a recurrent action in view of providing dedicated support to the relevant IPA II beneficiaries who do not benefit from the full extent of the Erasmus+ Programme.

Objective: to foster international non-formal learning activities that support building mutual understanding and employability of young people (including young people with fewer opportunities) from the targeted IPA II beneficiaries.

Expected results: (1) Degree of cooperation between youth organisations from targeted IPA II beneficiaries with organisations from the Erasmus+ Programme countries, as well as the exchange of expertise and know-how between them in the field of youth and non-formal education strengthened; (2) degree of involvement of young people from targeted IPA II beneficiaries in international youth cooperation to acquire socio-economic skills; (3) degree of involvement of youth workers from targeted IPA II beneficiaries in joint projects with youth organisations from Erasmus+ Programme countries; and (4) the operational capacity of organisations in targeted IPA II beneficiaries with regard to the management of international cooperation projects supported by European Union funds improved.

Key performance indicators:

- Number of hosting and sending organisations (youth and other) from targeted IPA II beneficiaries participating in joint activities under this Western Balkans Youth Window.
- Number of young people (sex-disaggregated) participating in youth exchanges and in volunteering activities.
- Number of youth workers (sex-disaggregated) from targeted IPA II beneficiaries participating in joint projects under this Western Balkans Youth Window.
Number of joint projects managed by youth organisations from targeted IPA II beneficiaries.

(2) Assumptions and conditions

The Education, Audiovisual and Culture Executive Agency of the EU (EACEA) is responsible for the management of parts of the EU's funding programmes in the fields of education, culture, audio-visual, sport, citizenship, and volunteering, including the Erasmus+ Key Action 2 and the Western Balkans Youth Window. Based on the implementation of previous Western Balkans Youth Windows, EACEA has proven to possess the relevant institutional framework, structures and knowledge for the successful implementation of the proposed action.

(3) Implementation modalities

Direct management (project approach) – co-delegated by Directorate-General for Neighbourhood and Enlargement Negotiations to EACEA

Grants - Call for proposal (Western Balkans Youth Window under Erasmus+ Key Action 2 (KA2) Capacity Building in the field of Youth):

- a) Purpose of the grants: The grants will contribute to achieving the objective and related results mentioned above.

Activities will include seminars, conferences, workshops, meetings, training courses, study visits and job-shadowings to allow for cooperation, networking and exchanges of practice as well as capacity building. The activities should support active citizenship, social inclusion and solidarity amongst young people and the society they live in, and to foster key skills and competences.

- b) Type of applicants targeted: Applicants must be:

- non-profit organisations, associations, non-governmental organisations (NGOs) or,
- National Youth Councils; or,
- public bodies at local, regional or central level.

The **global** budgetary envelope reserved for grants: EUR 3 000 000.

Action 4	EU4Youth: European Week of Sport beyond Borders in the Western Balkans	EUR 1 000 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The Western Balkan dimension of the European Week of Sport beyond Borders will promote participation in sport and physical activity in the region. It will support implementation of #BeActive campaign of the European Week of Sport initiative. In addition, it will raise participants' awareness and understanding of other cultures in the Western Balkans. It aims to promote participation of young women and men in sport, and to increase number of joint sport activities organised in the region. Key activities of the action will focus on organising sport events and mobilities in the context of sport and educational events, as well as promotion of physical activity and common values, including on-line campaigns in relevant IPA II beneficiaries.

Objectives: (1) to promote healthy lifestyles and active citizenship; and (2) to promote European common values.

Expected results: (1) increased mobility in the region; and (2) enhanced cooperation with EU countries.

Key performance indicators:

- Number of people taking up physical activity (including data disaggregated by sex).
- Number of involved sport organisations.
- Number of sport events.
- Number of joint sport events.

(2) Assumptions and conditions

There are no particular pre-conditions for implementation of the programme. Financial decision adopted as early as possible.

(3) Implementation modalities

Direct management (project approach) – co-delegated by Directorate-General for Neighbourhood and Enlargement Negotiations to Directorate-General for Education, Youth, Sport and Culture

Grants:

a) Purpose of the grants: The grants will contribute to achieving the objectives and related results mentioned above.

b) Type of applicants targeted:

Coordinating bodies nominated by the authorities responsible for sport in the relevant IPA beneficiaries will be targeted in order to implement the European Week of Sport beyond Borders in the Western Balkans. These can either be within the Ministries itself or sport organisations.

