



EUROPEAN COMMISSION

Brussels, 8.7.2011
C(2011) 4972 final

COMMISSION IMPLEMENTING DECISION

of 8.7.2011

**adopting a National programme on Serbia under the IPA -Transition Assistance and
Institution Building Component for the year 2011,**

COMMISSION IMPLEMENTING DECISION

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adopting a National programme on Serbia under the IPA -Transition Assistance and Institution Building Component for the year 2011,

THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate countries and potential candidates.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all candidates and potential candidates. The Commission has adopted on 20 June 2011 a multi-annual indicative planning document 2011-2013 for Serbia which presents indicative allocations for the main priorities for pre-accession assistance to Serbia².
- (4) Therefore, and having regard to the project proposals submitted by Serbia, the National Programme on Serbia under the IPA Transition Assistance and Institution Building Component for 2011 aims at providing assistance to the following sectors: Justice and home affairs, Public administration reform, Social development, Private sector development, Transport, Environment, Climate change and Energy, and Agriculture and rural development
- (5) This Decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002³ (hereafter:

¹ OJ L 210, 31.7.2006, p. 82.

² C(2011)4210 of 20.6.2011.

³ OJ L 357, 31.12.2002, p. 1.

“Implementing Rules”) and constitutes thus a financing decision within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴ (hereafter: “Financial Regulation”);

- (6) It is appropriate to implement Component 1 of the Project n° 1 "Strengthening the rule of law in Serbia" in joint management with the World Bank and the Council of Europe as well as Component 2 of the project n°10 "Support human capital development and research" in joint management with the World Bank following Article 53d of the Financial Regulation applicable to the General budget of the European Communities of 23 December 2002 (EC n° 2342/2002). To this end, the Commission will conclude Contribution Agreements with the World Bank and the Council of Europe. Both project n°13 "Socio economic development in the Danube Region" and project n°17 "MEGLIP-Municipal Environment Grant-Loan Investment Programme" will be implemented by indirect centralised management with the Austrian Development Cooperation and the Portuguese Institute for Aid and Development and with KfW in accordance to article 54 (2) of the Financial Regulation applicable to the General budget of the European Communities of 23 December 2002 (EC n° 2342/2002).
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

Article 1

The National Programme on Serbia under the IPA Transition Assistance and Institution Building Component for 2011, as set out in the Annex, is hereby adopted.

This programme shall be implemented partly by centralised management, and partly by joint management with the World Bank and the Council of Europe.

It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of Serbia in conformity with the Framework Agreement concluded between the same parties on 29 November 2007.

Article 2

The maximum amount of European Union contribution shall be **EUR 178 556 810**, to be financed through Article 22.02.02 of the general budget of the European Union for 2011.

⁴ OJ L 248, 16.9.2002, p.1.

Done at Brussels, 8.7.2011

*For the Commission,
Štefan FÜLE
Member of the Commission*

ANNEX

**FINANCING PROPOSAL FOR IPA 2011 COMPONENT I NATIONAL
PROGRAMME FOR SERBIA**

1. IDENTIFICATION

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| Beneficiary | Republic of Serbia |
| CRIS number | 2011/ 022-585 |
| Year | IPA 2011 |
| Cost | EUR 178,556,810 |
| Implementing Authority | European Commission, apart from the following projects: Project 1 - Component 1: World Bank and the Council of Europe by joint management with European Commission. Project 10 – Component 2: World Bank by joint management with European Commission. Project 13 - Austrian Development Cooperation (Austria), and Portuguese Institute for Aid and Development (Portugal) by Indirect centralised management Project 17 - KfW by Indirect centralised management |
| Final date for concluding the financing agreements | At the latest by 31 December 2012. |
| Final dates for contracting | 2 years following the date of conclusion of the Financing Agreement. |

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| | No deadline for audit or evaluation projects covered by this Financing agreement, as referred to in Article 166 (2) of the Financial Regulation. These dates apply also to the national co-financing. |
| Final dates for execution | 2 years following the end date for contracting. These dates apply also to the national co-financing. |
| Sector Code | According to DAC-list : 12100 (2.64%), 14022 (8.43%), 15130 (5.48%), 15140 (9.21%), 15160 (1.24%), 16020 (1.97%), 16062 (10.95%), 21020 (3.09%), 21030 (4.66%), 23010 (0.84%), 31110 (3.37%), 32182 (9.50%), 33110 (2.30%), 33120 (1.57%), 33150 (1.69%), 41100 (12.09%), 72030 (3.93%), 88300 (10.40%), 99810 (6.64%) |
| Budget line(s) concerned | BGUE-B2011-22.0202-C1 ELARG |
| Programming Task Manager | Unit C2, DG Enlargement |
| Implementation Task Manager | European Union Delegation in Belgrade |

2. PRIORITIES FOR EU ASSISTANCE

The overall objective of EU financial assistance to Serbia is to support the country's reform efforts and its movement towards compliance with the EU *acquis*, so that it becomes capable of taking on the obligations of European Union membership. The priorities of EU assistance for the period 2011-2013 are in line with the objectives set out in the Multi-Annual Programming Document (MIPD) covering the period 2011-2013.

The MIPD is based on needs identified in the European Partnership with Serbia, as well as those identified in the 2010 Enlargement Strategy and Progress Report. The MIPD also takes into account Serbia's own strategies, such as the National Programme for Integration in the European Union (NPA) and the Needs Assessment for 2011-2013. The MIPD has been drawn up in consultation with the Government of Serbia, local stakeholders, EU Member States and other donors. Its priorities are in line with the Copenhagen Criteria with the aim of contributing to their achievement.

2.1. Priorities selected under this programme

The priorities of the IPA 2011 National Programme for Serbia are in line with those of the Multi-Annual Indicative Planning Document 2011-2013.

The consultation process for the MIPD 2011-2013 was held simultaneously with the preparation of the 2011 National Programme. A series of consultative meetings, for both MIPD and National Programme, were held from October 2009 to June 2010 within the Inter-sectoral Working Groups. The working groups were established with

the objective of defining the short and mid-term priorities for financing within the scope of the sectors they cover.

The national, regional and local authorities, the donor community in Serbia, civil society organisations as well as other relevant stakeholders were invited to take part and actively participated in the consultative meetings. The discussions that took place at the meetings addressed the mid-term development needs of Serbia, as derived from the long-term strategic perspectives and plans. The conclusions and decisions of these meetings served as a basis for translating the mid-term needs and goals into inter-sectoral priorities for financing. They in turn served as the basis for programming international assistance to Serbia for 2011 and fed into preparations for possible future IPA components III, IV and V for the period 2012-2013.

