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COMMISSION IMPLEMENTING DECISION

of 8.11.2017

adopting an Action Programme for Serbia for the year 2017

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THE EUROPEAN COMMISSION,

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

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 action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) 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.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I of Regulation (EU) No 231/2014. The Commission adopted an indicative strategy paper for Serbia for 2014 - 2020 on 19 August 2014 which provides indicative allocations for the sectors for pre-accession assistance.⁴
- (4) Considering the proposals for action submitted by the beneficiaries concerned, the Action Programme for Serbia for the year 2017 aims at providing assistance for actions in the following sectors: Democracy and Governance, Rule of Law and Fundamental rights, Environment, climate change and Energy.

¹ OJ L 77, 15.03.2014, p. 95.

² OJ L 298, 26.10.2012, p.1.

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

⁴ C(2014) 5872 of 19.8.2014

- (5) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.⁵
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary specified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and first subparagraph of Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014⁶ the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.

The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002⁷ and Commission Regulation (EC) No 718/2007⁸ and the entity's present compliance with the requirements of points (a) to (d) of Article 60 (2) of the Regulation (EU, Euratom) No 966/2012, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to this Decision.

- (7) The Commission should be able to entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.

These entities comply with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary, except for financial instruments and sub-delegations.

- (8) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article

⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

⁶ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II) (OJ L 132, 3.5.2014, p. 32).

⁷ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

⁸ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p.1).

92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.

- (9) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (10) The action programme provided for by this Decision are 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

Adoption of the programme

The Action Programme under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex, is hereby approved.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the programme referred to in Article 1 is set at EUR 138.2 million and shall be financed as follows:

EUR 60 million from the budget line 22.02.01.01 of the general budget of the EU for year 2017 and

EUR 78.2 million from the budget line 22.02.01.02 of the general budget of the EU for year 2017

The financial contribution(s) referred to in the first sub-paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by direct and indirect management.

The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

A Financing Agreement shall be concluded between the Commission and the Government of Serbia in conformity with the Framework Agreement concluded on 23 December 2014 between the same parties.

Article 4

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases 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;

- (d) within the limits of 20% referred to in points (a) and (b) above, up to 5% of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

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

Done at Brussels, 8.11.2017

For the Commission
Johannes HAHN
Member of the Commission

ANNEX

to Commission Implementing Decision adopting an Annual Action Programme for Serbia for the year 2017

1 IDENTIFICATION

Beneficiary	Serbia
CRIS/ABAC Commitment references Total cost EU Contribution Budget lines	2017/040-497 Total cost: EUR 41,177,139 EU contribution: EUR 41,177,139 Budget line: 22.02 01 01 2017/040-498 Total cost: EUR 21,109,515.89 EU contribution: EUR 18,822,861 Budget line: 22.02 01 01 2017/040-499 Total cost: EUR 38,740,000 EU contribution: EUR 28,600,000 Budget line: 22.02 01 02 2017/040-500 Total cost: EUR 85,526,550 EU contribution: EUR 49,600,000 Budget line: 22.02 01 02
Management Mode/ Entrusted entities	Direct management by the European Commission for all activities with the following exceptions: Action 1 "EU Integration Facility Direct Management" result 2 will be implemented through indirect management with the Council of Europe. Action 2 "EU Integration Facility Indirect Management", Action 5 "EU Support to the Environment Sector" and Action 6 "EU Support to the Energy Sector" will be implemented through indirect management with Serbia. The entrusted entity responsible for the execution of the actions is the department for Contracting and Financing of EU Funded projects (CFCU) at the Ministry of Finance. Action 3 "Support to the Participation in Union Programmes", implementation will consist in the payment of the IPA part of the financial contribution to the EU Programmes by the National Fund.
Final date for concluding	

<u>Financing Agreements with the IPA II beneficiary</u>	At the latest by 31 December 2018
<u>Final date for concluding delegation agreements under indirect management</u>	At the latest by 31 December 2018
<u>Final date for concluding procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
<u>Final date for operational implementation</u>	6 years following the date of conclusion of the Financing Agreement
<u>Final date for implementing the Financing Agreement</u> (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement
<u>Programming Unit</u>	DG NEAR, Unit D2
<u>Implementing Unit/ EU Delegation</u>	EU Delegation to Serbia