The **global** budgetary envelope reserved for grants: EUR 1 000 000.

Action 5	EU4Connectivity: Support to Technical Assistance under the Western Balkans Investment Framework (IPF, EWBJF and IFICO) and JASPERS support to IPA II beneficiaries	EUR 67 500 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action includes several complementary components:

Component I and II – *IPF and EWBJF* continues to provide technical assistance (TA) through the Infrastructure Project Facility (IPF) and the European Western Balkans Joint Fund (EWBJF), under the Western Balkans Investment Framework (WBIF), for the successful preparation and implementation of major infrastructure investment projects. It will, in particular, support and bring to maturity projects with a regional dimension identified through the Single Project Pipelines (SPPs). By contributing to prepare all documentation necessary for implementation, it will make the infrastructure projects eligible for loans from International Financial Institutions (IFIs) and/or further European Union financing. As a concrete measure linked to the European Commission’s COVID-19 response, a specific TA support is foreseen for the rehabilitation of the Belgrade Military hospital through the EWBJF.

Component III - *IFICO* continues to fund the technical, administrative, visibility and communication support provided by the IFI Coordination Office (IFICO) to the WBIF Secretariat and to WBIF governing bodies, beneficiaries and other WBIF stakeholders under IPA III. It will ensure efficient coordination and communication among all WBIF stakeholders and contribute to increase the visibility of the WBIF umbrella by better promoting supported infrastructure projects and private sector support, both in the Western Balkans and in the EU Member States.

Component IV - *JASPERS* continues to provide advisory support through JASPERS (Joint Assistance to Support Projects in European Regions, a technical assistance partnership between the European Investment Bank (EIB) and the European Commission) to prepare successful, high quality infrastructure projects identified in the IPA II beneficiaries. It will contribute to bringing these priority projects to investment maturity by offering support to develop, manage and review the quality of the projects, making them eligible for EU funds.

Objectives: (1) Component I and II: to improve the preparation and implementation of priority infrastructure projects at Western Balkans IPA II beneficiary and regional level in the following sectors: Digital, Energy, Environment, Social and Transport; (2) Component III: to assist the WBIF stakeholders (European Commission, IFIs, bilateral donors, beneficiaries) in achieving a coordinated approach towards infrastructure and private sector investment policies in the Western Balkans; and (3) Component IV: to strengthen the development, management and review of major infrastructure projects by central administrations and other beneficiaries in all IPA II beneficiaries.

Expected results: Component I and II: (1) priority infrastructure projects at beneficiary and regional level are ready for implementation (i.e. good quality, complete project documentation) in the following sectors: Digital, Energy, Environment, Social and Transport; and (2) Beneficiary staff possesses the necessary skills and knowledge to prepare priority infrastructure projects. Component III: (3) well-functioning of National

Investment Committees (NIC) responsible for establishing and regularly updating the SPP of priority infrastructure projects; (4) effective and efficient cooperation, communication and coordination amongst all WBIF stakeholders with the aim to contribute to the development and implementation of priority infrastructure projects in the Western Balkans in the following sectors: Digital, Energy, Environment, Social and Transport; (5) well-functioning monitoring and result-oriented reporting of EU private sector support provided under the WBIF umbrella; and (6) strong WBIF visibility leading to greater public awareness of the EU and IFI assistance provided for priority infrastructure projects as well as for bilateral and regional private sector support in the Western Balkans. Component IV: (7) central administrations and other beneficiaries possess the necessary skills and knowledge to develop, review and implement priority infrastructure projects; and (8) priority infrastructure projects are implemented according to international best practices.

Key performance indicators:

- Number of WBIF TA grant supported priority infrastructure projects under construction.
- Number of WBIF TA grant supported priority infrastructure projects completed.
- Added value of JASPERS services (% of positive responses).

(2) Assumptions and conditions

No particular conditions to be signalled at this stage, provided that the WBIF keeps functioning as foreseen in the governance and operational documents and that the relevant IPA II beneficiaries genuinely embrace the NIC/SPP framework.

(3) Implementation modalities

(3)(a) Indirect management with international organisations

Component II may be implemented in indirect management with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) as being the Western Balkan Investment Framework (WBIF) European Western Balkans Joint Fund Managers. This implementation entails, among others, channelling the IPA allocation to the lead IFIs of the projects (EIB, EBRD, Kreditanstalt für Wiederaufbau - KfW, Council of Europe Development Bank - CEB, World Bank Group - WBG, Agence Française de Développement - AFD) through the Joint Fund, managing IPA funds through the Joint Fund, disbursing funds from the Joint Fund to the lead IFIs, channelling funds recovered from lead IFIs.

