

DRAFT PROGRAMME
CARDS REGIONAL PROGRAMME 2001

1. IDENTIFICATION

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| Beneficiary states: | Albania, Bosnia and Herzegovina, Croatia, Federal Republic of Yugoslavia and Former Yugoslav Republic of Macedonia (FYROM) |
| Programme: | Council Regulation (EC) No.2666/2000 |
| Year: | 2001 |
| Cost: | €14 million |
| Expiry date: | 31.12.2003 contracting 31.12.2004 disbursements |
| Sector: | AA |
| Group: | M |
| Budget line: | B7-541 |
| Implementation: | Centralised |

2. SUMMARY

A central requirement of the Stabilisation and Association Process (SAP) is co-operation between the countries of the region. This proposal supports that and addresses problems that are best addressed through a regional approach affecting all the beneficiary countries. It is complementary to the national programmes and will

- ensure a common approach in each country in certain key areas
- ensure coherence regionally
- attain economies of scale
- promote active regional co-operation

Four priority areas have been identified

1. Justice and Home Affairs, €4.2 million, with the following projects

- **JHA Situation Reports, € 1.5 million.** To provide a stocktaking of the current situation in each country as concerns threats to internal security, legislative framework of the JHA institutions and their organisation, staffing and equipment, and identifying future necessary actions in the JHA area (see annex 1).
- **Regional Police Co-operation, € 1.4 million.** To reinstate a basis for regional (and international) co-operation as a means to support the national police forces of the region to fight national and international crime more effectively (see annex 2)
- **Regional Justice and Police Training € 1.3 million.** To strengthen the capacity to define and plan strategic developments within the JHA institutions and to use this capacity as a basis for regional and international exchanges in the field of policing and justice (see annex 3).

2. Regional Infrastructure Development and Integrated Border Management, €3 million

- **Infrastructure Project Preparation Facility € 3 million.** The objective is a more effective development of transport, border, energy and environment infrastructure in the South East region. The project will include pre-investment studies, analysis of user charging systems, feasibility studies, impact studies, such as environmental impact assessments, cost benefit of financial analysis, procurement plans, tender documentation and implementation (see annex 4).

Projects on *Integrated Border Management* will be financed via the different national programmes. They are therefore not included in this proposal.

3. Strengthening Public Administrations, €6 million

- **Public Administration Reform – Phase II, € 3 million.** To assist the beneficiary countries to establish effective legal and institutional frameworks for efficient, reliable and accountable public institutions (see annex 5).
- **Statistics – Regional Eurostat Programme, € 2.5 million.** To harmonise the national statistical system and make it comparable with EU concepts and standards in some selected areas, over a period of 5 to 10 years. The immediate objectives for the next two to three years are to improve the quality of the national data collection, the move towards EU statistical standards and to increase the confidence in official statistics (see annex 6).
- **Co-operation with the European Environment Agency, € 0.5 million.** To raise the quality of environmental monitoring and reporting in Albania and FRY, to incorporate them into the environmental monitoring networks of the European Environment Agency and to ensure a full coverage of South East Europe in the state of Europe's Environment report scheduled for release in 2002. (see annex 7).

4. Democratic Stabilisation, € 0.8 million

- **Media - SENSE € 0,3 million.** To promote access to independent and analytical information concerning actions and impact of the international community in the region, especially the International Criminal Tribunal for the former Yugoslavia (ICTY), (see annex 8).
- **Regional university network, € 0.5 million.** To promote effective higher education authorities and institutions in the region by supporting a network for exchange of good practise on academic governance, policy making, strategic and financial management (see annex 9).

Maximum Available: €14 Million

3. GENERAL BACKGROUND

3.1. Regional co-operation

In the countries' declaration at the Zagreb summit in November 2000, the heads of state of the region made their commitment to democracy, rule of law and regional reconciliation on the one hand, on the other hand the rapprochement to the European Union explicitly clear:

"...the five countries concerned undertake to establish between their countries regional cooperation conventions providing for a political dialogue, a regional free trade area and close cooperation in the field of justice and home affairs, in particular for the reinforcement of justice and the independence thereof, for combating organised crime, corruption, money laundering, illegal immigration, trafficking in human beings and all other forms of trafficking."

