

ANNEX: Annual Programme for Kosovo* under the IPA Transition Assistance and Institution Building Component for 2011

1. IDENTIFICATION

Beneficiary	Kosovo
CRIS decision number	2011/022-939
Year	2011
Cost	EUR 62.9 million
Implementing Authority	European Commission, except for activities 2 and 3 of project 12, which will be implemented by joint management with the Council of Europe, and project 7, which will be implemented by indirect centralised management with the Kreditanstalt für Wiederaufbau (KfW).
Final date for concluding the financing agreement	At the latest by 31 December 2012
Final dates for contracting	3 years following the date of conclusion of the financing agreement. These dates apply also to beneficiary co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to beneficiary co-financing.
Budget line(s) concerned	22.02.02
Programming Unit	Unit C3, DG Enlargement
Implementation Unit/ Section	European Commission Liaison Office to Kosovo

2. THE PROGRAMME

2.a Priorities selected under this programme

The overall objective of EU financial assistance to Kosovo is to support its efforts to reform and comply with European standards and to implement its European reform agenda. Furthermore, the Europe 2020 agenda offers inspiration for further reforms that go beyond the *acquis*. The EU's enlargement policy supports the Europe 2020 strategy by extending the internal market and enhancing cross-border and regional cooperation.

IPA assistance aims to support Kosovo's participation in the European Union's Stabilisation and Association Process (SAP) for the Western Balkans. In particular, IPA should help Kosovo fulfil the European perspective it shares with the rest of the Western Balkans. Further to the Kosovo communication of 2009 and relevant Council Conclusions, the priorities of the IPA 2011 Annual Programme for Kosovo are in line with those of the Multi-annual Indicative Planning Document (MIPD) 2011-2013¹

* Under UNSCR 1244/1999.

¹ C(2011) 4381 adopted on 27 June 2011.

which set out that assistance will target the rule of law; economy, trade and industry; and public administration reform. Both the SAP Dialogue and the Progress Report continue to provide the framework for IPA assistance in Kosovo.

2.b Sectors selected under this programme and donor coordination

The first priority is to support Kosovo's efforts towards further progress in establishing and consolidating the rule of law and towards improving the functioning and independence of its judiciary, including the fight against corruption, as well as fight against organised crime, trafficking in human beings and drugs, smuggling and money laundering. Efforts should be aimed at supporting Kosovo's progress in the implementation of its visa liberalisation strategy. There is no single comprehensive rule of law sector strategy or approach. However, there are a number of composite strategies and action plans. A number of key reforms are needed, which the European Union (EU) should support. This support may lead to the future development of a sector wide approach in the rule of law area.

The second priority is to support Kosovo's efforts to improve its business environment, to attract investment, stimulate growth and the creation of formal jobs to ensure that Kosovo's socio-economic development can continue. Efforts are primarily to be guided by the requirements to enhance Kosovo's administrative and technical capacity necessary to conduct an effective trade policy. These efforts will take place within the wider framework of activities to support Kosovo's socio-economic development, and will fit with a number of composite sector strategies, notably Kosovo's industry, small and medium-sized enterprise (SME) and employment strategies. This second priority will be aligned with the European strategy for smart, sustainable and inclusive growth (Europe 2020).

The third priority is to support Kosovo in ensuring the delivery of public services to all people and establishing a professional, accountable, accessible, representative public administration free from political interference, in particular by supporting Kosovo's updated Strategy for Public Administration Reform and Action Plan, which the EU helped to develop.

Specific projects may also support activities that fall outside the immediate scope of the above sectors if and where particular needs are identified.

Kosovo's most recent Medium-Term Expenditure Framework (MTEF) was published in May 2011 and covers the period of 2012-2014. Kosovo updates its legislative action plan annually, which is reflected in an updated European Partnership Action Plan (EPAP). The EPAP sets out actions Kosovo plans to take in response to challenges identified during the Stabilisation and Association Process Dialogue and the Commission's Progress Reports. Several sector strategies exist; some have been approved by the Parliament. However, Kosovo needs to improve the link between its strategies and the budgetary process. Kosovo should improve its prioritisation (i.e. identify concrete and specific priorities within priority areas), also with a view of allocating IPA assistance.