The main priorities identified for IPA assistance over the period 2011-2013 are to: 1) Strengthen the rule of law and public administration; 2) Overcome the economic crisis and improve competitiveness; and, 3) Support social inclusion and reconciliation.

With the aim of concentrating IPA support on the main priorities identified in the progress reports while increasing ownership by the beneficiary country, the Commission will focus its assistance on a selected number of sectors: Justice and home affairs; Public administration reform; Social development; Private sector development; Transport; Environment, Climate change and energy; as well as, Agriculture and rural development. These sectors were selected in consultation with the relevant stakeholders.

Nevertheless, with a view to assist Serbia implement the EU *acquis*, specific projects may also support activities that fall outside the scope of the above mentioned sectors if particular needs are identified.

Under the present Programme, a specific focus will be placed on Public administration reform and Social development.

2.2. Sectors selected under this programme and donors' coordination

The 2011 allocation for IPA component I is EUR 190.5 million. In addition to the assistance identified in this programme, EUR 12 million is provided to support activities in the areas of Education (Tempus programme with EUR 7 million) and Nuclear Safety and Radiation Protection (EUR 5 million). These projects are coordinated and implemented under the relevant Multi-beneficiary programme and will be adopted by separate financing proposals. Consequently, the 2011 National Programme for Serbia amounts to EUR 178.5 million.

Justice and Home Affairs

Justice and Home Affairs (JHA) is of crucial importance to Serbia's EU integration. As highlighted in the 2010 Progress Report, serious efforts are needed from the Serbian authorities to guarantee the existence of an effective and independent judiciary in line with EU standards. A strategic framework for this policy area has

been developed, as a good basis for implementation of a sector wide approach in this field.

The present programme encompasses the first activities identified for funding under the sectoral approach in the field of the judiciary. The EU will participate in a "Multi-donor trust fund" (MDTF) under the auspices of the World Bank, together with a number of other donors. The participation of the EU in this fund will contribute to increasing synergies through the reinforcement of donor coordination, led by the Ministry of Justice. The fund will lead to the reduction of the number of donor interlocutors, better pooling of resources and increased ownership for the Ministry of Justice through the use of country systems in the implementation of assistance.

Priority will be given to projects in direct support of the implementation of the National Strategy of the Judiciary. Indicators, benchmarks and follow-up mechanisms within the sector will be developed through the MDTF. Two projects will be supported under this programme in the Justice and Home affairs sector, with the aim of strengthening the rule of law and the implementation of anti-discrimination policies.

Public Administration Reform

Despite the good overall capacity of Serbia's public administration, reforms in this area are advancing at a slow and uneven pace. Further improvements are key for further progress towards EU accession. Moreover, DIS accreditation and activation of IPA components III to V are foreseen during the 2011-2013 period and require an improvement in the capacity of Serbia's public administration in the relevant fields.

Six projects in the Public administration reform sector will be supported under this programme. These projects will aim at: building administrative capacity at the central level; supporting the Commission for the protection of competition; modernising tax and customs administrations; strengthening capacities of the audit institution and audit authority; and, strengthening the enforcement of intellectual property rights.

Social Development

Livelihood and living conditions of vulnerable groups, including internally displaced persons (IDPs), refugees and returnees is a pressing problem in Serbia and in the region as a whole. The main goals of the programme in this sector are to align Serbia's social policies with EU standards and to support the country's efforts to meet the Europe 2020 targets in terms of poverty and social exclusion, and in particular, to adhere to the objectives and actions of the European Platform against Poverty and Social Exclusion.

Four projects in the Employment and social development sector will be supported under this programme. These projects will aim at: supporting the implementation of strategies for IDPs and refugees; supporting human capital development and research; supporting deinstitutionalisation and social inclusion of persons with mental disabilities and mental illness; and, the preparation of labour market institutions for the implementation of European employment policy.

Private Sector Development

Despite positive developments over recent years, Serbian companies still face large challenges in improving their competitiveness and export potential. Support is needed in order to help Serbia improve its business environment, attract foreign direct investments and increase exports. Support should also be given to help Serbia move to an innovation driven economy and align with Europe 2020 targets for smart growth, including transition to a low-carbon economic development.

The main goal in this sector is to increase Serbia's integration and competitiveness in the European market. Priority will be given, over the programming period 2011-2013, to the promotion of entrepreneurship and SMEs, stimulating green entrepreneurship, Research & Development, tourism, rural economy, an improved business regulatory environment and infrastructure.

A comprehensive project will be supported in 2011 with the aim of supporting socio-economic development in the Danube Region, as a first step in the implementation by Serbia of the EU Danube strategy.

Transport

Restoration and development of the country's infrastructure network is one of the Serbian government's priorities. The development of Pan-European Corridors VII – the Danube River – and Corridor X – which runs between Austria and Greece – is a priority for both the EU and Serbia. A good strategic framework is in place for multi-donor support and for a sector wide approach.

The main goals in the field of transport are to promote integration of Serbia into the European transport network in a way to generate sustainable economic growth. Over the programming period 2011-2013 focus will be placed on rail and road transport, as well as inland waterways.

Two projects in the Transport sector will be supported under this programme. Their aim is to modernise railways and to build access roads to the Žeželj Bridge on Corridor X.

Environment, Climate change and Energy

Environment, Climate change and Energy are not only important areas for Serbia but also for its neighbouring countries. Serbia is one of the most industrialised countries in the region and a potential energy hub. Reform of the overall energy policy is crucial in order to attract foreign investment. In the environmental field, implementation of the *acquis* entails large investments. Support for these fields can be provided through a sector wide approach based on Serbia's national strategies and in cooperation with the donor community, so as to maximise impact.

The main goal of EU support for this section is to promote sustainable growth. Over the programming period 2011-2013 focus will be given to water and air quality, waste management, renewable energy resources, energy efficiency and security. In addition,

support needs to be offered for measures to promote transition to a low-carbon development, climate mitigation and adaptation.

Four projects in the environment, climate change and energy sector will be supported under this programme, with the aim of: constructing waste water treatment facilities; supporting municipal environmental investment; enforcing environmental law and establish Eco Management and Audit Scheme (EMAS) system; and, increasing the capacity of the Energy agency, including strengthening its ability to promote and implement measures to encourage energy efficiency and use of renewables.