2 DESCRIPTION OF THE ACTION PROGRAMME

- The 2017 IPA II allocation for Serbia is EUR 186,700,000. Out of this amount, EUR 3,500,000 will be allocated for support to civil society under the IPA 2017 multi-country action programme, EUR 25,000,000 will be allocated to IPARD and EUR 20,000,000 will be allocated to the Regional Housing Programme, included in the IPA 2017 Multi-country action programme. Consequently, the EU contribution to the present 2017 Action Programme for Serbia amounts to EUR 138,200,000.

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

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

The priorities of the action programme for Serbia are in line with the Indicative Strategy Paper for Serbia (the strategy paper)⁹ which sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to EU accession based on two pillars: Democracy and Rule of Law, and Competitiveness and Growth.

The selection of the specific sectors to be financed under this programme was based on the consideration of the objectives and results included in the strategy paper; the priorities defined within the Enlargement Strategy 2016, the specific recommendations of the Annual Report for Serbia for 2016, as well as on relevant national strategic documents, mainly the National Programme for Adoption of the Acquis (NPAA) and the Document on National Priorities for International Assistance - Needs Assessment Document (NAD). The present programme has been prepared in close cooperation with the Serbian European Integration Office and national institutions, as well as in close coordination with other donors including international financial institutions, and civil society organisations.

In view of moving further towards a sector approach, the actions under this programme have been selected based on their relevance and their contribution to national sector strategies as well their link to accession negotiations. Actions have been assessed based on key principles of maturity, absorption capacity, adequate sequencing with previously programmed IPA and other donors' assistance. In addition, the programme was developed with full consideration of the approach on the selection of indicators in line with the Better Regulation Package and the Guidelines on Linking Planning/Programming, Monitoring and Evaluation of DG Neighbourhood and Enlargement Negotiations.

This process led to the selection of the following two sectors for financing under the present programme: rule of law and fundamental rights, environment, climate change and energy. The present programme also includes support for general capacity building to support accession negotiations and participation to EU programmes, which figure under the democracy and governance sector.

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

Participation in EU Programmes

⁹ C(2014)5872 of 19.8.2014

Participation of Serbia in EU Programmes has been supported by IPA since 2007. Evaluations conducted highlighted the benefit of this participation and the need to strengthen the national coordination mechanism and capacities to maximise the benefits that Serbia can draw.

EU Integration Facilities

Substantial IPA assistance has been provided under IPA I and IPA II to Serbia in order to support in particular the horizontal departments in charge of coordination of European integration process and the office for coordination of IPA. Support has proven to be instrumental in enhancing capacities for alignment and implementation of *acquis* requirements.

Rule of law and fundamental rights

Sub-sector Justice

The justice sub-sector received substantial assistance from the international donor community over the period 2007-2013, and the EU has been the largest and most important donor in the sector with total disbursement within the IPA component I amounting to EUR 67.38 million in the period 2007-2013. Under IPA II support for the sub-sector justice contributed towards improvement of efficiency and transparency of the judicial system, the development of a case management system in the prosecution and prison administration, modernisation of judicial training and support to the Justice Academy, support for the enforcement of penal sanctions, development of mechanisms for victim and witness protection, monitoring of war crimes trials and support to independent judiciary institutions.

Several evaluations were performed aiming at providing information on effectiveness of IPA in the relevant sector, from which the recommendations for the planning of further assistance were drawn, in particular the need to strengthen the link between accession negotiations and financial assistance.

Sub-sector Home affairs

IPA support for the sub-sector home affairs focused on the prevention of trafficking of human beings, enhancement of border controls, supporting the capacities for asylum seekers, improving border facilities and infrastructure support to the fight against organised crime and corruption and fight against money laundering. Sector budget support for the implementation of the National Integrated Border Management Strategy has been programmed under IPA 2016. Several evaluations were performed aiming at providing information on effectiveness of IPA in this sector, from which the recommendations for the planning of further assistance were drawn, in particular the need to strengthen the link between accession negotiations and financial assistance.