"Rapprochement with the European Union will go hand in hand with this process of developing regional cooperation and... is offered on the basis of the provisions of the Treaty on European Union, respect for the criteria defined at the Copenhagen European Council in June 1993 and the progress made in implementing the stabilisation and association agreements, in particular on regional cooperation."

In the Stabilisation and Association Process (SAP) regional co-operation between the countries in the region is a central requirement.

Specific CARDS regional support is addressed in this financial proposal, focusing on problems that affect all or many of the South East European Countries and are best addressed through a regional approach. It constitutes a complement to the national programmes, which finances the bulk of the CARDS actions in support to the SAP. It will enhance efficiency and effectiveness in certain specific areas:

- (1) **Ensuring a common approach in each country.** The impact of certain CARDS actions is enhanced if they are based on common approaches set regionally among the five countries of the region that are harmonised with approaches applied in the EU. Examples are strengthening national statistics' systems or familiarising the countries with key EU legislation such as in trade, customs and standards.
- (2) **Ensuring coherence regionally.** Of obvious relevance here is work on infrastructure where it is crucial to decide and implement main priority routes and priority border crossings within a regional and indeed Pan-European context. In such cases, however, it may be most efficient to programme regionally but then channel implementation through the national envelopes.
- (3) **Attaining economies of scale.** Economies of scale can be obtained through regional programmes, such as providing expertise from member states' administrations that is scarce and most efficiently employed when addressing all five SEE countries together.
- (4) **Promoting active regional co-operation.** Regional programmes require the five CARDS beneficiary countries to work together, thereby building in a concrete way the regional links and co-operation that is a cornerstone of the SAP.

This financial proposal totals € 14 million. However, the total envelope for regional co-operation 2001 is € 45 million. € 25 million of these concerns Integrated Border Management, which is programmed regionally but the funds are added to each national programme and implemented through these. € 6 million concerns Regional Balkan Infrastructure Study Programme for 2001, funds that already were approved in early 2001.

4. PROGRAMMING CONTEXT

4. Priority areas

To support the countries in meeting the political commitments made at the Zagreb summit, four priority areas have been identified, complementary to the CARDS national programmes:

- (1) **Justice and Home Affairs.** Justice, asylum, migration and police issues are trans-national by their very nature. Illegal immigration and smuggling have grown substantially in the region not only because of weak national systems but also because of the inability of national authorities to work together to control their borders and to co-ordinate their individual efforts to combat internal organised crime. Support at the regional level on police and justice co-operation will improve the possibilities to tackle international crime effectively.
- (2) **Regional Infrastructure Development and Integrated Border Management.** Economic recovery and regional co-operation will remain political slogans unless the physical infrastructure interlinking the countries of the region is improved and unless the issue of border management is tackled in a more integrated and regionally coherent manner. With the creation of five separate states in the last decade, these border and trans-national infrastructure problems have multiplied dramatically. They demand a regional response because, by their nature, they either involve two or more countries of the region (such as border crossings and border control) or indeed Pan-European (eg. transport, energy and environment infrastructures).
- (3) **Strengthening Public Administrations.** National goals of sustainable economic development, regional co-operation and closer association with the EU depend heavily on the capacity of each country's public administrations. While strengthening these institutions is largely a national issue, certain aspects that are common to all countries are better tackled regionally, such as familiarisation with the core elements of the *acquis communautaire* which feature in the Stabilisation and Association Agreements.
- (4) **Democratic Stabilisation.** Civil society, non-governmental organisations and independent and free media will play a key role in embedding the democratic principles in each country that ultimately will ensure the region can move away from the last decade of ethnically driven civil war and crimes against humanity. Certain actions in these areas are international and are most effectively supported regionally, such as through the Community's Democracy Programme.

This CARDS financial proposal foresees projects under each of these priority areas. It has taken account of discussions on regional co-operation priorities in the Stability Pact and other fora, such as the Adriatic and Ionian Initiative. Account has been taken of the activities of other donors through discussions in these fora.

