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## ANNEX

**to the amending Commission Implementing Decision C(2019) 8733 of 28.11.2019 on the Annual Action Programme for Kosovo\* for the year 2019 – Part II**

<p><b>Annual Work Programme</b>  <b>This document constitutes the annual work programme in the sense of Article 110(2) of Regulation (EU, Euratom) 2018/1046</b></p>
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**1 IDENTIFICATION**

<b>Beneficiary</b>	Kosovo
<b>Basic act:</b>	Instrument for Pre-accession Assistance (IPA-II)
<b>CRIS/ABAC Commitment references and budget line(s):</b>	2019 / 041 247 / EUR 6 000 000 - 22.02.01.01 2019 / 041 248 / EUR 42 360 000 - 22.02.01.02
<b>Total cost:</b>	EUR 49 360 000
<b>EU Contribution:</b>	EUR 48 360 000
<b>Method of implementation</b>	Direct management by the European Commission and Indirect management with United Nations Development Programme (UNDP), and with International Organization for Migration (IOM) – Action 4 EU4 social protection
<b>Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary</b>	31 December 2020
<b>Final date for contracting, including the conclusion of contribution/delegation agreements</b>	3 years following the date of conclusion of the Financing Agreement
<b>Indicative operational implementation period</b>	6 years following the date of conclusion of the Financing Agreement.
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the Financing Agreement.

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\*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

(date by which this programme should be de-committed and closed)	
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## 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:*

Following the COVID-19 outbreak, a major reprogramming and reorientation exercise of IPA funds was initiated, with the twofold objective of helping Kosovo acquiring emergency health supplies and equipment as soon as possible, and addressing the social and economic fallout of the crisis on the short and medium term. This reprogramming exercise is in line with the “Communication on the global EU response to COVID 19 - JOIN (2020) 11 final”, adopted on 8 April 2020 and the Communication on Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery - Commission contribution ahead of the EU-Western Balkans leaders meeting on 6 May 2020 adopted on 29 April 2020 – COM(2020) 315 final.

Under the Action Programme for Kosovo for the Year 2019 part II, the COVID-19 response (EUR 38.36 million) includes additional urgent support through action 03 – EU4 Resilience and action 04 – EU4 Social protection following the COVID-19 crisis. The following sectors will be supported: Democracy and Governance (EU Approximation), Competitiveness, Innovation and Agriculture and Rural Development and Education, Employment and Social policies. The identified sectors are in line with the indicative strategy paper for Kosovo for 2014 - 2020 on 20 August 2014, revised on 10 August 2018<sup>1</sup>.

- The main aim of the action under **democracy and governance** is to further support Kosovo's with approximation with the EU *acquis* through strengthening technical and administrative capacity of the administration in relation to Kosovo's European Reform Agenda, in implementing measures related to urgent political priorities in the framework of Kosovo's European perspective, including those that may arise from the EU facilitated dialogue for the normalisation of relations between Belgrade and Pristina. In addition, the action aims at supporting the public administration to improve the professional capacity of the civil service, to better serve Kosovo citizens, through ensuring continuation of the Young Cell Scheme.
- The overall objective of the first action under **Competitiveness, Innovation and Agriculture and Rural Development** is to increase the efficiency and productivity of the private sector through increased use of Information and Communication Technologies (ICT), create proper and safer e-business/e-commerce ecosystem, and improve electronic service delivery for citizens and businesses. This action will contribute to Kosovo government efforts to digitalise and increase competitiveness and profitability of Kosovo businesses to promote products or services on websites,

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<sup>1</sup> Decision C(2018)5031, adopted on 10.08.2018, amending Commission Decision C(2014)5772, adopted on 20.08.2014

and accept online payments and instant orders. By providing a proper Electronic Identification (eID) system and a good environment for e-business/e-commerce, interoperability between Kosovo and Member States would be more productive and more efficient. The second action under this sector is to mitigate the socio-economic impact of the COVID-19 crisis in Kosovo, especially for vulnerable groups, farmers and micro and small enterprises, using a gender-responsive approach. The action will contribute to reducing the effects of the disruptions of the economy on businesses, including microenterprises and self-employed women and men. It will also support agricultural holdings led by women and men to increase production capabilities and performance in 2021 compared to 2019 levels and through additional services will contribute to meeting the basic needs of vulnerable women, men and children in minority communities during the crisis. It will also improve public services and strengthen oversight and targeting of public spending towards strategic objectives.