An evaluation organised by the European Commission examined the feasibility of introducing a sector-based approach (SBA) in Kosovo. The evaluation issued the following recommendations:

- Kosovo's sector strategies should cover all *acquis*-related sectors and MIPD priorities; at present there are significant gaps in coverage.
- The quality of most existing strategies needs to be improved by developing realistic action plans and by adding indicators which can be used for performance monitoring.
- All priority sector strategies must be linked to the MTEF and be financially monitored by the Ministry of Finance.
- The government should set up the planned Strategy Planning Unit in the Prime Minister's Office.
- The Ministry of European Integration should take a leadership role in the sector strategic planning process. Currently it only undertakes a coordination role.
- A functioning system for monitoring the implementation of national strategies needs to be in place before a sector-based approach is introduced to Kosovo.
- Ministry of European Integration (MEI) staff and their counterparts in line institutions should receive training on sector strategic planning.

To streamline Kosovo's and donors' efforts and thus improve the effectiveness and impact of programming in Kosovo, the government has decided to embark on a sector-based approach to planning and implementing assistance. The Ministry of European Integration and donors have agreed to set up a mechanism to improve coordination and cooperation within the Kosovo government as well as with the donor community. This mechanism has the following objectives:

- to create a forum where the Kosovo administration together with the donor community can discuss priority areas for support in line with the EPAP, MTEF and other core governmental strategic documents;
- to streamline support activities to Kosovo among the donor community to avoid overlap and/or duplication of activities;
- to make optimal use of the resources (both human and financial) that are available in and for Kosovo.

Kosovo has set up an Aid Management Platform with the support of the donor community, notably the European Commission and the United States. This initiative should improve aid management and coordination, facilitate the linkage between donor assistance and the government's work programme, improve the alignment with the Medium-Term Expenditure Framework (MTEF), reduce transaction costs in gathering and reporting on donor assistance, improve the alignment of donor assistance with the government's sector wide strategies where available, and provide up-to-date and publicly available information on ongoing and planned aid activities.

Lessons learned from experience with the Community Assistance for Reconstruction, Development and Stability in the Balkans (CARDS) and IPA suggest that donor coordination needs strengthening. There should be clear links to Kosovo's development and action plans such as the budget and the Medium-Term Expenditure Framework (MTEF). Development of sector strategies in key sectors should help identify needs and secure the relevance of projects. Proper planning and sequencing of IPA assistance continues to be important to ensure sustainability and ownership.

According to external monitoring, the effectiveness of IPA projects improved over the first years of implementation, notably due to better project results and the use made of them by beneficiaries. Although projects are scoring well on relevance and quality of design, these criteria require more attention. More efforts are required both in programming and the drafting of Terms of Reference. IPA assistance needs to be targeted on a limited number of key priorities, which need to be closely aligned with Kosovo's European reform agenda and increasingly linked to costed sector strategies. Project selection should reflect improved planning, prioritisation and sequencing, and better coordination with other donors.

As Kosovo moves closer to Europe and alignment with European standards becomes increasingly important, the administrative and financial implications of *acquis* approximation for the Kosovo administration must be considered. The administration's absorption capacity must be taken into account when designing programmes to allow maximum benefit of assistance provided, including its capacity to develop internal evaluation mechanisms for institutional capacity assessment. Proper monitoring of programmes and projects, both by the beneficiaries and the Commission, is a key requirement to guarantee the desired results or adapt the activities to the rapidly developing environment.

All projects proposed with the framework of this Financing Proposal are directly linked to the three priority areas identified in the MIPD, as indicated in Section 2.c. Wherever relevant, practical and available, they build on the outputs of previous or existing IPA-financed projects. All projects have been selected after careful consideration of their relevance, timeliness, sustainability, efficiency and effectiveness. The selection of the sectors under this programme is the result of a thorough coordination process with donors, international finance institutions and EU member states.