Agriculture and rural development

Agriculture and rural development is an important sector in the Serbian economy with a direct social dimension, as approximately half the Serbian population live in rural areas. This sector, which includes food safety, veterinary and phytosanitary issues, is therefore a key challenge for Serbia in the pre-accession period. Alignment and implementation of the *acquis* in this sector is a demanding exercise and a key part of Serbia's preparations to assume the obligations of EU membership.

The main objective of EU assistance in this field is to support the development of a sustainable and competitive agricultural sector and to address the challenges of alignment with the CAP. Consequently, support for this sector will particularly focus on the implementation of EU standards as well as increasing the capacity of Serbia's administration to utilise pre-accession assistance under Component V.

One project in the agriculture and rural development sector will be supported under this programme, with the aim of improving the animal health status in Serbia and surrounding countries *vis-à-vis* classical swine fever and rabies in addition to improving food and feed safety and animal welfare. The project also aims to assure consumer protection, improve public health and support the sustainable development of agriculture. Financial assistance (EUR 9.5 million) will be provided for Serbia's agricultural census in a separate project covered by the sector 'other EU *acquis* and horizontal activities' through direct support to Serbia's statistical office (see below).

Other EU *acquis* and horizontal activities

With the view to assist Serbia implement the *acquis*, the 2011 National Programme will also support specific projects aimed at helping Serbia meet EU requirements in several sectoral fields which fall outside the scope of the above selected sectors. These projects will aim at: developing the Serbian administration's capacities in programming and implementing EU assistance; conducting population and agricultural censi in line with the European Statistical System; and, supporting participation in EU programmes.

The planned allocation per sector under the 2011 National Programme is as follows:

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| | Total IPA in EUR million |
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| Justice and Home affairs | 11.95 | 7% |
| Public administration reform | 26.3 | 15% |
| Social Development | 32.1 | 18% |
| Private sector development | 18.5 | 10% |
| Transport | 13.8 | 8% |
| Environment, Climate change and energy | 38.6 | 21% |
| Agriculture and rural development | 6.0 | 3% |
| Other EU <i>acquis</i> and horizontal activities | 31.3 | 18% |
| TOTAL | 178.55 | 100% |

2.3. Description of projects and/or other implementation modalities under each sector

| Sectors | IPA support (in EUR million) | Project Description |
|---|------------------------------------|---|
| Justice and Home Affairs | 11.95 | |
| 1. Strengthening the rule of law in Serbia | 9.75 | <p>Purpose: To contribute to good governance in Serbia by ensuring the rule of law, efficient state border security, improving the efficiency and accountability of the public sector, and tackling corruption as essential elements of a framework, within which economies can prosper.</p> <p>Implementation: Project is divided in three components.</p> <p>Component 1 – Implementation of justice sector reform and anti-corruption policies. It is composed of two subcomponents. The first subcomponent will be the participation in the Multi-donor Trust Fund (MDTF) implemented through a contribution agreement with the World Bank, while the second subcomponent, support for implementation of anti-corruption policies, will be implemented through a contribution agreement with the Council of Europe in accordance to article 53 (d) of the Financial Regulation. The indicative timetable for contracting for both agreements is Q1 after the signature of the Financing Agreement (FA).</p> <p>Component 2 – Establishment of stationary and mobile video surveillance system for state border protection and surveillance (one service contract and one supply contract). The indicative timetable for contracting is Q3 (service) and Q6 (supply).</p> <p>Component 3 – Development of strategic planning and horizontal communication in the Ministry of Interior (one twinning contract). The indicative timetable for contracting agreements is Q4 after the signature of the FA.</p> <p>Link to MIPD: The main goal is the strengthening of the rule of law. Focus will be given to the implementation and further development of the judiciary reform strategy, which aims at ensuring independence, efficiency, effectiveness, and accountability of the judiciary system,</p> |

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| | | <p>and to the fight against corruption and organised crime.</p> <p>Support for this sector will help improve the country's competitiveness as well as strengthening the rule of law.</p> |
| 2. Implementation of anti-discrimination policies | 2.2 | <p>Purpose: effective and efficient implementation of anti-discrimination policies in line with EU standards and best practice.</p> <p>Implementation: The project will be implemented through one service contract and one supply contract. The indicative timetable for contracting is Q3 after the signature of the FA. The Serbian Ministry of Human and Minority Rights is the beneficiary of this project.</p> <p>Link to MIPD: The implementation of anti-discrimination policies falls under the Justice and Home Affairs sector. Furthermore, the project applies to one of the sector specific objectives of strengthening of the rule of law by reinforcement of the relevant legislative framework and improving alignment with European standards. Law enforcement is a key for the success of the ongoing reforms in Serbia.</p> |
| Public Administration reform | 26.3 | |
| 3. Strengthening legislation, policy and coordination capacities at the central level | 6.5 | <p>Purpose: to improve policy and legislation processes at the central level in the view of EU integration.</p> <p>Implementation: The project will be implemented through three separate components: Component 1 – Strengthening capacities of the National assembly in the accession process to the EU (one twinning contract). The indicative timetable for contracting agreements is Q5 after the signature of the FA.</p> <p>Component 2 – Reforming policy coordination in the Government of the Republic of Serbia - Third Phase (one service contract). The indicative timetable for contracting is Q2 after the signature of the FA.</p> <p>Component 3 – Technical Assistance to the Policy And Legal Advice Centre (PLAC) (one</p> |

