

EN

EN

EN

ANNEX

FINANCING PROPOSAL FOR IPA 2009 COMPONENT I NATIONAL PROGRAMME FOR SERBIA

1. IDENTIFICATION

Beneficiary	Republic of Serbia
CRIS number	2009/021-638
Year	2009
Cost	EUR 70,551,643 ¹
Implementing Authority	European Commission Project 1: the Council of Europe by joint management with European Commission
Final date for concluding the financing agreements	at the latest by 31 December 2010
Final dates for contracting	2 years following the date of conclusion of the Financing Agreement. No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166 (2) of the Financial Regulation. 3 years following the date of conclusion of the Financing Agreement for the Project n° 4: Žeželj Bridge – Rebuilding Serbian infrastructure; CRIS Number: 2009/021-638. These dates also apply to the national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Code	According to <i>DAC-list</i> : 11110, 12110, 14050, 15130, 15150, 16010, 21030, 31195, 43010, 93010.
Budget line(s) concerned	BGUE-B2009-22.020200-C1-ELARG
Programming Task Manager	Unit C2, DG Enlargement
Implementation Task Manager	European Commission Delegation in Belgrade

¹ The IPA component I allocation for 2009 is EUR 182,551,643. EUR 100 million has been approved for Budget Support to Serbia on 31 July 2009. EUR 5 million are allocated for Nuclear Safety and EUR 7 million for Tempus that will be adopted by different financing proposals.

2. PRIORITY AXES / (MEASURES) / PROJECTS

2.a Priority axes

The IPA 2009 National Programme for Serbia is focused on the objectives set out in the Multi-Annual Indicative Planning Document (MIPD) 2009-2011.

European integration is a wide ranging and complex process. It has to be viewed and analysed in the context of a longer time frame, and not solely on individual annual programme proposals. Therefore, IPA component I 2009 for Serbia has been split in two parts to take into account the current economic and financial crisis. The Commission adopted a EUR 100 million general budget support programme for Serbia on 31 July 2009² aiming at supporting Serbia's short term stabilisation, alleviating both budgetary and external financing needs. IPA budget support will help soften the social impact of the necessary readjustment on public expenditures. In addition budget support funds would help Serbia embark on structural reforms which during the current crisis otherwise would be postponed to a later date. Conditions for disbursement will focus on Public Financial Management and strengthening of administrative capacity in relation to the implementation and enforcement of the requirements of the SAA Interim Agreement.

In the light of the international financial crisis, particular attention is being paid to alleviate its effects for Serbia within the coming years. For this reason IPA will focus on a major infrastructure project of national and regional importance that contributes to economic growth.

The present 2009 national programme under component I complements the general budget support initiative by taking into account Serbian current needs at social and political level without forgetting the European integration path. This programme focus on the following priority axes:

(a) Political requirements: including capacity building of the Directorate for Confiscated Property and improving the system of Criminal Asset Confiscation; developing sustainable solutions for refugees and displaced persons and civil society development;

(b) Economic requirements: focus at areas that will help to generate employment including measures to support implementation of the cancer national screening programme; improvement of the preschool education in Serbia (IMPRES project) and transport infrastructure through upgrading corridor X and corridor VII;

(c) Ability to assume obligations of membership: includes support to consumer protection, fight against swine and rabies diseases and technical assistance to hazardous waste treatment facility;

(d) The last priority axis consists in project preparation, technical assistance, and other support measures.