2.c Description

Priority/measure	IPA support ²	Project beneficiary/purpose/activities and indicative implementation schedule and indicative budget allocations
Justice and Home Affairs	8.9	

² In EUR million.

<p>01-2011/1: <i>Border Management, Readmission and Reintegration</i></p>	<p>3.7</p>	<p>Beneficiaries: Ministry for Internal Affairs and other relevant ministries involved in reintegration issues, Kosovo Police</p> <ul style="list-style-type: none"> To further support the implementation of the Integrated Border Management (IBM) strategy and its Action Plan and the fight against drug trafficking <p>Implementation: 1 twinning (EUR 2 million) and 1 supply contract (EUR 0.5 million) to be launched in Q1 2012 – Q2 2013</p> <ul style="list-style-type: none"> To facilitate an integrated and comprehensive approach for sustainable reintegration of returnees in Kosovo through (i) strengthening of administrative and institutional capacities of relevant institutions and (ii) ensuring the provision of comprehensive socio-economic measures to beneficiary families <p>Implementation: 1 twinning contract (EUR 1.2 million) to be launched in Q4 2011</p>
<p>02-2011/1: <i>Financial Crime and Road Policing</i></p>	<p>2</p>	<p>Beneficiaries: Ministry of Justice and Agency for Managing of Sequestered and Confiscated Assets, Ministry of Economy and Finance, Financial Intelligence Unit, Kosovo Police, Ministry of Education, Science and Technology and Ministry of Transport and Telecommunication</p> <ul style="list-style-type: none"> To strengthen the administrative, policy-making and legal drafting capacities of the Agency for Management of Sequestered and Confiscated Assets <p>Implementation: 1 service contract (EUR 1 million) to be launched in Q1 2012</p> <ul style="list-style-type: none"> To strengthen the Financial Intelligence Unit and the Ministry of Economy and Finance and law enforcement agencies in the effective enforcement of a harmonized and comprehensive legal and other regulatory framework to combat financial crime <p>Implementation: 1 service contract (EUR 1 million) to be launched in Q3 2012</p> <ul style="list-style-type: none"> To improve road safety through introducing a combined road safety programme including Education, Road Safety Engineering and Road <p>Implementation: 1 service, 1 supply, 1 works contract (beneficiary co-financing)</p>
<p>03-2011/1: <i>Judiciary</i></p>	<p>3.2</p>	<p>Beneficiaries: Ministry of Justice, Kosovo Judicial Institute, Kosovo Judicial Council, Kosovo Prosecutorial Council</p> <ul style="list-style-type: none"> To further strengthen Kosovo Legal Education Reform <p>Implementation: 1 service (EUR 2 million) and 1 supply contract (EUR 0.5 million) to be launched in Q3 2012 – Q2 2013</p> <ul style="list-style-type: none"> Strengthen the capacities of Kosovo institutions in the area

		<p>of mutual legal assistance.</p> <p>Implementation: 1 twinning contract (EUR 0.7 million) to be launched in Q4 2011</p>
Private Sector Development, Smart, Sustainable and Inclusive Growth	41.75	
04-2011/2: Regional economic development	5.7	<p>Beneficiary: Ministry of Local Government Administration</p> <ul style="list-style-type: none"> To support the implementation of the regional strategies already prepared in each of the five economic regions of Kosovo <p>Implementation: 1 grant scheme (EUR 4.5 million) to be launched in Q2 2012</p> <ul style="list-style-type: none"> To enable Kosovo stakeholders to actively participate and benefit from joint Cross-Border Cooperation (CBC) initiatives with Montenegro, Albania and the former Yugoslav Republic of Macedonia <p>Implementation: 1 service contract (EUR 1.2 million) to be launched in Q1 2012</p>
05-2011/2: Municipal, social and economic infrastructure facility	10	<p>Beneficiary: Ministry of Local Government Administration</p> <ul style="list-style-type: none"> Improved social and economic infrastructure in the selected municipalities Gradually strengthened capacities of selected municipalities to successfully deal with developing, designing, tendering, implementing/supervising municipal infrastructure projects Strengthened capability of selected municipalities to deliver adequate services to their citizens <p>Implementation: 1 service contract and up to 5 works contracts to be launched in Q4 2011 – Q3 2012</p>
06-2011/2: Economic development - Intellectual Property Rights (IPR)	1	<p>Beneficiary: Industrial Property Office</p> <ul style="list-style-type: none"> Strengthen the administrative capacities in the sector of intellectual property rights, further align the IP legislative framework with the relevant parts of the EU <i>acquis</i>, and raise awareness in Kosovo of the importance and the benefits of an effective Intellectual Property (IP) system <p>Implementation: 1 service contract to be launched in Q4 2011</p>
07-2011/2: Energy	4	<p>Beneficiary: Kosovo's independent transmission system and market operator, Kosovo's citizens and all transmission system operators of neighbouring countries</p> <ul style="list-style-type: none"> To upgrade, develop and improve the security of the transmission system and its interconnection infrastructure and improve the power exchange in the region <p>Implementation: 1 delegation agreement to be concluded with the Kreditanstalt für Wiederaufbau in Q1 2012</p>
08-2011/2:	4.5	Beneficiary: Ministry of Agriculture, Forestry and Rural