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| | | <p>service contract). The indicative timetable for contracting is Q3 after the signature of the FA.</p> <p>Link to MIPD: Strengthening legislation, policy and coordination at central level falls under the Public Administration sector and more specifically under its objective to improve the efficiency and effectiveness of the public administration at both central and local level.</p> |
| 4. Modernisation of Tax Administration | 7.6 | <p>Purpose: Increase tax collection capacity of the Serbian Tax Administration in order that it becomes client-oriented and efficient in the management of human resources according to EU EU practices.</p> <p>Implementation: Modernisation and strengthening of institutional capacity of the Serbian tax administration (3 service contracts/TA, to be contracted in Q3 and Q6 after the signature of the FA).</p> <p>Link to MIPD: A Strategy for development of Information Technology for the Serbian Tax Administration aims at properly and efficiently managing tax collection and improving servicing and auditing of the taxpayers. Modernisation of Tax Administration falls under the Public Administration sector and more specifically under its objective to improve the efficiency and effectiveness of the public administration.</p> |
| 5. Modernisation of the custom system | 4.1 | <p>Purpose: Strengthening the administrative and operational capacity of the Serbian Customs Administration (SCA) and relevant stakeholders with the aim to meet EU requirements in the area of New Computerized Transit System, authorized economic operator, trade facilitations and risk management.</p> <p>Implementation: Support for the Serbian customs administration's modernisation of the country's customs system, in compliance with best practices, standards and procedures (one service contract, to be contracted in Q3 after the signature of the FA).</p> <p>Link to MIPD: Modernisation of the customs system falls under the Public Administration sector and its objective to improve the efficiency and effectiveness both at central and local level and align with EU requirements.</p> |

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| <p>6. Strengthening Capacities of the State Audit Institution and the Audit Authority</p> | <p>2.3</p> | <p>Purpose: to contribute to accountability and effective management of public and EU funds in Serbia via the strengthening of capacities of the State Audit institution and of the Audit Authority.</p> <p>Implementation: The project will be implemented through one twinning contract, one service contract and one supply contract. The indicative timetable for contracting is Q3 and Q6 for the supply contract after the signature of the FA.</p> <p>Link to MIPD: Strengthening the capacity of the State Audit Institution and the Audit Authority falls under the Public Administration sector and its objective to improve the efficiency and effectiveness both at central and local level.</p> |
| <p>7. Capacity building and IT Assistance to the Commission for the Protection of Competition</p> | <p>3.0</p> | <p>Purpose: strengthening institutional capacity of the commission for protection of competition for more efficient enforcement of competition policy, with expected economic benefits for consumers and market participants.</p> <p>Implementation: The project will be implemented through one service contract and one supply contract both to be contracted in Q3 and Q5 after the signature of the FA.</p> <p>Link to MIPD: Capacity building and IT Assistance to the Commission for the Protection of Competition falls under the Public Administration sector and its objective to improve the efficiency and effectiveness both at central and local level and to build the capacity of national institutions. Furthermore by aiming to improve public procurement and competition policy, it will also have an impact on the Private Development sector.</p> |
| <p>8. Enforcement of intellectual property rights</p> | <p>2.8</p> | <p>Purpose: to further strengthen Intellectual property rights (IPR) enforcement in Serbia with a focus on the fight against piracy so as prepare Serbia for participation in EU counterfeiting and piracy observation.</p> <p>Implementation: The project will be implemented through one direct grant to the European patent office for an indicative amount of EUR 2,8 million in accordance with the Article 168(1)(f) of the Implementing Rules to the Financing Regulation. The indicative timetable for</p> |

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| | | <p>contracting is Q2 after the signature of the FA.</p> <p>Link to MIPD: Further strengthening of the intellectual property rights in Serbia falls under the Public Administration sector and its objective to improve the efficiency and effectiveness both at central and local level, as well as to support Serbia's adoption, implementation and enforcement of EU-related legislation. Furthermore by aiming to improve the regulatory and administrative environment for doing business in Serbia, it will also have an impact on the Private Development sector.</p> |
| Social Development | 32.1 | |
| 9. Support for the implementation of strategies for IDPs, refugees and returnees | 7.0 | <p>Purpose: Support the integration of refugees, improvement of living conditions of internally displaced persons (IDPs) and reintegration of returnees under the readmission agreements through legal assistance.</p> <p>Implementation: The project will be implemented through two calls for proposals (grant schemes) for indicative amounts of EUR 3.32 million and EUR 1.7 million; and two service contracts. The indicative timetable for contracting is Q4 and Q7 (only for the EUR 1.7 million grant scheme) after the signature of the FA. The main beneficiary will be the Commissariat for Refugees of the Republic of Serbia.</p> <p>Link to MIPD: Support for the implementation of strategies for IDPs and refugees falls under the Social Development sector. Livelihood and living conditions of vulnerable groups, including IDPs, refugees and returnees is a pressing problem in Serbia and in the region overall.</p> |
| 10. Support Human Capital development and research | 16.9 | <p>Purpose: to improve the qualities of human capital by strengthening the “knowledge triangle”: education – research – innovation. To enhance the effectiveness of the educational system and to implement the Strategy of scientific and technological development of Serbia.</p> |

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| | | <p>Implementation:</p> <p>Component 1 – General education and human capital development (One service contract/TA, and one supply contract). The indicative timetable for contracting is Q4 after the signature of the FA. The Serbian Ministry of Education is the beneficiary of this component of the project.</p> <p>Component 2 – Support implementation of the scientific and technological development strategy will be implemented in joint management with the World Bank through a contribution agreement in accordance to article 53 (d) of the IR to the Financing Regulation. The indicative timetable for contracting is Q4 for the service agreement after the signature of the FA.</p> <p>Link to MIPD: Support for Human Capital and Development falls under the Social Development sector. The main goal is to align social policies in Serbia with EU standards, supporting the country's efforts to adhere to the targets of Europe 2020 in poverty and social exclusion and, in particular to the objectives and actions of the European Platform against Poverty and Social Exclusion.</p> |
| 11. Support for deinstitutionalisation and social inclusion of persons with mental disability and mental illness | 4.7 | <p>Purpose: To contribute for the deinstitutionalisation and social inclusion of persons with mental disability and mental illness at the local level.</p> <p>Implementation: The project will be implemented through one service contract and one call for proposal (grant schemes) for an indicative amount of EUR 2.7 million. The indicative timetable for contracting is Q4 and Q7 after the signature of the FA. The Ministry of Labour and Social Policy is the lead beneficiary of this project.</p> <p>Link to MIPD: Support for the deinstitutionalisation and social inclusion of persons with mental disability and mental illness falls under the Social Development sector. The main goal is to align social policies in Serbia with EU standards, supporting the country's efforts to adhere to the targets of Europe 2020 in poverty and social exclusion and, in particular to the objectives and actions of the European Platform against Poverty and Social Exclusion.</p> |
| 12. Preparation of labour market institutions for European employment | 3.5 | <p>Purpose: to improve the impact of employment policy in order to speed up labour market</p> |