4.1. Justice and Home Affairs – the strategic context

The Justice and Home affairs (JHA) problems facing the region are profound. Put simply, the countries will not be able to guarantee the rule of law internally on their territories nor reduce external smuggling and illegal immigration unless they develop more effective national legislation and law enforcement structures that are willing and able to co-operate regionally. For this reason, JHA is an important priority for CARDS action, also reaffirmed in the Zagreb Declaration, “*the five countries concerned undertake to establish between their countries regional cooperation conventions providing for ... close cooperation in the field of justice and home affairs, in particular for the reinforcement of justice and the independence thereof, for combating organised crime, corruption, money laundering, illegal immigration, trafficking in human beings and all other forms of trafficking.*”

The EU’s strategic interest in tackling these JHA issues clearly goes beyond seeking regional stability and security. The region’s JHA problems are increasingly spilling over into the EU, as seen in the case of smuggling and illegal immigration. Equally, the international community has been forced to take over certain national JHA functions, such as customs in BiH and Albania, which is clearly not sustainable in the long term.

Past JHA activities in the SEE region have been extensive and many have produced significant positive results in certain specific areas, such as in customs and border control for BiH and Albania. First, CARDS has financed purely JHA related activities such as institution building of police, justice and border control (eg. support to police in BiH). Second, CARDS finances border crossing and customs programmes that, while primarily involving the facilitation of international trade, also impact clearly on JHA.

The international JHA related problem areas are:

- (1) Border demarcation needs to be tightened. While the positioning of international borders is generally now accepted, the failure to mark them clearly (eg. FRY/ FYROM) permits them to still be brought into question.
- (2) Illegal immigration is growing and either originates from the region (eg. Albania to EU) or is transited through the region onto the EU (eg. Chinese illegal immigrants via Belgrade). While currently the tendency is to use air routes to the region, ground routes that are now used by criminals for drug and other smuggling could also be used for human beings.
- (3) Smuggling of all kinds of goods is distorting national economies (eg. customs revenues) and largely ends up in the EU. Usual routes are regular roads with existing controls being bypassed often by corruption. When it is necessary, off-road routes are being used but on a more limited scale. Some smuggling is solely for local tax avoidance (eg. cigarettes) while others are related to organised crime (eg. drugs, weapons and stolen cars).
- (4) Tighter control – including anti-corruption measures – on regular roads and border crossings will produce beneficial JHA and government revenue results but will also lead to an increase in the use of off-road routes. For this reason, border control must be tackled from the outset in an integrated way with conventional border crossings.
- (5) Greater security on access routes to the EU requires actions not only on green land borders but also blue coastal and port frontiers and airports.

- (6) Complementary measures at the regional level will be needed if the national programmes are to be effective in JHA. For example, co-ordinated policing is required on both sides of FYROM and FRY borders if insurgency issues in FYROM are to be controlled effectively. Alternatively, co-ordination of entry and transit requirements are needed between countries if all illegal immigration loopholes are closed.

The internal JHA related threats are inappropriate legislative bases and weak national institutions. There is a lack of regional co-operation structures, such as Interpol police networks or links with EU member state JHA networks, key short term constraints on carrying out national JHA tasks.

4.1.1 Projects in 2001

1. The lack of clear and comprehensive overviews of the JHA situation, initiatives and problems both in individual countries and at the regional level is constraining the ability of national authorities and the international community to create a coherent and comprehensive programme for the future. For this reason, JHA situation reports, where needed, will be drafted in 2001 using experienced member state officials

2. The ability to co-operate regionally in the area of police and justice is minimal and yet this capacity is critical to achieving a solution to what is at its heart a regional problem. As such, CARDS regional funds will finance measures in 2001 on reactivating the regional police co-operation network.

3. CARDS will also address the need of strengthening the policy design capacities of senior police and justice officials in the region.

4.2 Regional Infrastructure Development and Integrated Border Management.

Economic recovery and regional co-operation in South East Europe require major improvements in the physical infrastructure inter-linking the countries of the region and a more integrated and regionally coherent solution to border management. This will not only facilitate trade and control crime across borders, this will also enable people to travel and interact more easily, a key prerequisite for the development of multicultural societies that tolerate their neighbours and appreciate cultural differences.

Regional Infrastructure Development. The availability of infrastructure, notably in transport, energy and environment, will be key to sustainable economic growth of the South East European region. Without adequate transport systems linking the countries together and the region to its neighbours, trade cannot flourish and the most obvious physical means of achieving closer association with the EU will not be realised.