<i>Agriculture and rural development</i>		<p>Development</p> <ul style="list-style-type: none"> To improve processing and marketing, hygiene, quality and food safety standards and environmental protection in the dairy, meat fruit and vegetable processing industry in order to strengthen the competitiveness of the agricultural and rural development sector, increase market share and consumer confidence into local products <p>Implementation: 1 grant scheme to be launched in Q2 2012</p>
<i>09-2011/2: Veterinary and food safety</i>	2.95	<p>Beneficiary: Ministry of Agriculture, Forestry and Rural Development, Kosovo Veterinary and Food Agency</p> <ul style="list-style-type: none"> Control/eradicate classical swine fever and rabies in the animal populations in Kosovo and construction of an EU compliant rendering plant for the safe disposal of animal by-products <p>Implementation: 2 service contracts and 1 supply contract to be launched in Q4 2011 – Q1 2012</p>
<i>10-2011/2: Youth and media</i>	2.6	<p>Beneficiaries: Media and cultural operators, youth in Kosovo</p> <ul style="list-style-type: none"> To increase the quality of print and broadcast media in Kosovo through the development of independent, investigative and publicly beneficial journalism <p>Implementation: 1 grant contract (EUR 0.8 million) to be launched in Q4 2011</p> <ul style="list-style-type: none"> To promote cultural activities in Kosovo as a vector for ensuring participation of all communities to social life <p>Implementation: 1 service contract (EUR 0.7 million) to be launched in Q1 2012</p> <ul style="list-style-type: none"> To promote inclusive educational and recreational activities and foster increased interaction between children from different communities and backgrounds, to promote multicultural exchanges, cooperation and social equality between youth from different backgrounds and origins <p>Implementation: 1 direct grant agreement with NGO SOS Kinderdorf (as per article 168(1)(f), refer to section 4.b below) (EUR 0.6 million) to be concluded in Q2 2012</p> <ul style="list-style-type: none"> To develop and launch practical innovations to benefit the youth and children of Kosovo <p>Implementation: 1 direct grant agreement with UNICEF (as per article 168(1)(c), refer to section 4.b below) (EUR 0.5 million) to be concluded in Q2 2012</p>
<i>11-2011/2: Social welfare and community stabilisation</i>	4	<p>Beneficiaries: Ministry for Communities and Returns and residing and returning members of ethnic minority communities in Kosovo, Ministry of Labour and Social Welfare, 5 municipalities and centres for social work</p> <ul style="list-style-type: none"> To create income generating and employment opportunities among ethnic minority communities throughout Kosovo, thereby creating sustainable livelihoods and improved socio-economic conditions