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| policy | | <p>reform in line with the EU standards.</p> <p>Implementation: The project will be implemented through one twinning contract and one service contract to be contracted in Q4 after the signature of the FA. The beneficiaries of this project are Serbia's Ministry of Economy and Regional Development (MoERD) and its National Employment Service (NES).</p> <p>Link to MIPD: Preparation of labour market Institutions for European employment policy falls under the Social Development sector and in particular the objective of improving the enforcement of European employment policy.</p> |
| Private Sector Development | 18.5 | |
| 13. Socio economic development in the Danube Region | 18.5 | <p>Purpose: To establish and develop the municipal business infrastructure and thus enable Serbia's Danube river bank municipalities to increase the competitiveness of the region, create new employment opportunities and raise the attractiveness of the Danube Serbia Region to foreign and local private sector investors.</p> <p>Implementation: The project will be implemented through one Delegation agreement (indirect centralised management) with the Austrian Development Cooperation and the Portuguese Institute for Aid and Development, to be contracted in Q4 after the signature of the FA in accordance to article 54 (2) points b, c and d of the Financial Regulation.</p> <p>Link to MIPD: Socio economic development in the Danube Region falls under the Private Sector Development and specifically under its objective to facilitate socio-economic development and inter-municipal cooperation in the hinterland of the Danube, and raise its visibility as an area of growth.</p> |
| Transport | 13.8 | |
| 14. Modernisation of Railways | 8.3 | <p>Purpose: to advance the completion, modernisation and sustainable development of the Serbian railway transport system within the pan-European corridor X, in order to meet the</p> |

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| | | <p>required capacity levels and quality standards relevant to the TEN-T network.</p> <p>Implementation: The project will be implemented through two service contracts both to be contracted in Q4 after the signature of the FA. Serbia's Ministry of Infrastructure will be the beneficiary of this project.</p> <p>Link to MIPD: The project Modernisation of Railways falls under the Transport sector and more specifically under its objectives to support the modernisation of the transport system in Serbia and to strengthen regional cooperation, as well as implement the commitments made in the framework of the regional transport initiatives. Further, the project will have an impact on the economic development of Serbia and the region as a whole.</p> |
| 15. Access roads to the Žeželj bridge | 5.5 | <p>Purpose: to restore full road and rail traffic across the Danube in Novi Sad as part of the Belgrade-Subotica-Budapest segment of corridor Xb of the TEN-T network.</p> <p>Implementation: The project will be implemented through one service contract and one work contract. The indicative timetable for contracting is Q3 for the service contract and Q4 for the works after the signature of the FA. Serbia's Ministry of Infrastructure will be the beneficiary of this project.</p> <p>Link to MIPD: The project Access roads to the Žeželj bridge falls under the Transport sector and more specifically under its objectives to support the modernization of the transport system in Serbia and to strengthen regional cooperation, as well as implement the commitments made in the framework of the regional transport initiatives.</p> |
| Environment, Climate change and Energy | 38.6 | |
| 16. Construction of Waste Water Treatment Facilities | 15.0 | <p>Purpose: To contribute to the protection of environment in the town of Obrenovac as well as Belgrade city by assisting the public enterprise" Electric power industry of Serbia" improve water and soil quality through the construction of a wastewater treatment facility at the Thermal Power Plant (TPP) Nikola Tesla B.</p> |

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| | | <p>Implementation: The project will be implemented through one service contract and one works contract. The indicative timetable for contracting is Q2 for the service contract and Q3 for the works after the signature of the FA. The public enterprise 'Electric Power Industry of Serbia' is the beneficiary of this project.</p> <p>Link to MIPD: The project Construction of Waste Water Treatment Facilities falls under the Environment, Climate change and Energy sector and addresses its objectives to improve the environmental infrastructure, strengthen regional and cross-border cooperation, and contribute to EU 2020 targets in energy and climate change.</p> |
| <p>17. MEGLIP-Municipal Environment Grant-Loan Investment Programme</p> | <p>19.1</p> | <p>Purpose: to support the execution of municipal environmental development projects that will improve service delivery to citizens and compliance with the EU <i>acquis</i> in the environmental field, while building municipal capacity to plan capital investments, formulate and manage projects and operate and maintain installations.</p> <p>Implementation: The project will be implemented through a Delegation agreement (indirect centralised management) with KfW in Q1 after the signature of the FA in accordance to article 54 (2) points b, c and d of the Financial Regulation.. Serbia's National IPA coordinator is the beneficiary of this project.</p> <p>Link to MIPD: The project MEGLIP-Municipal Environment Grant-Loan Investment Programme falls under the Environment, Climate change and Energy sector and addresses its objectives to help Serbia align with the EU environmental <i>acquis</i>, improve the environmental infrastructure, strengthen regional and cross-border cooperation, and contribute to EU 2020 targets in energy and climate change.</p> |
| <p>18. Law enforcement in the field of industrial pollution control, prevention on chemical accidents and establishing the EMAS system</p> | <p>3.0</p> | <p>Purpose: to build and enhance capacity for enforcement of regulations aligned with the EU environmental directives, specifically for Industrial Pollution Prevention and Control (IPPC), prevention of chemical accidents and the Eco-Management and Audit Scheme (EMAS).</p> <p>Implementation: The project will be implemented through one service contract/TA to be contracted in Q4 after the signature of the FA. Serbia's Ministry of Environment and Spatial</p> |

| | | |
|--|------------|--|
| | | <p>Planning is the beneficiary of this project.</p> <p>Link to MIPD: The project Law enforcement in the field of industrial pollution control, prevention on chemical accidents and establishing the EMAS system falls under the Environment, Climate change and Energy sector and addresses its objectives to help Serbia align with the EU environmental <i>acquis</i>, improve the environmental infrastructure, and contribute to EU 2020 targets in energy and climate change.</p> |
| 19. Capacity Building for the Energy Agency | 1.5 | <p>Purpose: to build the capacity of the Energy Agency of the Republic of Serbia (AERS), so that it is capable of developing and implementing regulatory policies and strategies, and overseeing the necessary reform of the energy sector, including the promotion of measures to stimulate energy efficiency and use of renewables.</p> <p>Implementation: The project will be implemented through one twinning contract to be contracted in Q3 after the signature of the FA. The Energy Agency of the Republic of Serbia is the beneficiary of this project.</p> <p>Link to MIPD: The project Capacity Building for the Energy Agency falls under the Environment, Climate change and Energy sector and addresses its objectives to help Serbia align with the EU environmental <i>acquis</i> and the requirements of the Energy Community Treaty, reform the energy policy, and increase competition in the sector, as well as contribute to EU 2020 targets in energy and climate change.</p> |
| Agriculture and rural development | 6.0 | |
| 20. Support for Food Safety, Animal Welfare and control/eradication of swine fever and rabies | 6.0 | <p>Purpose: Improvement of animal health status in Serbia and surrounding countries regarding classical swine fever and rabies, improvements in food and feed safety and animal welfare, assurance of consumer protection, improvement of public health.</p> <p>Implementation: This project will be implemented through three supply contracts and one twinning contract, to be contracted in Q4 and Q6 after the signature of the FA. Serbia's Ministry of Agriculture, Forestry and Water Management is the beneficiary of this project.</p> |

