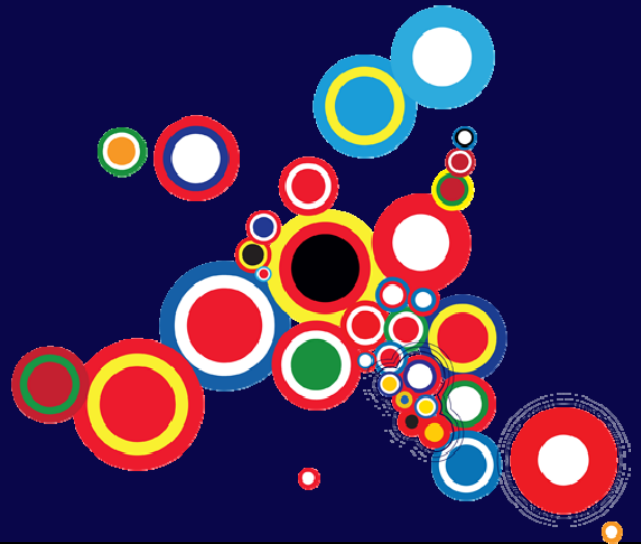




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

SERBIA

Support to participation in Union Programmes



Action summary

This Action will facilitate Serbian participation in EU programmes by co-financing the costs of the "entry-tickets", through IPA II funds, which Serbia must pay in areas such as: education, youth, health, science, culture, employment, social innovation, entrepreneurship and innovation, taxation and custom system, civil protection, etc. This will help Serbia in continuation of participation in selected EU programmes during 2014-2020 period as well as programmes which Serbia is planning to participate.

The Serbia's participation in the broad range of EU programmes will enable institutions, citizens, civil society and private sector to acquaint themselves with EU values, policies in different fields, legal regulations and their implementation, to gain experience from EU countries related to methods and rules by which the EU functions.

Lessons learned during this process shall facilitate Serbia's preparation to become member state and for using other EU financial instruments in the future. Ultimately this Action shall strengthen Serbia's efforts in meeting the EU accession Agenda.

Action Identification	
Action Programme Title	Country Action Programme for Serbia for the year 2016
Action Title	Support to participation in Union Programmes [and Agencies]
Action ID	IPA 2016/039-802/4/Serbia /Participation in EU programmes
Sector Information	
IPA II Sector	Democracy and Governance
DAC Sector	43010 (multisector aid)
Budget	
Total cost	11,018,000.0 EUR
EU contribution	10,900,000.0 EUR
Management and Implementation	
Method of implementation	Indirect management
National authority or other entrusted entity	Ministry of Finance National Fund
Implementation responsibilities	National Fund
Location	
Zone benefiting from the action	Republic of Serbia, Western Balkans
Specific implementation area(s)	N/A
Timeline	
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2017
Final date for concluding delegation agreements under indirect management	At the latest by 31 December 2017
Final date for concluding procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
Final date for operational implementation	6 years following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement
Policy objectives / Markers (DAC form)	

General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

EU Programmes are a series of integrated measures adopted by the EC with the aim to strengthen co-operation among Member States regarding EU policies over a specified period. They cover a broad range of areas, and the Republic of Serbia sees participation in EU Programmes as an opportunity to make acquaintance with the European institutions, legislation and their application in practice, with EU policies as well as with the system of values and mechanisms on which the EU is based.

The Republic of Serbia signed the Framework Agreement on participation in the EU Programmes on November 22nd, 2005, which came into force on July 27th, 2005, by which the Republic of Serbia became eligible to use the funds available through this instrument. In the period 2007 – 2013 the Republic of Serbia participated in 12 EU programmes: the Framework Programme for Research and Technological Development (FP7), Progress, Culture, CIP, CIP EIP, Fiscalis, Customs, Safer Internet, Lifelong Learning Programme, Europe for Citizens and two programmes, which was carried out through MB IPA: Tempus/Erasmus Mundus and Youth in Action.

The new EU financial perspective brings about opportunity for the Republic of Serbia to participate in new EU Programmes for period 2014-2020. Although most of new EU Programmes are the successors of the previous some changes are introduced in terms of new modalities, administration and dynamic. In particular, significant change in the new programmes structure is the mergers of the education and youth programmes in to the Erasmus + and of the Competitiveness and Innovation Framework Programme (CIP) with the Programme for Research and Innovation (FP7) into Horizon 2020.