² C(2009)6144

	TOTAL IPA in EUR million	
<i>Axis 1. Political criteria</i>	17,15	24%
<i>Axis 2. Economic Criteria</i>	40,35	57%
<i>Axis 3. Approximation membership</i>	11,50	17%
<i>Axis 4. Support activities</i>	1,55	2%
Total	70,55	100%

2.b Description of projects grouped per priority axis and (if relevant) per measure

<i>Priority Axis</i>		IPA support (MEUR)	<i>Project Description</i>
<i>No.</i>	<i>Political Criteria</i>	17,15	<i>Project Description</i>
1.	Capacity building of the Directorate for Confiscated Property and Improving the system of Criminal Asset Confiscation	2,50	<p>Enhance the institutional capacity and the efficient functioning of the Directorate for Confiscated Property Management in Ministry of Justice as well as other key institutions involved in the search, seizure, management and confiscation of the proceeds from crime in Serbia.</p> <p>This project will mainly be implemented through one contribution agreement with the Council of Europe for an indicative amount of EUR 2 million due to the technical competence and high degree of specialisation in accordance with article 53(d) of the Financial Regulation.</p> <p>So far the Council of Europe has been very supportive to effort of the Ministry of Justice in the process of introducing modern legal instruments in the Republic of Serbia and they have expertise in the area tackled with this project. Given the previous experience of the Council of Europe in the implementation of similar projects, including in Serbia, and the fact that Serbia has ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime of 1990 and is participating in the Moneyval evaluation mechanism, the Council of Europe is well placed to implement this project under a contribution agreement. The Memorandum of Understanding between the Council of Europe and the European Union of 2007 – which among other things calls for strong cooperation between the two organisations in justice and home affairs matters and the implementation of joint programmes - provides added justification for the implementation of this project by the Council of Europe.</p> <p>Moreover, the project will also be implemented through one supply contract for an indicative amount of 500.000 euro.</p> <p>The expected time for the conclusion of the contribution agreement is Q1 2010 and launching of procurement procedure for the supply contract is Q2 2010.</p>
2.	Supporting access to rights, employment and livelihood enhancement of	12,65	Support to access to rights for refugees and IDPs in Serbia through economic and housing support, information provision and return as well as access to social services. The project will have two components: i) the income-generation and housing component and support to sustainable return and ii) social inclusion component that

	refugees and IDPs		<p>will support setting up community based social protection services in at least 20 targeted municipalities involving IDPs as providers of social services.</p> <p>1 service contract is expected to be launched at Q1 2010 and 2 calls for proposal (Grant Schemes) for an indicative amount of 11.650.000 euro at Q2 2010. In the case of grants, co-financing of at least 10% (of the eligible expenditure of the project) will be provided by the final grant beneficiaries. The essential selection and award criteria of the call for proposals are laid down in the Practical Guide to contract procedures for EC external actions (see point 4.2 below).</p>
3.	Support to Civil Society	2,00	<p>The project will aim to encourage active intercultural dialogue and exchange of ideas between CSOs in Serbia and the EU, while helping to build greater tolerance and cultural diversity across Serbia.</p> <p>The project will be implemented through a service contract for an indicative amount of 600,000 euro and a Call for Proposals (Grant scheme), with an indicative fund of EUR 1.4 million available to support projects which will broadly support the building of cultural diversity, tolerance and the fight against discrimination, as well as the development of partnerships between CSOs in Serbia and the EU.</p> <p>The service contract is expected to be launched at Q2 2010 and the call for proposals is expected to be launched at Q3 2011. The co-financing of at least 10% (of the eligible expenditure of the project) will be provided by the final grant beneficiaries. The essential selection and award criteria of the call for proposals are laid down in the Practical Guide to contract procedures for EC external actions (see point 4.2 below).</p>
	Priority axis 4 <i>Socio-Economic Criteria</i>	40,35	<i>Project Description</i>
4.	Žeželj Bridge – Rebuilding Serbian infrastructure	30,00	<p>The purpose of the project is to build the new Žeželj Bridge together with associated connecting infrastructure. The project consists of the following components: (i) Fabrication of the structural steel for the bridge; (ii) Preparation of the foundations and ramps to the bridge; (iii) Construction of the bridge, including foundations, superstructure, decking and transport infrastructure; and (iv) Dismantling and removal of existing temporary bridge and its foundations.</p> <p>The project will be implemented through two works contracts. The first component that is fabrication of the structural steel for the bridge will be funded by IPA (30 million euro). The additional 30 million euro will be national co-financing through a separate works contract for other project's components.</p> <p>The EU contribution to the project budget is up to a maximum of 30 MEUR. Any additional cost will be borne by the beneficiary. The supervision of the works is foreseen with another service contract EUR 2.5 million under IPA 2008.</p> <p>Indicative timetable for launching the tender is Q1 2010.</p>
5.	Implementation of the National screening programme for colorectal,	6,60	<p>To improve the health of the population in Serbia through implementation of organized screening programmes for breast cancer, cervical cancer and colorectal cancer. This will be organized with two activities: 1. Establishing a functional and operational system for screening breast cancer, cervical cancer and colorectal cancer is in place in the Republic of Serbia and 2. Public awareness raised on the</p>