- The overall objective of the action under **Education, Employment and Social policies** is to support vulnerable groups with social protection following the COVID-19 crisis. COVID-19. It will strengthen resilience of the social protection system to cope with increasing demand. The action will directly support the most vulnerable people, including women, and in doing so it will contribute to maintain an adequate level of social cohesion. It will also improve the governance and efficiency of social assistance and protection through targeted support for the completion of key sector reforms and will support women especially as they are the most affected by the economic crisis.

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

In the sector of **democracy and governance** previous assistance focused on strengthening the capacity of Kosovo institutions, in transposing, applying and implementing the EU *acquis*, especially in areas covered by the Stabilisation and Association Agreement. Furthermore, support was provided for the effective and efficient management and absorption of IPA funds, the implementation of the EU facilitated dialogue for the normalisation of relations between Belgrade and Pristina and increases in effectiveness, independence and accountability of Kosovo's civil service. Experience confirms that this type of assistance is particularly useful for responding quickly to urgent needs identified in the course of implementation of IPA assistance.

The COVID-19 response amounts to EUR 68 million, with EUR 5 million to address the immediate needs (medical supplies and equipment) and EUR 63 million for the social and economic response.

Previous EU assistance under **competitiveness and innovation** sector, more specifically the ICT sector was provided through the Technical Assistance and Information Exchange (TAIEX) instrument only for the revision of policy and legislation, supporting the Regulatory Agency for Electronic Communications and Postal Services. Other donors such as the World Bank, United States Agency for International Development and others are involved in the sector and complementarities will be ensured when the specific activities of the action will be designed.

With regard to the action **EU4 Resilience** and the response to the crisis, synergies are sought between this programme and the following operations funded by the EU: On-going PFM

sector budget support with accompanying technical and twinning assistance to the sector including for internal audit and control and for external audit; Planned action to improve social protection to mitigate the socio-economic impact of the COVID-19 crisis; EU investment support to the agriculture sector under direct management (6 grant schemes that resulted in 101 contracts financed with more than EUR 33 million approved so far) and planned action to support small business recovery following the COVID-19 crisis, which includes support to start-ups and digitalisation. In the response of the international community, close coordination will be ensured between the EU and other donors.

Over the past 10 years, the EU has supported several projects under **Employment and Social Policies** sector, dealing specifically with social protection. The main lessons learned from previous assistance include ensuring basic services, strengthening accessibility to social services and personal protective equipment for front-line workers to mitigate the effect of the pandemic, and strengthening the financial, institutional and legal system build upon previous actions supporting the process of decentralisation of social services, and the needs of discriminated or most vulnerable groups such as children, women and people with disabilities. Two consecutive projects supported the capacities of the institutions to advance the decentralisation process (particularly as regards quality assurance, budgeting and licensing). Several projects funded under the IPA Civil Society Facility (CSF) and the European Instrument for Democracy and Human rights (EIDHR) support the advocacy and partnership efforts of civil society organisations (e.g. KOMF, HandiKos, Kosovo Women Network, SOS Kosovo, among others) to protect the rights of citizens in need through cooperation with institutions at central and local level and participation in relevant policy making and consultation mechanisms.

The previous three phases of the Community Stabilisation Programme (IPA 2009, 2011 and 2014), as well as the ongoing one (2018) have been monitored and evaluated several times over the implementation period from 2010 to present. In the latest external evaluation from 2017, it was noted that the “the relevance of the Community Stabilisation Programme is confirmed throughout the three phases of the programme”. The Community Stabilisation Programme has demonstrated a remarkable level of effectiveness: 100% of beneficiaries visited are effectively running stable businesses and 100% of community interventions are regularly used by the communities. Start-up businesses are generating a livelihood for the individual families despite a challenging business/trade environment.

Since 2013, the EU financial support to gender equality, women's participation and empowerment was delivered primarily through central level advocacy jointly with more than 150 community level initiatives (as part of EIDHR and IPA CSF programmes).

***List of Actions foreseen under the selected Sectors/Priorities:***

Sector/Priority/Action	Direct management	Indirect management	
		With entrusted entity	With IPA II beneficiary
<b>Democracy and Governance</b>			
EU <i>Acquis</i> Approximation Facility and Young Cell Scheme	EUR 6 000 000	/	/

<b>TOTAL</b>	<b>EUR 6 000 000</b>	/	/
<b>Competitiveness, Innovation, Agriculture and Rural Development</b>			
EU4 Innovation	EUR 4 000 000	/	/
EU4 Resilience	EUR 26 500 000	/	/
<b>TOTAL</b>	<b>EUR 30 500 000</b>	/	/
<b>Education, Employment and Social Policies</b>			
EU4 Social protection following the COVID-19 crisis	EUR 4 400 000	EUR 7 460 000	/
<b>TOTAL</b>	<b>EUR 4 400 000</b>	<b>EUR 7 460 000</b>	/
<b>TOTAL</b>	<b>EUR 40 900 000</b>	<b>EUR 7 460 000</b>	/