A broad range of EU Programmes are open for Serbia. In order to establish the legal basis for participation in each individual EU Programme, International Agreement has to be signed and contribution in the form of annual fee to the general budget of the EU ("entry tickets") needs to be paid. International Agreements are signed for each specific EU programme between the EC and the Republic of Serbia, which sets up the general principles for the participation, including administrative capacities (e.g. financial control, satisfactory number of people dealing with their implementation, financial resources for participation, mechanisms of participation in programme management etc.). IPA National Programmes can be used to a certain extent to complement national funds in a form of co-financing "entry tickets".

So far Serbia signed following International Agreements for which is paying the entry tickets:

Erasmus+ support Programme Countries efforts to efficiently use the potential of Europe's human and social capital, while confirming the principal of lifelong learning by linking support to formal, non-formal and informal learning throughout the education, training, youth and sports fields. The programme also enhances the opportunities for cooperation and mobility with Partner Countries, notably in the fields of higher education and youth. The Ministry in charge of Education, Science and Technological Development and the Ministry in charge of Youth have been participating in the programme implementation and they are responsible for the strategic decisions.

Horizon 2020 is the EU Research and Innovation programme established by the Regulation (EU) No 1291/2013 of the European Parliament and the Council of 11 December 2013. The goal of the programme is to ensure Europe produces world-class science, removes barriers to innovation and makes it easier for the public and private sectors to work together in delivering innovation. The Ministry in charge of Education, Science and Technological Development is in charge for this programme in Serbia.

COSME is the Programme for the Competitiveness of Enterprises and Small and Medium-Sized enterprises is the EU Programme established by the Regulation (EU) No 1288/2013 of the European Parliament and the Council of 11 December 2013 with the goal to strengthen the competitiveness and sustainability of the Unions enterprises and to encourage an entrepreneurial culture and promote creation and growth of SMEs. The Ministry in charge of Economy is in charge for this programme.

Creative Europe is EU programme established by the Regulation (EU) No 1295/2013 of the European Parliament and the Council of 11 December 2013 with the goal to support to the culture and creative sector

and supports: culture sector initiatives, audio-visual sector initiatives and a cross-sectorial strand. Serbia can participate in the Culture Sub-programme; in the Cross-sectorial Strand of the Programme, with the exception of the Cultural and Creative Sectors Guarantee Facility, as mentioned in article 14 and in accordance with article 8(4) of Regulation (EU) No 1295/2013 and in the MEDIA Sub-programme from the first day following the written confirmation from the responsible Commission services that Serbia meets the conditions set out in Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 and in accordance with article 8 of Regulation (EU) No 1295/2013. The Ministry of Culture is in charge of this programme. From the 2nd December 2015 participation in the Media sub-programme is valid for Republic of Serbia.

Customs 2020 and Fiscalis 2020 are the successor of the Customs 2007-2013 and Fiscalis 2007-2013 programmes in which Serbia has already participated. They the Ministry in charge of Finance – Tax administration and Customs administration are responsible for these programmes.

Europe for Citizens is the successor of the previous EfC Programme and is established by the Council Regulation (EU) No 390/2014 of 14 April 2014 aims to promote European identity and European citizenship. EfC is providing support in two areas: European Remembrance and Democratic engagement and civic participation. Serbia will continue to participate in new EfC programme and Office for Cooperation with Civil Society Organisations is in charge of this programme in Serbia.

EU Programme for Employment and Social Innovation (EaSI) is established by the Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 with the goal to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. Serbia will continue its participation in the EaSI programme. The Ministry in charge of Labour, Employment, Veteran and Social Affairs is in charge for this programme in Serbia.

EU Programme for **Health** is established by the Regulation (EU) No 282/2014 of the European Parliament and of the Council of 11 March 2014 with the goals to improve the health of EU citizens and reduce health inequalities; encourage innovation in health and increase sustainability of health systems, focus on themes that address current health issues across Member States and support and encourage cooperation between Member States. The Ministry in charge of Health is in charge for this programme in Serbia.

The Civil Protection Mechanism coordinates the EU's response to natural and man-made disasters within and outside the Union. It is established by the Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013. Ministry of charge of Interior is in charge for this programme in Serbia.

