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COMMISSION DECISION

establishing a Multi-Beneficiary Multi-annual Indicative Planning Document (MIPD) 2008-2010

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

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

Whereas:

- (1) Regulation (EC) No 1085/2006 creates a coherent framework for Community assistance for candidate countries and potential candidate countries
- (2) Article 7 of that Regulation lays down that this assistance shall be provided through programmes which can be established by country or, as appropriate, by group of countries, in accordance with the priorities defined in the multi-annual indicative planning documents. It is therefore necessary to adopt a multi-annual indicative planning document for those programmes that are destined to assist several beneficiary countries. The Commission adopted on 29 May 2007 (SEC (2007)749) the Multi-beneficiary Multi-annual Indicative Planning Document 2007-2009.
- (3) The Multi-beneficiary Multi-annual Indicative Planning Document 2008-2010 has been drawn up in accordance with the requirements of Article 6 of that Regulation, in close consultation with the relevant national authorities.
- (4) Article 6 (5) of Regulation (EC) No 1085/2006 requires that multi-annual indicative planning documents, which are established following a three-year perspective, shall be reviewed annually.
- (5) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006

HAS DECIDED AS FOLLOWS:

The Multi-beneficiary Multi-annual Indicative Planning Document for the years 2008-2010 as set out in the Annex is hereby adopted.

¹ OJ L 210, 31.7.2006, p.82

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

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Instrument for Pre-accession Assistance (IPA)

MULTI-ANNUAL INDICATIVE PLANNING DOCUMENT
(MIPD)

2008-2010

MULTI-BENEFICIARY

Executive Summary

The purpose of support under the Instrument for Pre-Accession Assistance (IPA) programme is to help candidate and potential candidate countries and territories – the Beneficiaries – to progress towards fully meeting the Copenhagen political and economic criteria as well as adopting and implementing the EU *acquis*. The Multi-beneficiary actions will complement and add value to the support given under the National Programmes.

Multi-beneficiary IPA assistance will be programmed through regional and horizontal programmes:

- Regional programmes will particularly facilitate the regional cooperation process among the Beneficiaries of the Western Balkans, although Turkey may also partake. These programmes endeavour, in particular, to promote reconciliation, reconstruction and political cooperation.
- Horizontal programmes address common needs across several IPA Beneficiaries and seek to attain efficiencies and economies in implementation by providing centrally managed and/or jointly managed assistance with international organisations rather than by implementing the programmes on a national basis. Institution building activities are also performed in this framework, notably through instruments such as TAIEX and SIGMA.

Multi-beneficiary actions will consequently focus on support that requires collaboration among the Beneficiaries, such as regional structures, networks of experts or civil servants or to tackle needs or problems of a cross-border nature. Particular focus will be attributed to Civil Society Dialogue and Development; the Multi-beneficiary programme will provide horizontal technical assistance to support actions in this area. Certain support under IPA is also concentrated under Multi-beneficiary assistance in order to have a coordinated approach and facilitate administration and assistance. This includes, for example, collaboration with International Financial Institutions for the joint implementation of certain finance facilities and support to the participation in Tempus, Erasmus Mundus or Youth in Action programmes.

The Multi-beneficiary MIPD also includes the IPA support given to nuclear safety and radiation protection, the Interim Civilian Administration in Bosnia and Herzegovina, communication and administration, as well as audit, evaluation and monitoring. This Multi-beneficiary IPA MIPD has been drafted on the basis of an indicative financial envelope for 2008-2010 of €458,400,000 (€140.7m (2008), €160m (2009), and €157.7m (2010)).

The strategic choices taken within the scope of this MIPD have been made based on the above principles on guidance provided in the EU strategic documents, the lessons learned from the programming and implementation of previous EU assistance and the findings from consultations with amongst others, the Beneficiaries, International Financial Institutions, the Stability Pact, the Regional Cooperation Council, Civil Society Organisations, EU Member States and European Commission services. Multi-beneficiary IPA assistance will be programmed under the following five axes:

1. Political criteria

- (i) Democracy and the Rule of Law

- (ii) Human Rights and the Protection of Minorities
- (iii) Regional Issues and International Obligations
- (v) Interim Civilian Administration and (vi) Civil Society Dialogue and Development;

2. Economic criteria

- (i) Cooperation with International Financial Institutions
- (ii) Education, Youth and Research

3. Assumption of the obligations of membership

- (i) Free movement of goods
- (ii) Intellectual and Industrial Property Policy
- (iii) Veterinary policy
- (iv) Transport policy
- (v) Energy
- (vi) Taxation and customs
- (vii) Statistics
- (viii) Environment
- (ix) TAIEX
- (x) Nuclear Safety and Radiation Protection

4. Information and communication

5. Support activities: audit, monitoring and evaluation

Assessment of past and ongoing assistance

1. INTRODUCTION

The overall objective of the Multi-beneficiary Instrument for Pre-Accession Assistance (IPA) programme is to help candidate and potential candidate countries and territories (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo² and Turkey) – the Beneficiaries – to face the challenges of European integration, to implement the reforms needed to fulfil EU requirements and progress in the Stabilisation and Association Process and to lay the foundations for fulfilling the Copenhagen criteria for EU membership.

Multi-beneficiary IPA assistance over the period 2008-2010 will continue to build on the strategic choices made in the MIPD for IPA 2007-2009 and the experience and lessons-learnt from the assistance provided to the Western Balkans and Turkey under the IPA, CARDS, Phare and MEDA programmes as well as the pre-accession financial assistance for Turkey. Multi-beneficiary support covers regional programmes which promote primarily cooperation between Beneficiaries in the Western Balkans, as well as, horizontal programmes which address common needs across Beneficiaries and which aim to achieve efficiencies and economies in implementation.

Multi-beneficiary IPA assistance is managed principally centrally through the European Commission Headquarters in Brussels, Belgium. The assistance is managed either by DG Enlargement or via delegation to another Directorate General (DG) or body, such as, DG Environment, DG Taxation and Customs Union, DG Education and Culture, the Education, Audiovisual and Culture Executive Agency, DG Economic and Financial Affairs or Eurostat.

2. OVERVIEW OF PAST AND ONGOING PRE-ACCESSION ASSISTANCE (EU AND OTHER ASSISTANCE) INCLUDING LESSONS LEARNT

2.1 Overview of EU past and ongoing assistance

From 2000 to 2007, over €657 million has been provided in assistance to candidate and potential candidate Beneficiaries through the CARDS Regional, Phare Multi-Country and IPA Multi-beneficiary programmes. In financial terms, assistance provided under these programmes has addressed, in particular, economic development through extensive and close collaboration with International Financial Institutions, which have helped the development of a functioning financial sector capable of supporting the expansion of the private sector and the needs of municipalities.

Equally important is the support that has been given to the regional cooperation process in the Western Balkans and certain areas of key importance for the European integration, such as tax and customs, statistics, public administration (SIGMA) and horizontal support via TAIEX. Additional details on the assistance allocated under the CARDS, Phare and IPA programmes are provided in annex 2. Examples of achievements to date are provided below:

² As defined in UNSCR 1244

Addressing the political criteria

- *Economic and social rights:* An existing social institutions project has supported the revision of the legislative framework of the Western Balkans as well as the implementation of revised social security policies and the modernisation of coordination techniques in line with EU standards;
- *Minority rights, protection of minorities and refugee return:* An ongoing regional refugee return programme has enabled the repatriation of 3,500 refugees to Croatia and Bosnia and Herzegovina in 2006; this programme continues to provide legal assistance to hundreds of refugees in the region;
- *Regional Issues and International Obligations:*
 - *Judicial Cooperation:* EU assistance has supported the development of regional prosecutor cooperation and mutual legal assistance between the courts;
 - *Police Cooperation, Integrated Border Management and Migration:* The CARDS regional project to establish EU compatible legal, regulatory and institutional frameworks in the fields of asylum, migration and visa matters has enabled the creation of a regional network among the officials of Beneficiaries in the Western Balkans as well as the provision of regional guidelines. In addition, EU assistance has assisted in the development of regional prosecutor cooperation and mutual legal assistance between the courts;
 - *Public Administration:* The Regional School for Public Administration (ReSPA) facilitates the strengthening of Beneficiaries' administrative capacities in educating staff in line with the principles of the European Administrative Space. The SIGMA programme assists Beneficiaries to develop public governance systems and in particular horizontal administration systems (e.g. expenditure management and control, policy and law making, administrative law, public service). These systems facilitate the functioning of a reliable, efficient, legal and integral government as well as a market economy;
 - *Regional Ownership:* Improved regional ownership and cooperation is also highlighted by the fact that a number of centres are now hosted in the region. These include the Transport Observatory in Belgrade; the Sava River Commission in Zagreb; the Disaster Preparedness and Prevention Initiative Secretariat in Sarajevo; the Regional Centre of the Migration, Asylum, and Refugees Regional Initiative (MARRI) in Skopje; the RACVIAC Centre for Security Cooperation; the Secretariat of the Gender Task Force in Zagreb; the Regional Secretariat Liaison Office of the Regional Anti-Corruption Initiative in Sarajevo; the Secretariat of the Education Reform Initiative in Zagreb; the Regional Secretariat for Parliamentary Cooperation in Sofia; the Secretariat of the SEE Police Commissioners Association (SEPCA) in Sofia; the Small Arms and Light Weapons SEE Clearinghouse SEESAC in Belgrade; and the SECI Transborder Crime Fighting Centre in Bucharest; the Energy Secretariat in Vienna;

Addressing the economic criteria

- Facilities to strengthen the capacity of the financial sector to make finance available to economic actors, including micro, small and medium-sized enterprises as well as municipalities. Project Preparation Facilities (PPF) covering transport, energy and environment sectors are supporting Beneficiaries to complete project dossiers for investments in infrastructure upgrading to a sufficiently high level that International Financial Institutions (IFIs) as well as other sources of financing are motivated to allocate funds to selected project proposals;
- Western Balkans Window of the Erasmus Mundus Programme, which was initiated in 2006, enabled 78 highly qualified graduate students from the Western Balkans to engage in postgraduate study at European universities in 2007.