	cervical and breast cancer		importance of early detection of cancers among the general population of Serbia. Indicative timetable for launching the Tender: 1 Service and 1 Supply tender with 2-4 lots (contracts) Q1 2010.
6.	Improvement of the preschool education in Serbia (IMPRES project)	3,75	To strengthen conditions of preschool education for children, especially those from vulnerable groups, through improvements in the quality of preschool programmes' offer and expansion of available capacities of preschool institutions. Indicative timetable for launching the Tender: 1 Service Q1 2010 and 1 Supply tender with 3-5 lots (contracts) Q2 2011.
	Priority axis 3 <i>Ability to assume the obligations of membership</i>	11,50	<i>Project Description</i>
7.	Support for the control/eradication of classical swine fever and rabies in Serbia	6,00	The beneficiary institution is the Ministry of Agriculture, Forestry and Water Management (MAFWM) –Veterinary Directorate (VD) - and the project aims to eradicate certain animal diseases in Serbia, like rabies and classical swine fever (CSF). The project is expected to achieve the following results: 1. Alignment of disease control measures in Serbia with respect to CSF and rabies; Establishment of effective vaccination programme for wildlife population, in compliance with the EU recommendations; 2. Reduced number of rabies and CSF cases among wild animals; 3. Training of private practitioners, veterinary inspectors and hunters. The project will be implemented through three supply tenders for procurement of vaccines and necessary equipment and one service contract for public awareness campaign. Indicative timetable for launching the 4 Tenders (3 supplies and 1 service): Q3 2010.
8.	Technical Assistance to Hazardous Waste Treatment Facility	3,00	The purpose of the project is to prepare preliminary studies and documentation that will lead to the tendering for the hazardous waste facility which includes the following phases: Phase I – revision of feasibility study, environmental baseline study, hydro and geotechnical studies, and preparation of the tender documents for the subsequent phases; Phase II – conduct environmental impact assessment and application for planning consent and building permits. Indicative timetable for launching the Tender: 1 service contract Q1 2010.
9.	Strengthening Consumer Protection in Serbia	2,50	The overall objective is to contribute to the protection of consumer rights and interests in Serbia through development of legislative and institutional frameworks for consumer protection, in accordance to the EU <i>acquis</i> . The project will be implemented through one TA service contract. Indicative timetable for launching the Tender: 1 service contract Q1 2010.
	Priority axis 4 <i>Supporting</i>	1,50	<i>Project Description</i>

	<i>programmes</i>		
10.	Project Preparation Facility	1,50 ³	The project aims to support the relevant line Ministries within the Serbian Government in the design and delivery of effective EU projects under IPA. The project aims to achieve the following results: 1. Preparation of project proposals with feasibility studies, implementation plans and other necessary supporting documentation; 2. Increased ownership over IPA programming and strengthened capacity of public administration and beneficiaries at the local level to prepare adequate programmes and projects; Indicative timetable for launching of tenders: Minimum 10 service contracts via framework contract (below 200,000 euro), starting at Q1 2010.
	TOTAL	70,50⁴	

2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor coordination

Past and on-going assistance

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

The Serbian national allocation for **2007** and **2008** totals EUR 360.9 million.

