

2012 Annual Programme

Support to dialogue and EU approximation: 06 – 2012 / 2

1 IDENTIFICATION

Project Title	Support to dialogue and EU approximation
CRIS Decision number	2012/022-940
Project no.	06
MIPD Sector Code	2. Justice and Home Affairs 9. Support and other activities
ELARG Statistical code	01.34
DAC Sector code	43010
Total cost (VAT excluded) ¹	€8.3 million
EU contribution	€8.3 million
Management mode	Centralised.
EU Delegation in charge	European Union Office in Kosovo*
Implementation management	European Union Office in Kosovo
Implementing modality	Stand-alone projects (incl. service, supplies and works contracts, grants, twinning, twinning light, contribution agreements, delegation agreements)
Project implementation type	C01
Zone benefiting from the action(s)	Kosovo

2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

Since the publication of the last Progress Report in October 2011, the relations between the European Union and Kosovo have been marked by a number of important political developments and decisions, which have, in turn, increased the need for more flexible IPA assistance:

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

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

- Between November 2011 and February 2012, Kosovo and Serbia reached a number of crucial agreements in the context of the Pristina-Belgrade Dialogue: On 22 November, an agreement was reached on details of acceptance of university diplomas, on 3 December an agreement was reached on IBM, and on 24 February an agreement was reached on regional cooperation.
- Following the Council conclusions of 5 December 2011, the Commission launched the visa dialogue with Kosovo on 19 January. The visa liberalisation roadmap was handed over to the government of Kosovo on 14 June 2012.
- On 28 March, the Commission launched a feasibility study for a Stabilisation and Association Agreement between the European Union and Kosovo, which was published on 10 October 2012.
- In its conclusions of 5 December 2011, the Council invited Kosovo to launch an inclusive and long-term agenda for northern Kosovo and asked the Commission to offer its full support to this agenda.
- Finally, following the renewed mandate for EULEX (until 14 June 2014), the size of EULEX is to be gradually reduced. The EULEX strategic review suggests that responsibilities will be gradually transferred from EULEX to Kosovo authorities on the basis of clearly defined benchmarks.

The high political relevance of these developments is reflected in the General Affairs Council conclusions on Enlargement and the Stabilisation and Association Process of 5 December 2011 and 28 February 2012.

2.2 LINK WITH MIPD AND SECTOR STRATEGIES

The first priority for IPA assistance identified in the MIPD 2011-2013 is to support Kosovo's efforts towards further progress in establishing and consolidating the rule of law, which includes improving the functioning and independence of its judiciary, the fight against corruption, as well as fight against organised crime, trafficking in human beings and drugs, smuggling and money laundering. The MIPD underlines that efforts should be aimed at supporting Kosovo's progress in the implementation of its visa liberalisation strategy. The visa liberalisation process has been launched following the Council conclusions of 5 December 2011, and will most likely be an important incentive for Kosovo to introduce reforms in the rule of law. Rule of law will also figure prominently in the Feasibility Study as the guarantee of a safe, efficient and predictable legal space is a logical precondition for the operation of an effective SAA.

The second priority of the MIPD 2011-2013 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 of a possible trade agreement with the EU. Trade-related aspects are expected to play a prominent role in the SAA Feasibility Study.

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. Public Administration Reform will be central among the political criteria examined in the Feasibility Study.

The MIPD further specifies that IPA may finance actions that fall outside the scope of the main sectors such as, but not limited to: i) project/sector programme identification and preparation; ii) *acquis* related actions that need to be adopted/implemented according to an established timetable (e.g. negotiating framework or NPAA); iii) participation in Union Programmes to which Kosovo becomes eligible unless they are included in one of the sectors chosen above; iv) support measures for the implementation, monitoring and audit of IPA programmes; (v) support to the dialogue on practical issues between Kosovo and Serbia; (vi) as well as investment.

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

Kosovo's Medium Term Expenditure Framework (MTEF) 2011 – 2013 sets out an analysis of the macroeconomic environment of Kosovo, and outlines strategic policy priorities of the Government. It also presents a summary of the essential fiscal envelope or baseline against which the range of Government policy priorities will be assessed for funding.