Ability to assume the obligations of Membership and approximation to European Standards

- Continued support to the Energy Community, the South East Europe Transport Observatory, the European Common Aviation Area and the Regional Environmental Reconstruction Programme facilitates networking, the sharing of best practices and lessons learned between the Beneficiaries and with EU Member States.
- The TAIEX instrument provides short-term technical assistance to support Beneficiaries to approximate, apply and enforce EU legislation.

2.2 Overview of relevant International Financial Institutions (IFI), multilateral and bilateral past and ongoing assistance

In order to increase effectiveness and efficiency in the delivery of assistance through donor coordination, the Commission and the Member States shall ensure coordination of their respective assistance programmes. This coordination is extended also to the IFIs and other non EU–donors. At a local level, a consultation mechanism during the different phases of the assistance cycle was established in 2007. It provides for an early consultation on the draft IPA planning (MIPDs) and programming documents with Member States embassies, local offices of IFIs and non–EU donors.

Centrally, coordination meetings with IFIs as well as with EU and non–EU donors are organised on a regular basis. They focus primarily on the strategic direction and the regional dimension of IPA planning and programming. Additionally, coordination meetings between the Commission and Member States take place on a regular basis in the context of the IPA Committee meetings.

In addition to IPA, CARDS, Phare, MEDA and pre-accession financial assistance for Turkey, substantial resources are being provided to the candidate and potential candidate countries and territories from, amongst others, International Financial Institutions, various United Nations agencies, the International Monetary Fund and bilateral aid programmes of EU Member States, US and other governments. The main actors by area of intervention include:

Addressing the political criteria

- *Public Administration:* EU Member States including Austria, France, Germany, Greece, Italy, Sweden, the Netherlands, DFID/UK, Sida/Sweden; Council of Europe; the Organisation for Cooperation and Security in Europe; United Nations Development Programme; International Monetary Fund, and the United States

Agency for International Development, Organisation for Economic Cooperation and Development;

- *Regional Issues and International Obligations:* Integrated Border Management (France); Justice, Freedom and Security: EU Member States including Austria, France, Germany, Greece, Italy, Sweden, the Netherlands, DFID/UK, Sida/Sweden; Criminal Investigative Training Assistance Programme; United States Agency for International Development; Council of Europe; the Organisation for Cooperation and Security in Europe; United Nations Development Programme; International Monetary Fund and the United States Agency for International Development;
- *Civil Society Dialogue and Development:* United Nations Development Programme; International; United Nations Children's Fund (UNICEF); United Nations Educational, Scientific and Cultural Organisation (UNESCO); United Nations High Commissioner for Human Rights (UNHCR); World Bank, United States Agency for International Development; Council of Europe; the Organisation for Cooperation and Security in Europe, DFID/UK, and Italy

Addressing the economic criteria

- European Investment Bank, the World Bank, the Council of Europe Development Bank, Kreditanstalt für Wiederaufbau, European Fund for Southeast Europe, International Financial Corporation and the European Bank for Reconstruction and Development;

Ability to assume the obligations of Membership and approximation to European Standards

- *Energy, environment, and transport:* EU Member States including the Netherlands, Finland, Austria, Italy; Kreditanstalt für Wiederaufbau; GTZ/Germany, DFID/UK, European Investment Bank; European Bank for Reconstruction and Development; World Bank; United States Agency for International Development; Japan and Canada;
- *Nuclear Safety and Radiation Protection:* The International Atomic Energy Agency and the United States.

2.3 Lessons learnt

In the management of previous and ongoing Multi-beneficiary IPA, CARDS Regional and Phare Multi-Country programmes a number of pertinent lessons applicable to this Multi-beneficiary MIPD have emerged through the project monitoring and evaluation reports as well as the evaluation report on the implementation of CARDS assistance to the Western Balkans. In particular, the need for improved programme management, including the need to improve communication and coordination with the Beneficiaries and other donors, is highlighted. Further details on specific lessons learned and how these have been taken into account in drafting this document are provided below:

Programme Management

Beneficiaries have emphasised the importance of regular and timely communications regarding the MIPD and Financing Proposals to facilitate their involvement and ownership of

the Multi-beneficiary MIPD, regional and horizontal programmes. Consequently, detailed programme plans, which include timelines and the process for the distribution of draft documents for comment have been drafted, discussed and communicated to the Beneficiaries. Multi-beneficiary coordination meetings now take place regularly throughout the year and allow for discussion on the status of programming and project implementation.

MIPDs should assume a greater role in addressing increasingly severe assistance challenges

The need to concentrate resources (human and budgetary) on a limited but key number of priority sectors areas has been emphasised by both Commission services and stakeholders. Accordingly, the strategic choices outlined in this document have been made on the basis of EU strategic documents, the lessons learned from the programming and implementation of previous EU assistance and the findings from internal and external consultations. In order to utilise resources effectively and efficiently, it is intended that a selected number of activities be addressed on an annual basis through the regional and horizontal annual programmes.

Broader assistance challenges of socio economic development require closer donor coordination

In light of the number of players in the area of economic development, donor coordination is a notable challenge. Efforts are being made by DG Enlargement, however, to improve coordination in this respect. Regular meetings are being organised throughout the year for example, with Beneficiaries, Delegations and stakeholders (including for example International Financial Institutions (IFI) days, Donor Coordination days).

Pre-accession Assistance Strategy for the Period 2008-2010

1. INTRODUCTION

The Accession and European Partnerships as well as the Annual Progress Reports set down the priorities for programming of assistance under the IPA Multi-beneficiary Programme. In addition, the Communications from the Commission on Civil Society Dialogue³, on the Western Balkans⁴ and on the Enlargement Strategy and Main Challenges 2007-2008⁵ have been taken into account. The strategic choices detailed in section 2.3 have been made based on guidance provided in these EU strategic documents, the lessons learned from the programming and implementation of previous EU assistance and the findings from consultations with amongst others the Beneficiaries and the Regional Cooperation Council, International Financial Institutions, the Stability Pact, Civil Society Organisations, Member States and other donors and the European Commission services.

This Multi-beneficiary MIPD provides the strategic three-year plan for programming of the assistance to potential candidate and candidate countries and territories through regional and horizontal programmes. Multi-beneficiary actions will complement and add value to the support given under the National Programmes. The profile of the Multi-beneficiary programme should therefore not only be judged only on its own merits but also must be based on its complementarities and added value to the overall IPA programme. The strategic choices have been taken bearing this principle in mind, both financially and politically.

The coordination and coherence of assistance and activities are particularly important, given the large number of players involved. The need for improved coordination and coherence has been highlighted to the Commission during consultations on the Multi-beneficiary MIPD for 2007 – 2009 and the programming of individual projects.

The Commission has endeavoured to establish a transparent consultation process in particular with the Beneficiaries. This process is aimed at enhancing, as far as possible, local ownership of the choices, content and design of the programmes. Consultations take place at regular intervals during the programming phase with amongst others, the Beneficiaries, European Commission Delegations, Stability Pact, Regional Cooperation Council, International Financial Institutions, Civil Society Organisations, line Directorate Generals as well as with other Donors. Particular importance should be given to the role of the Regional Cooperation Council as the interlocutor for the Beneficiaries especially for the Regional Cooperation Process in the Western Balkans.

Examples of coordination activities include:

³ Communication from the Commission to the Council, the European Parliament, the European Economic and Social committee and the Committee of the Regions - Civil Society Dialogue between the EU and Candidate Countries (COM/2005/0290), 29 June 2005

⁴ Communication from the Commission - The Western Balkans on the road to the EU: consolidating stability and raising prosperity (COM/2006/0027), 27 January 2006; Communication from the Commission - Western Balkans: Enhancing the European perspective (COM/2008/127), 5 March 2008

⁵ Communication from the Commission to the European Parliament and the Council - Enlargement Strategy and Main Challenges 2007-2008, COM(2007) 663, 6 November 2007

- The European Commission chairs an Advisory Group with the International Financial Institutes, with sub-groups for the areas of energy, transport, environment and the social sector;
- An amended Memorandum of Understanding was signed in 2006 with several International Financial Institutions, and the Commission in liaison with the European Investment Bank confirmed its commitment to enhancing cooperation with the International Financial Institutions supporting the pre-accession process of candidate and potential candidate countries and territories;
- The European Commission has played an active role in the Stability Pact for South East Europe and as mentioned above, close collaboration will be ensured with its successor organisation, the Regional Cooperation Council;
- The European Commission maintains bilateral relations with governments to ensure that its actions complement and build on national efforts;
- The European Commission Delegations and the European Agency for Reconstruction (EAR) as appropriate organise regular meetings between Member States, Beneficiaries and other involved organisations (such as International Financial Institutions) to ensure monitoring and coordination throughout the programming cycle;
- DG Enlargement staff responsible for the implementation of the Multi-beneficiary programmes participate in regional networks and structures to facilitate coordination between the stakeholders and donors active in the region.

