

ANNEX: Annual Programme for Kosovo* under the IPA Transition Assistance and Institution Building Component for 2013

1 IDENTIFICATION

Beneficiary	Kosovo
CRIS decision number	2013/ 024-216
Year	2013
EU contribution	€ 65.86 million
Implementing Authority	European Commission, with the exception of project 2 which will be partially implemented in joint management with the United Nation Children's Fund (UNICEF), project 3 which will be partially implemented in joint management with the United Nation High Commissioner for Refugees (UNHCR), project 6 which will be partially implemented in joint management with the United Nations Educational, Scientific and Cultural Organization (UNESCO), project 5 and project 7 which will be partly implemented in joint management with the International Organisation for Migration (IOM), in accordance with Article 53d of the Financial Regulation.
Final date for concluding the Financing Agreement	at the latest by 31 December 2014
Final date for contracting	3 years following the date of conclusion of the Financing Agreement. This date applies also to beneficiary co-financing.
Final date for execution	2 years following the end date for contracting. This date applies also to beneficiary co-financing.
Budget line concerned	22.02.02
Programming Unit	Unit C3, DG Enlargement
Implementation Unit/ EU Delegation	European Union Office in Kosovo

2 THE PROGRAMME

2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME

The overall objective of EU financial assistance to Kosovo is to support its efforts to implement its European reform agenda, make progress on its European perspective

* 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.

and improve its relations with the rest of the Western Balkans. Furthermore, the Europe 2020 agenda offers inspiration for further reforms that go beyond the EU 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 Commission's Kosovo Communication of 2009 and relevant Council Conclusions, the priorities of the IPA 2013 Annual Programme for Kosovo are in line with those of the Multi-annual Indicative Planning Document (MIPD) for Kosovo 2011-2013 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.

The prioritisation of IPA assistance also takes account of political developments that have a bearing on Kosovo's progress towards Europe. Following the General Affairs Council Conclusions of 5 December 2011, the Commission launched the visa dialogue with Kosovo in January 2012. Following the Council Conclusions of 28 February 2012, a feasibility study for a Stabilisation and Association Agreement between the European Union and Kosovo will be issued in the autumn of 2012. In the aforementioned conclusions, the Council invited Kosovo to launch an inclusive and long-term agenda for northern Kosovo and asked the Commission to offer its full support. The implementation of agreements reached within the Belgrade-Pristina Dialogue and the strategic review of EULEX are further areas in which IPA assistance can be mobilised. Additional developments related to EU-Kosovo relations unknown at the time of drafting can also provide inspiration for IPA financing under this programme.

2.2 PRIORITY AREAS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION

The first priority area identified in the MIPD 2011-2013 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 are aiming at supporting Kosovo's progress in the process towards visa liberalisation. The visa roadmap seeks to identify all the measures that Kosovo will need to adopt and implement and the requirements it needs to fulfil to advance towards visa liberalisation. The Structured Rule of Dialogue launched at the end of May 2012 covers three main areas: the fight against corruption, the fight against organised crime and the independence of judiciary.

The second MIPD 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, as well as to strengthen the

capacities of local structures. The Feasibility Study for a Stabilisation and Association Agreement between the EU and Kosovo, which is to be issued in the autumn of 2012, 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. These efforts fall within the wider framework of activities to support Kosovo's socio-economic development, and 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 MIPD 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. This year, assistance will have a special focus on supporting the social service sector, the Ministry of Finance and the Statistical Agency. The SAA Feasibility Study will be essential in pointing out the achievements to date and remaining challenges.

With the view to assisting Kosovo in advancing its European agenda as well as to supporting possible urgent priorities that may arise from the EU integration process, from the Pristina-Belgrade dialogue, the strategic review of EULEX, or other political developments or events that are beyond the Commission's control, the 2012 annual programme will also support specific projects which either fall outside the scope of the above MIPD sectors or which cannot be programmed in advance. These projects will aim at: supporting the Pristina-Belgrade dialogue, the EULEX strategic review, and the follow-up to the SAA Feasibility Study, strengthening the European integration process, management of IPA II and introduction of the sector approach.