In the Rule of Law sector, MTEF stresses enforcement of the laws on Kosovo Judicial Council and that on courts. It also underlines enforcement of the Law on Management of Confiscated and Sequestered Assets, including setting up the institutional framework and enhancing the capacities, amongst priorities for the forthcoming period. On the Kosovo Judicial Institute, it states implementation of the both Beginners and Continuous Training Programmes. Concerning home affairs, it prioritizes provision of quality services for citizens, integrated border management, preventing and combating financial crime (including financial intelligence) and other forms of organized crime, migration and public security, mainly focusing on the dimension of enhancing human and technical capacities of respective institutions.

The 2011 Progress Report on Kosovo identifies the challenges Kosovo needs to address and the measure the EU can take to help Kosovo advance along the path of its European perspective. In 2012, the annual Progress Report on Kosovo will be replaced by the SAA Feasibility Study which will examine where Kosovo stands in terms of political, economic and legal approximation, and highlight the areas in which further progress and assistance will be needed. All actions financed under this facility will be directly or indirectly related to the EU approximation process and Kosovo's EU reform agenda.

2.4 PROBLEM ANALYSIS

The European Union's involvement in Kosovo is focused primarily on the key elements of the Stabilisation and Association Process, including the Progress Report, the SAP Dialogue and the MIPD. However, the European Union is also directly concerned by developments that fall outside the immediate scope of the SAP, and it should be able to support these with its financial assistance, where needed. The below provides a non-exhaustive list of such developments:

Pristina-Belgrade Dialogue

On the basis of the UN General Assembly Resolution adopted on 9 September 2010, which had been tabled jointly by Serbia and the 27 EU Member States, a process of dialogue between Pristina and Belgrade started on 8 March 2011. The UNGA Resolution welcomed the readiness of the European Union to facilitate a process of dialogue between the parties; the process of dialogue in itself would be a factor for peace, security and stability in the region, and that dialogue would be to promote cooperation, achieve progress on the path to the European Union and improve the lives of people. The dialogue has been facilitated by the EEAS, in close cooperation with the Commission.

In July 2011, agreements were reached on civil registries, free movement and acceptance of university diplomas (general principles). In September 2011, further two agreements were reached on cadastre and customs stamps. In November 2011, agreement was reached on details of the acceptance of university diplomas. On 3 December 2011, an agreement was reached on IBM. On 24 February 2012, agreement was reached on regional cooperation.

In its conclusions of 28 February 2012, the Council confirmed progress made in the dialogue and urged both sides to take forward the implementation of the agreements reached. For the implementation, financial and/or technical assistance is likely to be required.

Northern Kosovo

In its 2011 Progress Report, the Commission confirmed that while the integration of Kosovo Serbs has improved in the southern part of Kosovo, tension in northern Kosovo has increased. The Commission confirmed that the people in the north also need to benefit from the European perspective. To that end, the Commission underlined the importance of Kosovo launching a comprehensive agenda for the North.

In the Council conclusions of 5 December 2011, the Council invited Kosovo to launch an inclusive and long-term agenda for northern Kosovo and welcomed Commission's intention to offer its full support to this agenda.

Feasibility study for a Stabilisation and Association Agreement between the European Union and Kosovo

In the Council conclusions of 28 February 2012, without prejudice to Member States' position on status, or any future decisions to be taken by the Council, the Council took note of the intention of the Commission to launch a feasibility study for a Stabilisation and Association Agreement between the European Union and Kosovo. The Commission's feasibility study will examine where Kosovo stands in terms of political, economic and legal approximation, and highlight the areas in which further progress and assistance will be needed. The study was officially launched on 27 March and issued on 10 October 2012.

Visa dialogue

The General Affairs Council conclusions of 5 December 2011 reaffirmed that Kosovo will benefit from the perspective of eventual visa liberalisation and welcomed the Commission's intention to launch towards the end of 2011 a visa dialogue with Kosovo, without prejudice to Member States' position on status, if all conditions were effectively fulfilled. In consequence,

the Commission launched the visa dialogue with Kosovo on 19 January 2012. The visa liberalisation roadmap was handed over to the government of Kosovo on 14 June 2012.

Bearing in mind the wide range of issues relevant for visa liberalisation, and the need to establish an adequately secured context for visa-free travel, the visa roadmap, which is currently being drafted, seeks to identify all the measures that Kosovo needs to adopt and implement and the requirements it needs to fulfil to advance towards visa liberalisation. These benchmarks are non-negotiable. The visa liberalisation dialogue will address issues in four blocks: document security; border/boundary and migration management; public order and security; and fundamental rights related to the freedom of movement.