## 2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>2</sup>.

<b>SECTOR</b>	<b>Democracy and Governance</b>	<b>EUR 6 000 000</b>
<b>Action 1</b>	<b>EU <i>Acquis</i> Approximation Facility and Young Cell Scheme (YCS)</b>	<b>EUR 6 000 000</b>

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

- Description of the action and objectives

The overall objective of the action is to facilitate the approximation with the EU *acquis* by enhancing capacities of the Kosovo administration for efficient use of IPA funds and for an efficient and professional Civil Service at all levels in Kosovo.

The specific objectives of the action are:

- To strengthen technical and administrative capacity of the Kosovo administration in relation to approximation with the EU *acquis* and to support the effective and efficient implementation of IPA assistance;

<sup>2</sup> www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- To support the implementation of existing or future agreements reached within the Belgrade-Pristina dialogue;
- To improve the professional capacity of the civil service to better serve Kosovo citizens and meet obligations arising from the Stabilisation Association Agreement.
- Expected results
  - Coordinated response to meet urgent and unforeseen needs related to Kosovo's European perspective, and capacities needed for programming/implementation of IPA funds;
  - Office of the Prime Minister and relevant line ministries capable of preparing and developing programming documents and aligning programmes with relevant processes and policies;
  - Relations between Kosovo and Serbia have improved;
  - Progress been made in the integration of northern Kosovo structures and mutual trust between communities has increased;
  - Selected students, including an equal representation of women and minorities, involved in tertiary education in EU outstanding academic institutions.
- Key performance indicators
  - Degree of the Office of the Prime Minister's responsibility for coordination and management of EU assistance programmes;
  - Number of projects developed, and implemented under the EU *acquis* approximation facility of 2019;
  - Quality documents developed and well defined IPA annual programmes;
  - Degree of implementation of Agreements reached within the Belgrade-Pristina dialogue;
  - Number of YCS grantee completing their academic programme/s;
  - % of female YCS graduates employed.

## **(2) Assumptions and conditions**

- Continued political commitment for ongoing EU reforms and IPA implementation;
- Continuation of Belgrade-Pristina dialogue;
- Sufficient resources allocated to implement the agreements reached in the Belgrade-Pristina dialogue;
- Availability of EU MS tertiary education institutions for the enrolment of the YCS grantees;

- Young Cell Alumni Association is sustainable to mentor and monitor the YCS grantees.

The implementation of this action is subject to the following conditions:

- Office of the Prime Minister as National IPA Coordinator to take the responsibility to secure employment for the YCS graduates;
- Office of the Prime Minister to secure a commitment of the co-financing for the next rounds.

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 modalities:**

#### ***(3)(b) Direct management***

##### **Procurement:**

This part of the action will contribute to achieving the following specific objective:

- To strengthen technical and administrative capacity of the Kosovo administration in relation to approximation with the EU *acquis* and to support the effective and efficient implementation of IPA assistance
- To support the implementation of existing or future agreements reached within the Belgrade-Pristina dialogue

The **global** budgetary envelope reserved for procurement: *EUR 1 500 000*

##### **Grants (including Twinning):**

###### **a) Purpose of the grants:**

Depending on the needs of the beneficiary, one or more call(s) for proposal for twinning contracts or grants may be organised in line with the objectives of the EU *Acquis* Approximation Facility and Young Cell Scheme:

- To strengthen technical and administrative capacity of the Kosovo administration in relation to approximation with the EU *acquis* and to support the effective and efficient implementation of IPA assistance
- To support the implementation of existing or future agreements reached within the Belgrade-Pristina dialogue.
- Improve professional capacity of the civil service to better serve Kosovo citizens in the European perspective, promoting absorption of young professionals ensuring innovation and leadership, and balanced representation of men and women.

###### **b) Type of applicants targeted:**

In the case of twinning grants, applicants must be EU Member State administrations or their mandated bodies.

For the grant contracts the applicants must be legal entities, local authorities, public bodies, international organisations, Non-governmental Organisations, economic actors such as profit or non-profit organisations and agencies based in EU Member States involved in cultural and educational activities.

The **global** budgetary envelope reserved for grant: *EUR 4 500 000*

#### **(4) Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

<b>SECTOR</b>	<i>Competitiveness, Innovation, Agriculture and Rural Development</i>	<i>EUR 30 500 000</i>
<b>Action 2</b>	<i>EU4 Innovation</i>	<i>EUR 4 000 000</i>

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

- Description of the action and objectives

The overall objective of the action is to increase the efficiency and productivity of the private sector through increased use of ICT, create proper and safer e-business/e-commerce ecosystem, and improve electronic service delivery for citizens and businesses to promote products or services on websites, and accept online payments and instant orders.