Kosovo's most recent Medium-Term Expenditure Framework (MTEF) 2013-2015 was approved in April 2012 and contains the fiscal strategy of the government for the next three years. 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.

Lessons learned from experience with 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 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.

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. In fact, in preparing this programme the mechanisms for donor coordination were enhanced. Strong

emphasis is put on coordination with all other parties (bilateral and multilateral donors) through the regular monthly coordination meetings chaired by the EU Office. The "Member States+" group meets once per month at the EU Office and comprises EU Member States, US, Norway, Switzerland, Turkey, Japan, World Bank, OSCE, EULEX, the IMF and the UN resident representative.

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 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.

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 within the framework of this Financing Proposal are directly linked to the three priority areas identified in the MIPD; 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 priority areas under this programme is the result of a thorough coordination process with donors, international finance institutions and EU member states.

Starting in 2014, the Commission proposes to progressively apply the sector approach to the rule of law, energy and agriculture under IPA II.

2.3 DESCRIPTION

MIPD Sector	IPA support ²	Project beneficiary/purpose/activities and indicative implementation schedule and indicative budget allocations
1 Public Administration Reform	3.5	
<i>01 – 2013 / 01: Support to Public Administration Reform</i>	3.5	<p>Beneficiaries: Strategic planning Office (PM Office), Kosovo Institute for Public Administration, Ministry of Finance.</p> <ul style="list-style-type: none"> To strengthen the strategic planning and policy coordination system and related processes in the central government institutions and line ministries. <p>Implementation: one service contract (€ 2.2 million) to be launched in Q2 2013.</p> <ul style="list-style-type: none"> To strengthen the capacities of KIPA to effectively implement trainings for Kosovo civil servants. <p>Implementation: one service contract (€ 0.3 million) to be launched in Q1 2013.</p> <ul style="list-style-type: none"> To support Kosovo institutions in preparing the establishment of DIS structures. <p>Implementation: one service contract (€ 1.0 million) to be launched in Q2 2013.</p> <p>The overall amount to be procured is € 3.5 million.</p>
2 Justice and Home Affairs	16.08	
<i>02 – 2013/02: Support to the Rule of Law</i>	7.15	<p>Beneficiaries: Kosovo Customs, Kosovo Property Claims Commission, Kosovo Property Agency, Special Chamber of the Supreme Court, Property Rights Coordinator at the Prime Minister Office, Kosovo Correctional Services, Kosovo Probation Services, Ministry of Justice.</p> <ul style="list-style-type: none"> To strengthen Kosovo customs' capacities in order to establish and implement an effective, efficient, fair and transparent HR system, thus supporting the reform and development process in accordance with EU standards. To strengthen the enforcement system and trade facilitation, Risk Management, Post Audit Control and supply chain security in the fight against smuggling, fiscal evasion, organized crime and counterfeiting. To support the Kosovo customs in providing fast and secure information and intelligence and in managing structured and unstructured information. <p>Implementation: one twinning (€ 1.75 million), one supplies contract (€ 0.75 million) to be launched in Q2 – Q3 2013.</p>

² In € million.