Strategic Review of EULEX

EULEX Kosovo is the EU's largest CSDP mission. The current EULEX mandate, decided in 2008, expires on 14 June 2012. On 17 February 2012, the Strategic Review on EULEX was discussed in PSC. The main recommendations were to prolong the Mission's mandate for two years (until 14 June 2014), to significantly reduce the Mission's size in the south, to keep all executive functions, to focus more on the north, where the mandate remains unchanged; and to conduct a follow-up strategic review depending on developments in the north. The council has approved the extension of the mandate for 2 years.

It has been recommended that the phase-out of EULEX will be based on benchmarks, not on timelines. The new EULEX structure will reduce the number of staff from 2550 to around 1000 international and around 800 local staff initially. The strategic review suggests that the handover of responsibilities between EULEX and Kosovo authorities will, where necessary, be accompanied by financial assistance from the Commission, and that this will be coordinated between EULEX and the Commission.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

Donor coordination structures are in place in Kosovo. Where ever possible and appropriate, the Commission and EUO will consult with other donors before and during the implementation of any action. Close consultation and coordination with EULEX will be ensured particularly where the JHA / rule of law sector is concerned.

2.6 Lessons learned

The experience of the past years has shown that Kosovo is a *casu sui generis* when it comes to assistance. While many projects have been successfully implemented under CARDS and IPA, there has been an increasing need for financial assistance to respond more quickly and more flexibly to current political developments and processes. While the General Technical Assistance Facility supports preparation and/or implementation of activities related to planned or ongoing IPA assistance and actions identified as necessary within the IPA programme and Kosovo's general EU reform agenda, this project specifically supports Kosovo in addressing the needs and requirements arising from the political developments and processes described above.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

- to support measures related to urgent political needs that may arise from the Pristina-Belgrade dialogue and other political processes that are beyond the Commission's control.
- to support Kosovo in addressing the needs and requirements arising from the developments and processes that have been set in motion or confirmed by the Council conclusions of 5 December 2011 and 28 February 2012.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

1. To support the practical implementation of agreements reached within the Pristina-Belgrade Dialogue;
2. To support an inclusive and long-term agenda for northern Kosovo;
3. To support Kosovo in addressing the needs and requirements identified in the visa roadmap;
4. To support Kosovo in addressing issues and challenges identified in the feasibility study for a Stabilisation and Association Agreement;
5. To support the handover of responsibilities from EULEX to Kosovo authorities following the Strategic Review of EULEX.
6. To support any other action directly relevant to Kosovo's European perspective and EU reform agenda.

3.3 RESULTS

Given that the specific actions foreseen under this facility are still to be identified, it is difficult to indicate concrete results to be achieved. However, the general results should include:

1. Substantial progress has been made in the implementation of agreements reached within the framework of the Pristina-Belgrade dialogue;
2. Substantial progress has been made in the socio-economic development of northern Kosovo and mutual trust between communities has increased;
3. Kosovo has made substantial progress in the implementation of reforms and other measures identified in the visa roadmap, including meeting the relevant benchmarks;
4. Kosovo has made substantial and sustainable progress in addressing the issues, challenges and recommendations confirmed in the feasibility study for a Stabilisation and Association Agreement;
5. The capacity of the Kosovo authorities to take over from EULEX has been strengthened.
6. Kosovo's capacity to make progress on its European perspective and implement its EU reform agenda has been improved.

3.4 MAIN ACTIVITIES

The specific actions foreseen under this facility are yet to be identified. Assistance under this project fiche will target, but not exclusively, areas such as the rule of law, decentralisation, trade, economic development (including macro-economic and fiscal mechanisms), private sector development, public administration reform, employment and social policies, education, training and research, culture and the EU perspective and minority communities, sectorial approximation (energy, the environment and transport) and building institutional capacity. Actions will include institution-building and investment that are directly related to the EU approximation process, Kosovo's European perspective and its EU reform agenda, and can be implemented by all means prescribed by the IPA Regulation and implementing rules.

The identification and implementation of actions will be guided by the following documents, among others:

- Council conclusions of 5 December 2011 and 28 February 2012
- Agreements and implementation arrangements stemming from the Pristina-Belgrade dialogue
- Visa liberalisation dialogue and roadmap for Kosovo
- Feasibility study for a Stabilisation and Association Agreement between the European Union and Kosovo
- EULEX Strategic Review, and agreed benchmarks on transition of tasks between EULEX and the government

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

Not applicable as the actions to be financed under this project are still to be identified.