This Multi-beneficiary MIPD focuses not only on ensuring complementarities with National MIPDs but also with other Community and international initiatives, especially in the areas of democracy (e.g. with the European Initiative for Democracy and Human Rights (EIDHR) and justice, freedom and security (e.g. Europol, Frontex, Eurojust, European Police College (CEPOL), European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), Interpol, DCI Thematic Programme Migration and Asylum, Community Mechanism for Civil Protection, Southeast European Cooperative Initiative (SECI), etc), as well as with the activities of the Stability Pact which have been handed over to the Regional Cooperation Council. Additional details on the complementarities with the National MIPDs et al. are included in section 2.3 below.

2. STRATEGIC OBJECTIVES AND CHOICES FOR IPA ASSISTANCE OVER THE PERIOD 2008-2010

2.1 Strategic objectives for IPA assistance over the period 2008-2010

The Multi-beneficiary programme includes regional and horizontal programmes that are intended to provide support to the Beneficiaries as they strive to meet the Accession criteria established by the Copenhagen Council in 1993 in order to attain membership of the European Union.

Regional programmes target in particular, reconciliation, reconstruction and political cooperation, with a view to supporting the implementation of the Stabilisation and Association Process in South East Europe. The development of regional cooperation is a key

factor for establishing political stability, security and economic prosperity. It corresponds to a commitment made by the countries of the region at the EU–Western Balkans Summits of Zagreb (2000), Thessaloniki (2003) and Salzburg (2006). Regional cooperation is also a specific requirement under the Stabilisation and Association Process (SAP).

Horizontal programmes aim to address common needs across several Beneficiaries and to attain efficiencies and economies in implementation by providing primarily centrally managed assistance rather than by implementing the programmes nationally. Examples of assistance provided through horizontal programmes include: developing harmonised approaches, building networks of experts, attaining economies of scale in implementation of *acquis*-related support, and close collaboration with the International Financial Institutions to leverage grants and loans for the most effective use of funds for economic development.

The horizontal aid given to Interim Civilian Administrations, Information and Communication and to audit, evaluation and monitoring also aims at supporting the overall objective of the IPA Multi-beneficiary programme.

2.2 Strategic choices for IPA assistance over the period 2008-2010

A number of strategic choices have been made for Multi-beneficiary IPA assistance on the basis of the objectives identified above and taking into consideration past assistance, the absorption capacities of the Beneficiaries, assistance provided by other donors as well as the National IPA programmes, and synergies with actions already initiated under the CARDS Regional, Phare Multi-Country and Multi-beneficiary IPA programmes together with the pre-accession financial assistance for Turkey.

Regular coordination meetings take place throughout the year with, amongst others, Beneficiaries, European Commission Delegations, Stability Pact, Regional Cooperation Council, International Financial Institutions, Civil Society Organisations, line Directorate Generals as well as with other Donors to discuss and coordinate assistance to be provided to the Beneficiaries.

The Multi-beneficiary programme will be used for regional and horizontal activities complementing and adding value to the programmes planned under the national programmes of the IPA.

Regional support will focus on regional cooperation activities that support the reconciliation and political dialogue in the framework of the Stabilisation and Association Process of South East Europe.

Horizontal support will centre on economic development in collaboration with the International Financial Institutions, and on the participation of the Beneficiaries in Community Programmes open to the Western Balkans. Furthermore, part of the horizontal support will focus on activities that need to be managed centrally to gain economies of scale and/or where common standards are essential. Particular focus will be attributed to Civil Society Dialogue and Development. The Multi-beneficiary programme will provide horizontal technical assistance to support the implementation and monitoring of both civil society initiatives and partnership actions managed from Brussels.

In addition, certain actions included in this MIPD support the overall implementation of the IPA programme, such as information and communication as well as audit, monitoring and

evaluation. The support under IPA to Interim Civilian Administration and to Nuclear Safety and Radiation Protection are programmed centrally.

These overall strategic choices have been distributed to a limited number of key areas of intervention along the five axes as described under 2.3.3 below.

Following discussions with the Commission services and with the Beneficiaries, two additions have been made to the strategic choices in this rolled-over 2008-2010 Multi-beneficiary MIPD on the basis of needs identified in the IPA region. These additions are: (i) support for visa, asylum and migration (see section 2.3.1.3) and (ii) support for animal disease eradication in the Western Balkans (see section 2.3.3.3). Furthermore, with respect to the running costs of UNMIK Pillar IV, from 1 March 2008 these will be financed onwards through the Instrument for Stability which is the responsibility of DG RELEX.

This Multi-Beneficiary MIPD presupposes the cooperation and the commitment of the beneficiaries to the European and Accession Partnerships. In addition, active participation of the Beneficiary authorities in the programming exercise is expected.

3. MULTI-ANNUAL PLANNING BY MAIN PRIORITY AREA

3.1 Address the Political Criteria

3.1.1 *Democracy and the Rule of Law*

3.1.1.1 Public Administration

Objectives

Facilitate further reform and strengthening of the civil service; Strengthen public administrations' capacities to implement efficient and effective reforms; Strengthen and foster democratic accountability professionalism and integrity within the Beneficiaries' institutions, including Parliaments; Support measures to reduce corruption; Facilitate the merger, effective functioning and sharing of powers of institutions.

Strategic Choices

The choices made in this area aim to meet the specific objectives of the Accession and European Partnerships, the Thessaloniki Agenda, the Commission Communications on the Western Balkans of January 2006 and March 2008 as well as the Enlargement Strategy Paper 2007-2008. These strategic documents emphasise that efficient and effective administrations are crucial to fulfilling the Copenhagen membership criterion on the ability to take on the obligations of membership, as stated by the European Council in Madrid in 1995.

In particular, the SIGMA instrument provides support to Beneficiaries to establish strong public administrations with emphasis on the development of public administration capacities (horizontal management systems and public administration reform) in view of eventual EU membership.

Preparatory measures to be carried out by the Community Agencies with their counterparts in the Beneficiaries should allow Beneficiaries to participate in the activities of these Agencies in due course. The impact of actions in this area is improved through a common approach

taken across the Beneficiaries and in harmony with approaches taken in the EU Member States.

Expected Results

Improved efficiency and effectiveness of public administrations; Strengthened capacities of public administrations (including policy and regulatory services) to ensure efficient and effective reform implementation; increased accountability of public administrations; Increased reliability and integrity of public administrations in line with the European Administrative Space principles; Reduced levels of corruption in the public services.

3.1.2 Human rights and the protection of minorities

3.1.2.1 Minority rights, protection of minorities and refugee return

Objectives

Complete the process of refugees/internally displaced persons return and achieve significant progress towards their economic and social integration; Locate missing people displaced by war to contribute to healing the wounds of the war and to promoting stability in the region; Ensure the protection of minorities, marginalised and vulnerable groups in accordance with EU and international standards in the sectors where the regional approach brings an added value (i.e. civil registration). Support regional actions, including measures promoting intercultural dialogue, to tackle discrimination and the difficulties faced by vulnerable groups following the inclusive labour market and the economic integration occurring in the IPA Beneficiaries – programme to be linked also with the commitment of the Beneficiaries of the region to achieve the Millennium Development Goals.

Strategic Choices

One of the main policy frameworks identified to address the issue of refugee return is the Sarajevo Declaration (or "3x4 Initiative") signed in January 2005 in which the governments of Bosnia and Herzegovina, Croatia and Serbia Montenegro agreed to bring a genuine and successful close to the refugee chapter in South-Eastern Europe by the end of 2006. The EU was associated to the Declaration and the European Commission has supported refugee return activities through UNHCR. Since the Sarajevo Declaration, certain progress has been made but the international community has expressed its concern that the process is far behind schedule and that greater cooperation between the governments of the region is still necessary. In parallel, activities have been supported to facilitate the local integration of the people who do not wish to return to their country of origin. In addition, further support is needed to support the location of people missing and often displaced to other lands as a consequence of the war.

The promotion of social inclusion and integration by focusing on minorities, marginalised and vulnerable groups and areas most affected by economic, social and ethnic unrest remains an important contribution to stability. In addition to the assistance provided under the 3x4 Initiative, substantial European Union financial assistance has been made available to support the inclusion of marginalised groups under the Phare multi-country programme. Numerous projects were implemented over the period 1999-2003 targeting primarily education and infrastructure in many new Member States. Under the CARDS Regional Programme and the EIDHR, further funds have been made available to support the rights of marginalised groups. It is necessary however to move away from targeting minority communities through a

fragmented and disparate collection of individual projects, lacking sustainable impact and to adopt instead an approach whereby social inclusion is a mainstream objective that takes into account common regional characteristics. Moreover, by having a regional strategy with common benchmarks, results of national government progress can be shared and allow political dialogue on the issue in the region. This regional approach has already started under CARDS 2006 where a project focusing on civil registration has been developed in favour of the Roma Community and the marginalised groups. Ministers of Labour from the region agreed in October 2007 to continue the so-called Bucharest Process on Employment, a regional initiative under the Stability Pact to upgrade national employment policies in line with EU policies and under which the integration of vulnerable groups into the labour force is a key objective.