The IPA 2007 and 2008 Programmes focused on: (1) Political requirements - support for civil society; the fight against organised crime and corruption; judiciary reform and improvement of Penalty System and Police reform; support to the Ombudsman Office and local government; strengthening institutional capacities of the national Bank of Serbia; support the development of the public internal financial control and public procurement office; improve of the local governance; harmonisation of Serbian Customs with EU standards and training for Tax Administration, European Integration scholarships, social inclusion, human rights and minorities; developing sustainable solutions for refugees and displaced persons and support to the media.

(2) Socio-economic requirements – Support to health and education sectors and Regional Economic and Social Development programme; implementing the National Strategy to Fight Drug Abuse and National Strategy for Tourism; support to the private sector competitiveness; improving capacity of the statistical office; emission reductions from the Nikola Tesla Thermal Power Plant and environmental protection at the Electric Power of Serbia (EPS) company; supervision of Belgrade By-pass section B and support to the Danube River Information System.

(3) European standards – support for the State Aid department; support to the Intellectual Property Office; conformity assessment; improving border control

³ 1,551,643
⁴ 70,551,643

standards and customs administration; harmonisation with the "*acquis communautaire*" in the field of transport; facilitation of intermodal transport; implementation of the European Common Aviation Area and the Regional Energy Treaty; technical assistance to different ministries and agencies to enhance capacity; support to the environment sector (air quality management, Natura 2000, sewage and wastewater strategic master plan, hazardous waste, chemicals management, healthcare waste treatment); study of flood prone areas; Rural Development Policies' capacity building; support for DIS and participation in Community programmes; animal identification/registration and veterinary services; statistical services; public procurement system; quality controls through support for standardisation, metrology and accreditation; tax administration; rural development and food safety; animal disease control; financial market regulation; customs administration; as well as integrated border management and migration.

(4) Support measures facility to allow project preparation and implementation to proceed in a quick and effective manner.

Serbia participates in cross-border cooperation, where the priorities include infrastructure, flood prevention, environmental problems, cultural exchanges, research, job creation, security and crime prevention with an allocation of EUR 32 million for the period 2007-2009.

In addition, particular attention will be given to the projects financed under the Multi-Beneficiary IPA programmes, managed by EC Headquarters, which are linked to numerous sectors of common interest, such as justice, social issues, statistics, and refugees. And in particular three broader programmes of the Multi-Beneficiary IPA are including in their documents some projects managed at national level. These are (1) the project on civil society development, included in the broader Civil Society Facility; (2) the projects of infrastructures, included in the financial crisis Facility; and (3) municipal infrastructures, included in the Municipal Window.

Lessons learned

The programming of IPA 2009 funds takes into account the lessons learned from previous CARDS and Phare assistance, as well as the IPA 2007 and 2008 exercises. Lessons learned from those programmes include:

- Increasing ownership of national bodies responsible for the EU programming process. Increasing local ownership and further development of administrative capacity are essential for the effective targeting of the support and achieving the agreed results in line with EU standards. Coordination between IPA programming and government overall long-term development strategy, including allocation of human and financial resources is essential.
- Increase in coordination between central and local government bodies and their absorption capacity.
- All EC assistance must complement and be consistent with Serbian institutions development and action plans.
- Particular attention must be paid to the preparedness and maturity of the projects to be selected.

- The absorption capacity and past achievement record of beneficiary organisations is important.

Donor Coordination

The responsibility for donor coordination within the Serbian administration lies with the Sector for Programming and Management of EU funds and Development Assistance (DACU), the Technical Secretariat of the NIPAC, at the Ministry of Finance. Apart from being the EC's and other donors' main counterpart for the planning and programming of International assistance, the sector is *i.a.* in charge of coordinating the annual preparation of a report on the "Needs of the Republic of Serbia for International Assistance" over the following three-year period. In addition, DACU manages the ISDAICON, a database and platform for sharing information among the national administration and donors.

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

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

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

Member States have been de-briefed on the state of IPA 2009 programming during meetings held at the EC Delegation on 8 October 2008, 12 December 2008 and 4 February 2009. A written consultation on the list of project proposals has taken place in May 2009.