| | | |
|---|-------------|---|
| EU <i>acquis</i> other horizontal activities | 31.3 | |
| 21. Project Preparation Facility and Support Measures | 7.8 | <p>Purpose: Support and reinforce the capacities of the Serbian administration in the preparation of projects and policies, and to improve the planning, programming and implementation of the Instrument for Pre-Accession Assistance (IPA).</p> <p>Implementation: The project will be implemented through an indicative number of contracts.</p> <p>Component 1 – Project Preparation Facility (PPF), The indicative timetable for contracting the service contract is Q4 after the signature of the FA.</p> <p>Component 2 – Support Measures Facility (SMF) (an indicative number of 20 framework/service and 2-5 twinning light contracts starting in Q2 until Q8 after the signature of the FA).</p> |
| 22. Alignment with the European Statistical System (ESS) | 19.5 | <p>Purpose: To conduct a Population and an Agricultural Census and improve data availability, quality and comparability, while the sources for the production of National Accounts (according to ESA 95) are consolidated.</p> <p>Implementation: The project will be implemented through one direct awarded grant to the statistical office of the Republic of Serbia, for an indicative maximum amount of EUR 19,5 million, for conducting the census of agriculture, the census of population and housing as well as for conducting the “National input-output survey”, considering that the relevant national authority enjoys a de facto monopoly situation for the implementation of the envisaged activities (in the sense of Art 168, paragraph 1, sub-paragraph (c) of the Implementing rules to the Financial Regulation).</p> <p>The indicative timetable for contracting is Q1 after the signature of the FA.</p> |
| 23. Support for Participation in EU Programmes | 4.0 | <p>Purpose: to support Serbian participation to EU programmes by co-financing the costs of the "entry-tickets" which Serbia has to pay in areas such as education, health, science, culture, employment, entrepreneurship and innovation, taxation and custom systems.</p> |

| | | |
|--------------|---------------|---|
| | | Implementation: The project will be implemented as a reimbursement of a part of the entry ticket after it has been paid, on the basis of a specific agreement with the EU. The first contribution agreements are expected to be signed in Q2 after the signature of the FA. Co-financing is EUR 2.0 million from national authorities. |
| TOTAL | 178.55 | |

2.4. Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and evaluations

Past and on-going assistance

The EU has been providing significant support for Serbia under a variety of instruments, including IPA, CARDS, macro-financial support and humanitarian aid. Overall, for the period 1998-2006, the amount of EU financial assistance to Serbia represents more than EUR 2 billion.

The Serbian national allocation from IPA component I for years 2007, 2008, 2009 and 2010 amounts to EUR 678.1 million.

Serbia participates in cross-border cooperation programmes, where the priorities include infrastructure, flood prevention, environmental problems, cultural exchanges, research, job creation, security and crime prevention with an allocation of EUR 56 million for the period 2007-2011.

Serbia has also benefited from assistance financed under the IPA Multi-beneficiary programmes, which cover the entire Western Balkans Region. Assistance focused on the following main areas: justice, social issues, refugees, statistics and environment.

Lessons learned

The programming of IPA 2011 funds takes into account the lessons learned from previous CARDS and Phare assistance, as well as the previous IPA exercises and evaluations. Planning and programming of IPA assistance can be improved by:

- Strengthening and ensuring ownership of national bodies responsible for the EU programming process;
- Increasing administrative and monitoring capacity. This is in particular essential for Serbia in order to achieve accreditation for implementation of assistance under the decentralised management of funds;
- Ensuring the preparedness and maturity of projects in the selection process, in light also of the beneficiary organisation's absorption capacity and record of past achievements.
- Better linking EU assistance to sector strategies and action plans of the Serbian institutions.
- Improving division of labour among donors; encouraging the association of other donors to IPA management (through joint financing mechanisms or delegated cooperation) in areas where these have a comparative advantage.
- Coordination between IPA programming and Government overall long-term development strategy, including allocation of human and financial resources is essential. In this respect, NIPAC and its technical secretariat DACU has demonstrated high commitment.

- Increase in coordination between central and local government bodies and their absorption capacity.

Donor Coordination

The responsibility for donor coordination within the Serbian administration lies with the Sector for Programming and Management of EU funds and Development Assistance (DACU), the Technical Secretariat of the NIPAC, at the Ministry of Finance.

The European Union Delegation in Belgrade holds regular sector donor coordination meetings with EU Member States representatives. On a two-monthly basis it also co-chairs (together with the World Bank) an informal donor group including international organisations and non-EU bilateral donors. Additionally, representatives of the Delegation participate in sector coordination groups convened at the initiative of line ministries and/ or other donors.

Close working relations are also maintained with International Financial Institutions (IMF, EIB, EBRD, World Bank, KfW). EU programmes have, over time, supported IFI investments in Serbia by financing preparatory work before actual investments and funding Project Implementation Units. The majority of activities carried out with IFIs are in the following sectors: transport, energy, health, education, SME credit lines and municipal investments.

Bilateral donors such as Sweden, the Netherlands, the United Kingdom, Germany, Austria, Italy, France, Spain, Greece, Norway and Switzerland are very active in donor co-ordination and pre-accession support. It is important to continue working closely with these actors under IPA particularly with regard to their institution building plans.

Member States have been de-briefed on the state of IPA 2011 National Programme during a meeting held at the Delegation on the 1st June 2010. A written consultation on the list of project proposals has taken place on the 7th July 2010.

2.5. Horizontal issues

Equal opportunity for participation of men and women and the minority representation will be ensured in all aspects of the programme implementation. Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

Special attention to EU environmental standards will be ensured in all aspects of the programme implementation.

2.6. Conditions

The programme includes the following conditionalities:

The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.