Expected Results

Decreased number of refugees and internally displaced persons through repatriation and integration; enhanced social inclusion of the minorities, marginalised and vulnerable groups.

3.1.3 Regional Issues and International Obligations

3.1.3.1 Regional Cooperation Initiatives

Objectives

Ensure the smooth operation of the newly established Regional Cooperation Council Secretariat; Promote regional cooperation within the framework of the Regional Cooperation Council and the South East Europe Cooperation Process.

Strategic Choices

Regional cooperation and good neighbourly relations remain essential to European integration. European Community assistance to regional cooperation has been provided mainly through support to the Stability Pact for South Eastern Europe and its Special Coordinator, who was tasked to complement the EU Stabilisation and Association Process (SAP) with the Western Balkans. Encouraged by the international community, the Beneficiaries and members of the South East Europe Cooperation Process (SEEC) agreed in May 2006 to take over the ownership of certain regional cooperation activities. This led to the decision a year later to establish the Regional Cooperation Council (RCC). Considerable work was done in 2007 to establish the legal, administrative and financial basis of the RCC which formally commences operations in early 2008. It is a regionally owned cooperation structure located in Sarajevo and has been co-financed in the first three years by the Beneficiaries, the Commission and other interested donors. In the course of 2008, the Stability Pact will be phased out and its activities gradually handed over to the RCC.

As highlighted in the Communication on Enlargement Strategy and Main Challenges 2007-2008, the EU will continue to support local ownership of initiatives in regional cooperation. The RCC is seen as the key interlocutor for regional cooperation and therefore financial support will be provided to the RCC Secretariat. This will be complemented by support for thematic or sector specific regional initiatives originally launched under the Stability Pact.

Expected Results

Full functioning of the South East Europe Cooperation Process and the Regional Cooperation Council; Increased ownership by Beneficiaries of regional cooperation structures; enhanced cooperation between South East European countries and territories in areas requiring a regional approach.

3.1.3.2 Public Administration (ReSPA)

Objectives

Support the establishment and operation of the Regional School of Public Administration (ReSPA). ReSPA aims to improve regional cooperation in the field of public administration, to strengthen administrative capacity as required by the European integration process and to develop human resources in line with the principles of the European Administrative Space.

Strategic choices

The notion of a regional institution where civil servants from the seven different administrative systems of the Western Balkans could be trained was originally proposed at

the EU's 2003 summit in Thessaloniki. With the assistance of the European Commission, a Regional School of Public Administration, which functions as a network, was created in May 2006. Continued support to the Regional School of Public Administration (ReSPA) will assist in the further development of a physical regional professional school to the benefit of Beneficiaries' public administrators.

Expected results

Strengthened capacities of public administrators to implement EU policy and regulations; Improved qualifications of public servants; Developed networks of cooperation and exchange of experience and best practices

3.1.3.3 Trade

Objectives

The overall objective is to boost trade and investment in South Eastern Europe through facilitating the implementation of regional trade policy.

Strategic Choices

The EU has provided political, technical and financial support for the development of a regional framework of trade policy recognising that strengthening trade links between the economies of South Eastern Europe is an important part of the EU's wider strategy of growth and stability in the region. The experience of jointly developing and implementing trade policy in South Eastern Europe is an important precursor to the economic cooperation that is an inherent part of membership of the European Union. In parallel, support has been given to investment promotion activities, notably to promote foreign direct investment in the region to foster economic growth and political stability.

However, intra-regional trade is still lower than its potential and implementation of the bilateral free trade agreements and has, in some cases, not been very satisfactory. The EC has actively supported the evolution of the Central European Free Trade Agreement (CEFTA) to encompass all the countries and territories of the Western Balkans and its upgrading to a modern and ambitious trade agreement. The revised agreement (CEFTA 2006) was signed by all parties in Bucharest on 19 December 2006 and entered into force on 22 November for all Parties. The successful implementation of this agreement will bring important benefits to the region as it will greatly simplify the trade regime throughout the region thereby stimulating increased trade and investment.

Under the Multi-beneficiary IPA programme, the European Commission will provide technical and administrative support to the CEFTA Secretariat which is to be established in Brussels. The funding will phase out over the next three years. In parallel, the EC will also provide technical assistance to the CEFTA Parties including advice and guidance on the development of regional norms and procedures, strengthening the links between efforts on regional trade and investment generation policies, regional seminars and training programmes as well as development of regional networks.

Expected Results

Established CEFTA Secretariat; Strengthened trade-related organisations e.g. standards authorities and enhanced networks among both government and business communities.

3.1.3.4 Judicial Cooperation

Objectives

Strengthen the efficiency and autonomy of judicial bodies and in particular their capacity to deal with corruption and organised crime.

Strategic Choices

At the Ministerial Forum European Union/Western Balkans on Justice and Home Affairs held in Slovenia in October 2007 the Presidency stated the importance of adopting and implementing legislation that would ensure an efficient functioning of the judiciary, stepping up the fight against corruption and ensuring an efficient implementation of anti-corruption legislation.

The fight against corruption and organised crime is defined as a top priority in the Communication on Enlargement Strategy and Main Challenges 2007-2008. Corruption is widespread in the region and deeply rooted in society, organised crime remains a serious concern. This recent Communication states that "...measures taken are not commensurate with the magnitude of the problem", which must be tackled also at regional level. Multi-beneficiary efforts in this area will therefore aim to complement National programmes, particularly through the supporting networking and the sharing of best practices and lessons learned in the region. Moreover, Multi-beneficiary actions will ensure regional coherence of national justice strategies and will promote the Beneficiaries' participation in relevant regional, European and international networks.

The programme will support judicial cooperation at the regional level in criminal matters and investigation, the development of efficient communication procedures and mechanisms to exchange information, the harmonisation, approximation and simplification of legal systems.

Support in this area will be closely coordinated with relevant existing activities and initiatives to avoid overlap and promote complementarities.

Expected Results

More effective prosecution of crimes perpetrated across the Beneficiaries.

3.1.3.5 Police Cooperation, Integrated Border Management and Migration

Objectives

Facilitate the fight against terrorism, organised crime, corruption, money laundering, as well as trafficking and smuggling; Implement effectively regional and international agreements related to integrated border management; Improve management of all aspects of migration flows in the region by regulating and facilitating legal migration and curbing illegal migration.

Strategic Choices

Regional cooperation is instrumental to addressing the security challenges facing Beneficiaries, since many urgent issues, such as terrorism, organised crime, smuggling, trafficking, money laundering and illegal migration, can be addressed effectively only by a

trans-border approach. The Communication on Enlargement Strategy and Main Challenges 2007-2008 noted that although regional cooperation is increasing in the area of justice, liberty and security, including in combating organised crime, further progress needs to be made. Criminal activities remain a serious concern: criminal networks are spreading in various socio-economic sectors and into politics. Furthermore the Communication highlights that "the region is a place of origin and transit for human trafficking, as well as for drug smuggling". Therefore "considerable and sustained efforts are needed in this area".

Moreover, the recent European and Accession Partnerships with candidate and potential candidate countries and territories confirm the importance of regional cooperation in the area of Justice, Freedom and Security. The revised Accession Partnership with Turkey, which was adopted in February 2008, identifies the areas of migration and asylum policy, border management, visa policy and practice and the fight against organised crime and drugs as being of particular importance with regard to the transposition and implementation of the EU *acquis*. The need to strengthen cooperation between international law enforcement agencies and to improve cooperation in fighting organised crime, corruption, illegal immigration and terrorism was further underlined during the Ministerial Forum EU/Western Balkans on Justice and Home Affairs held in Slovenia in October 2007. Multi-beneficiary efforts in the area of Justice, Freedom and Security facilitate networking as well as the sharing of best practices and lessons learned in the region. In addition, regional support is envisaged to support the establishment of harmonised guidelines and protocols for the sharing of relevant information across borders thus building upon the achievements made by national projects and other regional initiatives.

Expected Results

Decreased level of criminal activities in the Beneficiaries, and thus improved security and public order in the IPA region; Greater cooperation and exchange of information across Beneficiaries as well as between Beneficiaries and international networks; Improved cooperation and networking between regional police and judiciary authorities; Improved management of all aspects of migration flows in the region by regulating and facilitating legal migration and curbing illegal migration.

Support in this area will be closely coordinated with relevant existing activities and initiatives to avoid overlap and promote complementarities.

3.1.3.6 Disaster Risk Reduction

Objectives

Reduce vulnerability of IPA Beneficiaries, in line with the Hyogo Framework for Action, by building the capacity and promoting a coordinated approach in disaster risk reduction.

Strategic Choices

South-East Europe is prone to natural disasters, such as earthquakes, floods and forest fires, which transcend borders and thereby overwhelm the ability of a single country to cope. At present regional cooperation does not exist to the extent necessary to prepare for and to address effectively such disasters. Providing a pragmatic preparedness and response framework is imperative to ensure standardisation in language, equipment, warning systems and border-crossing protocols. In line with the Hyogo Framework for Action 2005-2015, the

disaster risk reduction initiative under the Multi-beneficiary IPA programme reflects the continued commitment taken by the international community towards this issue.