The envisaged entities (EBRD and EIB) have been selected using the following criteria: the institutions have been long standing partners in the inception, realisation and implementation of the WBIF. In particular, they have undertaken the role of the WBIF Joint Fund management and have proven to be reliable partners, managing EU funds according to sound financial management principles.

The budgetary envelope reserved for indirect management: EUR 19 000 000.

(3)(b) Direct management (project approach)

Procurement:

Component III: The procurement will contribute to support the Western Balkans Investment Framework (WBIF) stakeholders (European Commission, International Financial Institutions, bilateral donors, beneficiaries) to achieve a coordinated approach towards infrastructure investment and private sector support policies in the Western Balkans.

The **global** budgetary envelope reserved for procurement: EUR 15 500 000.

Grants:

a) Purpose of the grants:

Component I: Grant related to IPF: It will contribute to support the preparation and implementation of priority infrastructure projects in the Western Balkans in the following sectors: Digital, Energy, Environment, Social and Transport.

Component IV: Grant related to JASPERS: It will contribute to strengthen the development, management and review of major infrastructure projects by central administrations and other beneficiaries in the Western Balkans and Turkey.

b) Direct grant award:

Under the responsibility of the Commission's authorising officer responsible, the grants may be awarded without a call for proposals to European Investment Bank (EIB). The recourse to an award of a grant without a call for proposals is justified because based on Article 195 (g) "Exceptions to calls for proposals" of the Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union (hereinafter referred to as the FR), grants for technical assistance actions implemented by the EIB or the EIF may be awarded without calls for proposals. In such cases, points (a) to (d) of Article 196(1) shall not apply.

Both grants will fall under the aegis of the Financial and Administrative Framework Agreement (FAFA) and the "*Framework Partnership Agreement in respect of Technical Assistance provided by the European Investment Bank to Eligible Countries and to which the European Union makes a financial contribution from the general budget of the Union under the Instrument for Pre-Accession Assistance (IPA II)*".

In case unforeseen operational needs arise or in case of changes in overarching agreements between the Commission and the Bank, or changes in the legislation or internal policies necessitate it, the management mode will be indirect management, and the European Commission and the Bank will sign a Contribution agreement instead.

The **global** budgetary envelope reserved for grants: EUR 33 000 000.

Action 6	EU4 Connectivity: EU contribution to the budget of the Transport Community	EUR 2 640 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The Transport Community Treaty (TCT) intends to develop the transport networks in the Western Balkans and the integration of their transport markets into the European Union (EU) transport market, based on the relevant EU *acquis*. The Transport Community Permanent Secretariat will be the main tool to support the above referred to development and integration, as well as the implementation of the Transport Connectivity reforms measures aiming at improving the quality, safety and efficiency of the overall transport network in the Western Balkans. This is especially relevant in the current context where impact of the COVID-19 pandemic shows that it is essential to secure the supply of essential goods through coordinated and accelerated border crossing/sanitary procedures through measures setting up "green lanes" and "green corridors" within the region.

Objectives: to meet the EU contribution to the 2021 budget of the Transport Community, thus supporting the achievement of the objectives set out in the TCT through the functioning of a Permanent Secretariat⁸.

Expected results: (1) the level of the alignment with the relevant EU *acquis* increased; and (2) the transport priority projects of regional interest on the indicative TEN-T extension of the comprehensive and core networks to the Western Balkans identified and mature for investments, in line with best Union practices and standards.

Key performance indicators:

- Number of relevant EU regulations, directives and decisions fully transposed in the South East European parties.
- Total number of Connectivity Reform Measures fully implemented (and per regional partner).
- Number of Transport priority projects of regional interest identified.

(2) Assumptions and conditions

The Transport Community's Permanent Secretariat has been set up (and began to operate at the end of first quarter 2019). Its offices have been opened but not all administrative / political issues with the host beneficiary solved yet.

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

(3) Implementation modalities

Direct management - co-delegated by Directorate-General for Neighbourhood and Enlargement Negotiations to Directorate-General for Mobility and Transport

The European Union is one of the seven parties to the Treaty establishing the Transport Community Treaty. Article 34 of the Treaty states that each Contracting Party shall contribute to the budget of the Transport Community as set out in Annex V. Annex V defines that the contribution to the budget is divided into two parts: 80% for the European Union and 20% for the South East Europe (SEE) parties. According to Article 35, the Regional Steering Committee shall adopt the budget of the Transport Community every year. Based on Article 36, the Director of the Permanent Secretariat shall then implement the budget and report annually to the Regional Steering Committee on the execution of the budget.