The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order for EU financial support to be used in the most effective and sustainable manner.

Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and shall formally endorse the documents before tendering. Beneficiaries shall also participate in the selection committees for procurement and grants as non-voting members.

The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.

Beneficiary institutions shall organise, select and appoint members (taking account of gender and ethnic balance) of working groups, steering, monitoring and coordination committees, and seminars, as required by the project activities.

Additional project specific conditions are described in the project fiches. The project fiches are formally approved by exchange of letters between the Commission and the government of Serbia. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the implementing authority.

2.7. Benchmarks

"n" being the date of conclusion of the Financing Agreement

| | N | | N+1 (CUMULATIVE) | | N+2 (CUMULATIVE) | |
|--|----|----|---------------------|----|---------------------|----|
| | EU | NF | EU | NF | EU | NF |
| NUMBER OF TENDERS LAUNCHED | 31 | 8 | 31 | 8 | 31 | 8 |
| NUMBER OF CALLS FOR PROPOSALS LAUNCHED | 1 | 1 | 3 | 3 | 3 | 3 |
| NUMBER OF DIRECT GRANTS, CONTRIBUTION AGREEMENTS AND DELEGATION AGREEMENTS | 7 | 5 | 7 | 5 | 7 | 5 |
| NUMBER OF TWINNINGS | 6 | 0 | 6 | 0 | 6 | 0 |

| | | | | | | |
|---------------------|----|----|----|----|-----|-----|
| CONTRACTING RATE(%) | 27 | 30 | 97 | 85 | 100 | 100 |
|---------------------|----|----|----|----|-----|-----|

2.8. Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission

The Serbian authorities have adopted a DIS Roadmap in January 2008 (last up-dated in March 2009), while a Strategy for the preparation of DIS accreditation has been prepared and submitted to the Commission in April 2008. All the stakeholders regarding DIS on the side of the Serbian administration have been appointed.

Stage 1: Gap Assessment for components I and II has been completed while the technical assistance for the Gap plugging for same components is on going.

For components III and IV Gap assessment was completed in February 2010 and stage II will start shortly.

3. BUDGET (AMOUNTS IN EUR MILLION)

3.1. Indicative budget table

| <u>Centralised management</u> | Institution Building (IB) | | | | | Investment (INV) | | | | | Total IB + INV) | Total IPA EU contribution | |
|---|---------------------------|-------------------|------------------|------------------------|------------------|--------------------|------------------|------------------|------------------------|------------------|--------------------|---------------------------|------------------|
| | Total expenditure | IPA contribution | EU | National contribution* | | Total expenditure | IPA contribution | EU | National contribution* | | | | |
| | EUR (a)=(b)+(c) | EUR (b) | % ⁽¹⁾ | EUR (c) | % ⁽¹⁾ | EUR (d)=(e)+(f) | EUR (e) | % ⁽¹⁾ | EUR (f) | % ⁽¹⁾ | EUR (g)=(a)+(d) | EUR (h)=(b)+(e) | % ⁽²⁾ |
| <i>Sector 1. Justice and Home affairs</i> | 7,800,000 | 7,650,000 | 98% | 150,000 | 2% | 4,300,000 | 4,300,000 | 100% | 0 | 0% | 12,100,000 | 11,950,000 | 7% |
| 1. Strengthening the rule of law in Serbia | 5,900,000 | 5,750,000 | 97% | 150,000 | 3% | 4,000,000 | 4,000,000 | 100% | 0 | 0% | 9,900,000 | 9,750,000 | |
| 2. Implementation of anti-discrimination policies | 1,900,000 | 1,900,000 | 100% | 0 | 0% | 300,000 | 300,000 | 100% | 0 | 0% | 2,200,000 | 2,200,000 | |
| <i>Sector 2. Public Administration Reform</i> | 27,570,000 | 25,700,000 | 93% | 1,870,000 | 7% | 600,000 | 600,000 | 100% | 0 | 0% | 28,170,000 | 26,300,000 | 15% |
| 3. Strengthening legislation, policy and coordination capacities at the central level | 6,500,000 | 6,500,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 6,500,000 | 6,500,000 | |

| | | | | | | | | | | | | | |
|--|-------------------|-------------------|------------|------------------|-----------|------------------|------------------|------------|----------------|-----------|-------------------|-------------------|------------|
| 4. Modernisation of the Tax Administration | 9,470,000 | 7,600,000 | 80% | 1,870,000 | 20% | 0 | 0 | 0% | 0 | 0% | 9,470,000 | 7,600,000 | |
| 5. Modernisation of the Customs System | 4,100,000 | 4,100,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 4,100,000 | 4,100,000 | |
| 6. Strengthening Capacities of the State Audit Institution and the Audit Authority | 1,900,000 | 1,900,000 | 100% | 0 | 0% | 400,000 | 400,000 | 100% | 0 | 0% | 2,300,000 | 2,300,000 | |
| 7. Capacity building and IT Assistance to the Commission for the Protection of Competition | 2,800,000 | 2,800,000 | 100% | 0 | 0% | 200,000 | 200,000 | 100% | 0 | 0% | 3,000,000 | 3,000,000 | |
| 8. Enforcement of intellectual property rights | 2,800,000 | 2,800,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 2,800,000 | 2,800,000 | |
| Sector 3. Social Development | 24,950,000 | 23,080,000 | 93% | 1,870,000 | 7% | 9,540,000 | 9,020,000 | 95% | 520,000 | 5% | 34,490,000 | 32,100,000 | 18% |
| 9. Support for the implementation of strategies for IDPs, refugees and returnees | 2,180,000 | 1,980,000 | 91% | 200,000 | 9% | 5,540,000 | 5,020,000 | 0% | 520,000 | 0% | 7,720,000 | 7,000,000 | |
| 10. Support for human capital development and Research | 14,100,000 | 12,900,000 | 91% | 1,200,000 | 9% | 4,000,000 | 4,000,000 | 100% | 0 | 0% | 18,100,000 | 16,900,000 | |
| 11. Support for the deinstitutionalisation | 5,170,000 | 4,700,000 | 91% | 470,000 | 9% | 0 | 0 | 0% | 0 | 0% | 5,170,000 | 4,700,000 | |