2.d Horizontal issues

Equal opportunities and non-discrimination: As in previous CARDS and IPA programmes, all IPA supported actions are required to be gender-inclusive. This is particularly important to the projects providing support, access and rights in employment and livelihood enhancement for refugees and IDPs in Serbia, support to Civil Society Organizations, improvement of the preschool education in Serbia and strengthening the consumer protection in Serbia.

Support for minority and vulnerable groups: The 2009 IPA programme supports refugees and IDPs through a project of EUR 12,65 million for their integration into

Serbian society. The project Improvement of the preschool education in Serbia also address problems of minorities and vulnerable groups.

Environmental protection: IPA 2009 includes a TA project for the Hazardous waste treatment facility. Also, the investment project for the rebuilding of the Zezelj bridge will take into consideration all aspects related to the Environmental protection of the relevant site.

Good governance, with particular attention to the fight against corruption: The 2009 IPA includes a very important project related to building of the capacity of the Directorate for Confiscated property and improving of the system of the criminal asset confiscation.

2.e Conditions

The programme includes the following conditionalities:

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

- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order for EC financial support to be used in the most effective and sustainable manner.
- Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and shall formally endorse the documents before tendering. Beneficiaries shall also participate in the selection committees for procurement and grants as non-voting members.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions shall organise, select and appoint members (taking account of gender and ethnic balance) of working groups, steering, monitoring and coordination committees, and seminars, as required by the project activities.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the Implementing Authority.

2.f Benchmarks

	N		N+1 (cumulative)		N+2 (cumulative)	
	EU	NF	EU	NF	EU	NF

Number of tenders launched	14	1	24	3	24	3
Number of calls for proposals launched	1	0	3	0	3	0
Number of Contribution Agreements	0	0	1		1	
Contracting Rate (%)	65%	35%	100%	100%	100%	100%

"N" being the date of conclusion of the Financing Agreement.

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

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

In a communication (dated 10/02/2009) from the National Authorising Officer (NAO), *he considers Stage 0 to be completed* (key people appointed, organigrammes of NF and CFCU, as well as implementation and operational agreements elaborated). Ten out of the 12 envisaged Programme Management Units in line ministries have been established as well.

Under the new system the NIPAC secretariat would be formally assigned the responsibility for the monitoring of programmes. The Audit Authority has been decided to be placed under direct responsibility of the Competent Accrediting Officer (CAO). The report on results of stage 0 of the DIS Roadmap also has presented an outline of the staffing levels, training needs and basic training programme. A Gap Assessment assignment for Component I and II and financed by 2007 IPA started in April 2009 and Stage 2 "Gap Plugging" is to be initiated during autumn 2009.

3. BUDGET (AMOUNTS IN EUR)

3.1. Indicative budget table

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community Contribution	
	Total expenditure	IPA Community contribution		National contribution		Total expenditure	IPA Community contribution		National contribution*				
	EUR	EUR	%^[1]	EUR	%^[1]	EUR	EUR	%^[1]	EUR	%^[1]	EUR	EUR	%^[2]
	(a)=(b)+(c)	(b)	% ^[1]	(c)	% ^[1]	(d)=(e)+(f)	(e)	% ^[1]	(f)	% ^[1]	(g)=(a)+(d)	(h)=(b)+(e)	% ^[2]
Priority Axis 1: Political criteria	8.227.250	8.071.250	97,59	156.000	2,41	10.243.750	9.078.750	95	1.165.000	4,7	18.471.000	17.150.000	24
RS2009/1: Directorate for Confiscated Property, 15130	2.000.000	2.000.000	100	0	0	500.000	500.000	100	0	0	2.500.000	2.500.000	
RS2009/2: Support to refugees and IDPs, 93010	4.071.250	4.071.250	100	0	0	9.743.750	8.578.750	88	1.165.000	12	13.815.000	12.650.000	
RS2009/3: Support to Civil Society, 15150	2.156.000	2.000.000	93	156.000	7	0	0	0	0	0	2.156.000	2.000.000	