Environment, climate action and Energy

Sub-sector Environment

IPA has focused on the support to the implementation of priorities under the National Programme for Environmental Protection, covering the whole environmental sector, including water supply and wastewater treatment, waste management, air quality, ionising radiation, land degradation, urbanisation, forestry and fisheries. It also focused on the need to introduce cleaner production and environmental management systems in industrial facilities. In terms of climate change, it focused on the development and assistance with key aspects in the National Cleaner Production Strategy and the National Strategy for Incorporation of Serbia into the Clean Development Mechanism under the Kyoto Protocol. Evaluation reports have recommended the greater focus on capacity building in this sector, ensuring that institutions have skills to implement the extensive acquis requirements in this field, but also to ensure its effective implementation.

Sub-sector Energy

Support to the energy sub-sector has been substantial under both IPA I and IPA II. EU assistance focused on reform of the energy sector in line with the EU energy *acquis*, strategic planning, increased use of renewable energy, introducing new infrastructure related to the regional gas market and upgrading of environmental infrastructure related to industrial waste water from electricity production. Under IPA II, support was in particular provided to the adoption of legislation in line with the Energy Community legislation, capacity building of energy efficiency and cleaner energy production through the implementation of emission reduction at a thermal power plant.

The Swedish Development Agency (SIDA) "Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia" has found the relevance of the assistance to be very high. The evaluation report recommends that the strengthening of institutions responsible for policy, regulatory oversight and implementation (or reorganisation, in the case of energy liberalisation) should be synchronised with infrastructure development, given that the two are inextricably linked.

List of Actions foreseen under the selected Sectors/Priorities:

ACTION NO AND TITLE	INDIRECT MANAGEMENT WITH THE IPA II BENEFICIARY	OTHER ARRANGEMENTS	IMPLEMENTATION
DEMOCRACY AND GOVERNANCE			
Action 1 "EU Integration facility – Direct Management"	N/A	Direct management and indirect management	EUR 14,524,669
Action 2 "EU Integration facility – Indirect Management"	7,586,974.81	N/A	N/A
Action 3 "Support to the Participation in Union Programmes"	11,235,886.19	N/A	N/A
TOTAL	EUR 18,822,861	TOTAL	EUR 14,524,669
RULE OF LAW AND FUNDAMENTAL RIGHTS			

Action 4 "EU Support to the Justice Sector"	N/A		Direct management	EUR 26,652,470
TOTAL	N/A		TOTAL	EUR 26,652,470
ENVIRONMENT, CLIMATE ACTION AND ENERGY				
Action 5 "EU Support to the Environment Sector"	EUR 28,600,000		N/A	N/A
Action 6 "EU Support to the Energy Sector"	EUR 49,600,000		N/A	N/A
TOTAL	EUR 78,200,000		TOTAL	N/A
TOTAL	EUR 97,022,861		TOTAL	EUR 41,177,139

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR	<i>Democracy and Governance</i>		<i>EUR 33,347,530.00</i>
Action 1	<i>EU Integration Facility – Direct Management</i>	<i>Direct management and Indirect Management with CoE</i>	<i>EUR 14,524,669.00</i>

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

The overall objective of this action is to strengthen the legislative framework and institutional capacities, for the efficient carrying out of accession negotiations and fulfilling the requirements of EU membership.

Specific objectives of the action are:

To support the Serbian administration to effectively meet requirements and conditions deriving from the accession negotiations and successfully manage overall EU integration and pre-accession assistance geared towards EU membership focusing on key areas of free movement of goods, human resources development in local public administration and legislative harmonisation with the EU acquis.