		<ul style="list-style-type: none"> To provide community based social services for the most vulnerable groups of children To provide social and care services for elderly and disabled in Kosovo <p>Implementation: 3 grant contracts (EUR 3 million, EUR 0.6 million and EUR 0.4 million respectively) to be launched in Q4 2011</p>
12-2011/2: Education	7	<p>Beneficiaries: Ministry of Education, Ministry of Interior, Office for Good Governance, returnees, Roma, Ashkali and Egyptian (RAE) communities, Ministry of Culture Youth and Sports, Ministry of Environment and Spatial Planning, Ministry of Agriculture and Rural Development, Ministry of Local Governance, Ministry of Trade and Industry - tourism department, Ministry of Transportation</p> <ul style="list-style-type: none"> To improve the quality and relevance of education through the implementation of the new modernised Kosovo Curriculum Framework (KCF), capacity building of educators, implementation of quality assurance measures in education and provision of adequate school supplies relevant the new curriculum <p>Implementation: 1 service (EUR 3 million) and 1 supply contract (EUR 1 million) to be launched in Q4 2012- Q2 2013</p> <ul style="list-style-type: none"> To support returnees (notable forced returnees) and minority RAE communities to integrate into the education system in Kosovo through targeted measures promoting their access to education and schooling and by promoting intercultural understanding in the school system in Kosovo The project aims at setting up a viable process of planning and cultural heritage management in Kosovo, with a stronger emphasis on community wellbeing, where all the involved stakeholders would find value in participating in order to ultimately benefit their constituency <p>Implementation: 2 contribution agreements with the Council of Europe to be concluded in Q1 and Q2 2012 (for EUR 1 and 2 million respectively)</p>
Public Administration Reform	8.7	
13-2011/3: Public administration reform	2.7	<p>Beneficiary: Ministry of European Integration, Ministry of Public Administration</p> <ul style="list-style-type: none"> To further strengthen Ministry's of European Integration capacity ensuring appropriate follow up of EU integration priorities and donor coordination at the national and local level <p>Implementation: 1 twinning contract (EUR 1 million) to be launched in Q4 2011 and 1 direct grant agreement with NGO Development Gateway (as per article 168(1)(f), refer to section 4.b below) (EUR 0.7 million) to be concluded in Q2 2012</p> <ul style="list-style-type: none"> To generate a core group of civil servants (young cell scheme) who after undergoing university exchange programmes

		<p>in EU universities are prepared and determined to implement reforms in public administration, in particular those required for EU integration</p> <p>Implementation: 1 service contract (EUR 1 million) to be launched in Q1 2012</p>
14-2011/3: Public Finance	3.5	<p>Beneficiaries: Office of the Prime Minister, Ministry of Finance, Office of the Auditor General, Public Procurement Regulatory Commission, Public Procurement Agency and Procurement Review Body</p> <ul style="list-style-type: none"> To support the operation of the financial and management control framework and internal audit systems including the creation of greater awareness and competence amongst senior managers and decision makers in public institutions of the new financial and management control framework <p>Implementation: 1 service contract (EUR 1million) to be launched in Q1 2012</p> <ul style="list-style-type: none"> To support the Office of the Auditor General to continue building up a fully functional Kosovo National Audit Office, further develop its capacities for sustainable delivery of its objectives <p>Implementation: 1 twinning contract (EUR 1.5 million) to be launched in Q4 2011</p> <ul style="list-style-type: none"> To strengthen the public procurement system <p>Implementation: 1 service contract (EUR 1million) to be launched in Q1 2012</p>
15-2011/3: Institution Building (TAIEX)	2.5	<p>Beneficiaries: all ministries and public bodies/agencies</p> <ul style="list-style-type: none"> To build the capacity of the Kosovo's civil service to draft, implement and enforce EU compatible legislation To strengthen the capacity of Kosovo public institutions, to implement activities in line with its European integration agenda priorities at all levels <p>Implementation: 1 service contract to be concluded in Q1 2012</p>
Support and other activities	3.55	
16-2011/4: EU programmes	0.5	<p>Beneficiaries: Ministry of Youth, Culture and Sports, Ministry of Education Science and Technology, Ministry of European Integration</p> <ul style="list-style-type: none"> To co-finance the costs of the "entry-tickets" which the beneficiary has to pay for the participation in the EU Programmes To strengthen the capacity of the relevant administrative bodies to ensure proper participation of the beneficiary in EU Programmes <p>Implementation: the project will be implemented as a reimbursement of a part of the entry tickets after it has been</p>