The World Bank, together with the UN International Strategy for Disaster Reduction, has developed a Disaster Risk Mitigation and Adaptation Framework for South Eastern Europe which proposes two phases of intervention: Phase I Non-Structural Measures and Phase II Structural Investments. The disaster risk reduction initiative identified in the Multi-beneficiary MIPD will integrate the regional activities recommended under Phase I.

In addition, the Stability Pact has established a "Disaster Preparedness and Prevention Initiative" which will play the key role of coordinating body in the regional activities undertaken by the different organisations in the region.

Expected Results

Mitigated impact of natural disasters and improved response to crises.

3.1.3.7 Interim Civilian Administrations

Support will be provided under this sub-component to the operation of the Office of the High Representative (OHR) in Bosnia and Herzegovina until it is phased out. In February 2008 the Peace Implementation Council (PIC) Steering Board considered that the authorities of Bosnia and Herzegovina needed to address five specific objectives prior to the transition and that the signature of the Stabilisation and Association Agreement and a stable political and security situation, including the full compliance with the Dayton Peace Agreement, would be necessary before the OHR can close. The office of the EU Special Representative will continue to be financed under the Common Foreign and Security Policy budget.

Objectives

Facilitate the smooth operation of OHR in Bosnia and Herzegovina.

Strategic Choices

On 22 May 2000, the Council adopted Regulation No (EC) 1080/2000 on support for the United Nations Interim Mission in Kosovo (UNMIK), the Office of the High Representative in Bosnia and Herzegovina (OHR) and the Stability Pact for South-Eastern Europe (SP).

Since the creation of the OHR in 1996, the European Union has contributed to the annual budgets of the organisation with a contribution of 50.6% of the organisation's budget which eventually increased to 53%. European Community assistance to the OHR over the years has amounted to around €140 million. The trend in the OHR has been a year-by-year reduction in staffing which is in line with the overall expectation that improvements in Bosnia and Herzegovina will lead to the phasing out of the OHR. EU presence will, however, be continued through the office of an EU Special Representative, which will continue to be financed under the CFSP budget. A liquidation team will remain in place for a short period beyond the end of the OHR mandate to ensure the finalisation of the administrative and financial activities of the organisation.

Expected Results

Peace and stability in Bosnia and Herzegovina.

3.1.3.8 Civil Society Dialogue and Development

The importance of civil society has been highlighted in the Communication from the Commission to the Council and European Parliament on the Enlargement Strategy and Main Challenges 2007-2008. Western Balkan countries and territories have made efforts to adopt legislation and strategies that are more favourable to civil society development. Under the Stability Pact, efforts have been made to improve the capacity of employers' organisations and trade unions to act as social partners in reform. However, civil society remains weak in the region. Local NGOs require training to adapt to present conditions and also need to strengthen their capacities in order to be included in the process of European integration. Further efforts are required to deepen the freedom of association, to put in place regulatory frameworks and public incentives for the development of civil society organisations.

Mutual knowledge and understanding require further development of civil society and of dialogue between the citizens of EU Member States and the enlargement Beneficiaries. Since 2005, the Commission has granted financial support to dialogue projects with and between the Western Balkans as well as with Turkey.

European Union support to date in the area of civil and political rights has focused in particular on the areas of inter-ethnic relations, poverty reduction, environmental protection, social development and equal opportunities. The preliminary conclusions of a recent evaluation of the Phare ACCESS and other Civil Society programmes notes that EU programmes had addressed the development needs of the sector. The report added however, that although administrative capacity had grown, it was not adequate to meet the responsibilities of the sector. More therefore needs to be done to guarantee a supportive legal environment for civil society activities. The conclusions of a recent evaluation on CARDS projects in the area of civil society has reiterated the need to strengthen administrative capacity and also to facilitate networking and partnership building in particular with key civil society players.

In order to better meet the needs of the region, support to civil society development and dialogue will be coordinated and streamlined by focussing on three areas of intervention, constituting a new civil society facility:

- (1) Support to local civic initiatives and capacity-building enforcing the role of civil society at a national level.
- (2) People 2 People programmes support visits to EU institutions and bodies to exchange experiences, know-how and good practices between Beneficiaries and EU civil society organisations. These programmes will target, in particular, groups with influence over decision-making and society, such as journalists, young politicians, trade union leaders, teachers etc;
- (3) Activities carried out in multilateral partnership between civil society organisations in the Beneficiaries and the EU leading to a transfer of knowledge and networks, as well as transnational innovative projects.

Objectives

Strengthen civil society bodies and their role in the political process; Enhance the capacity of civil society organisations to develop cross-border projects and networks; Strengthen the development of social partnerships to underpin the reform process; Familiarise civil society

representatives and opinion leaders with EU affairs; Develop a model of good practice and appropriate standards for cooperation within sectors and sustainable relations between Civil Society Organisations (CSOs).

Strategic choices

Interventions in line with the three strands of the facility will be developed both in the National and in the Multi-beneficiary programmes.

Horizontal intervention is considered appropriate to continue the development of civil society in the region, and to monitor the results of the actions taken. Multi-beneficiary IPA assistance will support all strands of the facility with technical assistance. Assistance will be used to prepare calls for proposals, to arrange information sharing meetings, to assist potential NGOs and others in applying for EU funds, and to assist in the monitoring of the selected actions and advising the grant Beneficiaries during implementation. Such technical assistance can also be used to organise meetings and trainings of the grant Beneficiaries, to stimulate networking and capacity building, to disseminate the results and to evaluate the possible impact of the actions.

The People 2 People programme will also be managed as a Multi-beneficiary programme, supported by technical assistance and in close cooperation with local stakeholders and the EC Delegations.

A horizontal approach is deemed the best means of supporting partnerships and networks between business, trade unions and other social partners and professional organisations. Cooperation will include sectors such as human rights, gender equality, social inclusion, health, environment, business advocacy and representation, media, culture, and consumer protection.

Support provided shall be complementary to support given under the EIDHR which focuses on strengthening the role of civil society in promoting human rights and democratic reform, in supporting conflict prevention and in consolidating political and participation and representation, and to the actions supported under Community programmes such as Europe for Citizens or Youth in Action.

Expected results

Enhanced capacity of local civil society organisations for civic mobilisation, advocacy, project development and management to encourage networking; Increased cooperation and transfer of knowledge between business, trade union, and professional organisations in the Beneficiaries and the corresponding EU-level organisations.

3.2 Address the Economic Criteria

3.2.1 Cooperation with International Financial Institutions

A functioning market economy is a condition for membership of the EU. Achieving this goal requires the development of a functioning financial sector capable of acting as a vehicle for economic growth as well as the creation and the healthy growth of enterprises, in particular small and medium enterprises (SMEs). Financing a wide range of infrastructure investment needs is also a pre-requisite for sustainable socio-economic development and stability in the region.

Objectives

In order to help the candidate and potential candidate countries and territories to improve their access to finance the Commission will cooperate with International Financial Institutions to achieve the following objectives:

- *Strand I: Private sector development:* Strengthen the capacity of the financial sector to make finance available to economic actors in the long term and to effectively play their role as financial intermediaries contributing to the reduction of the size of the informal economy. Facilitate investments of micro, small and medium-sized enterprises;
- *Strand II: Energy efficiency:* Financially assist the IPA Beneficiaries to promote investments in energy efficiency and renewable energy generation in order to improve the energy performance of the building and industry sectors offering opportunities for the highest savings in energy and reduction in CO₂ emissions.
- *Strand III: Promotion of infrastructure investments:* Support the development and upgrading of transport, environment, and energy infrastructure and in the social field, so as to contribute to the creation of the conditions for sustainable development in the region as well as Beneficiary countries and territories; Support preparation of projects that may be financed by grants and/or loans provided by the Beneficiaries, the IFIs, IPA resources, and/or other sponsors/donors.

Strategic Choices

International Financial Institutions have been instrumental in providing access to finance to candidate and potential candidate countries and territories and have allowed them to start carry out necessary investments. At the same time the Beneficiaries have been obliged to adopt prudent fiscal and monetary policies to maintain economic growth. Today this leads to a situation where investment needs are still high while the Beneficiaries' capacities to incur an ever increasing external debt are moving towards a ceiling. Non-repayable grants both from the EU and from other donors including the Member States combined with International Financial Institutions loans have become a crucial resource for private sector development, investments in energy efficiency, and infrastructure remediation and upgrading without overburdening the Beneficiaries with excessive debts. As noted in the Communication from the Commission of March 2008, the Commission is committed to closer coordination with the EIB, the EBRD, the CEB and other IFIs supporting modernisation and development in the Western Balkans. The Communication confirms the commitment of the Commission, the EIB, the EBRD and the Council of Europe Development Bank to establish a Western Balkans Investment Framework by 2010 with other IFIs and donors to further enhance harmonisation and cooperation in investments for socio-economic development in the region. On 14 May 2008, the Economic and Financial Affairs Council welcomed this initiative.