In order to further encourage and support Serbian participation in EU programmes, reimbursement of entry tickets with the decreasing percentage rate compared to IPA 2015 is applied from the IPA 2016 Action programme contribution as presented in the budget table in Annex I.

The overall coordination of EU Programmes in Serbia lies within the mandate of National IPA Coordinator Technical Secretariat (NIPAC TS) and responsibilities includes: programming of IPA assistance to cover parts of entry tickets, reporting to the Government about international development assistance including EU Programmes, informing the public about international development assistance including EU Programmes, communication with the EC as the main interlocutor concerning programmes, coordination and organization of the meetings with line ministries.

Following the EC rules individual programmes are coordinated by the responsible line ministries. NCPs, within the ministries, are responsible for coordination of individual EU programmes in Serbia. They perform different tasks related to the programme coordination by organizing info days, trainings for applicants, providing specific Programme related information to potential applicants, advising potential applicants on application preparation, supporting applicants in partner research, seminars, workshops etc.

- Horizon 2020 – Ministry of Education, Science and Technological Development
- Cosme – Ministry of Economy
- Creative Europe – Ministry of Culture
- EaSI – Ministry of Labour, Employment, Veteran and Social Affairs
- Europe for Citizens – Office for Cooperation with Civil Society Organisations

- Customs – Ministry of Finance, Customs Administration
- Fiscalis- Ministry of Finance, Tax Administration
- Erasmus + - Ministry of Education, Science and Technological Development and Ministry of Youth and Sports
- Health – Ministry of Health
- Civil Protection Mechanism – Ministry of Interior

In order to improve visibility of particular EU programmes in Serbia, increase outreach to more potential applicants, support applicants during the application procedure, few EU programmes are coordinated by other structures such as: NGOs (such as Foundation Tempus – National Erasmus + office), internal organisational and coordination structures within Ministries (such as Desk Creative Europe within Ministry of Culture).

EC Directorate Generals or their Executive Agencies are responsible for implementation of individual EU programmes which brings centralisation in their management. The latter does not apply to Erasmus +, since Erasmus+ is the only EU programme whose management is delegated by the Commission to a National Agency in each participating country. The Republic of Serbia started initial preparations necessary for the establishment of future administrative structure designated to become the future National Agency for Erasmus +. This includes the needs assessment and feasibility study of requirements (administrative, legislative, capacity, etc.) which will support national decision makers in determination of administrative body(ies) who will be responsible for indirect management of Erasmus+.

OUTLINE OF IPA II ASSISTANCE

IPA II assistance will provide a share of EU contribution to the EU Programmes entry ticket for 2015. The EU contribution to the entry ticket is decided between the beneficiary and the EC, normally before the International Agreement (IA) is signed. The participation of the beneficiary in EU Programmes, including payment by the country of the entry ticket, shall follow the specific terms and conditions set out for each such programme in the IA. Based on the 2008 Enlargement Strategy paper, it is possible for the candidate countries and potential candidate countries to request co-financing through IPA of up to 90% of the country contribution to the specific EU Programme in the first year of participation. The Serbian Government must provide not only the national co-financing but also the funds necessary for the payment of the total entry ticket, prior to receiving the partial reimbursement from IPA.

Serbia has already reserved funds from the State Budget for financing annual contribution (entry tickets) for the participation in EU Programmes for 2016. Participation of the RS in EU Programmes in the previous financial perspective 2007-2013 has been co-financed from IPA funds following the percentages defined in each MoU that Serbia signed with EC. New International Agreements for the participation of the RS in EU Programmes do not include percentages of IPA II reimbursement, but stipulate that part of the financial contribution of Serbia may be financed under the relevant Union external aid instrument, if Serbia so requested.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

The continuation of participation of the Republic of Serbia in EU Programmes is reflected and supported by the *Indicative Strategy Paper 2014-2020* (the Strategy Paper) through continuation of IPA support “to co-financing Serbia's contribution for its participation in the EU programmes, subject to the national prioritisation process among the different programmes”. Setting down the priorities of IPA support, the Strategy Paper define results / targets that are expected to be achieved during defined period, in order to enable Serbia in fulfilling accession agenda. In this regard, since each EU Programme is reflecting the Strategy Paper sectorial priorities, Serbia's participation in specific Union Programme will additionally support Serbia's efforts in meeting accession criteria.