The specific objective of the action is to improve performance of businesses by increased ICT usage.

- Expected results
  - Environment for e-commerce/e-business is improved;
  - Support to digitalisation of Medium Small and Micro Enterprises is increased.
- Key performance indicators
  - Common specifications for the eID framework within public administration tested and implemented;
  - eID system - in line with the EU electronic Identification and Trust Services (eIDAS) regulation - operational for private sector and citizens;
  - Number of Medium Small and Micro Enterprises (supported with ICT advisory services);
  - Number of Medium Small and Micro Enterprises implementing e-business strategies;
  - Number of ICT trainings delivered.

#### ***(2) Assumptions and conditions***



The proposed action continues on already established cooperation between different government institutions, private sector representatives and representatives of the donor community in the form of the Steering committee.

The action is based on the Kosovo Information Technology strategy, which is the main document for development of the IT sector and will contribute to reaching the objectives set.

The implementation of this action is subject to the following conditions:

- Adoption of legislation/law on transposing eIDAS in Kosovo including the setup of the e-commerce unit in Ministry of Economic Development.

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 modalities***

#### **Procurement:**

The action will be implemented through public procurement procedures and will contribute to achieving the following specific objective: to improve performance of businesses by increased ICT usage.

The **global** budgetary envelope reserved for procurement: *EUR 4 000 000*

### ***(4) Scope of geographical eligibility for procurement and grants***

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

<b>Action 3</b>	<b><i>EU4 Resilience</i></b>	<b><i>EUR 26 500 000</i></b>
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### ***(1) Description of the Action, objective, expected results and key performance indicators***

- Description of the action and objectives

The overall objective of this Resilience Contract is to increase resilience and transparency in times of crisis and mitigate the socio-economic impact of the COVID-19 crisis in Kosovo, especially for vulnerable groups, farmers and micro and small enterprises, using a gender-responsive approach.

The specific objectives include:

- The effects of the disruptions of the economy on businesses, including microenterprises and self-employed women and men are reduced;
- Agricultural holdings led by women and men with increased production capabilities and performance in 2021 compared to 2019 levels;

- Basic needs of vulnerable women, men and children during the crisis are met through additional services and transfers; and,
  - Improved public services, and transparency and targeting of public spending towards strategic objectives.
- Expected results

The Resilience Contract will contribute to the following expected results:

- Kosovo manages to mitigate the socio-economic impact of the COVID-19 crisis in Kosovo, especially for vulnerable groups, farmers and micro and small enterprises, using a gender-responsive approach;
- Agricultural holdings led by women and men with increased production capabilities and performance in 2021 compared to 2019 levels;
- Vulnerable individuals' income and access to basic services are preserved, using a gender-responsive approach;
- Strengthened resilience through improved public services and better oversight and targeting of public spending towards strategic objectives;
- The key performance indicators include: Number of people and legal entities reached for economic relief as a result of the activities supported under this Action (disaggregated by gender);
- Publicly available information on the legal entities receiving grants and state aid;
- Number of businesses, including self-employed and microenterprises benefitting from the measures foreseen under the Economic Emergency Package (disaggregated by ethnicity, whenever possible, and gender of the owner and size of the company);
- Number of households benefitting from the measures foreseen under the Economic Emergency Package (disaggregated by gender of the head of household and ethnicity where applicable);
- Number of farmers with expanded production capacity as a result of this Action (disaggregated by gender);
- Approved National Strategic Management Framework by government.

## ***(2) Assumptions and conditions***

No conditions for the Resilience Contract.

## ***(3) Implementation modalities***

### ***(3)(c) Direct management through Budget Support***

#### ***a) Eligibility for budget support***

*Public policy:* The action will be directed towards supporting the Economic Emergency Package adopted by the government on 31 March 2020. The measures amounts to EUR 179.6

million, of which EUR 105 million financial support to the private sector and their employees (58.5% of the fiscal package), EUR 29.6 million in support to the welfare system beneficiaries (16.5% of the fiscal package) and EUR 45 million to support public institutions with grants for affected municipalities and additional contributions to the public employees working in the front-line and to support financial liquidity of public enterprises such as water, transport, waste treatment companies, etc. (25% of the fiscal package). The package is deemed as a credible and focused strategy to provide relief to the groups that have been most impacted by the crisis socially and economically in the short-to medium term. A further emergency package is planned by the Government.