Expected results:

- Serbia improves the implementation of the legal framework and enforcement of EU-harmonised policies in the area of free movement of goods;
- Serbia further strengthens human resources development and management in local government units;
- The level of compatibility of national legislation with EU legislation and effective implementation is increased in a number of acquis areas;

- A prompt implementation of emerging accession related actions in the sectors covered by the EU Acquis and policy dialogue with EU is ensured.
- Evaluation of IPA and IPA II assistance is carried out

Key Performance Indicators:

- Rate of transposition of the EU Acquis, as measured by the % of the implementation of the Serbian National Programme for Adoption of the Acquis.
- Progress made towards meeting the accession criteria as measured by relevant Acquis negotiation chapters..

Assumptions and conditions

The **main assumptions** that should be considered are: the continuous support of the Government of Serbia to European Integration process is maintained; there is continuous support of the Member States to Serbia's European Integration process; the government allocates appropriate levels of human and financial resources, and budgetary constraints are not increased, for EU integration processes and there are sufficient dedicated and qualified staff available at beneficiary institutions.

Implementation arrangements of the action:

Procurement: *direct management by the EU Delegation in Serbia*

- a) the global budgetary envelope reserved for procurement: EUR: 10,924,669
- b) the indicative number and type of contracts: an indicative number of at least ten service, supplies, framework and works contracts.
- c) indicative time frame for launching the procurement procedure: Q2 to Q 3 2018

Result 2 will be implemented in indirect management by the Council of Europe.

Entity entrusted with budget implementation tasks

The Council of Europe (CoE).

The CoE has a long term experience in working on the improvement of local government. It has established the European Charter on Local Government and is in charge of monitoring of its implementation. It is able to tap into and deliver professional support and assistance through well-established mechanisms for government to government sharing of experiences. Such mechanisms include the Rapid Response Service which aims to provide specific comparative information at short notice. The CoE has been working for a number of years on the reform of the human resources management and human resources development system in local self-government in Serbia, and the continuation of this support is the most cost-effective manner to solidify and branch out the already achieved results.

Short description of the tasks entrusted to the entity

The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action, except financial instruments and sub-delegations. In

particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of the activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

SECTOR	<i>Democracy and Governance</i>		<i>EUR 33,347,530.00</i>
Action 2	<i>EU Integration Facility – Indirect Management</i>	<i>Indirect management with beneficiary country</i>	<i>EUR 7,586,974.81</i>

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

The overall objective of this action is to contribute to strengthening the legislative framework and institutional capacities of Serbia for fulfilling the requirements of EU membership.

The specific objective of the action is to support the Serbian administration to effectively meet requirements and conditions deriving from the accession negotiations and successfully manage overall EU integration and pre-accession assistance geared towards EU membership focusing on key areas, mainly in relation to fight against organized crime, fight against terrorism financing and fight against cybercrime.

Expected results:

- Strengthened capacities of administrative and law enforcement institutions responsible for financial investigations, fight against terrorism financing and fight against organised crime;
- Strengthened capacities of Criminal Police Department and Special Prosecutor’s Office in combating cyber-crime;
- Prompt implementation of emerging accession related actions in the sectors covered by the EU Acquis and policy dialogue with EU is ensured through indirect management mode;
- Evaluation of IPA and IPA II assistance implemented under indirect management mode by beneficiary country is carried out.

Key Performance Indicators:

- Progress made towards meeting the accession criteria as measured by relevant Acquis negotiation chapters.
- Rate of transposition of the EU *Acquis*, as measured by the % of the implementation of the Serbian National Programme for Adoption of the *Acquis*.

Assumptions and conditions

The **main assumptions** include the need for continuous support of the Government of Serbia to European Integration process; allocation of appropriate levels of human and financial resources for EU integrations processes and availability of sufficiently dedicated and qualified staff at beneficiary institutions. Concerning Fight against Cybercrime, the activities depend upon the previous supply of relevant equipment. The supply will be carried out through previous IPA funding.