The availability of efficient sustainable energy will be key to national economic recovery but cannot be delivered solely at the national level. It will be achieved for example through developing a regional electricity market for South East Europe and through deciding regionally on gas and oil pipeline networks. Equally, improving environmental infrastructure – whether it be major waste water treatment facilities, mounting problems of solid waste management or “screening” polluting power stations – will underpin sustainable development and improved quality of life in the region. As most national air, water and waste problems cross national and even

regional boundaries, again a regional approach is necessary to protect regional environmental assets.

The financing needs for this infrastructure are high. First, there are the costs associated with reconstruction after the damage caused during the last ten years. Second, interconnecting infrastructure between five newly independent countries places demands that were not present when discussing infrastructure within the one former Yugoslav republic. Lastly, the region needs to be more effectively integrated into the wider European space, most obviously through the extension of the Trans-European Networks system.

Although current infrastructure investment levels (circa 4% of GDP) compare favourably with applicant countries, they are inadequate given the scale of these needs. Unfortunately, domestic macroeconomic considerations prevent most countries from increasing their public borrowing and spending substantially. As such, scarce national resources and international funds (such as from CARDS) must be targeted on key priority infrastructures.

To this end, greater emphasis needs to be placed on strategy, project identification and project preparation of major infrastructure in the three core areas.

Integrated Border Management: Five new states (ie. Slovenia, Croatia, FRY, Bosnia and Herzegovina and FYROM) have emerged from the break-up of the former Yugoslavia. With each new state come new international borders, creating a new set of problems and challenges for the region.

First, borders are not being controlled effectively and are often disputed. Second, borders are becoming obstacles to trade and integration through long waits at border crossings, new visa requirements and high transaction costs.

An effective solution to border management is thus almost synonymous with solving the region's international JHA problems (eg. border disputes, smuggling and illegal immigration) and also with ensuring that trade actually expands, the key to the region's economic future.

An effective solution to border management must recognise that the worlds of JHA and of trade facilitation meet at international borders. Only an integrated solution that recognises this overlap will be effective. The JHA border control and policing task led by ministries of interior and defence must be integrated with the work of agencies involved in trade facilitation at formal border crossings (notable customs, veterinary and phyto-sanitary agencies).

4.2.1 Projects in 2001.

Three acute problems have been identified in this area for action in 2001 - the region lacks the basic strategies to guide and prioritise its infrastructure development, key infrastructure projects now in development are generally poorly prepared and border problems require urgent attention.

In this Financial proposal an Infrastructure Project Preparation facility is financed. The facility will play an effective catalytic role by preparing infrastructure projects for the consideration of the countries concerned, of potentially interested international financial institutions and, indeed, the Commission as well.

In addition a project on Regional Infrastructure Strategies (€ 6 million) has already been approved. It will develop co-operation between the countries of the region, addressing three key infrastructure issues: a regional electricity market, gas and oil sector and regional transport.

Integrated Border Management projects will be identified and funded through the national programmes. They will address institution building for customs, police and border guards, infrastructure support, supplies and technical assistance for border guards and police and customs agencies and will be complementary to measures financed under this programme.

4.3 Strengthening Public Administrations

Strong national institutions and public administrations that provide access and representation to all members of society are not only the underpinning for multi-ethnic societies but are also a critical ingredient for closer relations with the EU.

For sustainable economic development, social inclusion, regional cooperation, as well as approximation to the European Union and the *aquis communautaire*, effective competent and accountable public administrations are a necessity.

In the area of public administration the priorities are Civil Service Reform – assisting in the basic reform programmes underway in each country, including support to civil service law, and development of administrative procedures in conformity with EU standards, institution building in a limited number of priority areas and promotion of regional co-operation between public administrations, including co-operation with Community agencies and programmes (eg. European Environment Agency).

Greatest effort must be placed in the medium term on establishing or strengthening central government structures. The benefits of a regional approach are greatest in the short to medium term. As progress is made, the emphasis of support shall be more national in nature.