Therefore, participation in EU Programmes such as: Fiscalis 2020 will contribute to the fight against tax fraud and revenue collection which is in line with the IPA priorities for Serbia in the PAR sector. Participation in Europe for Citizens programme and Creative Europe programme could benefit to the achievement of priorities defied within the Rule of Law sector. Serbia's participation in Horizon 2020

programme and COSME programme are in line with the Strategy Paper priorities defined in the Competitiveness sector. Participation in the Erasmus + programme and the programme Employment and Social Innovation (EaSI) is in line with priorities defined in HRSD sector. Participation in Civil Protection Mechanism can contribute to achievement of priorities defined within the environment sector.

The EC Progress Report 2015 acknowledges that Serbia participates in a number of EU programmes: Horizon 2020, Erasmus+, Creative Europe - Culture Sub-Programme, Employment and Social Innovation, Europe for Citizens, Customs 2020 and Fiscalis 2020. Serbia became member of the EU Civil Protection Mechanism and applied for observer status in the EU Fundamental Rights Agency.

This Action shall contribute to all sectors of the **“Priorities for International Assistance in period 2014-2017 with 2020 projections” (NAD)**, by facilitating the preparation of Serbia's accession to the EU, as well as by enhancing the absorption of funds and the implementation efficiency.

The NPAA 2014-2018 also recognise the importance of Serbia's participation in EU Programmes, reflected in numerous Sections through identification of measures and priorities for preparations for inclusion in the new EU programmes 2014-2020 – COSME, HORIZON 2020, Copernicus, Erasmus +, etc.

Furthermore the Action is in line with **Enlargement Strategy** in a way that proposed activities will contribute to the achievement of full compliance with all membership criteria.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

Participation of Serbia in the Union Programmes is of primary importance to Serbia's European efforts. This participation was therefore, encouraged by providing EU funds under National IPA Programmes for 2007 (EUR 2 000 000), 2008 (EUR 5 000 000), 2011 (EUR 6 000 000), 2012 (EUR 4 169 995), 2013 (EUR 6 500 000), 2014 (6 563 840) and 2015 (12 089 326).

The recent experience of Serbia's involvement in Union Programmes shows that Serbian citizens and institutions had the access and opportunity to acquaint themselves with: the EU standards, different EU policies, successful solutions and experience from EU countries, etc. The participation of Serbia in EU Programmes has contributed to a deeper knowledge and capacity-building of many stakeholders when dealing with European issues and projects.

Since the new financial perspective of IPA II started in 2014, there are no recent evaluations of Serbia's participation in EU programmes. International Agreements for participation in 10 EU programmes were signed in the course of mid-2014 until October 2015 which did not leave much time for proper statistics and analysis. However, the “Evaluation of participation of the Republic of Serbia in the EU Programmes in the period from 2007-2012”, indicate that: there is a need for strong national coordination mechanism between all relevant institutions responsible for Union Programmes in the Republic of Serbia in order to ensure: effective and efficient participation in Union Programmes; absorption of available funds cost effectiveness of the entry ticket payment. In addition, the evaluation pointed out that regular exchange of information between EU and line ministries shall be secured, in order to enable national authorities to regularly monitors, on an annual base, the efficiency and effectiveness of Serbia's participation Union Programmes as well as the progress in alignment of the Serbia's strategic goals with the EU programmes financed initiatives.

The assessment noted many shortcomings and bottlenecks during the withdrawal of available EU Programmes funds as well as during the implementation of projects per Programme. Furthermore, the Evaluation showed that: existing capacities for both management and application to Union Programmes shall be additionally strengthened in order to maximise the benefits that Serbia can draw from programmes in which it participates, including the weak position of National Contact Points (NCPs) within relevant ministry structures, timely execution of the annual entry ticket for programme participation, and the lack of knowledge related to project preparation and project management. Additional trainings and awareness rising should also be envisaged in order to strengthening institutional capacities of programme coordinators and potential beneficiaries. It will also be necessary to ensure and deliver better access to information for all potential applicants, as well as budget support for partial co-financing of these projects.