Implementation arrangements for the action: *indirect management with Serbia*

Short description of the tasks entrusted to the entity

This action will be managed under indirect management by the Central Finance and Contracting Unit (CFCU) - Ministry of Finance, Department for Contracting and Financing of EU Funded Projects. The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

SECTOR	Democracy and Governance		EUR 33,347,530.00
Action 3	Support to participation in Union Programmes	Indirect management with beneficiary country	EUR 11,235,886.19

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

The overall objective of this action is to support Serbia's preparation for accession through participation in Union programmes and agencies.

Expected results:

- Enhanced participation of the Republic of Serbia to the Union Programmes, including an increased exchanges with EU Member States;
- Strengthened ownership and responsibility of the Republic of Serbia (including in financial terms) for participation to the Union Programmes.

Key performance indicators:

- Number of EU Programmes in which Serbia takes part;
- Number of institutions and organisations benefitting from EU Programmes and initiatives.

Assumptions and conditions

The **main assumption** that should be considered is the commitment of the Serbian administration and institutions for preparation and participation to EU Programmes.

Implementation arrangements of the action: indirect management with Serbia

Short description of the tasks entrusted to the entity

Implementation will in particular consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund within the Ministry of Finance.

SECTOR	Rule of Law and Fundamental Rights		EUR 26,652,470.00
<i>Action 4</i>	<i>EU Support to the Justice Sector</i>	<i>Direct management</i>	<i>EUR 26,652,470.00</i>

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

The overall objective of this action is a fully efficient, effective, accountable, professional and independent justice sector in Serbia.

The specific objectives of the action are:

- A fully inclusive and efficient justice sector monitoring mechanism is established and operational;
- Independence, accountability and efficiency of the prosecutorial system is strengthened;
- Automatization of court data collection is enhanced and more advanced statistics are available to improve the effectiveness¹⁰ of court proceedings;
- Judicial facilities for courts and prosecutor's offices in Novi Sad are in accordance with the Model Court Guidelines.

Expected results are:

- Enhanced monitoring capacities of the Ministry of Justice and relevant Chapter 23 institutions as well as Ministry of Justice capacities for implementation of Chapter 23 reform activities;
- Strengthened capacities of the State Prosecutorial Council and Republic Public Prosecutor's Office in performing their competences related to prosecutorial governance and coordination;

¹⁰ Effectiveness is a terminology which stems from the EU Justice Scoreboard and includes all the three main elements of an effective justice system: Quality, Independence and Efficiency. In this context this broader terminology should be used because advanced statistics will eventually lead to an improvement in all of those three areas.

- Strengthened technical capacities for the full roll-out and implementation of a Centralised Case Management System (CCMS) ensuring a random allocation of cases function and covering in all courts of basic jurisdiction country-wide – which should be able to process all relevant data for measuring the effectiveness of the judicial system.
- New courts facility is constructed, furnished and equipped in line with standards from the Model Court Guideline and Model Prosecutors Guideline.

Key Performance Indicators:

- Ratio between the number of proposed corrective measures by the monitoring mechanism and number of implemented measures (disaggregated by institution proposing the corrective measure);
- Degree of fulfilment of recommendations from the State Prosecutorial Council Strategic Plan related to independence and efficiency of the Prosecutorial system;
- Ratio of courts in which a functioning Centralised Case Management System had been introduced.
- Number of backlog reduction cases in courts of general jurisdiction;
- Compliance of a new judicial building with standards defined within in Model Court Guidelines.

Assumptions and conditions:

The main assumptions for the implementation of this action are: commitment among political and judicial stakeholders to pursue the judicial reform process and an adequate national budget allocated to support continuity in the judiciary reform. Conditions without which the project cannot be timely or effectively implemented, in relation to Result 3 (Case management system) are the following: a) Data Recovery centre in Nis fully operational before the Tender process for CCMS is launched. This will ensure safe backup of all the new data inserted in the CCMS; b) in terms of sequencing, the Migration plan of electronic case data, available in the software currently in use, needs to be drafted before the Tender process for CCMs is launched; c) basic court equipment and infrastructure (computers for users and LAN connections) should be available to cover at least 70% of the expected CCMS users, before its deployment; d) telecommunication costs for the effective functioning of the CCMS will be financed by the Government of Serbia.