In accordance with Article 239 of the FR, the European Union may pay contributions as subscriptions to bodies of which it is a member or observer. Article 2 (62) of the FR specifies that 'subscription' means sums paid to bodies of which the Union is member, in accordance with the budgetary decisions and the conditions of payment established by the body concerned. These do not constitute grants within the meaning of Article 180 of the FR. The present action aims to meet the European Union commitment of EUR 2 640 000 to the 2021 budget of the Transport Community Permanent Secretariat. Consequently, the Directorate-General for Mobility and Transport will pay the sums due following the adoption of the 2021 annual budget by the Regional Steering Committee and in accordance with the conditions of payment established by the Transport Community.

⁸ The Strategy Paper underlines the priority of the transport sector in the Western Balkans. In particular, it identifies the Transport Community Treaty Permanent Secretariat as the regional transport co-operation platform, coordinating further development of the infrastructure network and improvement and harmonisation of regional transport policies and technical standards.

Action 7	EU4 Rule of Law: Citizens Engagement for Public Integrity	EUR 2 500 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: It contributes to strengthening the rule of law in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Turkey (and Serbia)⁹ through increased action in the fight against corruption. The assessments of the performance of beneficiaries' systems relevant to integrity, accountability and transparency through the so-called National Integrity Systems (NIS) assessments, will enable decision-makers to target reforms to needs as well as support civil society action. NIS assessments have proven to be a valuable tool to increase the understanding of governments and citizens of the institutional environment and dynamics that enable corruption and prevent the implementation of laws. The action will benefit the targeted IPA II beneficiaries by producing enhanced knowledge on and engagement against corruption, thereby enabling targeted action by authorities and a strengthened civil society. It is in line with the EU enlargement process, Stabilisation and Association Agreements, the Western Balkans Strategy and the Sofia Declaration and Priority Agenda¹⁰.

Objectives: (1) to increase evidence-based anti-corruption policy-making and implementation; and (2) to increase civic engagement for public integrity transparency, and accountability.

Expected results: (1) evidence-based findings and proposals of national integrity systems (NIS) assessments are produced; (2) information about cases of corruption is gathered in a comprehensive public online database; (3) CSOs, local citizens groups and initiatives at the local and regional level are strengthened and connected; and (4) a fully-fledged advocacy campaign on public integrity is delivered.

Key performance indicators:

- Extent to which government policies, laws and initiatives are informed by the findings of the National Integrity Systems (NIS) assessments.
- Extent to which CSOs, experts and journalists use the information and findings identified by NIS assessment and the database of corruption cases.
- Number of citizens supporting the advocacy campaign through different forms of engagement.

(2) Assumptions and conditions

The targeted IPA II beneficiaries should allow and to the extent possible enable the effective implementation of this action by contributing to the NIS assessments and participating to fora and events where the findings are to be discussed.

⁹ Serbia has notified the European Commission of its decision to withdraw from part of this action. The partial inclusion of Serbia in this action is indicated with a bracket.

¹⁰ Sofia Declaration-Sofia Priority Agenda, 17 May 2018:
https://www.consilium.europa.eu/media/34776/sofia-declaration_en.pdf

(3) Implementation modalities

Direct management (project approach)

Grants:

a) Purpose of the grant: The grants will contribute to achieving the objectives and related results mentioned above.

b) Direct grant award:

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to Transparency International (TI). The recourse to an award of a grant without a call for proposals is justified based on Article 195 (f) of the FR for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals.

Given the need to introduce technical methodologies and tools which are already in use in the EU Member States, the action requires a particular type of body that has technical competence in the subject matter, long-standing expertise in the EU and in the targeted IPA II beneficiaries in implementing the methodologies and tools envisaged and regional recognition and presence in the targeted IPA II beneficiaries. In addition, due to the specific sensitive nature of Rule of Law actions in the Western Balkans, this action requires a body with authority including in the EU to ensure that the assessment results produced by the action are credible and can serve policy purposes of the European Commission and the targeted IPA II beneficiaries.