Priority Axis 2 Economic criteria	4.100.00	4.100.000	67	0	0	67.500.000	36.250.000	69	31.250.000	30,56	71.600.000	40.350.000	57
RS2009/4: Zezelj Bridge 21030, 21040	0	0	0	0	0	60.000.000	30.000.000	50	30.000.000	50	60.000.000	30.000.000	
RS2009/6 Cancer Screening 12110	2.100.000	2.100.000	100	0	0	4.500.000	4.500.000	100		0	6.600.000	6.600.000	
RS2009/6: Preschool Education, 1110, 11120	2.000.000	2.000.000	100	0	0	3.000.000	1.750.000	58	1.250.000	42	5.000.000	3.750.000	
Priority Axis 3 - Ability to assume the obligations of Membership	6.300.000	5.900.000	95	400.000	4,6	5.600.000	5.600.000	33,3 3	0	0	11.900.000	11.500.000	16
RS2009/7 Control/Eradication of Swine Fever and Rabies, 31195	400.000	400.000	100	0	0	5.600.000	5.600.000	100	0	0	6.000.000	6.000.000	

RS2009/8 TA to Hazardous Waster Treatment, 41010	3.000.000	3.000.000	100	0	0	0	0	0	0	0	3.000.000	3.000.000	
RS2009/9 Consumer Protection, 16010	2.900.000	2.500.000	86	400.000	14	0	0	0	0	0	2.900.000	2.500.000	
Priority Axis 4 Supporting Programmes	<i>1.551.643</i>	<i>1.551.643</i>	<i>100</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1.551.643</i>	<i>1.551.643</i>	<i>2</i>
RS2009/10 Project Preparation Facility, 43010	1.551.643	1.551.643	100	0	0	0	0	0	0	0	1.551.643	1.551.643	
TOTAL	20.178.893	19.622.893	97	556.000	3	83.343.750	50.928.750	61	32.415.000	39	103.522.643	70.551.643	100

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

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

(2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

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

The Community contribution, which represents 68% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used. In the case of grants, final grant beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the project, both for investment and institution building projects, and a minimum of 5% of the eligible expenditure in case of twinning.

Given the economical and financial crisis context and in the light of the economic downturn in Serbia, DG Enlargement does not require additional co-financing besides what is already foreseen in this Financing Proposal.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of implementation

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation⁵ and the corresponding provisions of the Implementing Rules⁶. The implementation of the programme is delegated to the European Commission Delegation to Serbia.

The Project 1 “*Capacity building of the Directorate for Confiscated Property and Improving the system of Criminal Asset Confiscation*” will be implemented by the European Commission by joint management with the Council of Europe following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules.

To this end, the Commission and the Council of Europe will conclude a Contribution Agreement.

4.2. General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

In line with best practice gained under previous EC-funded programmes, FIDIC conditions of contract for works may be used for work investments.

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

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

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EC external actions” (“Practical Guide”) as published on the EuropeAid website⁷ at the date of the initiation of the procurement or grant award procedure.

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the Council of Europe implementing such programme/activity.

4.3. Implementation Principles for Twinning Projects

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

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

4.4. Environmental Impact Assessment and Nature Conservation

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

As a consequence, since *Zezeļij Bridge* corresponds to projects which fall within the scope of the EIA-directive⁸, an environmental impact assessment shall be made for each project⁹, equivalent to that provided for by the EIA-directive.

5. MONITORING AND EVALUATION

5.1. Monitoring

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

These actions may be carried out jointly with the international organisation(s) concerned.

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

⁸ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

⁹ Cf. Annex EIA to the corresponding investment project fiche.

5.2. Evaluation

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96¹⁰.

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

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

LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME

Limited adjustments in the implementation of this programme affecting elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative

¹⁰ OJ L 292; 15.11.1996; p. 2

natures¹¹, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

¹¹ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.