*Macroeconomic policy:* Kosovo has continued to implement stability-oriented policies since the last programme with the International Monetary Fund (IMF) ended in 2017. Prior to the COVID-19 crisis, Kosovo's economy has consistently grown above the Western Balkans average for the last few years. According to the Kosovo Agency of Statistics, the preliminary annual growth rate for 2019 is 4.0%, while the annual growth in 2018 was 3.8%. In 2019, the current account deficit fell significantly to 3.2% of Gross Domestic Product as compared to a medium-term trend of 5-8% of Gross Domestic Product. The budget deficit fell to a record low of 0.3% of GDP, well within the 2% fiscal rule, albeit mainly due to the late approval of the budget law in 2019 and the low execution rate of capital projects.

*Public financial management:* The Public Financial Management Reform Strategy 2016-2020 remains relevant and credible and its implementation is overall on track. A new strategy is being prepared, with support from the European Union's Public Financial Management Technical Assistance, to replace the current one that ends at the end of this year. The day-to-day monitoring of the implementation of the Public Finance Management Reform Strategy continues to be managed by the Public Finance Management Coordination Group at the technical level, chaired by the Secretary-General of the Ministry of Finance and Transfers being the chair.

Kosovo has demonstrated progress in Public Financial Management and Domestic Revenue Mobilisation through the following key reforms:

- improved macro-economic forecasting capabilities demonstrated through a year-on-year decreasing deviation of projected tax revenues versus out-turn (-2.7% in 2018 and -4% in 2019 within forecast targets);
- increased central monitoring of the internal audit and control functions in budget organisations by the Central Harmonisation Unit;
- increased fully implemented recommendations of the external auditor, from 34% to 39%;
- well-functioning e-procurement system mandatory for all procurement activities, including submission of bids by economic operators;
- in the Treasury, from the beginning of 2019, all payments electronically authorised directly by the Treasury to the Central Bank of Kosovo (CBK) System, including various controls, replacing the previous physical transactions sent manually and executed by the Central Bank of Kosovo with a lot of operational risks involved.
- improved revenue collection performance during the years 2018 and 2019 (revenue increased around the same as Gross Domestic Product growth, albeit offset by the drop in revenue due to the Stabilisation and Association Agreement (SAA) with the EU, equal to EUR 64 million in 2019 and EUR 43 million in 2018).

- increased collection of tax debt as 29.5% is reported during the first six months of the year in 2019, up from 25% in 2018. (Debt collection in 2018 amounted to EUR 77.2 million, compared to EUR 66.8 million in 2017, an increase of 15.6%. By the end of 2018, the total amount of tax arrears that are collectible was EUR 262.3 million. The annual report of 2019 is not yet out).
- progressive increase in the number of taxpayers who declare their income voluntarily on an annual basis from the baseline of 62,886 in 2015 to 68,838 in 2018.

*Budget transparency and oversight of the budget:* The entry point is met since the draft and enacted Budget Laws of the last three years, including 2020 have been published in the required languages. Budgetary information is generally accessible, timely, comprehensive, and sound. The approved budget law is published in the Official Gazette<sup>3</sup>.

Budget information, including financial statements, budget circulars, reports and forecasts are available to the general public on the website of the Ministry of Finance and Transfers<sup>4</sup>. As these documents are in pdf-format, there is also since December 2018, a Transparency portal of the Ministry of Finance and Transfers<sup>5</sup>, which contains budget information in excel-format with possibilities for easy comparisons to be made between years (data available since 2015).

External audits and controls are also performed with high integrity.

#### b) Objectives

Overall Objective is to increase resilience and transparency in times of crisis and mitigate the socio-economic impact of the COVID-19 crisis in Kosovo, especially for vulnerable groups, farmers and micro and small enterprises, using a gender-responsive approach.

Specific Objectives:

- The effects of the disruptions of the economy on businesses, including microenterprises and self-employed women and men are reduced;
- Agricultural holdings led by women and men with increased production capabilities and performance in 2021 compared to 2019 levels;
- Basic needs of vulnerable women, men and children during the crisis are met through additional services and transfers;
- Improved public services, and better oversight and targeting of public spending towards strategic objectives.

#### c) Expected results

- Kosovo manages to mitigate the socio-economic impact of the COVID-19 crisis in Kosovo, especially for vulnerable groups, farmers and micro and small enterprises, using a minority sensitive and gender-responsive approach;

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<sup>3</sup> <https://gzk.rks-gov.net/default.aspx>

<sup>4</sup> <https://mf.rks-gov.net/en-us/>

<sup>5</sup> <https://ptmf.rks-gov.net/page.aspx?id=2,1>

- Agricultural holdings led by women and men with increased production capabilities and performance in 2021 compared to 2019 levels;
- Vulnerable individuals' income and access to basic services are preserved, using a minority sensitive and gender-responsive approach;
- Strengthened resilience through improved public services and better oversight and targeting of public spending towards strategic objectives.