4.3.1 Projects 2001

The project on Public Administration will be implemented by OECD/Sigma. It will increase national public administration capacities in FYROM, BiH, Albania, Croatia and the FRY and: facilitate national civil service reform programmes, including the design and implementation of basic civil service law; upgrade the management of public finance (taxation, budget and treasury, public procurement), financial control (internal audit) and external audit capacities and enhance national capacities for negotiations of international trade agreements, especially in ensuring commitments undertaken are realistic.

The project on Statistics will seek to harmonise the five national statistical systems and make them comparable with EU concepts and standards in certain key areas over a period of 5 to 10 years. It will improve the quality of the national data collection of the SEE countries' official statistics and increase the efficiency of the National Statistical Institutes (NSIs) and ensure approximation of statistical methods to a minimum set of EU requirements in some key areas. It will also increase confidence in official statistics and raise the public profile of the NSIs as part of institutional building.

The European Environment Agency (EEA) started its activity in 1994 to provide the EU Member States with objective, reliable and comparable information on Europe's environment. Its environmental information is crucial for politicians, governments, practitioners and citizens to shape Europe's policy towards environmental sustainability and enhanced quality of life. The purpose of this CARDS support is to reopen co-operation with Albania and extend the EEA network to cover for the first time the FRY. The project will lead to improved data collection systems in Albania and a clear understanding of the state of FRY's environment. FRY and Albania will be fully covered in the EEA's State of Environment report scheduled for release in 2002 and lead to the establishment of national contact points in Albania and FRY, co-ordinating their country's participation in the EEA networks and direct bilateral contacts with the EEA.

4.4 Democratic stabilisation

Civil society, non-governmental organisations and an independent and free media will play a key role in embedding the democratic principles in each country that ultimately will ensure the region can move away from the last decade of ethnically driven civil war and crimes against humanity.

4.4.1 Projects in 2001

SENSE is a regional information service established by independent journalists. The agency focuses on detailed analytical news concerning actions and impact of the international community in the region, especially the International Criminal Tribunal for the former Yugoslavia (ICTY). It states its mission as being "to spread genuine information about objectives, policies and actions of the international community towards the countries of the SEE and to oppose misinterpretations of those objectives by local media controlled by vested interests." The justification for this subsidy is that, under agreement with the ICTY, SENSE shall report on the ICTY's activities for dissemination in the region. This will lead to greater awareness among the population of the region about the activities of the ICTY and promote unbiased news reporting of the ICTY's activities.

The regional university network project will help integrating the universities and higher education authorities of SEE into existing European networks. It will support the development of higher education policies that are based on European standards and international best practice in the areas of strategic management, financial management, relations with civil society and quality assurance.

5. IMPLEMENTATION

This regional programme will be implemented centrally by EuropeAid Co-operation Office, AIDCO in close co-ordination and consultation with relevant authorities, international agencies and donors that are active in the various fields of the programme.

6. INDICATIVE DISBURSEMENT SCHEDULE (M€ACCUMULATED)

| Priority area | Dec 2001 | June 2002 | Dec 2002 | June 2003 | Dec 2003 | Dec 2004 |
|--------------------------------------|-------------|--------------|-------------|--------------|-------------|-------------|
| Justice and Home affairs | - | 1.6 | 2.5 | 3.0 | 4.0 | 4.2 |
| Regional Infrastructure Development | - | 0.8 | 1.3 | 2.5 | 3.0 | 3.0 |
| Strengthening Public Administrations | 0.3 | 2.2 | 4.4 | 5.0 | 6.0 | 6.0 |
| Democratic Stabilisation | 0.3 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| TOTAL | 0.6 | 5.4 | 9.0 | 11.3 | 13.8 | 14.0 |

7. MONITORING, EVALUATION AND AUDIT

The services of the European Commission shall

- monitor the implementation of the programme on the basis of regular reports and
- carry out regular monitoring and evaluations to follow the progress of the programme and its components.

Operations financed under this programme will be subject to supervision by the relevant Commission Services and the Court of Auditors, to be carried out on the spot if necessary.

The accounts and records of expenditure financed under the present programme may be checked at regular intervals by an external auditor contracted by the Commission, without prejudice to the responsibilities of the Commission, including the European Antifraud Office (OLAF), and of the Court of Auditors.