		<ul style="list-style-type: none"> To support Kosovo in establishing an updated and comprehensive Civil Code in line with EU acquis. To improve the overall coherence of the regulatory framework on property rights and hereby enhance the security of property rights in Kosovo. <p>Implementation: one service contract (€ 2.0 million) to be launched in Q3 2013.</p> <ul style="list-style-type: none"> To enable the justice system in Kosovo to treat children in conflict and in contact with the law, including victims and witnesses, in line with the Convention on the Rights of the Child and European standards. <p>Implementation: one Contribution agreement with UNICEF (€ 1.5 million) in accordance with Article 53d of the Financial Regulation, to be concluded in Q1 2013, one works contract (€ 1.0 million) and one service contract (€ 0.15 million) to be launched in Q2 2013 – Q1 2014.</p> <p>The overall amount to be procured is € 3.9 million.</p>
<i>03 – 2013/02: Return and Reintegration of Minority Communities</i>	3.33	<p>Beneficiary: RAE³ displaced and refugee families voluntary returned and reintegrated in Kosovo, RAE families resettled from Leposaviq/Leposavić IDP camp.</p> <ul style="list-style-type: none"> To close Leposaviq/Leposavić camp and enable the sustainable resettlement of up to 40 RAE families by ensuring economically productive, secure and healthy reintegration to Roma Mahalla or other locations. <p>Implementation: one grant contract (€ 1.53 million) to be concluded with Mercy Corps by means of a direct award in accordance with Article 168(2)(b) Financial Regulation IR in Q2 2013. Mercy Corps is particularly suited for the implementation of this particular project due to their in-depth knowledge of the preceding return and resettlement projects, their excellent cooperation with Mitrovicë/a municipality and the established working relationship with RAE leaders.</p> <ul style="list-style-type: none"> To enable a dignified and sustainable voluntary return and reintegration of up to 60 RAE families currently residing in informal settlements in the former Yugoslav Republic of Macedonia and Montenegro through provision of housing and socio-economic support, as well as enhanced engagement of central and local governmental actors and other relevant stakeholders. <p>Implementation: one contribution agreement with UNHCR (€ 1.8 million) in accordance with Article 53d of the Financial Regulation to be concluded in Q2 2013.</p>
<i>04 – 2013/02: Support to dialogue and EU approximation</i>	5.6	<p>Beneficiaries: Line Ministries, government agencies, civil society organisations, inhabitants of Kosovo.</p> <ul style="list-style-type: none"> to support measures related to urgent political needs that may arise from the Pristina-Belgrade dialogue, EULEX strategic review and other political processes that are beyond the Commission's control.

³ Roma, Ashkali, and Egyptian

		Indicative implementation modalities: Depending on the needs related to the Pristina-Belgrade dialogue, the EULEX strategic review and other political developments, 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.
3 Private sector Development	41.6	
05 – 2013/03: Trade and Private Sector Development	6.5	<p>Beneficiary: Ministry of Trade and Industry, SMEs in Kosovo, Ministry of Finance.</p> <ul style="list-style-type: none"> To strengthen Kosovo's trade policy by enhancing the trade facilitation and negotiation expertise within MTI, in line with international trade requirements and EU best practices, and for the benefit of the private sector. <p>Implementation: one service contract (€ 1.5 million) to be launched in Q2 2013.</p> <ul style="list-style-type: none"> To support Kosovo companies in improving their performance and overall competitiveness and increase exports of products and services generated in Kosovo, as a means of reducing the trade deficit. <p>Implementation: one service contract (€ 2.0 million) to be launched in Q4 2013.</p> <ul style="list-style-type: none"> To increase performance, outputs, export capacities, employment of Kosovo's SMEs by providing an alternative access to finance. <p>Implementation: one Contribution agreement with IOM (€ 3.0 million) in accordance with Article 53d of the Financial Regulation, to be concluded in Q2 2013.</p> <p>The overall amount to be procured is € 3.5 million.</p>
06 – 2013/03: Balanced Regional Development	11.5	<p>Beneficiary: Ministry of Local Government Administration, Regional Development Agencies.</p> <ul style="list-style-type: none"> To improve living conditions through the improvement of municipal infrastructure. <p>Implementation: 1 service contract (€ 1.0 million), and up to 10 works contracts (€ 4.5 million) to be launched in Q2 2013 – Q4 2013.</p> <ul style="list-style-type: none"> To enhance economic development and employment in Kosovo's regions and municipalities and make them more attractive for business development and domestic and external investments. <p>Implementation: 1 grant scheme (€ 4.0 million) to be launched in Q2 2013. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants</p> <ul style="list-style-type: none"> To support the economic, social, cultural and touristic development of Novobërdë/NovoBrdo. <p>Implementation: 1 Contribution agreement with UNESCO (€ 1.0 million) in accordance with Article 53d of the Financial</p>