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

Implementation arrangements for the action:

The Results will be implemented through direct management by the EU Delegation to Serbia.

Procurement:

- a) the global budgetary envelope reserved for procurement: EUR: 26,652,470
- b) the indicative number and type of contracts: an indicative number of eight service, supplies and works contracts.
- c) indicative time frame for launching the procurement procedure: Q2 to Q3 2018

SECTOR	Environment, climate action and Energy		EUR 78,200,000.00
<i>Action 5</i>	<i>EU Support to the Environment Sector</i>	<i>Indirect management with beneficiary country</i>	<i>EUR 28,600,000.00</i>

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

The overall objective of this action is improving the quality of life of citizens by raising environmental standards in Serbia to approximate EU levels.

The specific objectives of the action are:

- To improve municipal solid waste management in line with EU standards and Serbian legislation;
- To improve water and wastewater management in line with EU standards and Serbian legislation;
- To increase the capabilities of Ministry of Environment Protection (MEP) and Ministry of Agriculture, Forestry and Water Management (MAFWM) for the effective implementation of environmental projects.

Expected results are:

- Solid waste source separation infrastructure introduced and made operational in 4 regions (provisionally: Duboko, Pančevo, Srem-Mačva and Pirot) with established and operational sanitary landfills;
- Waste water collection and treatment systems improved in Brus-Blace and Kraljevo;
- Increased capacity and expertise acquired by the three Public Utility Companies (PUCs) responsible for the operation and maintenance of the infrastructure investments on sustainable infrastructure operation/use;
- Strengthened efficiency of management of water services: water supply, collection and waste-water treatment, at central level, municipalities and PUCs
- Increased capability of MEP, MAFWM, and in particular the IPA unit, in management and implementation of projects.

Key Performance Indicators:

- Population served with waste water treatment and benefitting from improved waste management;
- Recycling rate of municipal solid waste contributing to meeting the Waste Framework Directive (2008/98/EC), Article 11 standards;
- Proportion of urban wastewater treated in line with the Urban Waste Water Directive (91/271/EEC);

Assumptions and conditions

The main assumptions for the implementation of this action are: continued political support for harmonisation with the EU environmental acquis; commitment to continuation of environment sector reform and increasing competitiveness of the sector; Serbian Government remains oriented towards improving environmental institutions and the enforcement of environmental legislation at all levels; future allocation by the government of appropriate levels of human and financial resources; active and efficient co-operation can be developed and maintained between national government and municipalities and between all levels and bodies of relevant administration.

In terms of conditions, in relation to the source separation schemes, before funds can be contracted, the choice of sites which will benefit from the programme must be approved by the EU Delegation, to ensure their readiness in line with the recommendations of the IPA Monitoring Committee. Implementation of the Article 157 of the Law on Waters through the adoption of the Decree on the reference price for water and the Decree on the Methodology for the setting of tariffs for water services is an assumption.

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

Implementation arrangements for the action: indirect management with Serbia

Short description of the tasks entrusted to the entity

This action will be managed under indirect management by the Central Finance and Contracting Unit (CFCU) - Ministry of Finance, Department for Contracting and Financing of EU Funded Projects. The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

SECTOR	Environment, climate action and Energy		EUR 78,200,000.00
<i>Action 6</i>	<i>EU Support to the Energy Sector</i>	<i>Indirect management with beneficiary country</i>	<i>EUR 49,600,000.00</i>

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

The overall objective of this action is to diversify and secure a more reliable and sustainable energy supply and to increase the competition in natural gas market wholesale trading.

The specific objectives of the action are:

- Diversification of gas supply sources and routes in line with the EU Third Energy Package.
- Gas pipeline capacity allocation auctions conducted in full compliance with EU *acquis* including EU network codes.

Expected results are:

- Gas Interconnection Serbia-Bulgaria fully operational on the Serbian side.