Transparency International is uniquely placed to meet all the above criteria justifying the direct grant to the organisation for the following reasons:

TI possesses the necessary technical anti-corruption competence and the capacity to conduct the proposed large-scale assessment and research due to its long-standing experience in developing anti-corruption tools that have proven to be effective both within the EU and in the IPA region.

As a diagnostic tool in support of the prevention of corruption identifying systemic integrity weaknesses and corruption risk hotspots and effective strategies to counter them, the NIS methodology is unique and innovative. It combines comprehensive research - that will result in a comparative performance analysis of institutions and evidence-based policy advice - with advocacy and active stakeholder and citizen engagement that is much needed in the region. Furthermore, the methodology is based on a holistic approach looking at the entire range of national institutions relevant for the prevention and fight against corruption with a focus on the relationship among them.

To date, there is no other similar diagnostic tool, methodology or evidence-based, baseline assessment available that the proposed action could be compared to.

The **global** budgetary envelope reserved for grants: EUR 2 500 000.

Action 8	EU4 Democracy: Support to electoral reform in the Western Balkans	EUR 1 500 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: It contributes to strengthening democratic institutions and processes in the Western Balkans through support to electoral reform. Through the provision of in-depth, targeted technical assistance, and capacity building on the implementation of electoral recommendations¹¹ and raised awareness on electoral reforms, the action will aim to bring the conduct of elections closer in line with Organization for Security and Co-operation in Europe (OSCE) commitments and other international obligations and standards for democratic elections. This action builds on the positive results of previous OSCE/Office for Democratic Institutions and Human Rights (ODIHR) implemented elections reform support. It is fully in line with the Western Balkans Strategy that stresses the importance of free and fair elections and the proper implementation of recommendations of electoral observation missions.

Objective: to improve the implementation of electoral recommendations in five thematic areas in IPA II beneficiaries.

Expected results: 1) knowledge and capacities of institutions and CSOs in 5 thematic areas enhanced; (2) targeted on-demand legal expertise and in-depth technical assistance provided; (3) information on the efforts and challenges in the implementation of electoral recommendations updated; (4) exchange of best practice at the sub-regional and regional levels carried out; and (5) awareness of electoral reforms at regional and relevant IPA II beneficiary level enhanced.

Key performance indicators:

- Degree of implementation of electoral recommendations, i.e. full or partial implementation.
- Number of recommendations implemented through specific policy, legislative or other measures.

(2) Assumptions and conditions

The relevant IPA II beneficiaries should commit to cooperate for the effective implementation of this action. In co-ordination with OSCE/ODIHR, the EU will, as necessary, engage with host authorities to secure this cooperation. IPA II beneficiaries are encouraged to task a lead agency to co-ordinate institutions and facilitate information exchange and discussion among election stakeholders. The lead agency would be the primary contact point for the implementing partner.

(3) Implementation modalities

Indirect management with an international organisation

This action may be implemented in indirect management with the Organization for Security and Co-operation in Europe (“OSCE”), represented by its Office for Democratic Institutions and Human Rights (“ODIHR”). This implementation entails undertaking all necessary actions, including through direct implementation of activities and conducting budget implementation tasks to achieve the objectives of this action.

¹¹ In five (5) thematic areas: i) effectiveness of electoral management bodies (EMBs), ii) voter lists and voter registration processes, iii) capacity and know-how of media regulatory bodies and media coverage during elections, iv) election campaign rules, and v) capacity and know-how of electoral dispute resolution bodies.

Tasks may include inter alia: the provision of technical/legal assistance, capacity building, seminars/events/visits/joint regional activities and carrying out monitoring and analysis. The envisaged entity has been selected using the following criteria: core mandate, operational and financial capacity, and experience in the region. ODIHR is a regional inter-governmental human rights body with the specific mandate to promote democratic elections. In this respect, ODIHR carries out election observation in OSCE participating States and supports authorities to improve electoral processes and to follow up on recommendations by ODIHR election observation missions. The targeted IPA II beneficiaries with the exception of Kosovo are OSCE participating States, making ODIHR uniquely placed to carry out activities in support of electoral reform, building on already ongoing work in the Western Balkans region. ODIHR possesses the high degree of competence and degree of specialisation necessary to implement and add value to the proposed action.

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

The budgetary envelope reserved for the action is EUR 1 500 000.