#### d) Main budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development.

With regard to policy dialogue, the objectives will relate to the same measures and will centre on the horizontal themes of:

- i) COVID-19 public finances and transparency
- ii) Public services

The funding for this budget support will be directed to the Special COVID-19 account under the Single Treasury Account. As there are significant amounts of funding being disbursed from the Special COVID-19 Account under the Single Treasury Account for extraordinary measures through a number of channels and budget organisations, special external audit oversight is needed. A special performance audit will be performed by the Kosovo National Audit Office (KNAO) during Q3 or Q4 of 2020 of these funds with the aim of providing external oversight of the performance of measures foreseen in the package. In addition, as is required by law, expenditures will be audited as part of the regular financial audits by the Kosovo National Audit Office (KNAO) of all budget organisations after the end of the financial year.

The EU Office in Kosovo can also, upon a specific request in this regard to the government, have access to the internal audit reports (in Albanian) of the budget organisations that channels funds to the measures targeted under this contract as mentioned above. Such reports will be kept confidential, and be used for internal monitoring of the funds management by the European Union.

For the Commission, the monitoring and assessment of the eligibility criteria for the disbursement of the tranches will be carried out by the EU Office in Kosovo (European Union Office) and the geographical unit of DG NEAR supported, when necessary, by other Commission services and/or international organisations.

#### e) Complementary actions

No complementary support will be financed under this contract.

In the response of the international community, close coordination will be ensured between the EU and the following entities:

- The International Monetary Fund (IMF)
- The World Bank (WB)
- The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)/the KfW Development Bank (KfW)
- The United Nations Development Programme (UNDP)
- Regional Cooperation Council (RCC)

**(2) Scope of geographical eligibility for procurement and grants**

Not Applicable

<b>SECTOR</b>	<i>Education, Employment and Social Policies</i>	<i>EUR 11 860 000</i>
<b>Action 4</b>	<i>EU4 Social protection following the COVID-19 crisis</i>	<i>EUR 11 860 000</i>

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

This action will support vulnerable groups with social protection following the COVID-19 crisis. It will strengthen resilience of the social protection system to cope with increasing demand.

- Expected results
  - Improved service provision for the most vulnerable groups amidst the COVID-19 pandemic and its aftermath;
  - Strengthened accessibility to social services and personal protective equipment for front-line workers to mitigate the effect of the pandemic;
  - Delivery of social services through a sub granting scheme and new financing mechanism for social services in place and technical assistance delivered to public institutions involved in the provision of social services to help mitigate the socio-economic impact of the COVID-19 crisis;
  - Non-majority entrepreneurs supported & enhanced social integration between local ethnic communities amidst the COVID-19 pandemic and its aftermath;
  - Capacity development and financial support given to civil society organisations working for gender equality amidst the COVID-19 pandemic and its aftermath and beyond.
- Key performance indicators
  - Number of individuals who receive humanitarian support in a timely and gender responsive manner, disaggregated by ethnicity and gender
  - Number of transportation services/ mobile clinics operational and utilised by target groups/beneficiaries disaggregated by gender;
  - Number of front-line workers who benefit from protective personal equipment, disaggregated by gender;
  - Number of women and girls (including from vulnerable and marginalised groups) who access life-saving services during restrictions created by COVID-19;
  - Number of children with disability or adults in need who have access to quality social services, disaggregated by gender;
  - Number of home-based services for the elderly, children and adults in need disaggregated by ethnicity and gender

- Number of beneficiaries of services for the victims of domestic violence, gender-based violence, violence against children and trafficking;
- Number of public institution representatives completed gender training provided by training institutions disaggregated by gender;
- Number start-up and operational businesses established through the disbursement of assistance by the end-of-the action, disaggregated by gender of owner;
- Number of minority community development projects funded;
- Number of beneficiaries of social inclusion initiatives implemented, disaggregated by gender, ethnicity and ability status;
- Number of women's civil society organisations that have received support under this Action (EURF, GAP II, indicator 18.1).

***(2) Assumptions and conditions***

For the implementation of the action the following conditions are the most important in the short term:

- The central institutions and in particular the Ministry of Health and the Ministry of local Government Administration shall in a timely manner provide detailed instructions to the municipalities and the centers for social work regarding their role and functions for operations at municipal level as well as on the modalities to participate and make best use of the possibilities offered by the action;
- The beneficiary institutions shall take all the necessary steps to ensure the smooth implementation of each planned operation (such as timely provision of lists or specifications for works or equipment; timely issuance of permissions for works, transportations etc.; cooperation protocols or other administrative acts linked to the execution of the programme) and maintain a good cooperation with the implementing partners.