Key Performance Indicators:

- Share of natural gas in primary energy supply (energy mix).
- Interconnectors capacity in energy units (GWh/year)
- Volume of gas traded (domestic and international in energy units/Bm3/year)

Assumptions and conditions

The assumptions are that the construction of the Bulgarian section of the interconnector will proceed progressively in line with the joint time schedule and be finalised by 2021, Yugorosgaz as a pipeline owner and operator will enable interconnection between the IBS and its domestic Serbian network in line with the EU *acquis* and Serbia's Energy Community obligations, progress on gas sector reforms leading to the IBS operating under EU rules will be achieved, and full support of municipal leadership and involved authorities for an efficient project implementation will be provided. Furthermore, expropriation and permitting procedures are carried out timely as planned, co-financing is provided and tendering and contracting procedures are done in an efficient manner. The following conditions need to be met to fully achieve the project's objectives:

- the pipeline capacity offered provides firm access to the Serbian gas transmission system in line with EU rules and without any preferential rights given to any network user or transmission system operator;
- Srbijagas is fully unbundled and certified in line with EU rules;
- no network user (alone or together with any of its successors or affiliates including any companies that are not legally and structurally separated from the network user and companies that are not maintained, managed and operated in an independent manner from the respective network user) shall benefit from more than 50% of the technical capacity at the interconnection point. After 10 years from the start of the pipelines operation, the TSO may apply to the NRA to review the requirement on the grounds that sufficient diversity of supply had emerged on the market to permit a sustainable level of effective competition.

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

Implementation arrangements for the action: indirect management with Serbia

Short description of the tasks entrusted to the entity

This action will be managed under indirect management by the Central Finance and Contracting Unit (CFCU) - Ministry of Finance, Department for Contracting and Financing of EU Funded Projects. The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

3 BUDGET

3.1. INDICATIVE BUDGET TABLE - COUNTRY ACTION PROGRAMME FOR SERBIA

		Indirect Management with the IPA II beneficiary			Other implementation arrangements					
Financing Agreements		EU Contribution	IPA II beneficiary Co-financing	Total expenditure	EU Contribution	IPA II beneficiary Co-financing	Total expenditure	MM	Total programme	
Objective 1	1: Democracy and Governance		18,822,861	2,286,654.89	21,109,515.89	14,524,669		14,524,669	mixed	35,634,184.89
	Financing agreement 1 Dec. IPA/2017/040-497	Action 1 "EU Integration facility – Direct Management"				14,524,669		14,524,669	mixed	14,524,669
	Financing agreement 2 Dec. IPA/2017/040-498	Action 2 "EU Integration facility – Indirect Management"	7,586,974.81		7,586,974.81				IMBC	7,586,974.81
	Financing agreement 2 Dec. IPA/2017/040-498	Action 3 "Support to participation in UPs"	11,235,886.19	2,286,654.89	13,522,541.08				IMBC	13,522,541.08
	2: Rule of Law and Fundamental Rights					26,652,470		26,652,470	Direct	26,652,470
	Financing agreement 1 Dec. IPA/2017/040-497	Action 4 "EU Support to the Justice Sector"				26,652,470		26,652,470	Direct	26,652,470
Objective 2	3: Environment and climate action		28,600,000	10,140,000	38,740,000				IMBC	38,740,000
	Financing agreement 3 Dec. IPA/2017/040-499	Action 5 "EU Support to the Environment Sector"	28,600,000	10,140,000	38,740,000				IMBC	38,740,000
	5: Energy		49,600,000	35,926,550	85,526,550				IMBC	85,526,550
	Financing agreement 4 Dec. IPA/2017/040-500	Action 6 "EU Support to the Energy Sector"	49,600,000	35,926,550	85,526,550				IMBC	85,526,550

4	Financing	TOTALS	97,022,861	48,353,204.89	145, 376,065.89	41,177,139		41,177,139	mixed	186,553,204.89
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4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

- **DIRECT MANAGEMENT:**

Part of this programme shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twinning:

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 IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management by Serbia in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Part of this programme shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

- The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

5 PERFORMANCE MONITORING ARRANGEMENTS

- As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.
- The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country 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 national 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 DG NEAR and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.