		<p>Regulation, to be concluded in Q2 2013, and 1 call for proposals (€ 1.0 million) to be launched in Q2 2013. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants.</p> <p>The overall amount to be procured is € 5.5 million.</p>
07 – 2013/03: Education and Employment	7.8	<p>Beneficiary: International Business College Mitrovica, Ministry of Education, Science and Technology, Ministry of Labour and Social Welfare.</p> <ul style="list-style-type: none"> To improve the education and employability of young people in Kosovo by promoting a Mitrovicë/Mitrovica regional initiative in higher level vocational education and training relevant to the labour market needs of the region, which builds community relations and promotes sustainable, multi-ethnic collaboration. <p>Implementation: one grant contract (€ 1.0 million) to be concluded with Spark by means of a direct award in accordance with Article 168(1)(c) Financial Regulation IR in Q2 2013.</p> <ul style="list-style-type: none"> To support the Kosovo government in improving the quality and efficiency of education and training services through the integration of ICT technology into the teaching and learning process, thereby improving lifelong learning and employability perspectives. <p>Implementation: one service contract (€ 1.0 million) one supply contract (€ 0.8 million) to be launched in Q3 2013 – Q2 2014.</p> <ul style="list-style-type: none"> To contribute to poverty reduction through the enhancement of economic opportunities for Kosovo population, especially the most marginalized groups. <p>Implementation: one Contribution agreement with IOM (€ 5.0 million) in accordance with Article 53d of the Financial Regulation, to be concluded in Q2 2013.</p> <p>The overall amount to be procured is € 1.8 million.</p>
08 – 2013/03: Agriculture and Food Safety	12.1	<p>Beneficiary: Food and Veterinary Agency, Ministry of Agriculture, Forestry and Rural Development, Farmers associations, Institute of Public Health.</p> <ul style="list-style-type: none"> To upgrade the technical and administrative capacities of the paying unit in order to perform EU compliant administrative checks and controls for the agriculture subsidies. <p>Implementation: one service contract (€ 1.0 million) to be launched in Q2 2013.</p> <ul style="list-style-type: none"> To upgrade and strengthen the capacity of the new MAFRD tasks in order to successfully advise agricultural activities and their value chains in Kosovo, leading to further harmonization with EU. To improve processing and marketing, hygiene, quality and food safety standards and environmental protection in order to strengthen the compositeness of the agricultural and rural development sector, increase market share and consumer confidence into local products. <p>Implementation: one service contract (€ 1.2 million) to be launched in Q1 2014.</p>

		<ul style="list-style-type: none"> To promote sustainable development of rural economy by encouraging non-agricultural activities, that can lead to higher rural income, job-creation, and to the reduction of the disparities between the rural and the urban areas. <p>Implementation: one call for proposals (€ 4.0 million) to be launched in Q2 2014. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants.</p> <ul style="list-style-type: none"> To increase KVFA capacities in developing and implementing sound and financially viable animal health programs and, therefore, to reduce incidence and prevalence of targeted diseases in human and animal population. To improve performance of the food and veterinary laboratory by introducing and validating up-to-date test methods and accreditation with internationally recognized quality management system. <p>Implementation: one service contract (€ 1.5 million) and one supply contract (€1.4 million) to be launched in Q1 2015.</p> <ul style="list-style-type: none"> Safe disposal of ABPs through completion and operationalization of rendering plant in Kosovo. <p>Implementation: one supply contract (€ 3.0 million) to be launched in Q3 2014.</p> <p>The overall amount to be procured is € 8.1 million.</p>
09 – 2013/03: Waste Management	3.0	<p>Beneficiary: Ministry of Environment and Spatial Planning, Environmental Protection Department.</p> <ul style="list-style-type: none"> To assist the beneficiary institutions in the analysis, planning, policy drafting, preparation and implementation of effective measures that will improve the management of waste. <p>Implementation: one service contract (€ 1.5 million) to be launched in Q1 2014.</p> <ul style="list-style-type: none"> To improve the waste storage situation in the municipalities of Leposaviq/Leposavić and Zvečan/Zvečan, and other municipalities, if needed. <p>Implementation: one works contract (€ 1.0 million) to be launched in Q3 2014.</p> <ul style="list-style-type: none"> To improve the state of environment by supporting production of environmentally friendly packaging materials. <p>Implementation: 1 call for proposals (€ 0.5 million) to be launched in Q3 2014. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants.</p> <p>The overall amount to be procured is € 2.5 million.</p>
10-2013/04: Support to Radiation Protection and Nuclear Safety in Kosovo	0.7	<p>Beneficiary: Agency for Radiation Protection and Nuclear Safety.</p> <ul style="list-style-type: none"> To support a continued and sustainable improvement of the radiological safety to meet EU standards, particularly