Action 9	EU4 Good Governance: support to Public Administration Reform: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey	EUR 15 000 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: It contributes to strengthening public administrations in the Western Balkans and Turkey in line with the Principles of Public Administration, with the objective of enhancing integrity, predictability, accountability, legality and transparency of public administrations and improving policy outcomes and services to citizens and businesses in order to support socio-economic development. SIGMA assistance focuses on six core areas of public administration reform (PAR): strategic framework, policy development and coordination, public service and human resource management, accountability, service delivery, and public financial management (PFM). This action supports the beneficiaries in improving management and monitoring of public administration reform efforts and contributes to building up administrative capacities for more evidence-based and inclusive alignment and implementation of the EU *acquis*. The COVID-19 pandemic has further demonstrated the need for the IPA II beneficiaries to strengthen horizontal coordination and to introduce sustainable governance arrangements that would enable administrations at all levels of government to respond efficiently in an emergency situation, thereby guaranteeing the provision of urgent services to the benefit of all citizens.

Objective: *to improve performance of IPA beneficiaries' administrations in line with the Principles of Public Administration in the six core PAR areas.*

Expected results: (1) IPA II beneficiary administrations' progress with the implementation of PAR/PFM assessed against the Principles of Public Administration and follow-up ensured; (2) support provided to beneficiary institutions with upgrade and implementation of PAR/PFM strategies and action plans and with implementation of

SIGMA recommendations; and (3) institutions with horizontal responsibilities for PAR coordination and line institutions supported in the gradual integration of key Principles of Public Administration in sector work.

Key performance indicators:

- Percentage change from baseline in SIGMA indicator values.
- Number of fully or partially implemented recommendations of SIGMA monitoring reports.

(2) Assumptions and conditions

The coordinating institutions for management of specific public administration core areas are in place in all IPA II beneficiaries. A condition for the effective and timely delivery of SIGMA support is political and administrative commitment to good governance in IPA II beneficiaries, and, to the extent possible, commitment to PAR/PFM reform in line with the Principles of Public Administration. Most IPA II beneficiaries have already advanced adopted PAR/PFM reform strategies. SIGMA activities will be nevertheless adapted to the specific contexts in each IPA II beneficiary. SIGMA and the European Commission will work continuously throughout the duration of this action on awareness raising, engaging with a broad range of stakeholders as well as, under the leadership of the European Commission, engaging in high-level policy dialogues and PAR Special Groups to ensure this action supports the IPA II beneficiaries to implement PAR. These fora create a platform for stock-taking and monitoring, thereby further ensuring the implementation of the SIGMA activity is relevant and adjusted to possible new needs in the beneficiaries' administrations.

(3) Implementation modalities

(3)(a) Indirect management with an international organisation

This action may be implemented in indirect management with the Organisation for Economic Co-Operation and Development (OECD) under the presumption that a new Financial Framework Partnership Agreement (FFPA) and contractual template will be in place by the first quarter of 2021.

This implementation entails achieving the overall objective of ensuring improved public policy outcomes and services to citizens and businesses in the IPA II beneficiaries. The envisaged entity has been selected using the following criteria: Since 1992, SIGMA has embodied the commitment of the European Commission to co-operate with the OECD in order to promote better public governance in the enlargement context. The successive SIGMA programmes have been repeatedly evaluated (in 2007 and 2012) with a positive track record in terms of efficiency, quality, effectiveness and sustainability of results and IPA II beneficiaries have always expressed a high level of satisfaction due to its high level of relevance, flexibility and quality of expertise delivered.

If negotiations with the above-mentioned entrusted entity fails, part of this action may be implemented in direct management in accordance with the implementation modalities identified in section (3)(b).

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

The budgetary envelope reserved for the action is EUR 15 000 000.

(3)(b) Direct management (project approach)

Should a new FFPA and contractual template not be in place by the first quarter of 2021, the fall-back option to indirect management is direct management through grants.

Grants:

- a) Purpose of the grant: The grant will contribute to achieving the objective and related results mentioned above.
- b) Direct grant award: Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the OECD. The recourse to an award of a grant without a call for proposals is justified in line with Article 195 (f) of the Financial Regulation which stipulates that grants may be awarded without a call for proposals “for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals”. Due to the specific technical expertise on Public Administration Reform offered by OECD/SIGMA, the Commission’s authorising officer deems it necessary for this organisation to carry out the proposed activities, which fall under the area of a specialised field and would not be applicable to a call for proposals.

The **global** budgetary envelope reserved for grants is: EUR 15 000 000.