For all components and particularly for component three the following assumptions apply in the medium/long-term period:

- Adoption by the central government of the new legislative and regulatory framework for social and family services and the specific financing formula based on the social needs mapping in each municipality;
- Improvement by the central government (harmonise and clarify) of the existing institutional framework, including regulations and policies to contract social services through non-government organisation as a pre-requisite to accessible and quality service delivery;
- Adoption by central government of a new law that would reform the Social Assistance Scheme in order to eliminate discrimination, promote inclusion, equitability and overall effectiveness. The new law should aim to introduce a reform of the schemes by eliminating the categorical criteria, which serve as inexact proxies of poverty.



### ***(3) Implementation modalities***

#### ***(3)(a) Indirect management***

In accordance with regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 Article 62 (1)(c)(ii) and Article 156 that refer to the Implementation of external actions through indirect management with International Organisations:

**A part of this action may be implemented in indirect management with United Nations Development Programme (UNDP).**

This implementation entails the following:

Output 1: Improved service provision for the most vulnerable groups amidst the COVID-19 pandemic and its aftermath<sup>1</sup>.

The envisaged entity has been selected using the following criteria:

- Experience in building resilience to crisis and eradicating poverty, including its established partnerships, spans global, regional and local levels. Over the past 20 years in Kosovo, UNDP has established and supports services to address the needs of women, minorities, and other disenfranchised groups in partnerships with central and municipal institutions, including Civil Society Organisations (CSOs)/Non-governmental Organisations (NGOs) and grass-root/community level organisations. Furthermore, UNDP has built important working relations with stakeholders engaged in dealing with the past as means of addressing the needs of families of the missing persons irrespective of their ethnicity.
- Continuous work in emergency reconstruction and rehabilitation, assistance to disadvantaged communities, governance, rule of law, and promotion of employment generation. Currently the international organisation is implementing several European Union (EU) funded operations contributing to achieve sustainable development of local communities through governance projects and enhanced cooperation between municipalities and civil society, Regional Programme on Local Democracy in the Western Balkans (ReLOaD). Moreover, the work on improving interethnic dialogue and cooperation through cultural heritage, funded through the Instrument contributing to Stability and Peace (IcSP), supports minority communities to exercise their rights in respect to cultural heritage.
- UNDP in Kosovo has initiated an inter-institutional coordination mechanism linking the environment and health agenda. This aims to reduce the environment related burden of disease for people, especially the marginalised groups who tend to be the most affected ones. Efforts in addressing environmental health issues have been made in educating local communities on the importance of a sustainable way of living and embracing preventive measures to protect their health.

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<sup>1</sup> All capacity building activities shall be implemented through the relevant training institutions of the Kosovo government.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

**Part of this action may be implemented in indirect management with International Organization for Migration (IOM)**

This implementation entails the following:

Output 4: Support to minority communities and women entrepreneurs in order to establish/maintain production and enhanced social integration between communities amidst the COVID-19 pandemic and its aftermath.

The envisaged entity has been selected using the following criteria:

- Presence and experience in Kosovo with minority communities. The International Organisation for Migration is currently implementing both the EU and Ministry of Communities and Return programmes in the sector (Return and Reintegration of displaced minority communities under IPA 2010, IPA 2012 and IPA 2016; (ii) Community Stabilisation Programme (CSP) under IPA 2009, IPA 2011, IPA 2014 and IPA 2018. The activities implemented by IOM will extend the scope and duration of the Community Stabilisation Programme IV ongoing project. This will ensure the most efficient use of resources since the organisation has institutional memory, a well-established partnership with all relevant stakeholders, technical capacity and has already deployed qualified staff and necessary equipment.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

***(3)(b) Direct management (project approach)***

***Grants:***

- a) Purpose of the grants:

This part of the Action will contribute to Output 3: Delivery of social services through a sub granting scheme and improve governance and financing of social services and all vulnerable citizens have equal access to quality and accessible social services in Kosovo amidst the COVID-19 pandemic and its aftermath.

- b) Direct grant award:

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to Save the Children Sweden, on the basis of FR Art 195, f) for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals.