		paid, on the basis of a specific agreement with the EU. The first contribution agreements are expected to be signed in Q3 2012
17-2011/4: <i>Support measures and technical assistance facility</i>	3.05	Main beneficiary: Ministry of European Integration <ul style="list-style-type: none"> Supporting the newly established ministry, line ministries and beneficiaries in preparing action linked to the priorities for EU integration, sustained socio-economic development, sectoral approximation and regional cooperation Implementation: indicatively 10-15 contracts (services, works and supplies) to be launched in Q4 2011 – Q4 2014
TOTAL	62.9	

Other EU assistance complementing this programme

Close coordination and complementarity will be sought with other EU instruments outside this annual programme. Projects under the IPA Multi-Beneficiary Programme for the entire Western Balkans region should also cover Kosovo, addressing regional cooperation and coordination dimensions. The TEMPUS programme is financed from the IPA geographical allocations, including **EUR 2.7 million** from the annual allocation for Kosovo. The aim is to involve Mitrovica/ë and Pristina universities in partnerships and studies with and/or in European universities. Furthermore, **EUR 0.3 million** are foreseen for Kosovo to participate in regional activities relating to nuclear safety and radiation protection. The contribution to the Civil Society Facility, to be adopted by a separation Decision, is **EUR 1 million**. In addition to IPA, the European Instrument for Democracy and Human Rights (EIDHR) Programme managed by DG DEVCO includes an annual allocation of EUR 0.9 million for Kosovo in 2007, 2008, 2009, 2010 and 2011. This programme should address the human rights challenges by means of grants to civil society organisations.

Kosovo could benefit from the EU-12 political and economic transition management experiences, best practices and expertise as detailed in the European Transition Compendium. This Compendium could be a useful tool in MSs' assistance to Kosovo in all priority sectors and objectives in institutional building as set up in the document.

2.d Horizontal issues

Systematically addressing horizontal issues is a critical starting-point in programme design. Local bodies responsible for these issues, including civil society, will be consulted continuously to help Kosovo's institutions mainstream horizontal issues effectively. Part of the projects' budget may be allocated for this purpose.

Equal opportunities and non-discrimination

Taking full account of the situation in Kosovo (civil service, gender equality and anti-discrimination laws), projects will be based on consultation with the Office for Good Governance, the Agency for Gender Equality and the network of gender officers in ministries and municipalities. Specific attention will be paid to addressing women's needs and interests throughout projects and organising activities making it easier for them to participate. Institutions and civil society will also be given assistance to

ensure that gender equality is adequately mainstreamed in legislation, government strategies and policies.

Respect for and protection of minority and vulnerable groups

Failure to integrate Kosovo's minorities into the social, economic and political mainstream could lead to further human rights violations and political destabilisation. Mainstreaming issues concerning minorities and vulnerable groups is one of the key components of the Anti-Discrimination Law, which highlights the importance of promoting a multi-ethnic society. Specific attention will be paid to addressing minorities' specific needs and interests throughout projects and organising activities making it easier for them to participate, in particular achieving adequate minority representation in training and coaching, promoting adequate minority recruitment and representation in the civil service and in the central and local administration, using Kosovo's official languages, as stipulated by law, and meeting the specific needs of Serbian, Roma, Ashkali, Egyptian and other communities.

Environmental protection

Projects will systematically examine ways to enhance environmental protection, including considerations on climate change, across the region. In particular, infrastructure reconstruction and rehabilitation activities will be consistent with the relevant regulations and the Law on Environmental Protection.

Good governance, with particular attention to the fight against corruption

Emphasis should be put on the need for an accountable and professional civil service applying the principles of legality, transparency, public consultation and integrity, in order to ensure proper implementation of the projects and the sustainability of the reforms undertaken.

2.e Risks and assumptions

The Kosovo authorities must formally endorse project fiches, including parallel co-financing commitments. They must furthermore ensure that the beneficiary institutions have adequate resources to use EU financial support in the most effective and sustainable manner. Beneficiary institutions must participate in drafting the design and tender documents, including terms of reference, and formally endorse them. They must also participate in the selection committees for procurement and grants. The Kosovo authorities must ensure the availability of land where ownership is clear and certain for the planned works. They must secure the long-term sustainability of relevant action by allocating the necessary resources, including operating and maintenance costs. Beneficiary institutions must organise, select and appoint members of working groups, steering, monitoring and coordination committees and seminars, as required by the project activities, ensuring a gender and ethnic balance.

If these conditions are not met, the implementing authority will consider suspending or cancelling the relevant activities.

2.f Roadmap for the decentralisation of the management of EU funds

Kosovo's IPA coordinator is the Permanent Secretary of the Ministry of European Integration. Discussions on the 'Roadmap for the Decentralised Implementation System (DIS)' have been initiated but are still at a very early stage.

3. BUDGET (AMOUNTS IN EUR MILLION)

3.a Indicative budget table

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure		IPA EU contribution		National contribution*		Total expenditure		IPA EU contribution			National contribution*	
	EUR (a)=(b)+(c)	EUR (b)	% ⁽¹⁾	EUR (c)	% ⁽¹⁾	EUR (d)=(e)+(f)	EUR (e)	% ⁽¹⁾	EUR (f)	% ⁽¹⁾		EUR (g)=(a)+(d)	EUR (h)=(b)+(e)
Sector 1 Justice and Home Affairs	9.40	7.90	84%	1.50	16%	2.00	1.00	50%	1.00	50%	11.40	8.90	14.2%
<i>Border Management, Readmission and Reintegration</i>	3.20	3.20	100%	0	0%	0.50	0.50	100%	0	0%	3.70	3.70	
<i>Financial Crime and Road Policing</i>	3.50	2.00	57%	1.50	43%	1.00	0	0%	1.00	100%	4.50	2.00	
<i>Judiciary</i>	2.70	2.70	100%	0	0%	0.50	0.50	100%	0	0%	3.20	3.20	
Sector 2 Private Sector Development, Smart, Sustainable and Inclusive Growth	22.25	17.75	80%	4.50	20%	44.00	24.00	55%	20.00	45%	66.25	41.75	66.4%
<i>Regional economic</i>	1.20	1.20	100%	0	0	5.00	4.50	90%	0.50	10%	6.20	5.70	

<i>Development</i>													
<i>Municipal, social and economic facility</i>	0	0	0	0	0	12.50	10.00	80%	2.50	20%	12.50	10.00	
<i>Economic development - Intellectual Property Rights(IPR)</i>	1.00	1.00	100%	0	0	0	0	0	0	0	1.00	1.00	
<i>Energy</i>	0	0	0	0	0	17.50	4.00	23%	13.50	77%	17.50	4.00	
<i>Agriculture and rural development</i>	6.50	4.50	69%	2.00	31%	0	0	0	0	0	6.50	4.50	
<i>Veterinary and food safety</i>	3.45	1.45	42%	2.00	58%	1.50	1.50	100%	0	0	4.95	2.95	
<i>Youth and media</i>	2.75	2.60	95%	0.15	5%	0	0	0	0	0	2.75	2.60	
<i>Social welfare and Community Stabilisation Programme (CSP)</i>	1.15	1.00	87%	0.15	13%	4.20	3.00	71%	1.20	29%	5.35	4.00	
<i>Education</i>	6.20	6.00	97%	0.20	3%	3.30	1.00	30%	2.30	70%	9.50	7.00	
Sector 3													
Public Administration Reform	8.90	8.70	98%	0.20	2%	0	0	0	0	0	8.90	8.70	13.8%
<i>Public Administration</i>	2.90	2.70	93%	0.20	7%	0	0	0	0	0	2.90	2.70	

<i>Reform</i>													
<i>Public Finance</i>	3.50	3.50	100%	0	0	0	0	0	0	0	3.50	3.50	
<i>Institution Building (TAIEX)</i>	2.50	2.50	100%	0	0	0	0	0	0	0	2.50	2.50	
Sector 4													
Support and other activities	2.77	2.77	100%	0	0	0.78	0.78	100%	0	0	3.55	3.55	5.6%
<i>EU programmes</i>	0.50	0.50	100%	0	0	0	0	0	0	0	0.50	0.50	
<i>Support measures and technical assistance facility</i>	2.27	2.27	100%	0	0	0.78	0.78	100%	0	0	3.05	3.05	
TOTAL	43.32	37.12	86%	6.20	14%	46.78	25.78	55%	21.00	45%	90.10	62.90	100

Amounts net of VAT

* contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector rows only and for Centralised only. Expressed in % of the grand total of column (h). It indicates the relative weight of the sector with reference to the total IPA EU contribution of the entire FP.

3.b Principle of Co-Financing applying to the programme

The IPA EU contribution, which represents 70% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management and joint management is based on the total expenditure.

In total, 14% of co-financing is envisaged for institution building (IB) and 46% for investment (INV). The rate of co-financing of IPA programmes has increased year by year.

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

4. IMPLEMENTATION

4.a Management modes and implementation modalities

The programme will mainly be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation³ and the corresponding provisions of the Implementing Rules⁴. Implementation of the programme will be managed by the European Commission Liaison Office to Kosovo.

Activities 2 and 3 of project 12 of this programme will be implemented by the European Commission by joint management with the Council of Europe, in accordance with Article 53d of the Financial Regulation and the corresponding Implementing Rules. To this end, the Commission will conclude a contribution agreement with the Council of Europe. The joint management modus has been chosen due to the long standing experience of the Council of Europe in the relevant fields.

Project 7 will be implemented by the European Commission by indirect centralised management with the Kreditanstalt für Wiederaufbau (KfW) in accordance with Article 54(2)(c) of the Financial Regulation and the corresponding Implementing Rules. To this end, the Commission and KfW will conclude a delegation agreement. The indirect centralised management modus has been chosen on the basis of KfW's broad experience in the energy infrastructure sector in Kosovo and due to the successful cooperation during earlier IPA infrastructure projects.

4.b General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C (2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

³ Regulation 1605/2002 (OJ L 248, 16.9.2002, p. 1), as amended.

⁴ Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1), as amended.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EU external actions” (“Practical Guide”) as published on the DEVCO website at the date of the initiation of the procurement or grant award procedure. The essential selection and award criteria for the award of grants are laid down in the Practical Guide. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants

The general rules for procurement and grant award procedures for activities 2 and 3 of project 12 will be defined in the Contribution Agreement between the Commission and the Council of Europe implementing the project/activity.

4.c Implementation principles for twinning projects

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred. The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary as resident twinning advisor. The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address: http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

4.d Environmental impact assessment and nature conservation

All investments shall be carried out in compliance with the relevant EU environmental legislation. An environmental impact assessment equivalent to that provided for by the EIA Directive must be made for each project⁵ which falls within the scope of the EIA Directive⁶. An appropriate nature conservation assessment equivalent to that provided for in Article 6 of the Habitats Directive⁷ must be made for any project⁸ that is likely to affect sites of nature conservation importance.

5. MONITORING AND EVALUATION

5.a Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisation(s) concerned.

⁵ Cf. EIA Annex to the corresponding investment project fiche.

⁶ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40), as amended.

⁷ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7), as amended.

⁸ Cf. nature conservation Annex to the corresponding investment project fiche.

5.b Evaluation

Programmes shall be subject to ex-ante evaluations, as well as interim and/or, ex-post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes. The results of evaluations shall be taken into account in the programming and implementation cycle. The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the European Commission Liaison Office in the Beneficiary. In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96⁹. The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

The authorising officer by delegation (AOD), or the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him/her by the AOD, in accordance with the principles of sound financial management, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

8. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature¹⁰, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him/her by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

⁹ OJ L 292; 15.11.1996; p. 2.

¹⁰ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.