Action 10	EU Integration Facility for the Western Balkans and Turkey	EUR 3 600 000
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: It aims to facilitate progress in key areas of needed reforms required by the Western Balkans and Turkey to comply with Union values, including strengthening the rule of law, by supporting actions that address specific priority and urgent needs in the region, including interventions in the context of the COVID-19 pandemic. It contains a number of small interventions such as provision of technical assistance, preparatory, pilot or start up/bridging actions. It may also cover relevant studies, networking, visibility, evaluation activities, as well as training or capacity-building activities. In this context, the action already identifies the implementation of a pilot action on judicial training. In line with the enlargement and association and stabilisation process, as well as the *Western Balkan Strategy*, this pilot action will aim at strengthening the rule of law in the targeted IPA II beneficiaries by enhancing the skills and capacities of judges and prosecutors mainly on EU *acquis*. This will be achieved by improving the institutional capacity of judicial training institutions in delivering strong, adequate and efficient judicial training to judges and prosecutors mainly on EU *acquis*.

Objectives: (1) to support flexible, preparatory/pilot actions addressing urgent and/or unforeseen that merit to be addressed rapidly in order to assure continuity in the European perspective and herewith related issues; and (2) to improve the institutional capacity of judicial training institutions of the Western Balkans IPA II beneficiaries in delivering strong, adequate and efficient judicial training to judges and prosecutors mainly on EU *acquis*.

Expected results: (1) implementation of a number of preparatory, pilot and start-up actions/ urgent/bridging support for important regional initiatives and organisations ensured; (2) technical assistance provided, studies, assessments, monitoring missions, evaluations carried out; (3) increased visibility of EU support and visibility material produced; (4) enhanced capacities of the Serbian Judicial Academy (JA) and the Montenegrin Judicial Training Centre (JTC) in assessing training needs mainly relating

to EU *acquis*; (5) enhanced capacities of the Serbian Judicial Academy (JA) and the Montenegrin Judicial Training Centre (JTC) in designing and implementing strong training programmes mainly on EU *acquis*; and (6) enhanced exchanges between judicial training institutions from Western Balkans IPA beneficiaries and European peer institutions.

Key performance indicators:

- Number of preparatory, pilot and start-up actions implemented / regional initiatives supported (including sex-disaggregated data).
- Number of outputs, such as Terms of Reference, technical specifications, feasibility studies and other documents, monitoring missions, evaluations (including sex-disaggregated data).
- Degree of satisfaction of judges and prosecutors regarding training needs' assessment (including sex- disaggregated data).
- Number of exchanges between judicial training institutions from Western Balkans IPA II beneficiaries and European peer institutions as a result of the action (including sex- disaggregated data).

(2) Assumptions and conditions

In order to ensure an effective and timely implementation of the action, it is necessary a continuous commitment and cooperation of decision-makers in IPA II beneficiaries to provide sufficient resources, and to support full operation of the established networks, systems and institutional frameworks in the relevant areas of interventions.

(3) Implementation modalities

Direct management (project approach)

Procurement:

The procurement will contribute to achieving objective 1 and related results 1, 2 and 3 mentioned above.

The **global** budgetary envelope reserved for procurement: EUR 3 000 000.

Grants:

- a) Purpose of the grant: The grant will contribute to achieving objective 2 and related results 4, 5 and 6 mentioned above.
- b) Direct grant award: Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the European Judicial Training Network (EJTN). The recourse to an award of a grant without a call for proposals is justified based on Article 195 (f) of the FR for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power on condition that the activities concerned do not fall within the scope of a call for proposals. The action aims to improve the institutional capacity of judicial training institutions of the Western Balkans in delivering strong, adequate and efficient judicial training to judges and prosecutors mainly on EU *acquis*. Building on the experience of the EJTN with both with its EU Member States and in the Western Balkans, the Western Balkans judicial training institutions will be able to address shortcomings and further build on the results and lessons learned of judicial training programmes. In addition, this action will support exchanges between judicial training institutions from the Western Balkans and European peer institutions.

EJTN is the principal platform and promoter for the training and exchange of knowledge of the European judiciary, including the institutions responsible for training judges and prosecutors of all EU Member States as its members. EJTN represents the interests of over 120,000 European judges, prosecutors and judicial trainers across Europe with nearly 40 EU national judicial bodies as its Members and Observers. It develops training standards and curricula, coordinates judicial training exchanges and programmes, disseminates training expertise and promotes cooperation between EU judicial training institutions. The support will allow the EJTN to involve the IPA beneficiaries (prosecutors, judges, judicial academia) to participate in relevant EJTN events alongside their peers of the EU Member States.