The Communication of 5 March also confirms that the Commission and the IFIs are focusing on three priority areas: micro-, small and medium-sized enterprises (SMEs), energy efficiency and infrastructure. The reasons for cooperating with International Financial Institutions and the reasons for using the regional approach in the years to come are further explained below for each strand:

- *Strand I - Private sector development:* On the supply side, EU assistance to promote access to finance for micro and small-sized enterprises has been channelled to the

region in the past through numerous individual agreements with various International Financial Institutions. In 2005 a regional multi-donor initiative was inaugurated – the European Fund for South East Europe (EFSE). It led to the consolidation of the numerous micro-credit agreements throughout the region into one single instrument, it has provided sustainability to previous funding and it has led to management efficiency gains. The most striking feature of EFSE is the fact that the risk cover of the EU and Member State contribution is set to attract private capital to invest in micro-lending. EFSE has so far been rolled out successfully. Hence, the Commission plans to continue supporting EFSE between 2008 and 2010. On the demand side, it is envisaged the roll-out of a new SME instrument to stimulate and support investment needs.

- *Strand II – Energy efficiency:* The Multi-beneficiary MIPD will promote investments in energy efficiency and renewable energy in the SME and public sectors by capitalising on actions supported by the National programmes, which aim at (i) increasing public awareness regarding energy efficiency and the potential for energy savings; (ii) implementing legislation with regards to the Directive on energy performance of building⁶, and the energy end-use efficiency and energy services⁷ (including renewable energy).

Furthermore, the promotion of energy efficiency investments meets the recommendation of the European Commission Green Paper on Energy Efficiency⁸ encouraging International Financial Institutions to provide long-term funding to finance energy efficiency investments.

- *Strand III – Promotion of infrastructure investments:* Adequate infrastructure networks and services in the transport, energy, environment and social sectors are crucial in ensuring sustained socio-economic development and stability in the region. Insufficient financial resources and lack of experience of Beneficiaries in preparing projects suitable for consideration by International Financial Institutions and other donors for financing are among the key factors hindering improvements in infrastructure. Adequate investment in infrastructure is essential in ensuring that many indispensable services such as water and sanitation, heating, energy provision, transport, health and education come into existence in order to improve the living conditions of people. For all of this, access to finance is essential.

The implementation of this strand will thus include the setting up of a multi-sector multi-beneficiary Infrastructure Projects Facility, which will support Beneficiary institutions at national, regional and municipal level to prepare and implement infrastructure investment projects financed by International Financial Institutions and or other donors. This Facility will help cooperation and coordination with International Financial Institutions, reach economies of scale in mobilising the necessary technical expertise to prepare and support infrastructure investment projects, facilitate networking and exchange of know-how among Beneficiaries, and leverage International Financial Institutions loans that complement national IPA grants.

⁶ Directive 2002/91/EC of the European Parliament and of the Council of 16 December 2002

⁷ Directive 2006/32/EC of the European Parliament and of the Council on energy end-use efficiency and energy services of 5 April 2006

⁸ Doing more with less: Green Paper on energy efficiency. COM(2005) 265 final of 22 June 2005

Expected results

- *Strand I – Private sector development:* Increased capacity of the financial sector to develop and provide new financial products to economic actors, in particular to micro-enterprises; Increased number of very small, small and medium-sized businesses, increased levels of productivity and employment of micro and small enterprises as a consequence of better access to finance; increased compliance of SME investments with EU *acquis* and standards.
- *Strand II – Energy Efficiency:* Increased number of investments, in particular, energy efficient investments due to better access to finance from private and public sector bodies. Reduction of CO₂ emission per unit of GDP; Reduction of energy intensity and pollution in the country in order to the Kyoto targets; Acceleration of implementation of the *acquis communautaire* in the national legislation.
- *Strand III – Promotion of infrastructure investments:* Increased number of transport, environment, energy and social infrastructure projects with high investment potential; Increased synergies between grants and loan financing of infrastructure investments; improved capacities of beneficiary institutions to prepare and implement infrastructure investment projects.

3.2.2 Education, Youth and Research

Objectives

– *Education*

Support the development and the quality of the higher education systems through balanced cooperation between local higher education institutions and those of the EU Member States; Enable mutual enrichment and better understanding between the EU Member States and the Beneficiaries through the exchange of academic staff and students at all levels and through the provision of postgraduate studies to highly qualified students in EU universities.

– *Youth*

Strengthen the democracy in the Western Balkans, facilitate the integration and active participation of young people in society and develop youth organisations and the voluntary sector through cooperation between local NGOs, youth organisations and youth workers and those of the EU Member States, and through youth exchanges, networking and voluntary service.

– *Research*

Stimulate research cooperation across Beneficiaries and with EU Member State partners to facilitate capacity building as well as the design of an integrated research policy and to foster regional economic development. Foster dialogue with the education sector, possibly within the framework of the Regional Cooperation Council, to facilitate innovation.

Strategic choices

– *Education*

Multi-beneficiary IPA assistance will be provided in Education via the established Tempus and Erasmus Mundus programmes. The Tempus programme is an assistance programme which involves cooperation among higher education institutions in EU Member States and Beneficiaries. It has supported the modernisation efforts in higher education in the Western Balkans and will continue to provide assistance for the implementation of the Bologna Process and other reforms of higher education in the Beneficiaries, as long as the Beneficiaries do not participate in the internal programme in the field of Lifelong Learning⁹.

Under Erasmus Mundus, a cooperation and mobility programme, which aims to improve European higher education and to promote intercultural understanding, two components that are specifically addressed to the Western Balkans will be funded from the Multi-beneficiary IPA assistance: the Western Balkans - Turkey Window and the Western Balkan lot of the External Cooperation Window¹⁰. The Western Balkans - Turkey Window will provide for scholarships earmarked for graduate students to follow high-quality Erasmus Mundus joint programmes at European universities.¹¹ The Western Balkan lot of the External Cooperation Window / future Erasmus Mundus partnerships with third country higher education institutions will enable the exchange of academic staff and students at all levels in the framework of EU-WB higher education institution partnerships.

Particular attention will be paid to promoting actions in this at national, regional and EU levels. Best use could be made of the existing regional agreements and cooperation networks, in particular the Memorandum of Understanding between the Ministers Responsible for Education, Science and Research in South East Europe signed in 2007 in Istanbul, and the Education Reform Initiative of South Eastern Europe (ERI SEE) as a regionally owned platform for cooperation and capacity building in the field of education.

– *Youth*

Non-formal education and youth intercultural exchanges play an important role in creating an area of peace, stability, prosperity and freedom. The Communication on the Western Balkans of January 2006 indicates that the Commission will also create new opportunities under the Youth Programme. In 2007, the 'Youth in Action' programme replaced the Youth programme. This programme supports projects leading to improved intercultural dialogue and tolerance among young people, social inclusion of disadvantaged youngsters, as well as the strengthening of youth NGOs and the development of civil society. The new 'Western Balkan Window' was established in 2007 within the Youth in Action Programme to allow more projects submitted by organisations from the Western Balkans to be supported. Continuation

⁹ Turkey is not concerned as it is already participating fully in the Lifelong Learning programme.

¹⁰ The current "External Cooperation Window" will become Action 2 of the future Erasmus Mundus programme 2009-2013, and take the name of "Erasmus Mundus partnerships with third country higher education institutions"

¹¹ In addition to those proposed to graduate students and academic staff from all countries in the world - including the Western Balkans and Turkey - under the general scholarship scheme funded from the Erasmus Mundus budget.

of this Window will contribute to further expand the actions of the European Commission in the field of non-formal education and youth in the region, and to achieve the objectives set in the Commission Communication of the Western Balkans of January 2006 and March 2008.

Particular attention will be paid to promoting actions in this at national, regional and EU levels.

– *Research*

An action plan on research technology development established following the Thessaloniki summit in 2003 identified how research could contribute to economic development and augment integration. Supporting the mapping of centres of excellence in Beneficiaries on specific thematic fields would improve networking and strengthen capacity building in the area of research. Furthermore, the Steering Platform, established in 2006, focuses on how to strengthen cooperation in science and technology between the Western Balkans and the European Union and facilitates the integration of the Western Balkans into the European Research Area through the exchange of information and best practices and the identification of priorities. The implementation of the existing SEE-ERA.NET regional RTD funding programme for Southeast Europe RePSEE could be further supported on the basis of the SEE-ERA.NET White Paper and Joint Action Plan that was endorsed by the Western Balkan Beneficiaries.

With respect to Turkey, an Action Plan on Research established at the beginning of 2007 will serve as a basis to identify the strengths and weaknesses of Turkey's research capacity and regularly monitor its cooperation with EU research partners. The aim of the action plan is to identify areas of interest to Turkey and consider how its participation under the 7th European Framework Programme can be increased.

Particular emphasis should be placed on facilitating cooperation between the already established EU research facilities and the Beneficiaries.

Expected results

– *Education*¹²

Improved university administration; Greater regional cooperation between universities across the Beneficiaries and with the EU Member States; Increased mobility of students and academic staff across the Beneficiaries and with the EU Member States; Better intercultural understanding; Regular and continuing dialogue and partnerships on political and expert levels across the Beneficiaries and with the EU Member States.

– *Youth*

¹² In view of the economies of scale to be attained in programming interventions in these areas, the Tempus Programme is included in the Multi-beneficiary MIPD but will be financed from the National budgets.

Increased youth exchanges and established partnerships and contacts between youth NGOs in the Western Balkans and in the EU through the Youth in Action Programme.

– *Research*

Increased research cooperation across the Beneficiaries and with EU partners; Valorise research potential in the Region; Increased awareness of the importance of research to support sustainable economic development; Better integration of Beneficiaries into the European Research Area. Increased technical assistance to support the development of a regional research strategy; Support to Centre(s) of Excellence.