The recourse to an award of a grant without a call for proposals is justified because;

- Save the Children is a human rights-based organisation with long-standing experience and expertise in the area of children's rights and strengthening social protection systems, including social protection of vulnerable groups, particularly children and women, in Sweden and globally;

- Save the Children has long-standing experience in Kosovo, having worked since 1997 with all municipalities, institutions and Civil Society Organisations (CSOs)/Non-governmental Organisations (NGOs) in the areas of child protection and social services. Save the Children works in a holistic and integrated approach to programming which is crucial for sustainability and accountability of its actions and interventions.
- The organisation has significant expertise and experience on child rights-based protection systems, child rights governance and inclusive education and advocacy, all related to the social service delivery based on beneficiary needs;
- Save the Children possesses solid technical, thematic, and organisational capacity to implement the foreseen activities including financial support and sub-granting to third parties. The non-governmental organisation has extensive experience working with partner non-government organisations, having supported over 60 partner organisations from 2017-2019 with more than 5.5 million EUR in the area of child protection through better services, furthermore the international network of the organisation can mobilise expertise, including from its regional office and globally through its international members;
- The activities implemented through this Action (especially under output 3), builds on the and further advances the achievements and lessons learnt of the EU funded project 'Support to better social services' which was successfully accomplished by Save the Children and closely monitored by the EU Office in 2017, 2018 and 2019.

***Grants:***

a) Purpose of the grants:

This part of action will contribute to Output 5: Capacity development and financial support given to civil society organisations working for gender equality amidst the COVID-19 pandemic and its aftermath and beyond. (EU Gender Action Plan Obj. 18). Women's and girls' rights and specific interests/needs inform decision making and financial support amidst the COVID-19 pandemic and its aftermath and beyond.

This call might be launched in 2020 Q3 under a suspensive clause prior to the adoption of this decision. The reason for the early launch of the call is to shorten the period between the adoption of the decision and the signature of the contract in order to respond timely to the needs generated by the COVID-19 crisis and start the implementation of the activities. The selected implementing partner will provide capacity building and financial support to women's Civil Society Organisations and vulnerable groups to engage in decision-making processes and policy reforms, particularly related to the socio-economic crisis resulting from the COVID-19 pandemic and its aftermath. The internal NEAR prior approval procedure shall be followed.

b) Type of applicants targeted:

The eligible applicants will be legal entities, non-profit civil society organisations registered in Kosovo, and international organisations with a minimum of 10 years of experience in the field of advocacy for gender equality, women representation in policy and decision making, for the eradication of any form of gender based violence, women empowerment, experience in working for an equitable society and a better representation of women's perspective in the political and legislative agenda.

The global budgetary envelope reserved for grants: EUR 4 400 000

***(4) Scope of geographical eligibility for procurement and grants***

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

### 3 BUDGET

#### 3.2 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR KOSOVO\* FOR THE YEAR 2019 – PART II

		Indirect Management with entrusted entity	Direct management	Total EU contribution (EUR)	IPA-II beneficiary or other third-party contribution (EUR)	Total (EUR)
		EU contribution (EUR)	EU contribution (EUR)			
<b>Objective 1</b>	<b>1 Democracy and Governance</b>	<b>0</b>	<b>6 000 000</b>	<b>6 000 000</b>	<b>1 000 000</b>	<b>7 000 000</b>
<b>2019 / 041 247</b>	Action 1: EU <i>Acquis</i> Approximation and Young Cell Scheme	0	6 000 000	6 000 000	1 000 000	7 000 000
<b>Objective 2</b>	<b>6 Competitiveness and Innovation</b>	<b>0</b>	<b>30 500 000</b>	<b>30 500 000</b>	/	<b>30 500 000</b>
<b>2019 / 041 248</b>	Action 2: EU4 Innovation	0	4 000 000	4 000 000	/	4 000 000
	Action 3: EU4 Resilience	0	26 500 000	26 500 000	/	26 500 000
	<b>7 Education, Employment and Social Policies</b>	<b>7 460 000</b>	<b>4 400 000</b>	<b>11 860 000</b>	/	<b>11 860 000</b>
	Action 4: EU4 Social protection following the COVID-19 crisis	7 460 000	4 400 000	11 860 000	/	11 860 000
<b>TOTAL</b>		<b>7 460 000</b>	<b>40 900 000</b>	<b>48 360 000</b>	<b>1 000 000</b>	<b>49 360 000</b>

\* The EU *Acquis* Approximation facility will cover the costs for the evaluation if such arise.

#### **4 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 Indicative Strategy Paper.

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 the European Commission (DG NEAR) and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

#### **5 EVALUATION**

Having regard to the nature of the actions of this annual programme, a mid-term evaluation will be carried out for the actions or its components via independent consultants contracted by the Commission. The evaluation will be carried out for accountability and learning purposes at various levels, in particular with respect to ensuring the sustainability of the actions.

The Commission shall inform the implementing partner at least 2-3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.