The **global** budgetary envelope reserved for grants: EUR 600 000.

For all the actions under the programme the following applies:

(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 beneficiaries 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 – MULTI COUNTRY ACTION PROGRAMME

	Method of implementation		Total EU contribution (EUR)	Entrusted entity (if known)	Entrusted entity contribution (EUR) (co-financing)	Grantee/ Other third party contribution (EUR) (co-financing)	TOTALS (EUR)	Commission implementing Directorate general
	Direct management	Indirect management with entrusted entity						
	EU contribution (EUR)	EU contribution (EUR)						
01.Horizontal support	10 100 000	22 000 000	32 100 000		1 499 764	125 000	33 724 764	
Action 02 - EU4Youth: Enhancing skills and education for young people in the Western Balkans	-	5 500 000	5 500 000	GIZ/UNESCO-IIEP	1 000 000	-	6 500 000	Directorate-General for Neighbourhood and Enlargement Negotiations
Action 03 - EU4Youth: Western Balkan Youth Window under Erasmus+	3 000 000	-	3 000 000	-	-	-	3 000 000	Co-delegation to EACEA
Action 04 - EU4Youth: European Week of Sport beyond Borders in the Western Balkans	1 000 000	-	1 000 000	-	-	-	1 000 000	Co-delegation to Directorate-General for Education, Youth, Sport and Culture
Action 07 - EU4 Rule of Law: Citizens Engagement for Public Integrity	2 500 000	-	2 500 000	-	-	125 000	2 625 000	Directorate-General for Neighbourhood and Enlargement Negotiations
Action 08 - EU4 Democracy: Support to electoral reform in the Western Balkans	-	1 500 000	1 500 000	OSCE/ODHIR	-	-	1 500 000	Directorate-General for Neighbourhood and Enlargement Negotiations
Action 09 - EU4 Good Governance: support to Public Administration	-	15 000 000	15 000 000	OECD	499 764	-	15 499 764	Directorate-General for Neighbourhood

Reform: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey								and Enlargement Negotiations
Action 10 - EU Integration Facility for the Western Balkans and Turkey	3 600 000	-	3 600 000	-	-	-	3 600 000	Directorate-General for Neighbourhood and Enlargement Negotiations
02.Regional structures and networks	2 640 000	-	2 640 000		-	660 000	3 300 000	
Action 06 - EU4 Connectivity: EU contribution to the budget of the Transport Community	2 640 000	-	2 640 000	-	-	660 000	3 300 000	Co-delegation to Directorate-General for Mobility and Transport
03.Regional investment support	48 500 000	57 000 000	105 500 000		-	-	105 500 000	
Action 01 - EU4 Business: Western Balkans Enterprise Development and Innovation Facility Development Facility (EDIF) and European Fund for Southeast Europe (EFSE)	-	38 000 000	38 000 000	EIF/EBRD/KfW	-	-	38 000 000	Directorate-General for Neighbourhood and Enlargement Negotiations
Action 05 - EU4Connectivity: Support to Technical Assistance under the Western Balkans Investment Framework (IPF, EWBJF and IFICO) and JASPERS support to IPA II beneficiaries	48 500 000	19 000 000	67 500 000	EIB/EBRD	-	-	67 500 000	Directorate-General for Neighbourhood and Enlargement Negotiations
TOTALS	61 240 000	79 000 000	140 240 000		1 499 764	785 000	142 524 764	

CRIS Decision / Co-delegation	Max. EU Contribution	Indicative Co-financing	Total
041-818-NEAR	133 600 000	1 624 764	135 224 764
NEAR>MOVE	2 640 000	660 000	3 300 000
NEAR>EAC	1 000 000	0	1 000 000
NEAR>EACEA	3 000 000	0	3 000 000
Total programme	140 240 000	2 284 764	142 524 764

4 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the European 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 European 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 Multi-country Indicative Strategy Paper.

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

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by the European Commission (Directorate General for Neighbourhood and Enlargement Negotiations) 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 evaluations shall be covered by another financing decision.

Having regard to the importance and nature of the actions, mid-term, final or ex-post evaluation(s) might be carried out for any of the actions or its components via independent consultants, through a joint mission, contracted by the Commission, via an implementing partner.

The European Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner 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 beneficiaries and other key stakeholders. The implementing partner and the European Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiaries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the action/s.