3.3 Ability to assume the obligations of Membership and approximation to European Standards

3.3.1 Free movement of goods

Objectives

Strengthen cooperation between quality infrastructure institutions to enable them to implement the regional free trade agreement for South East Europe (CEFTA 2006) and to increase the attractiveness of the region as a destination for foreign direct investment; Harmonise quality infrastructure standards in line with EU standards; Allow Beneficiaries to better exploit the generous Autonomous Trade Measures (ATMs) granted to the region by the EU.

Strategic choices

Regional and horizontal programmes implemented by the European Committee for Standardisation (Comité Européen de Normalisation (CEN)) under CARDS Regional as well as Phare Multi-Country programmes in the area of quality infrastructure have assisted the Beneficiaries to develop the required technical and institutional capacities. By working together Beneficiaries pool their expertise, sharing knowledge, resources and facilities in a variety of fields including technical regulations, standardisation, accreditation, testing-certification-inspection, metrology and market surveillance.

Further support is required to align legislation and procedures in the area of quality infrastructure with EU standards and best practices. Multi-beneficiary IPA assistance promotes coordinated and harmonised actions and methodologies. In most areas within this area of intervention, there are limited resources available to deliver technical assistance as well as the limited absorption capacity at the Beneficiaries. A centralised approach to the delivery of assistance through established centralised structures maximises the use of limited resources and absorption capacities, facilitates implementation and achieves economies of scale.

The Multi-beneficiary programme will complement not only existing and planned activities under the national programmes but will also focus more on fostering regional cooperation and a regional approach. For example, aligned country sector assessments, sharing of facilities, participation in international proficiency testing leading to accreditation of in-country laboratories, exchange of information (e.g. translation of European Standards, setting-up of a regional standards database).

Expected results

Improved capabilities of quality infrastructure bodies to provide high-level services to industry in their own and neighbouring countries and territories; Strengthen mutual confidence and cooperation between the Beneficiaries in the region as well as with the EU in the area of quality infrastructure; Improved institutional development as a *precondition* for international agreements and mutual recognition.

3.3.2 Intellectual and industrial property policy

Objectives

Provide technical assistance to the intellectual and industrial property authorities to harmonise and to enforce processes and systems in the areas of intellectual and industrial property rights. This will complement the obligations assumed by the Beneficiaries under CEFTA 2006 and where relevant, their SAAs and WTO obligations.

Strategic choices

The Regional Industrial Property Rights Project implemented by the European Patent Organisation (EPO) under the CARDS regional programme as well as the Phare Multi-country programmes for Industrial and Intellectual Property Rights have assisted the Beneficiaries to develop the relevant technical capacities. However, further support on a horizontal basis is needed to facilitate alignment with EU standards and to prepare National Beneficiaries for full membership in the European Patent Organisation (EPO)

Expected results

Prepare National Beneficiaries for alignment to European Standards and full membership of the EPO. Further strengthen enforcement mechanisms.

3.3.3 Food safety, veterinary and phyto-sanitary policy

Objectives

Eradicate animal diseases in the Western Balkans, in particular those diseases that continue to be a threat to the EU Member States.

Strategic choices

In order to effectively and efficiently eradicate important animal diseases such as rabies and classical swine fever in the Western Balkans, a regionally harmonised implementation of animal disease control strategies should be implemented. The eradication of such diseases should minimise the risk to EU Member States posed by these diseases and support Beneficiaries' efforts to export live animals as well as animal products to EU Member States.

The need to develop a Multi-beneficiary programme in this area is warranted not only by ensuring a harmonised approach but also sharing information, best practices and lessons learned between Beneficiaries and between the Beneficiaries and EU Member States.

Expected results

Cooperation between the veterinary authorities of the region; Established animal disease eradication contingency plans developed for the Western Balkans.

3.3.4 Transport policy

Objectives

Continue to build public administration capacities to implement EU legislation and related strategies; Facilitate networking, the sharing of best practices and lessons learned between the Beneficiaries and with EU Member States; Promote the development of the core regional transport network; Support Beneficiaries efforts to implement fully the European Common Aviation Area Agreement.

Strategic choices

The South East Europe Transport Observatory (SEETO) Memorandum of Understanding covering the Core Transport Network of the region is being implemented through annual meetings of Ministers, a Steering Committee and the SEETO Secretariat. Moreover, the multi-annual plan for the development of the core regional transport network will provide regional projects for investment in the transport sector.

The European Common Aviation Area (ECAA) Agreement was signed on 20th December 2005 with all South-east European Beneficiaries as partners. It constitutes an important extension of the Single European Sky, and commits the signatories to progress convergence of their national aviation safety, regulatory and security standards to EU best practice. The South East Europe Functional Airspace Block Approach (SEEFABA) was launched in 2005 with the objective of implementing the Single European Sky regulations in South East Europe under the umbrella of the European Common Aviation Area (ECAA) agreement. Further support to the relevant aviation authorities of the Western Balkans is foreseen under IPA.

Expected results

Improved abilities of civil servants and institutions in the transport sector; Alignment of legislation and practices in the transport sector with the EU *acquis* in order to comply with the obligations of the European Common Aviation Agreement and to facilitate adoption and implementation of the relevant Single Sky *acquis*.

3.3.5 Energy

Objectives

Provide assistance to the Energy Community.

Strategic choices

On 25 October 2005 the Treaty establishing the Energy Community was signed by the European Community and all candidate and potential candidate countries and territories with the exception of Turkey which achieved observer status on the 17 November 2006. The aim of Multi-beneficiary IPA assistance is to support the operations and objectives of the Energy Community. The Energy Community aims to create a stable and regulatory South East European market capable of attracting investment, and to expedite the implementation of

investments in the field of energy efficiency and renewable energy in compliance with the EU *acquis*.

Expected results

Full functioning of the Energy Community

3.3.6 Customs and Taxation

Objectives

Ensure that systems and documentation in the area of customs and taxation are planned and developed in accordance with the interconnectivity requirements of the EU.

Strategic choices

In particular a coordinated and horizontal specialised support managed by DG Taxation and the Customs Union is needed to ensure that the technical and functional solutions adopted by the Beneficiaries are in line with EU requirements.

Expected results

The development of systems and documentation that are compliant with accession requirements.

3.3.7 Statistics

Objectives

Harmonise national statistical systems with the EU *acquis*

Strategic choices

Reliable and comparable statistics are indispensable for managing the association processes with the candidate and potential candidate countries and territories. This concerns in particular key statistics in the Beneficiaries concerning population, foreign trade, prices, national accounts, agriculture and rural development, industry, migration, environment and labour market. In addition, assistance to the statistical sector will facilitate the improvement of data collection by the respective National Statistical Institutes, approximation with the EU *acquis* in various statistical areas (external trade, purchasing power parities, migration, business, etc.), increase confidence in official statistics and raise the public profile of the National Statistics Institutes as part of institution building.

The impact of actions in this area is reinforced when they are based on common approaches across the Beneficiaries and when harmonised with approaches taken in the EU Member States. In addition, the implementation of these activities through established centralised structures achieves economies of scale. The implementation of the activities under the Multi-beneficiary statistical cooperation programme is fully compatible with the national development plans concerning the statistical system where these are in place. This Multi-beneficiary statistical cooperation programme is designed in parallel with the complementary country-specific support for statistics provided by the national IPA programmes. The Multi-beneficiary statistical cooperation programme ensures coordination among Beneficiaries and

is the instrument for ensuring the transfer of knowledge, the respect of common standards and the production of comparable statistics. In parallel, the national IPA programmes cover country-specific actions and the implementation of major statistics at national level. Both programmes are necessary to help achieve the objectives set out in the national development plans.

Expected results

Greater competence and awareness among Beneficiaries' officials on how to implement EU *acquis*; Improved quality of statistical data

3.3.8 Environment

Objectives

Facilitate the strengthening of public administration capacities to implement EU legislation and related strategies, including climate change; Facilitate networking, the sharing of best practices and lessons learned between the Beneficiaries and with EU Member States.

Strategic choices

While the environmental *acquis* is being implemented, compliance with the *acquis* needs further enforcement, monitoring and investment. Legal compliance check and progress monitoring activities will be further implemented. With respect to enforcement, the Environmental Compliance and Enforcement Network for Accession (ECENA), to which all candidate and potential candidate countries and territories are parties, is to be sustained as a regional initiative. An important regional cooperative mechanism that includes also non-member countries such as the USA and Japan is the Regional Environmental Reconstruction Programme (REReP). A new regional cooperation mechanism (RENA) will be developed in order to follow up on the achievements of REReP. ECENA could be included as one of the RENA working groups. The Sava River Commission together with the Danube-Black Sea (DABLAS) Task Force and the Danube Cooperation process (DCP) are among the institutions and initiatives with which the Commission will deepen its cooperation. Moreover, the development of environmental NGOs through the transfer of experience and best practices is a particular priority of this sector.

Expected results

Improved abilities of civil servants and other relevant actors to transpose and implement the environmental *acquis*; Increased number of investments due to better access to finance from private and public sector bodies; Increased awareness of environmental issues, including the exchange of best practices; Alignment and enforcement of legislation and practices in the environmental sector with the EU *acquis*.