| | | | | | | | | | | | | | |
|---|-------------------|------------------|-------------|------------------|------------|--------------------|-------------------|-------------|--------------------|------------|--------------------|-------------------|------------|
| and social inclusion of persons with mental disability and mental illness | | | | | | | | | | | | | |
| 12. Preparation of Labour Market Institutions with the European Employment Policy | 3,500,000 | 3,500,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 3,500,000 | 3,500,000 | |
| Sector 4. Private sector development | 7,800,000 | 7,500,000 | 96% | 300,000 | 4% | 11,000,000 | 11,000,000 | 100% | 0 | 0% | 18,800,000 | 18,500,000 | 10% |
| 13. Socio economic development in the Danube Region | 7,800,000 | 7,500,000 | 96% | 300,000 | 4% | 11,000,000 | 11,000,000 | 100% | 0 | 0% | 18,800,000 | 18,500,000 | |
| Sector 5. Transport Policy | 8,800,000 | 8,800,000 | 100% | 0 | 0% | 5,000,000 | 5,000,000 | 100% | 0 | 0% | 13,800,000 | 13,800,000 | 8% |
| 14. Modernisation of Railways | 8,300,000 | 8,300,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 8,300,000 | 8,300,000 | |
| 15. Access roads to the Zezelj bridge | 500,000 | 500,000 | 100% | 0 | 0% | 5,000,000 | 5,000,000 | 100% | 0 | 0% | 5,500,000 | 5,500,000 | |
| Sector 6. Environment, Climate change and Energy | 15,450,000 | 7,350,000 | 48% | 8,100,000 | 52% | 156,750,000 | 31,250,000 | 20% | 125,500,000 | 80% | 172,200,000 | 38,600,000 | 22% |
| 16. Construction of Waste Water Treatment Facilities | 2,500,000 | 1,000,000 | 40% | 1,500,000 | 60% | 17,500,000 | 14,000,000 | 80% | 3,500,000 | 20% | 20,000,000 | 15,000,000 | |
| 17. MEGLIP-Municipal Environment Grant- | 8,450,000 | 1,850,000 | 22% | 6,600,000 | 78% | 139,250,000 | 17,250,000 | 12% | 122,000,000 | 88% | 147,700,000 | 19,100,000 | |

| | | | | | | | | | | | | | |
|---|-------------------|-------------------|-------------|-------------------|------------|------------------|------------------|-------------|----------|-----------|-------------------|-------------------|------------|
| Loan Investment Programme | | | | | | | | | | | | | |
| 18. Law enforcement in the field of industrial pollution control, prevention on chemical accidents and establishing the EMAS system | 3,000,000 | 3,000,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 3,000,000 | 3,000,000 | |
| 19. Capacity Building for the Energy Agency | 1,500,000 | 1,500,000 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 1,500,000 | 1,500,000 | |
| <i>Sector 7. Agriculture and rural development</i> | 2,000,000 | 2,000,000 | 100% | 0 | 0% | 4,000,000 | 4,000,000 | 100% | 0 | 0% | 6,000,000 | 6,000,000 | 3% |
| 20. Support for Food Safety, Animal Welfare and control/eradication of swine fever and rabies | 2,000,000 | 2,000,000 | 100% | 0 | 0% | 4,000,000 | 4,000,000 | 100% | 0 | 0% | 6,000,000 | 6,000,000 | |
| <i>Other EU acquis and horizontal activities</i> | 53,666,810 | 31,306,810 | 58% | 22,360,000 | 42% | 0 | 0 | 0% | 0 | 0% | 53,666,810 | 31,306,810 | 18% |
| 21. Project Preparation Facility and Support measures | 7,806,810 | 7,806,810 | 100% | 0 | 0% | 0 | 0 | 0% | 0 | 0% | 7,806,810 | 7,806,810 | |
| 22. Alignment with the European Statistical System (ESS) | 39,860,000 | 19,500,000 | 49% | 20,360,000 | 51% | 0 | 0 | 0% | 0 | 0% | 39,860,000 | 19,500,000 | |

| | | | | | | | | | | | | | |
|--|--------------------|--------------------|------------|-------------------|------------|--------------------|-------------------|------------|--------------------|------------|--------------------|--------------------|-------------|
| 23. Support for Participation in EU Programmes | 6,000,000 | 4,000,000 | 67% | 2,000,000 | 33% | 0 | 0 | 0% | 0 | 0% | 6,000,000 | 4,000,000 | |
| TOTAL | 148,036,810 | 113,386,810 | 77% | 34,650,000 | 23% | 191,190,000 | 65,170,000 | 34% | 126,020,000 | 66% | 339,226,810 | 178,556,810 | 100% |

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

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

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

3.2. Principle of Co-Financing applying to the projects funded under the programme

The IPA EU contribution, which represents 53% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of centralised management is based on the **total expenditure**.

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

Co-financing is not assured for all the sectors due to the difficult economic situation that Serbia is facing. However important co-financing has been ensured for most of the investment projects.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Implementation modalities

The programme will 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. The implementation of the programme is delegated to the European Union Delegation to Serbia.

According to the Article 53d of the Financial Regulation and the corresponding provisions of the Implementing rules, the following projects will be implemented by the European Commission by joint management:

Project 1 "Strengthening the rule of law in Serbia", Subcomponent 1 with the World Bank and the Council of Europe.

Project 10 "Support Human Capital development and research". Component 2 with the World Bank.

According to the Article 54(2) of the Financial Regulation and the corresponding provisions of the Implementing rules, the following projects will be implemented by indirect centralised management:

Project 13 "Socio-economic development in the Danube Region" with Austrian Development Cooperation (Austria), and Portuguese Institute for Aid and Development (Portugal).

Project 17 "MEGLIP – Municipal Environment Grant-loan Investment Programme" with KfW.

⁵ Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

⁶ Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

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 Union 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 Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EU external actions" ("Practical Guide") as published on the EuropeAid Development and Cooperation website⁷ 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 Agreement between the Commission and the World Bank and the Council of Europe implementing such programme/activity.

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 administration of the beneficiary country 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 beneficiary country shall, as a rule, co-finance at least 5% of the eligible expenditure.

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

4.4. Environmental Impact Assessment and Nature Conservation

All investments shall be carried out in compliance with the relevant EU environmental legislation.

⁷ current address: http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

5. MONITORING AND EVALUATION

5.1. Monitoring

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

5.2. 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.

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 Delegation in the Beneficiary Country.

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) 2185/96⁸.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

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

⁸ OJ L 292; 15.11.1996; p. 2

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 nature⁹, 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.

⁹ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.