The analysis pointed out few constraints which remains to be addressed in order to improve effectiveness and efficiency of EU programmes in Serbia and to increase the cost benefit ratio of Serbia's expenditures

related to participation in EU programmes. In this regard, the Analysis indicated that potential EU programmes stakeholders and beneficiaries are still lacking systematic support in managing and implementation of EU programmes (some irregular capacity building support is provided by responsible ministries, but more on ad-hoc basis). In particular, NCPs, bodies responsible for implementation and management of EU programmes and potential applicants are missing necessary knowledge related to either understanding the specific programmes application or implementation requirements or they do not have adequate knowledge for project preparation and management.

Taking into account that during the previous financial perspective VAT exemption procedure has not been possible for all EU Programme beneficiaries in Serbia, applicants faced serious financial burden to cover VAT from own resources. Within the new financial perspective a progress has been made in this respect. In this regard the Framework Agreement between the Republic of Serbia and the European Commission on the arrangements for implementation of Union financial assistance to the Republic of Serbia under the Instrument for Pre-accession Assistance (IPA II) has been signed in December 2014 and ratified by National Parliament in December 2014. The Framework Agreement defines that contracts concluded under the EU programmes in the new financial perspective are eligible for VAT exemption.

2. DESCRIPTION AND IMPLEMENTATION ARRANGEMENTS

INTERVENTION LOGIC

Overall objective:

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

Specific Objective:

- Strengthened ownership and responsibility of the national administration and institutions, as well as enhanced overall participation in EU Programmes.

Result:

- To ensure participation of the Republic of Serbia in Union Programmes by co-financing the costs of the entry-tickets/participation fees to be paid in areas such as: education, youth, culture, customs, tax, employment, social and innovation, SMEs, research and innovation, health, civil protection.

Indicators:

- Number of EU Programmes in which Serbia is participating
- Number of institutions and organisations benefitting from EU Programmes and initiatives

IMPLEMENTATION ISSUES

IPA funds of year N co-finance entry tickets / participation fees for year N+1 or in case of front-loading also for years N+1 and N+2 [e.g. participation fees for 2014 are co-financed by IPA 2013; IPA 2014-2020 would co-finance 2015-2021 fees, i.e. the last year of IPA co-financing is falling outside this financial framework].

The participation of the IPA II beneficiary in Union Programmes, including payment by the country of the entry ticket/participation fees, shall follow the specific terms and conditions set out for each programme in the relevant International Agreement. Co-financing rates from previous participation shall be taken into account, and in line with the principle of increasing the Republic of Serbia ownership and responsibility IPA funding rates shall decrease over the years in real or relative terms.

The Republic of Serbia must not only provide the co-financing but also the funds necessary for the payment of the total entry ticket, prior to receiving the partial reimbursement from IPA II. The reimbursement will be paid as a grant to the Republic of Serbia.

The Serbian European Integration Office (SEIO) will be responsible for coordination of the Activities related to this AD. SEIO was established on 14 March 2004, as a Serbian Government service. SEIO's scope of work is regulated by Article 2 of the Decision of the Government of the Republic of Serbia on the establishment of the European Integration Office ("Official Gazette of RS", no. 75/05, 63/06, 126/07, 117/08, 42/10 and 48/10). By the Decree amending the Decree on establishing European Integration Office from June 2010 (Official Gazette of RS, no. 42/10), scope of work of SEIO was expanded to the participation in coordinating activities in the area of planning and using European funds, donations and other forms of foreign development assistance. The Department for planning, programming, monitoring and reporting on EU and development assistance funds is performing the role of NIPAC Technical Secretariat.

The NIPAC will regularly monitor the participation rates and reports on them as well as on co-financing trends in the context of IPA monitoring committees. IPA II monitoring process is organized and lead by the NIPAC/NIPAC TS. National IPA Coordinator (NIPAC) is the main interlocutor between the Serbian government and the EC regarding strategic planning, co-ordination of programming, monitoring of implementation, evaluation and reporting of the overall IPA assistance and is responsible for ensuring the linkage of IPA assistance to the EU accession process. The NIPAC together with the National Fund being in charge for the actual administration of payments/reimbursements will regularly monitor the participation rates and reports on them as well as on co-financing trends in the context of IPA monitoring committees. NIPAC monitors the process of programming, preparation and implementation as well as the sustainability and effects of Actions aiming to improve these processes, timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions.