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COMMISSION IMPLEMENTING DECISION

of 17.12.2014

adopting a Country Action Programme on Bosnia and Herzegovina for the year 2014

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THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

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

Whereas:

- (1) The Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex 1 to Regulation (EU) No 231/2014. The Commission adopted an indicative strategy paper for Bosnia and Herzegovina for 2014 - 2017 on 15/12/2014 which provides indicative allocations for the sectors for pre-accession assistance.⁴
- (4) Considering the proposals for action submitted by the beneficiaries concerned, the Country Action Programme on Bosnia and Herzegovina for 2014 aims at providing assistance for actions in the following sectors: democracy and governance; rule of law and fundamental rights; competitiveness and innovation, local development strategies; education, employment and social policies.

¹ OJ L 77, 15.03.2014, p. 95

² OJ L 298, 26.10.2012, p.1

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

⁴ OJ L XXX

- (5) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.⁵
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds.

The European Bank for Reconstruction and Development, the International Labour Organisation and the United Nations Development Programme are currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entities' positive assessment under Council Regulation (EU, Euratom) No 1605/2002⁶ and on the long-standing and problem-free cooperation with them, budget-implementation tasks can be entrusted to these entities.

- (7) It is appropriate to authorise the award of grants without a call for proposals to the bodies identified in the Annex and for the reasons provided therein.
- (8) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (9) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (10) The action programme or measures provided for by this Decision are in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The Action Programme on Bosnia and Herzegovina for 2014 under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex, is hereby approved.

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

⁶ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the programme referred to in Article 1 is set at EUR 22 581 834 and shall be financed as follows:

EUR 7 581 834 from budget line 22.02.01.01 of the general budget of the EU for year 2014

EUR 15 000 000 from budget line 22.02.01.02 of the general budget of the EU for year 2014

The financial contributions referred to in the first sub-paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by *direct and indirect management*.

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

A Financing Agreement shall be concluded between the Commission and Bosnia and Herzegovina in conformity with the Framework Agreement to be concluded between the same parties.

Article 4

Grants without a call for proposals

Grants may be awarded without a call for proposals to the bodies identified in the Annex, in accordance with the conditions specified therein.

Article 5

Non-substantial changes

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

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2 and not exceeding EUR 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;
- (d) Within the limits of 20% referred to in points a) and b) above, up to 5 % of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time

the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

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

Done at Brussels, 17.12.2014

For the Commission
Johannes HAHN
Member of the Commission

ANNEX 1

COUNTRY ACTION PROGRAMME ON BOSNIA AND HERZEGOVINA FOR THE YEAR 2014

1 IDENTIFICATION

| | |
|--|---|
| Beneficiary | Bosnia and Herzegovina |
| CRIS/ABAC Commitment references | 2014/037-662: EUR 7 581 834 on 22.02 01 01 2014/037-663: EUR 15 000 000 on 22.02 01 02 |
| Total cost | EUR 22 675 754 |
| EU Contribution | EUR 22 581 834 |
| Budget lines | |
| Management Mode/ Entrusted entities | Direct management by the European Commission and Indirect management by the entrusted entities listed below: United Nations Development Programme (UNDP) and International Labour Organization (ILO) for Action 6 "Local integrated development" European Bank for Reconstruction and Development (EBRD) for Action 7 "SME Competitiveness Support Facility " |
| Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary | at the latest by 31 December 2015 |
| Final date for concluding <u>delegation agreements</u> under indirect management | at the latest by 31 December 2015 |
| Final date for concluding <u>procurement and grant contracts</u> | 3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation |
| Final date for operational implementation | 6 years following the date of 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. |
| Programming Unit | DG ELARG, C1, Bosnia and Herzegovina unit |
| Implementing EU Delegation | EU Delegation to Bosnia and Herzegovina |

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

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

In the absence of country-wide strategies in many sectors and a functioning EU coordination mechanism which would cover also the planning and implementation of pre-accession assistance in Bosnia and Herzegovina, the IPA II Indicative Strategy Paper focuses on sectors where agreed strategies and sufficient sector coordination exist. It also supports the enlargement strategy's focus on the 'fundamentals first'. The strategy paper includes therefore the following sectors: Democracy and Governance, Rule of Law and Fundamental Rights, Competitiveness and Innovation: Local Development Strategies, and Education, Employment and Social Policies. The allocation for 2014 amounts to nearly EUR 40 million.

Following the devastating floods of May 2014, EUR 15 million of this allocation were earmarked for a special measure for flood recovery and management. Further EUR 2.1 million were allocated to Civil Society support. These measures will be adopted by separate financing decision.

The remaining EUR 22.6 million will support the four sectors of the Indicative Strategy Paper with a strong emphasis on the economic development of the country. The difficult socio-economic environment in Bosnia and Herzegovina which has led to increasing dissatisfaction amongst the citizens and social unrest has been further aggravated by the recent floods. 62% of this action programme is therefore directed towards competitiveness and innovation through supporting local development strategies.

Actions in the sectors "Democracy and Governance" and "Rule of Law and Fundamental Rights" will indirectly contribute to more favourable economic conditions by fighting corruption and increasing the revenues collected by the Indirect Taxation Authority.

In addition, this programme supports two important aspects of fundamental rights and social inclusion: the identification of persons still missing after the war in Bosnia and Herzegovina and the transformation of closed institutions for children without parental care and persons with disabilities towards alternative models of community-based social care.

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

This programme will build on the achievements and best practices of the previous IPA technical assistance and grant schemes related to SMEs, regional and local economic development and tourism sector. IPA projects in these areas have recently been completed, are on-going or about to start. The United Nations Development Programme (UNDP) has implemented the Integrated Local Development Project, financed by Switzerland with co-financing from Bosnia and Herzegovina and UNDP, which has helped establishing local strategies as legitimate development platforms for defining social, economic and environmental priorities and serving as an investment portfolio for both public and international financial resources. UNDP and the Swedish International Development and Cooperation Agency have supported the establishment and functioning of the Training System for Local Governments in

Bosnia and Herzegovina, which serves as a public tool for capacity development of local government staff and leadership.

The evidence from past local development projects in Bosnia and Herzegovina clearly demonstrates that successful projects are based on community “ownership”. The challenge is to facilitate and institutionalise a process through which local communities are not only consulted but also take the initiative in dealing with the wide range of issues affecting their daily life. Local authorities should be empowered to provide overall guidance and impetus. They should understand the need for establishing a collaborative partnership with community organisations and developing a local “vision” and strategy with them, as a prelude to more concrete actions. Lessons from the past also show the importance of building capacities of local actors to design and implement effective responses to local development challenges.

This programme also follows the recommendations from monitoring reports for a number of SME projects which recognise that better access to finance for SMEs is a significant factor for the sector's sustainability. Synergies will be created with the Enterprise Development and Innovation Facility (EDIF), the regional initiative aiming at increasing the financial resources made available to SMEs and providing technical assistance for strategic investments.

IPA has continuously been supporting the fight against corruption. The other major donor in the field is the US Agency for International Development (USAID). Past and ongoing assistance supported the relevant capacity building, the implementation of the anti-corruption strategy and the participation of the civil society. Overall, the results were not very encouraging and corruption is still widespread in Bosnia and Herzegovina. The main reasons identified are a weak cooperation between local stakeholders in the implementation of the anti-corruption strategy, and insufficient political commitment. The new approach to supporting fighting corruption will include the upgraded anti-corruption agency, and will be based on the new anti-corruption strategy 2015 – 2020, which will provide a stronger strategic approach. It will be more diversified by supporting the legal framework and law enforcement, including problematic sectors like education, health and the public-private interface and by developing integrity plans for the whole spectrum of governance. The political dimension, in particular weak political commitment, will be addressed by the Structured Dialogue on Justice between the European Commission and Bosnia and Herzegovina, which has been broadened to additional rule of law matters (thus now also including the fight against corruption). Engagement in this framework will also continue with relevant actors from the civil society.

The Indirect Taxation Authority (ITA) has been a beneficiary of previous IPA assistance which resulted in a considerable improvement of the legal framework, of internal procedures, practices and the IT systems. However, the complex administrative and legal set-up of Bosnia and Herzegovina has delayed the implementation of certain reform steps. A lesson learned, in particular concerning the support for ITA, is that better results can be achieved by concentrating activities in a few targeted areas, rather than spreading the support more broadly. The support under this programme is therefore more focused.

The support for the International Commission of Missing Persons (ICMP) on the identification of missing persons is the continuation of a longstanding and successful

cooperation, which enabled the ICMP so far to identify the remains of almost 25 000 missing persons in Bosnia and Herzegovina and the Western Balkans.

On a more general level, the interim evaluation and meta-evaluation of IPA assistance concluded that "Despite good progress with establishing institutional structures and to some extent capacity building, impact is constrained by systemic issues of insufficient national resources to further elaborate structures and finance operations of systems and tools; limited human resources and a worsening political environment that has made communication and collaboration between different government levels extremely challenging." The evaluators recommend that the European Commission considers greater enforcement of preconditions for ownership and therefore foresees financing for sectors that involve the different levels of institutions in Bosnia and Herzegovina only on the basis of strategic plans formally adopted by all relevant actors. This recommendation has been reflected in the Indicative Strategy Paper for Bosnia and Herzegovina and this Action Programme as explained above.

List of Actions foreseen under the selected Sectors/Priorities:

Sector 1 Democracy and Governance

| | | |
|---|----|------------------|
| 1 Improving capacity of the Indirect Taxation Authority | DM | 3 100 000 |
| 2 European Integration Facility | DM | 2 089 053 |
| 3 Support to participation in EU Programmes | DM | 642 781 |
| TOTAL | | 5 831 834 |

Sector 2 Rule of Law and Fundamental Rights

| | | |
|--|----|------------------|
| 4 Support to implementing anti-corruption strategies | DM | 750,000 |
| 5 Identification of missing persons | DM | 1,000,000 |
| TOTAL | | 1 750 000 |

Sector 6 Competitiveness and Innovation: Local Development Strategies

| | | |
|--|---------------|-------------------|
| 6 Local integrated development | IM: UNDP, ILO | 10 000 000 |
| 7 SME Competitiveness Support Facility | IM: EBRD | 4 000 000 |
| TOTAL | | 14 000 000 |

Sector 7 Education, Employment and Social Policies

| | | |
|---------------------------------------|----|-------------------|
| 8 Transformation of care institutions | DM | 1 000 000 |
| TOTAL | | 1 000 000 |
| PROGRAMME TOTAL | | 22 581 834 |

DM – direct management; IM – indirect management

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

| | | | |
|-----------------|--|--------------------------|----------------------|
| SECTOR 1 | Democracy and Governance | | EUR 5 831 834 |
| Action 1 | Improving capacity of the Indirect Taxation Authority | Direct management | EUR 3 100 000 |

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

The Action will support the Indirect Taxation Authority (ITA) of Bosnia and Herzegovina in further alignment of indirect taxation legislation and practices with EU Acquis and will further support capacity building of the ITA.

The specific objective of the project is to further strengthen the administrative and coordination capacity of the ITA.

The expected results are:

- National Transit Application developed and fully compatible with EU New Computerised Transit System (NCTS),
- NCTS introduced,
- Legislation, procedures and working methods further aligned with the EU *acquis*,
- Best practices in the field of customs and taxation introduced,
- Customs laboratory equipment delivered and operational.

Key performance indicators:

- Degree of alignment of indirect taxation legislation and practices with the EU *acquis* (*qualitative assessment*),
- Percentage of increase in revenue collected by the ITA.

(2) Assumptions and conditions

- Long-term commitment of the ITA to modernisation of the customs and tax system,
- Sustainable human and financial resources assigned to those reforms.

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

(3) Implementation arrangements for the action: direct management by the EUD

(3)(a) Essential elements of the action

Procurement:

- a) The global budgetary envelope reserved for procurement: EUR 2 100 000

- b) The indicative number and type of contracts: 1 service contract and 1 supply contract
 c) Indicative time frame for launching the procurement procedure: Q1/2015 for both contracts

Grant (Twinning) - Call for proposals:

a) Objectives and foreseen results:

Objectives:

- Further alignment of indirect taxation legislation and practices to the EU *acquis*.

Results:

- NTCS introduction supported,
- The legislation, procedures and working methods further aligned with the *acquis* with best practices in the field of customs and taxation,
- Improved cooperation/exchange of information (internal/external).

b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.

c) The essential selection criterion is the operational capacity of the applicant.

d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of Twinning contract: EUR 1 000 000

g) Indicative date for launching the selection procedure: Q1/2015

| | | | |
|-----------------|--------------------------------------|--------------------------|----------------------|
| Action 2 | European Integration Facility | Direct management | EUR 2 089 053 |
|-----------------|--------------------------------------|--------------------------|----------------------|

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

The Action is designed to provide support to institutions in BiH at various levels in order to address specific needs identified in the course of the European integration process, including the needs for acquiring post-graduate and short intensive academic education on EU integration/affairs for public servants at Universities in EU.

To achieve these objectives, a variety of technical assistance and other types of support will be provided to BiH institutions in order to make them more capable to respond to challenges and requirements of the EU integration processes, to better prepare and implement IPA programmes/projects as well as to have more qualified public servants employed in public service working on EU integration matters.

Expected results:

- Bosnia and Herzegovina's authorities give more effective and timely responses to emerged EU integration priorities,
- Increased administrative capacity with regard to EU integration requirements.

Key performance indicators:

- Progress made towards meeting accession criteria,
- Overall level of administrative capacity of the institutions of Bosnia and Herzegovina involved in European integration process.

(2) Assumptions and conditions

There is political agreement on the priorities of the accession process. Lack of such agreement may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: direct management by the EUD

(3)(a) Essential elements of the action

Procurement (EUR 1 189 053):

- a) The global budgetary envelope reserved for procurement: EUR 1 189 053
- b) The indicative number and type of contracts: 4-5 service contracts and 1-2 supply contract
- c) Indicative time frame for launching the procurement procedure: Q2/2016 (2-3 service), Q4/2016 (2-3 service, 1-2 supply)

Grants - Twinning – Call for proposals (1-2 Twinning light, EUR 400 000):

a) Objectives and foreseen results:

Objective: Further alignment of BiH legislation and practices with the EU acquis in the relevant field

Result: Progress made towards accession criteria in the relevant field

- b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.
- c) The essential selection criterion is the operational capacity of the applicant.
- d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.
- e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- f) Indicative amount of Twinning light contracts: EUR 400 000
- g) Indicative date for launching the selection procedure: Q4/2015 and Q2/2016

Grant – Call for proposal "Scholarship scheme for public servants in Bosnia and Herzegovina" (EUR 500 000)

a) Objectives and foreseen results:

Objective: To increase the capacity of the public service in Bosnia and Herzegovina to support the EU integration process

Results: At least 15 public servants obtain a Master of Arts (MA) degree and at least 30 civil servants complete short intensive academic studies/courses relevant for the EU integration process at EU education institutions

b) The essential eligibility criteria:

The type of actions eligible for financing are one-year post graduate studies (Master programme) in the fields such as public law, economy and EU studies, international relations or similar studies and short intensive academic study programmes/courses on EU matters tailored to suit the needs of public servants in Bosnia and Herzegovina.

Applicants must be education institutions in the EU Member States.

c) The essential selection criteria are financial and operational capacity of the applicant.

d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of the call: EUR 500 000

g) Indicative date for launch of the call for proposals: Q3/2015

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|-----------------|--|--------------------------|--------------------|
| Action 3 | Support to participation in EU Programmes | Direct management | EUR 642 781 |
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of this action is to ensure participation of Bosnia and Herzegovina in European Union Programmes by co-financing the costs of the entry-tickets/participation fees to be paid in areas such as Culture and audio-visual activities, Education, Citizenship and civil society, Customs and fiscal policies, as well as Competitiveness of enterprises and SMEs.

Expected result:

- Enhanced participation of Bosnia and Herzegovina in European Union Programmes, including increased exchanges with EU Member States,
- Strengthened ownership and responsibility of Bosnia and Herzegovina (including in financial terms) for participation in European Union Programmes.

Key performance Indicators:

- Number of programmes for which an International Agreement has been concluded,
- Bosnia and Herzegovina's participation rates in the respective European Union Programmes, such as Creative Europe, Europe for Citizens, Erasmus+, Customs 2020, Fiscalis 2020, COSME are increasing each year and in terms of co-financing of projects.

(2) Assumptions and conditions

- Each institution signatory of Memorandum of Understanding (MoU) for participation to an Union Programme earmarked sufficient budget allocation to pay annual contributions,
- Signatories of MoU establish necessary support system, intermediary organisation or helpdesk and contact per programme to support applicants and promote EU programmes.

(3) Implementation arrangements for the action: direct management by the EUD

(3)(a) Essential elements of the action

The activity will be implemented as a reimbursement of maximum 90% for the entry tickets for EU Programmes after the entry tickets have been paid, on the basis of an MoU between Bosnia and Herzegovina and the Commission.

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|-----------------|---|--------------------------|----------------------|
| SECTOR 2 | Rule of Law and Fundamental Rights | | EUR 1 750 000 |
| Action 4 | Support to implementing anti-corruption strategies | Direct management | EUR 750 000 |

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

The project will further enhance the capacities of the anti-corruption institutions in BiH to effectively coordinate and monitor the implementation of anti-corruption strategies.

Expected results:

- The Bosnia and Herzegovina Anti-Corruption Strategy 2014 – 2019 and Action plan and anti-corruption strategies and action plans at all levels of institutions of Bosnia and Herzegovina are implemented and monitored,
- Prevention of anti-corruption is strengthened in public service including in the interaction with the private sector.

Key performance indicators:

- % of measures planned in the action plans implemented,
- % of public institutions and companies that have a code of conduct/integrity plan and monitor its implementation.

(2) Assumptions and conditions

- Anti-corruption strategies and action plans adopted at the respective levels of governments,
- Respective levels of governments accept to adopt a coordinated and harmonised approach in the fight against corruption.

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

(3) Implementation arrangements for the action: direct management by the EUD

(3)(a) Essential elements of the action

Procurement:

- a) The global budgetary envelope reserved for procurement: EUR 750 000
- b) The indicative number and type of contracts: 1 service contract
- c) Indicative time frame for launching the procurement procedure: Q1/2015

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|-----------------|--|--------------------------|----------------------|
| Action 5 | Identification of missing persons | Direct management | EUR 1 000 000 |
|-----------------|--|--------------------------|----------------------|

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

The action will enable the International Commission on Missing Persons (ICMP) to provide anthropological, archaeological and forensic support for the identifications of persons missing as a result of armed conflicts in Bosnia and Herzegovina.

The overall objective of the Action is to support Bosnia and Herzegovina's efforts to address the issue of persons missing in the conflicts of the 1990s. This should help the country to deal with its painful past and contribute to transitional justice.

Expected results:

- The No Name Working Group is able to carry out the review of mortuary facilities across Bosnia and Herzegovina,
- Continued DNA matching and identification of the missing,
- Forensic Database Management System Online – Web Based Forensic Database Management System functional.

Key performance indicator:

% of identification of the missing through scientifically verifiable data

(2) Assumptions and conditions

- Governments of Bosnia and Herzegovina continue with excavating mass graves,
- Family members, who have not yet donated their blood samples, cooperate,
- No political obstruction to the No Name Working Group Process,
- ICMP continues to receive bone samples on a regular basis,
- New grave sites detected and excavated,
- Information on new grave sites received – either from witnesses or aerial imagery analysis.

Should these assumptions and conditions not be fulfilled, the action will not be implemented.

(3) Implementation arrangements for the action: direct management by the EUD

(3)(a) Essential elements of the action

Grant - Direct grant award

a) Objectives and foreseen results: see (1) above

b) Justification for the use of an exception to calls for proposals:

The direct agreement with ICMP will be concluded in accordance with Article 190(1)(c) of the Rules of Application as ICMP has a de facto monopoly on the DNA identification of all victims in the country and being the only organisation with the necessary equipment and skills to carry out this work.

c) The name of the beneficiary: International Commission on Missing Persons (ICMP)

d) The essential selection criteria are financial and operational capacity of the applicant.

e) The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

d) Indicative amount of the grant: EUR 1 000 000

e) The maximum possible rate of EU co-financing of this action is 40 % of the eligible costs.

f) Indicative date for signing the grant agreement: Q3/2015

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|-----------------|---|--------------------------------|-----------------------|
| SECTOR 6 | Competitiveness and Innovation: Local Development Strategies | | EUR 14 000 000 |
| Action 6 | Local Integrated Development | Indirect management | EUR 10 000 000 |

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

The Action is rooted in the belief that the most effective way to address local development issues is through an integrated, strategic and participatory approach involving all relevant stakeholders.

In this context, the Action will help improve local governance and public service delivery, address municipal infrastructure needs, stimulate employment and support sustainable livelihoods and social needs of local communities, in particular among returnees/refugees and internally displaced persons and households affected by the 2014 floods.

The objective of the Action is to stimulate economic activity and employment and promote social inclusion through integrated local development.

Expected results:

- Local partnerships are capable of defining and steering effective local economic, employment and labour market and social inclusion policies in line with local needs
- Investment needs in local authorities are addressed to deal with the long-term consequences of 2014 floods and achieve the objectives of local integrated development strategies/action plans
- Livelihood and social needs of local communities are addressed, in particular for returnees/refugees and IDPs, households affected by 2014 floods and other vulnerable groups
- Local employment policies are successfully implemented in line with adopted local strategies and needs
- The capacity of vocational education and training (VET) schools/local training providers/ Life Long Learning (LLL)/adult education in developing and delivering quality courses in line with labour market requirements is strengthened

Key performance indicators:

- % of municipalities applying an integrated local development approach to local planning
- Percentage of flood-damaged infrastructure repaired
- Number of new SMEs
- Number of new value chains
- Number of unemployed trained
- Number of active labour market measures implemented
- Number of schools adopting and equipped for innovate teaching methods and new curricula adapted to the needs of labour market
- Number of links partnerships between education and private sector established

(2) Assumptions and conditions

- There is sufficient willingness among stakeholders to cooperate,
- There is continuing political commitment to local development and employment policies.

(3) Implementation arrangements for the action: indirect management by

UNDP: Local Development programmes (EUR 6 000 000)

ILO: Local Employment Partnerships (EUR 4 000 000)

(3) (a) Entities entrusted with budget implementation tasks

United Nations Development Programme

The selection of UNDP as an entrusted entity for this Action is based on its longstanding record of implementation of EU assistance in this area, its effective coordination with local authorities and governments and its optimal financial and operational capacities which are necessary for the implementation of this action. In addition, UNDP is the lead organisation in Bosnia and Herzegovina in the implementation of local development programmes, also in the flood recovery period.

International Labour Organization

The International Labour Organizations' (ILO) underlying objective is the cooperation between governments and employers and workers organisations in fostering social and economic progress, and its main aims are to promote rights at work, to encourage decent employment opportunities, to enhance social protection and to strengthen the dialogue on work-related issues. These objectives match with the main objectives of the Local Employment Partnership activities, which will be addressed by this IPA 2014 Action. The selection of ILO as an entrusted entity for this Action is based on its track record of effective cooperation in Bosnia and Herzegovina and its expertise which is well recognised by local communities and at the state, entity and Brčko District level. Its expertise in the sector and its experience in implementing employment projects in Bosnia and Herzegovina make it a unique partner for the implementation of the Action at hand.

(4) Short description of the tasks entrusted to the entities

UNDP will develop and manage grant schemes to help municipalities/cities in addressing investment needs in line with their development priorities and will provide support for potential applicants and grant beneficiaries. The envisaged financial resources of the budget implementation tasks entrusted to the UNDP amount to at least 60% of the UNDP part of the Action. In addition to the management of those grant schemes, the UNDP will provide complementary technical assistance to local authorities in strategic planning and project development, in particular in the modernisation and improvement of their services and in their adaption to the customers' needs. A further task is to help the local authorities in formulating, designing and developing project pipelines, in using spatial, urban and regulatory planning tools, and in optimising their administrative structures. Furthermore, UNDP will foster livelihoods and sustainable return and support flood-affected farmers to rebuild their production capacities.

Another task for UNDP is increasing the social protection and inclusion of disadvantages groups by improving their access to rights. To this end UNDP will strengthen local institutions' service capacities and develop and manage a grant scheme for civil society organisations to support community-based social services.

ILO's tasks are the development and management of a grant scheme for concrete employment measures. Out of the total budget of EUR 4 million for the ILO part of the action an amount of EUR 3 million is entrusted to the ILO for the management of the call for proposals and EUR 1 million is foreseen for complementary technical assistance for employment partnerships through the development of effective labour market policies, conducting labour market surveys and support for beneficiaries to design and implement local employment action plans. ILO will also provide technical support and advice for the setting-up of adult training programmes and the reform of employment services.

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| Action 7 | SME Competitiveness Support Facility | Indirect management | EUR 4 000 000 |
|-----------------|---|----------------------------|----------------------|

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

The Action aims to improve the competitiveness of small and medium enterprises (SME) and to enhance access to finance for SMEs through investment loans (financed by the EBRD), grants and TA support (financed by IPA). The availability of SMEs finance should enable the majority of target SMEs to increase their revenues and to some extent employment, while at the same time enhancing their long-term sustainability by introducing EU standards.

The Action will be complemented through the activities of the Small Business Support instruments, that is the Enterprise Growth Programme and Business Advisory Services.

The Enterprise Growth Programme assists to develop new business skills at the senior management level in order for the enterprises to be able to compete in a market economy. Business Advisory Services act as a facilitator for the use of private sector consultants by SMEs to obtain a diverse array of services.

In addition, this Action foresees market developmental activities to enhance the capacity of the local consultancy market to meet the advisory needs of local SMEs.

Expected results:

- Improved access to longer term finance for urgent capital investments,
- New specific EU production standards in SME's operations implemented,
- Improved availability of Business advisory services to SMEs in the area of environment, health & safety and product safety/quality.

Key performance indicators:

- Total amount of longer-term finance provided for private enterprises,
- Number of SMEs certified or upgraded to specific EU production standards,
- Number of SMEs receiving training and advisory services.

(2) Assumptions and conditions

- Political and macro-economic stability,
- Stability of the financial sector,
- Sufficient market demand,
- SME and relevant banks are willing to participate in the programme.

(3) Implementation arrangements for the action: indirect management by EBRD

(3)(a) Entity entrusted with budget implementation tasks

European Bank for Reconstruction and Development (EBRD)

The “SME Competitiveness Support Facility” will provide business advice and incentives to targeted SMEs for the introduction of EU standards. The selection of EBRD as an entrusted entity for this Action is based on its longstanding record of implementation of EU assistance in this area, particularly on its best capacities for leveraging EU grants with loan funding, including for larger scale regional initiatives. The EBRD has substantial general experience in implementing SME support programmes in Bosnia and Herzegovina and the region, while having also specific experience in SME support for introduction of the EU environmental, health, product safety and quality standards. The EBRD has also profound knowledge of EU SME policy through involvement in the reporting on SME Policy Index. The selection took into account as well EBRD's optimal technical and financial capacity for mobilising a wide range of consultants for provision of very specific advice to the target SMEs.

Ultimately, entrusting EBRD with implementing tasks will create maximum benefits for local SMEs by facilitating the introduction of EU standards through the provision of adequate advisory services and loan finance.

(4) Short description of the tasks entrusted to the entity

The EBRD will be entrusted to engage external consultants to assist SMEs in project preparation and monitoring, and to provide investment incentives for sub-borrowers to support investments and to improve affordability.

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|-----------------|--|----------------------------|----------------------|
| SECTOR 7 | Education, employment and social policies | | EUR 1 000 000 |
| Action 8 | Transformation of care institutions | Indirect management | EUR 1 000 000 |

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

The objective of this Action is to make institutional improvements for social inclusion of children without parental care and persons with disabilities.

The assistance will be provided through sets of activities to establish a baseline and strategic target situation of the children and adults currently residing in closed-type institutions for social care and the alternative, community-based models of social care. It will assist key stakeholders supporting the process of transformation of social protection institutions to strengthen alternative models of community-based social care for children without parental care and children and adults with disabilities.

Expected results:

- Established baseline and strategic target situation of children and adults residing in closed-type institutions for social care and the alternative, community-based models of social care,
- Process of transformation of institutions for social inclusion supported by key stakeholders in BiH,
- Strengthened models and capacities of alternative social care in BiH.

Key performance indicators:

- Number of persons from closed-type institutions for social care permanently reintegrated in their biological families or moved to alternative care services
- Number of alternative care services established (developed, [re]built and equipped) and properly functioning (with the preference for the areas severely affected by the floods in May 2014).

(2) Assumptions and conditions

- Direct beneficiaries and the general public recognise and accept the need for the transition of care institutions,
- Social service providers provide sufficient funding for the transitional period from residential institutional care to new, community-based models of social care,
- Stakeholders provide competent professionals to participate in project activities.

(3) Implementation arrangements for the action: direct management by the EUD

(3)(a) Essential elements of the action

Grant - Direct grant award

a) Objectives and foreseen results: see (1) above

b) Justification for the use of an exception to calls for proposals:

The direct agreement with UNICEF will be concluded in accordance with Article 190(1)(f) of the Rules of Application due to its technical competence and high degree of specialisation with regard to this Action. UNICEF is the only agency in Bosnia and Herzegovina which has been working on the issue of transformation of institutions in all parts of the country and in the whole portfolio of transformation. UNICEF has a unique experience in working with the relevant institutions at all levels of governance, on transformation and the relevant legislative tasks. Authorities and the relevant civil society actors acknowledge its leading experience.

c) The name of the beneficiary: United Nations Children's Fund (UNICEF)

d) The essential selection criteria are financial and operational capacity of the applicant.

e) The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

d) Indicative amount of the grant: EUR 1 000 000

e) The maximum possible rate of EU co-financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative date for signing the grant agreement: Q1/2015.

3. BUDGET

3.1 INDICATIVE BUDGET TABLE - COUNTRY ACTION PROGRAMME FOR BOSNIA AND HERZEGOVINA

| | | EU Contribution | IPA II beneficiary Co-financing | Total expenditure | MM |
|---|--|----------------------|---------------------------------|----------------------|-------------------|
| Objective 1 Support for political reforms and related progressive alignment with the Union acquis CRIS 37662 | 1) Democracy and Governance | 5 831 834.00 | 93 920.00 | 5 925 754.00 | |
| | 1 Improving capacity of the Indirect Taxation Authority | 3 100 000.00 | | 3 100 000.00 | Direct management |
| | 2 European Integration Facility | 2 089 053.00 | | 2 089 053.00 | Direct management |
| | 3 Support to participation in EU Programmes | 642 781.00 | 93 920.00 | 736 701.00 | Direct management |
| | 2) Rule of Law and Fundamental Rights: local development strategies | 1 750 000.00 | | 1 750 000.00 | |
| | 4 Support to implementing anti-corruption strategies | 750 000.00 | | 750 000.00 | Direct management |
| | 5 Identification of missing persons | 1 000 000.00 | | 1 000 000.00 | Direct management |
| | Total Objective 1 | 7 581 834.00 | 93 920.00 | 7 675 754.00 | |
| Objective 2 Support for economic, economic, social and territorial development and related progressive alignment with the Union acquis CRIS 37663 | 6) Competitiveness and innovation | 14 000 000.00 | | 14 000 000.00 | |
| | 6 Local integrated development | 10 000 000.00 | | 10 000 000.00 | IM UNDP/ILO |
| | 7 SME Competitiveness Support Facility | 4 000 000.00 | | 4 000 000.00 | IM EBRD |
| | 7) Education, employment and social policies | 1 000 000.00 | | 1 000 000.00 | |
| | 8 Transformation of care institutions | 1 000 000.00 | | 1 000 000.00 | Direct management |
| Total Objective 2 | 15 000 000.00 | | 15 000 000.00 | | |
| PROGRAMME TOTAL | | 22 581 834.00 | 93 920.00 | 22 675 754.00 | |

- **4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

- **DIRECT MANAGEMENT:**

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

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

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

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

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

Twinning:

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the IPA II beneficiary as resident twinning advisor.

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

INDIRECT MANAGEMENT:

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

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

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- **5 PERFORMANCE MONITORING ARRANGEMENTS**

- As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

- The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

- In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

- The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee.