		<p>in relation to institutional responsibilities regarding handling, transport and storage of radioactive materials.</p> <p>Implementation: one service contract (€ 0.6 million) and one supplies contract (€0.1 million) to be launched in Q2 2014.</p>
Support and other activities	4.7	
<i>11– 2013/04: Culture for All III</i>	1.0	<p>Beneficiary: Ministry of Culture, Youth and Sport, Kosovo artists, children and youth.</p> <ul style="list-style-type: none"> To contribute to the cultural and socio-economic development of Kosovo by strengthening the development of the cultural sector in Kosovo through the promotion of cultural activities for all communities, and by promoting inclusive educational and recreational activities through increased interaction between children from different communities and backgrounds. <p>Implementation: one service contract (€ 1.0 million) to be launched in Q3 2013.</p>
<i>12 – 2013/04: EU Programmes</i>	0.5	<p>Beneficiary: 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 EU Programmes. <p>Implementation: Kosovo shall pay the entry tickets to the programmes on the basis of a specific agreement with the EU. The IPA funds are transferred to the beneficiary as reimbursement after the entry-tickets have been paid. The first agreements are expected to be signed in Q4 2013.</p>
<i>13 – 2013/04: General Technical Assistance Facility</i>	3.18	<p>Main beneficiary: Ministry of European Integration, line ministries</p> <ul style="list-style-type: none"> To strengthen technical and administrative capacity of the Kosovo administration in relation to the European integration process; to support effective and efficient management and absorption of EU pre-accession funds. <p>Indicative implementation modalities: Depending on the needs related to the EU integration process, the project will be implemented through a number of twinning/twinning light/service/framework/grant⁴ 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.</p>
TOTAL	65.86	

For Project 6 and Project 7, Activities 1+2, contracts with durations of more than 24 months are foreseen. Through early contracting, these projects will nevertheless be finalised before the final date for execution.

⁴ Idem

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 **€2.7 million** from the annual allocation for Kosovo. The aim is to involve Mitrovica and Pristina universities in partnerships and studies with and/or in European universities. The contribution to the Civil Society Facility, to be adopted by a separation Decision, is **€1.1 million**.

2.4 CROSS-CUTTING ISSUES

Systematically addressing horizontal issues is a critical starting-point in programme design.

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.

Civil society/Stakeholders involvement

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.

Respect for and protection of minority and vulnerable groups

Integrating Kosovo's minorities into the social, economic and political mainstream is essential for Kosovo to make progress on its European perspective. 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 and climate

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 will 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.

2.5 ASSUMPTIONS AND PRE-CONDITIONS

Kosovo authorities must formally endorse project fiches, including parallel co-financing commitments, by signing a Financing Agreement. 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.

2.6 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. As a first step in this process, the Annual programme 2013 contains one project that will support Kosovo in drafting a DIS Roadmap and preparing the establishment of DIS structures.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE (CENTRALISED MANAGEMENT)

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		Beneficiary contribution*		Total expenditure	IPA EU contribution		Beneficiary contribution*				
	€ (a)=(b)+(c)	€ (b)	% (1)	€ (c)	% (1)	€ (d)=(e)+(f)	€ (e)	% (1)	€ (f)	% (1)	€ (g)=(a)+(d)	€ (h)=(b)+(e)	% (2)
1 Public Administration Reform	3.5	3.5	100			1.5			1.5	100	5.0	3.5	5
01 Support to Public Administration Reform	3.5	3.5	100			1.5			1.5	100	5.0	3.5	70
2 Justice and Home Affairs	11.95	11.33	95	0.62	5	4.75	4.75	100			16.7	16.08	24
02 Support to the Rule of Law	5.65	5.4	96	0.25	4	1.75	1.75	100			7.4	7.15	97
03 Return and Reintegration of Minority Communities	3.7	3.33	90	0.37	10						3.7	3.33	90
04 Support to dialogue and EU approximation	2.6	2.6	100			3.0	3.0	100			5.6	5.6	100
3 Private sector development	21.8	16.8	77	5.0	23	30.225	24.8	82	5.425	18	52.525	41.6	63
05 Trade and Private Sector Development	3.5	3.5	100			4.0	3.0	75	1.0	25	7.50	6.5	87

06 Balanced Regional Development	1.0	1.0	100			13.9	10.5	76	3.4	24	14.9	11.5	77
07 Education and Employment	2.0	2.0	100			6.325	5.8	93	0.525	7	8.325	7.8	94
08 Agriculture and Food Safety	12.7	7.7	60.6	5.0	39.4	4.9	4.4	90	0.5	10	17.6	12.1	69
09 Waste Management	2.0	2.0	100			1.0	1.0	100			3.0	3.0	100
10 Support to Radiation Protection and Nuclear Safety in Kosovo	0.6	0.6	100			0.1	0.1	100			0.7	0.7	100
4 Support and other activities	3.15	3.1	98	0.05	2	1.58	1.58	100			4.73	4.68	7
11 Culture for All III	1.0	1.0	100								1.0	1.0	100
12 EU Programmes	0.55	0.5	90	0.05	10						0.55	0.5	91
13 General Technical Assistance Facility	1.6	1.6	100			1.58	1.58	100			3.18	3.18	100
TOTAL	40.4	34.73	86	5.67	14	38.055	31.13	82	6.925	18	78.455	65.86	100%

Amounts net of VAT

* Contribution (public and private beneficiary and/or international contribution) provided by beneficiaries or other donors

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

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

3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME

The IPA contribution, which represents 83% 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. Parallel co-financing will be used.

In total, the level of co-financing envisaged for institution building (IB) is 14% and for investment (INV) the co-financing envisaged is 19%.

In the case of grants, the maximum IPA funding rate is 90% of the eligible expenditure of the project.

For the MIPD sectors "Public Administration Reform", the IPA financing is 70%.

For the MIPD sector "Justice and Home Affairs", the IPA financing is 96%.

For the MIPD sector "Private Sector Development", the IPA financing is 79%.

For the sector "Support and other activities", the IPA financing is 99%.

4 IMPLEMENTATION

4.1 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 Regulation⁵ and the corresponding provisions of the Implementing Rules⁶. Implementation of the programme will be managed by the European Union Office in Kosovo.

Activity 3 of Project 2 will be implemented in joint management with UNICEF 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 UNICEF. UNICEF has been chosen as the implementing partner for this part of the project because it has already successfully implemented phases I and II of the project, thus knows the project in-depth, has established close cooperation with all stakeholders and is therefore best placed to also implement the third and final phase.

Activity 2 of Project 3 will be implemented in joint management with UNHCR 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 UNHCR. UNHCR has been chosen as the implementing partner for this project due to (i) its presence and experience in Kosovo, the former Yugoslav Republic of Macedonia and Montenegro which enables it to successfully conduct cross border activities, (ii) its established cooperation with authorities and RAE beneficiaries in displacement, (iii) its participation in discussions on inter-governmental agreements between Kosovo and Montenegro and the former Yugoslav

⁵ Regulation 1605/2002 (OJ L 248, 16.9.2002, p. 1), as amended.

⁶ Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1), as amended.

Republic of Macedonia respectively, (iv) its close cooperation with the MCR and concerned municipalities on all issues of return and protection of minority rights.

Activity 3 of Project 5 will be implemented in joint management with the International Organisation for Migration (IOM). To this end, the Commission will conclude contribution agreement with IOM. IOM has been chosen as the implementing partner for this project because the EU Office in Kosovo has a long-standing cooperation practice with IOM in the implementation of grant schemes for SMEs.

Activity 3/Component 1 of Project 6 will be implemented in joint management with UNESCO in accordance with Article 53d of the Financial Regulation and the corresponding Implementing Rules. UNESCO has been chosen as the implementing partner for this part of the project because it is the leading international organisation for the protection of cultural heritage and has significant relevant experience in the restoration of historical monuments in Kosovo.

Activity 3 of Project 7 will be implemented in joint management with the International Organisation for Migration (IOM) in accordance with Article 53d of the Financial Regulation and the corresponding Implementing Rules. IOM has been chosen as the implementing partner for this project because it has already implemented Beautiful Kosovo phase 1 with very good results. IOM is familiar with the project's methodology and has acquired important lessons learnt and best practices that will be key aspects to ensure successful implementation of the next phase.

4.2 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.

The essential selection and award criteria for the award of grants as laid down in the practical guide (PRAG) to contract procedures for EU external aid shall apply.

The selection criteria will help evaluate i) the applicants' financial capacity to sustain its activity for the duration of the proposed action, with the exception of natural persons receiving scholarships, public bodies and international organisations, and ii) the applicants' operational capacity consisting in professional competencies and qualifications required to complete the proposed action.

The award criteria will help evaluate i) the quality of the action proposed in the application as regards its relevance to the set of objectives and priorities set out in the call for proposals, ii) the effectiveness and feasibility of the proposed action, iii) its sustainability and iv) its budget cost-effectiveness.

The detailed selection and award criteria for the award of grants will be laid down in the Call for proposals–Guidelines for applicants.

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/PRAG”) as published on the DEVCO website at the date of the initiation of the procurement or grant award procedure.

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreements between: the Commission and UNICEF implementing Activity 3 of Project 2 of this programme; the Commission and UNHCR implementing Activity 2 Project 3 of this programme; the Commission and IOM implementing activity 3 of project 5 and Activity 3 of Project 7, the Commission and UNESCO implementing part of Project 6, Activity 3, Component 1.

Activity 1 of Project 3 will be implemented through a direct grant to Mercy Corps awarded without call for proposals in accordance with Financial Regulation IR Article 168(1)(b). Mercy Corps is particularly suited for the implementation of this particular project due to their in-depth knowledge of the preceding return and resettlement projects, their excellent cooperation with Mitrovicë/a municipality and the established working relationship with RAE leaders.

Activity 1 of Project 7 will be implemented through a direct grant awarded to Spark without call for proposals in accordance with Financial Regulation IR Article 168(1)(c). Spark is in a de facto monopoly situation as it manages the only international, multi-ethnic business college that provides higher level vocational educational and training opportunities for young people in both south and north Mitrovica.

4.3 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 beneficiary administration 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 Commission shall use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the website of DG ELARG at the following address:

http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

The twinning manual (annex C8) indicates the substantial selection criteria, which refer to operational capacity of the applicant Member State administration, the relevance of the proposal in relation to the objectives set out in the Twinning Project Fiche, the methodology of the activities developed in the proposal and the overall sustainability of the proposal.

ENVIRONMENTAL IMPACT ASSESSMENT, NATURE CONSERVATION AND DISASTER RESILIENCE

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

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 project⁷ which falls within the scope of the EIA Directive⁸.

An appropriate nature conservation assessment equivalent to that provided for in Article 6 of the Habitats Directive⁹ must be made for any project¹⁰ that is likely to affect sites of nature conservation importance.

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

5 MONITORING AND EVALUATION

5.1 MONITORING

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

For the parts of the programme implemented by joint management, the Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisations concerned.

5.2 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.

⁷ Cf. EIA Annex to the corresponding investment project fiche.

⁸ 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.

⁹ 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.

¹⁰ Cf. nature conservation Annex to the corresponding investment project fiche.

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 EU Office in Kosovo.

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) 2185/96¹¹.

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 € 4.0 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 nature¹², 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 by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

¹¹ OJ L 292; 15.11.1996; p. 2.

¹² These essential elements of an indicative nature are for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.