3.6 SUSTAINABILITY

Not applicable as the actions to be financed under this project are still to be identified.

3.7 ASSUMPTIONS AND PRE-CONDITIONS²

- EU Member States continue to engage and endorse the political processes that have been set in motion or confirmed by the Council Conclusions of 5 December 2011 and 28 February 2012.
- Authorities in Kosovo and Serbia have the will and capacity to implement the agreements reached in the Pristina-Belgrade Dialogue;
- Kosovo starts implementing its agenda for northern Kosovo;

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

- The security situation in northern Kosovo allows for unimpeded implementation of projects;
- The Feasibility Study for an SAA is issued;
- The visa liberalisation dialogue and roadmap for Kosovo are implemented;
- The Strategic Review of EULEX, including the relevant benchmarks, is implemented;

4 IMPLEMENTATION ISSUES

Depending on the needs related to the Pristina-Belgrade dialogue and other political processes described above, the project will be implemented through a number of twinning/twinning light/service/framework/grant contracts as well as work contracts, supply contracts or direct agreements where the need for a rapid response of the Commission to non-programmable events is such that the duration of the procedure to amend this decision would frustrate the purpose of such response.

Actions to be financed in the context of this fiche will tend to be politically sensitive and require particularly speedy implementation and/or high level of discretion. Limited absorption capacities of potential beneficiaries of the action will also have to be taken into account, particularly in northern Kosovo.

For these reasons, a number of derogations from standard PRAG procedures may be required. Possible derogations include: awarding of grants without calls for proposals (direct awards), use of negotiated procedure, shortening of deadlines for work tenders, lowering of thresholds for contracts.

4.1 INDICATIVE BUDGET

Indicative Project budget (amounts in €)

PROJECT TITLE			TOTAL EXPENDITURE	SOURCES OF FUNDING								
				IPA CONTRIBUTION			BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION
	IB (1)	INV (1)	€ (a)=(b)+(c)+(d)	€ (b)	% (2)	Total € (c)=(x)+(y)+(z)	% (2)	Central € (x)	Regional/Local € (y)	IFIs € (z)	€ (d)	% (2)
Activity 1												
Contract 1	X		3.300.000	3.300.300	100							-
Contract 2		X	5.000.000	5.000.000	100							
TOTAL IB			3.300.000	3.300.000	100							
TOTAL INV			5.000.000	5.000.000	100							
TOTAL PROJECT			8.300.000	8.300.000	100							

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

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

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

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Approximately 10-15 contracts: Q1 2013 - Q4 2015

4.3 CROSS CUTTING ISSUES

4.3.1 Equal Opportunities and non discrimination

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of projects and access to the opportunities they offer. An appropriate gender balance will be sought in all the managing bodies and activities of the respective projects.

4.3.2 Environment and climate change

Environmental protection, disaster resilience and risk prevention and management should be integrated in the planning, preparation and implementation of projects.

4.3.3 Minorities and vulnerable groups

The actions will in no way harm the rights of any individuals, including minorities and vulnerable groups. Given the broad scope of the actions envisaged to be financed under this facility, there is the possibility to support projects that directly deals with minorities and vulnerable groups.

4.3.4 Civil Society/Stakeholders involvement

Civil Society /Stakeholders involvement will be taken into consideration in all aspects of EU-funded activities, particularly in relation to public services, legislative matters and socio-economic support programmes in order to support civil society organisations to strengthen their capacities and professionalism, allowing them to engage in an effective dialogue with public and private actors and to monitor developments in areas such as the rule of law and respect for fundamental rights.

ANNEXES

1. Log frame (see below)

2. Description of Institutional Framework

Not Applicable since the beneficiaries are still to be identified

3. Reference list of relevant laws and regulations only where relevant

Not Applicable since the projects are still to be identified

4. Details per EU funded contract(*) where applicable

Not Applicable since the projects are still to be identified

5. Project visibility activities

The European Union Office in Kosovo has developed clear visibility guidelines and ensures that all projects which are implemented in Kosovo are fully in line with these guidelines. Project visibility is also clearly stipulated in all contractual documents whereby the contractors/implementers are obliged to adhere to all EU visibility requirements.

Many of the projects developed in the context of the above-mentioned processes will be politically sensitive and therefore require a certain level of discretion. In such cases, in order not to endanger the success of such projects, deviation from the standard visibility guidelines will be required.

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number		06. Support to dialogue and EU approximation
		Contracting period expires 3 years after signing the financing agreement.		Execution period expires 2 years after the final date for contracting.
		Total budget	€8.3 million.	
		IPA budget:	€8.3 million.	
Overall objective	Objectively verifiable indicators (OVI)	Sources of Verification		Assumptions
- to support measures related to urgent political needs that may arise from the Pristina-Belgrade dialogue and other political processes that are beyond the Commission's control. - to support Kosovo in addressing the needs and requirements arising from the developments and processes that have been set in motion or confirmed by the Council conclusions of 5 December 2011 and 28 February 2012.		Commission's Annual Progress Report .		EU Member States continue to endorse the political processes that have been set in motion or confirmed by the Council conclusions of 5 December 2011 and 28 February 2012.
Specific objective	Objectively verifiable indicators (OVI)	Sources of Verification		Assumptions
1. To support the practical implementation of agreements reached within the Pristina-Belgrade Dialogue; 2. To support an inclusive and long-term agenda for northern Kosovo; 3. To support Kosovo in addressing the needs and requirements identified in the visa roadmap; 4. To support Kosovo in addressing issues and challenges identified in the feasibility study for a Stabilisation and Association Agreement; 5. To support the handover of responsibilities from EULEX to Kosovo authorities following the Strategic Review of EULEX.	Number of tasks/responsibilities transferred from EULEX to Kosovo authorities.	Commission's Annual Progress Report. Project reports. EULEX reports.		Authorities in Kosovo and Serbia have the will and capacity to implement the agreements reached in the Pristina-Belgrade Dialogue; Kosovo starts implementing its agenda for northern Kosovo; The security situation in northern Kosovo allows for unimpeded implementation of projects; The Feasibility Study for an SAA is issued;

<p>6. To support any other action directly relevant to Kosovo's European perspective and EU reform agenda.</p>			<p>The visa liberalisation dialogue and roadmap for Kosovo are implemented;</p> <p>The Strategic Review of EULEX, including the relevant benchmarks, is implemented.</p>
<p>Results</p>	<p>Objectively verifiable indicators (OVI)</p>	<p>Sources of Verification</p>	<p>Assumptions</p>
<p>1. Substantial progress has been made in the implementation of agreements reached within the framework of the Pristina-Belgrade dialogue;</p> <p>2. Substantial progress has been made in the socio-economic development of northern Kosovo and mutual trust between communities has increased;</p> <p>3. Kosovo has made substantial progress in the implementation of reforms and other measures identified in the visa roadmap, including meeting the relevant benchmarks;</p> <p>4. Kosovo has made substantial and sustainable progress in addressing the issues, challenges and recommendations confirmed in the feasibility study for a Stabilisation and Association Agreement;</p> <p>5. The capacity of the Kosovo authorities to take over from EULEX has been strengthened;</p> <p>6. Kosovo's capacity to make progress on its European perspective and implement its EU reform agenda has been improved.</p>	<p>Agreements reached within the Pristina-Belgrade dialogue are being implemented;</p> <p>Number of businesses established or supported in northern Kosovo;</p> <p>Number of visa roadmap benchmarks met;</p> <p>Number of measures implemented as identified in the SAA feasibility study;</p> <p>Number of benchmarks met on transition of tasks between EULEX and GoK.</p>	<p>Commission's Progress Report.</p> <p>Project reports.</p> <p>EULEX reports.</p>	
<p>Activities to achieve results</p>	<p>Means / contracts</p>	<p>Costs</p>	<p>Assumptions</p>
<p>Depending on the needs related to the Pristina-Belgrade dialogue and other political processes described above, the project will be implemented through a number of twinning/twinning light/service/framework/grant contracts as well as work contracts, supply contracts or direct agreements where the need for a rapid response of the Commission to non-programmable</p>	<p>Service, supplies, and works contracts, grants, twinning, twinning light, contribution agreements, delegation agreements</p>	<p>€8.3 million.</p>	

events is such that the duration of the procedure to amend this decision would frustrate the purpose of such response.

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