3.3.9 TAIEX

Objectives

Further support Beneficiaries' administrations to develop their capacities in view of eventual EU Membership; align Beneficiaries' legislation with the EC *acquis*.

Strategic Choices

The use of the TAIEX instrument to support the process of transposing, implementing and enforcing the EU *acquis* in the Beneficiaries has been emphasised in the Communication on Enlargement Strategy and Main Challenges 2007-2008. Moreover, the recent ex-post evaluation of the Phare programme underlines the importance of TAIEX to support the accession process as it complements several other institution building instruments, including Twinnings.

In line with its mandate, the TAIEX instrument will be particularly well suited to intervene in all areas concerned by the 'Ability to assume the obligations of Membership'. Favouring the harmonisation of national legislations with the common standard represented by the EC *acquis*, not only Multi-beneficiary, but also single-beneficiary TAIEX activities will instil a regional dimension to the assistance provided.

Expected Results

Improved capacities of Beneficiaries public administrations; Further alignment of Beneficiary legislation with the EU *acquis*.

3.3.10 Nuclear Safety and Radiation Protection¹³

Objectives

Enhance the technical competence and administrative capacity of the national radiation safety authorities and other relevant public organisations; Contribute to solving the most urgent radiological issues that confront the IPA Beneficiaries.

Strategic choices

All IPA eligible Beneficiaries are facing radiological issues that are connected with the use of radio-nuclides for industrial and medical applications. In most Beneficiaries in the Western Balkans management of sealed radioactive sources, for example, dismantling of radioactive lightning rods and operation of centralised storage facilities remains a key issue. Moreover management of radioactive waste in hospitals may require investments and training of the personnel. In nearly all IPA eligible Beneficiaries, prevention and combat of illicit trafficking of nuclear materials and radioactive sources would need supply of equipment, training of the relevant state organisations and specific actions to make the support sustainable. Radioactive contamination of the environment by depleted uranium as a legacy of the war in Bosnia and Herzegovina may also require some support. Although the radiological consequences resulting from the existence of naturally occurring radioactive materials have not yet been fully assessed, appropriate regulatory actions may be needed in some affected countries and territories. Installation and/or modernisation of early warning systems to detect possible radioactive contamination in the air are a prerequisite to improve radiation protection in several countries. Finally, doses delivered to patients from medical exposure are worth being assessed in a number of Beneficiaries.

¹³ Activities foreseen in the areas of nuclear safety and radiation protection are National in scope. However, in view of the economies of scale to be attained in programming interventions in these areas, they are included in the Multi-beneficiary MIPD but will be financed from the National budgets.

In Serbia and in Turkey, the operation, refurbishment and dismantling of nuclear research reactors constitute additional sources of radiation risks that would require investment, in particular for the management of spent nuclear fuel and radioactive waste.

Radiological issues in the IPA eligible Beneficiaries should be addressed with the view to eventually transpose the *acquis* in the nuclear domain - including the international conventions to which the European Community is a party. This transposition would require a number of legislative and regulatory actions and will necessarily impact on current management practices of radio-nuclides and radioactive materials. The recommendations of the 2003 European Security Strategy which considers that proliferation of weapons of mass destruction is potentially the greatest threat to our security is no doubt one of the priority activities to be implemented. Finally, the national safety authorities with responsibility for regulating nuclear safety and radiation protection are in most cases lacking personnel and expertise. Alignment of the national legislations and regulations of the Western Balkans and Turkey with the *acquis* would require significant EU support chiefly for those Beneficiaries envisaging the future construction and operation of nuclear power plants.

The most appropriate means to address the aforementioned issues in the areas of nuclear safety and radiation protection is through a combination of Multi-beneficiary and National projects. Multi-beneficiary projects would identify in more detail the extent of the radiological problems as well as the gaps and deficiencies of the national safety authorities. Based on the results of these initial analyses appropriate technical assistance projects would be defined to be implemented either regionally (for example, the prevention of illicit trafficking of nuclear materials in the Western Balkans) through the Multi-beneficiary programme or on a national basis. Particular attention will be paid in the Multi-beneficiary programme to building the capacities of the regulatory authorities through the development of common approaches for a number of radiological issues (for example, the management of sealed radioactive and orphan sources). A proactive approach towards the improvement of nuclear safety in the region through the strengthening of administrative capacities in line with EU standards shall be considered. Activities in the area of nuclear safety and radiation protection will be programmed and coordinated centrally to facilitate a coherent, effective and efficient approach. In addition, the centralised coordination of the Multi-beneficiary Annual programmes makes the most efficient use of available European Community resources. The activities are implemented at a Multi-beneficiary or at National level depending on the area of intervention.

Expected results

Improved efficiency and effectiveness levels of relevant public administrations (radiation protection authority, nuclear safety authorities and other publicly funded bodies). Greater competence and awareness among Beneficiary officials on how to implement EU *acquis*. Greater availability of instruments to combat illicit trafficking of nuclear materials and radiation sources. More early warning and efficient emergency systems in place. Reduction of the radiation risks for the members of the public. Further alignment of the management practices of radioactive materials with EU best practices in particular in the field of radioactive waste management and decommissioning. Better monitoring and cleaning up of contaminated territories with depleted uranium.

3.4 Information and Communication

Objectives

Provide clear and factual information to citizens in candidate and potential candidate countries and territories on enlargement.

Strategic choices

In line with the recommendations of the Enlargement Strategy Paper 2007-2008 it is intended to provide the EC Delegations with adequate funds to illustrate and demonstrate the EU's commitment for eventual membership of candidate and potential candidate countries and territories to the EU. Further efforts need to be made to demonstrate the value of pre-accession, particularly with regard to EU Membership and administrative reform, to possible future citizens of the EU. This is also important for the Beneficiaries where EU membership may only take place in the medium or longer term.

Expected results

Increased visibility of the EU in the Beneficiaries

3.5 Support activities

3.5.1 Audit, Evaluation and Monitoring

The IPA assistance programmes will be audited, evaluated and monitored according to the standard interim and ex post evaluation requirements, as laid down in the IPA Implementing Regulation.

Annex 1

Indicative Allocation to Main Areas of Intervention for the Period 2008-2010

AREAS OF INTERVENTION	PERCENTAGE RANGE
Addressing the Political Criteria (including Civil Society Dialogue)	25% - 30%
Addressing the Economic Criteria	38% - 44%
Ability to assume the obligations of Membership and approximation to European Standards	15% - 18%
Information and Communication	05% - 07%
Support Activities	04% - 07%

When adopting annual programmes, due account shall be taken of the progress made in implementation of programmes of preceding years.

ANNEX 2

Overview of EU Assistance

*Total European Community allocations to the CARDS Regional, Phare Multi-Country Programmes and IPA Multi-beneficiary Programme
(amounts in Euro millions)*

Note:

The CARDS figures indicated include assistance from Phare and Obnova where relevant in 2000 and from CARDS 2001 and onwards. In 2005 and 2006, the amounts indicated for Phare include those allocated to multi-country programmes from the Turkey pre-accession instrument.

The CARDS Regional Programmes of 2004, 2005 and 2006 include respectively €15m, €15m and €1.9m for Cross-Border Cooperation.

Source of figures:

CARDS: "Regional cooperation in the Western Balkans: A policy priority for the European Union", Luxembourg: Office for Official Publications of the European Communities, published in December 2005. The figures for 2006 have been updated on the basis of Regional Action Programme 2006 adopted by the Commission on 25 October 2006 (PH:2006/2112)

Phare: DG Enlargement, Unit D1 (Financial Instruments and Contracts Team). Phare figures include assistance provided to Romania and Bulgaria.

IPA: Instrument for pre-Accession assistance (IPA) Multi-annual Indicative Financial Framework 2007-2009

ANNEX 3

Contracting and Disbursement Rates under on-going programmes



The rates provided in the above table are as of 31 August 2007.

They are sourced from DG Enlargement, Unit D3 (Regional Programmes) internal figures.

ANNEX 4

Cross-cutting issues

A number of cross-cutting themes will be integrated into the Multi-beneficiary IPA programme. The programming documents will identify the measures that will address these issues, and the monitoring of the programme will report on the results achieved. The horizontal issues concerned are: (1) participation of civil society (2) environmental protection, (3) equal opportunities and non-discrimination (4) concerns of minority and vulnerable persons, and (6) good governance.

The major cross-cutting issues to be tackled in this Multi-beneficiary MIPD are:

- **Civil Society** will be supported by the European Initiative for Human Rights and Democracy as well as this Multi-beneficiary MIPD and the IPA financial framework. Civil Society is understood as defined in the Communication from the Commission on Civil Society Dialogue between EU and Candidate Countries (COM (2005) 290 final). This is understood to include amongst others, employers' organisations, trade unions, and associations of local governments as well as non-governmental organisations. The justified balance will be kept between Western Balkans' Multi-beneficiary activities for civil society and specific activities under the National and EIDHR Programmes.
- **Environmental** considerations will be duly reflected in all IPA financed activities in addition to specific actions in particular as concerns Environmental Impact Assessments in line with the European Principles for Environment.
- **Equal opportunities and non-discrimination** will be respected as regarding gender as well as minorities at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- Furthermore **minority and vulnerable groups' concerns** will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development.
- Specific action instruments for the **good governance**, with particular attention to **fight against corruption**, will be incorporated on a horizontal basis.