

Project Fiche 1

Support to the Operating Expenditures of the Regional Cooperation Council (RCC) Secretariat and Strengthening the RCC Secretariat

1. Basic information

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|-----|-------------------------|--|
| 1.1 | CRIS Number: | 2010/022-507 |
| 1.2 | Title: | Support to the operating expenditures of the RCC and Strengthening the RCC Secretariat |
| 1.3 | ELARG Statistical code: | 01.72 – Administrative support |
| 1.4 | Location/Beneficiaries: | Western Balkans and Turkey ¹ |

Implementing arrangements:

- | | | |
|-----|-----------------------------|---|
| 1.5 | Contracting Authority (EU): | European Union represented by the European Commission on behalf of the Beneficiaries. |
| 1.6 | Implementing Agency: | Not applicable |
| 1.7 | Beneficiary : | RCC Secretariat |

Financing:

- | | | |
|------|--|------------------|
| 1.8 | Overall cost (VAT excluded) ² : | 9 880 000 |
| 1.9 | EU contribution: | 3 200 000 |
| 1.10 | Final date for contracting: | 30 November 2011 |
| 1.11 | Final date for execution of contracts: | 30 November 2014 |
| 1.12 | Final date for disbursements: | 30 November 2015 |

¹ Beneficiaries listed in Annex I and Annex II of the IPA regulation (Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing and Instrument for Pre-Accession Assistance (IPA), as last amended. (OJ L 210, 31.7.2006, p. 82).

² The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To support regional cooperation.

2.2 Project purpose:

This project aims at providing operating expenditures as part of the co-financing efforts of the Beneficiaries and the International community for the functioning of the RCC Secretariat. This project is also designed to strengthen the operational capacity and capabilities of the RCC Secretariat in accordance with its mandate.

2.3 Link with AP/NPAA / EP/ SAA:

The Enlargement Strategy and Main Challenges 2009-2010 states: "The RCC has been functioning for more than a year as the regionally-owned successor of the Stability Pact operating under the political umbrella of the South-East European Cooperation Process (SEECF). The RCC now needs to enhance its efforts to deliver concrete results. The RCC has a strategic role in developing regional cooperation and in identifying and addressing needs in regional activities and structures. It also has a role to play in the programming of European Union assistance related to regional cooperation. The European Commission supports the work of the RCC and finances a third of the Secretariat's budget for the period 2008-2010. The Commission has engaged in a dialogue with the RCC Secretariat on the organisation's priorities, improvement of its functioning and further development. It is also exploring the arrangements for future assistance and how this could best be used to improve the RCC's efficiency".

2.4 Link with MIPD

The IPA Multi-Beneficiary Multi-annual Indicative Planning Document (MIPD) 2009-2011³ states that regional cooperation and good neighbourly relations remain essential to European integration. It goes on indicating that "In line with the Enlargement Strategy and Main Challenges 2008-2009, 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 part of the running costs of the RCC Secretariat will be financed by the EU initially for the first three years of operation. This assistance will decrease year-on-year. It will be complemented by support for thematic or sector specific regional initiatives originally launched under the Stability Pact."

2.5 Link with National Development Plan

Not applicable

2.6 Link with national/ sectoral investment plans

All eligible Beneficiaries of this project i.e. the Western Balkans and Turkey are contributors to the functioning of the RCC secretariat as part of the South East Europe contributors.

³ C(2009)4518, 16.06.2009.

3. Description of project

3.1 Background and justification:

EU 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 IPA beneficiaries and members of the South East Europe Cooperation Process (SEECP) 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 RCC, a regionally owned cooperation structure located in Sarajevo and co-financed by the IPA beneficiaries, the EU and other donors. Considerable work was done in 2007 to establish the legal, administrative and financial basis of the RCC which formally commenced operations in early 2008. In the meantime, the Stability Pact handed over its activities to the RCC and closed down in mid-2008. The RCC is in process of concluding the "Strategic Work Programme of the Regional Cooperation Council (RCC) for 2011-2013". It is an ambitious programme which aims to identify areas where the RCC work provides value added in accordance with its mandate of: a) Representing the region, b) Assisting the regional cooperation political process i.e. SEECP, c) Monitoring regional activities, d) Exerting leadership in regional cooperation and, e) Providing a regional perspective in donor assistance in the identified priority sectors. This strategic work-programme is to be adopted at the next SEECP Summit.

The European Union has been providing support to the operating expenditures to the RCC since then. The European Union committed to provide EUR 1 million per year to support around a third of the running costs of the RCC Secretariat for the first three years of its existence, i.e. 2008-2010, while the rest would be co-financed by the region (SEECP members) and other international donors. The annual budget of the RCC Secretariat is set at approximately EUR 3 million.

In order to fulfil its commitment towards the RCC, the Commission adopted Decisions C(2008)729 of 27 February 2008 and C(2008)8440 of 19 December 2008 committing EUR 1.5 million to support approximately one third of the operational budget of the RCC Secretariat for the period from January 2008 to June 2009 the first one and from July 2009 to December 2010 the second one. Grant contracts for the same amount and period were subsequently signed between the Commission and the RCC Secretariat.

In addition the Commission provided during early 2010 some small technical assistance which has proved very useful for the preparation of the first drafts of the "Strategic Work Programme of the RCC for 2011-2013".

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The Regional Cooperation Council (RCC) has completed two years of operation. During this period the transition from the Stability Pact was achieved successfully: the RCC's structures and Secretariat are set up and fully operational; the new, regionally owned, organisation has deployed a multi-fold activity, representing the region, assisting the SEECP, monitoring regional activities, exerting leadership in regional cooperation and providing a regional perspective in regional assistance. The RCC immediate challenges are to increase its

efficiency, identifying areas where its efforts provide added value and assuming a more strategic role in promoting regional cooperation in South East Europe.

The Commission made a political commitment at the outset to support RCC's operating expenditures for its first three years of existence. The time is now ripe to develop a more assertive financial contribution in order to encourage the RCC to play its strategic role in the region and a gradual take over by the South Eastern Europe contributors. This would be also in line with the Financial Regulation principle of diminishing financial contributions to organisations receiving operating support.

At the same time and in view of the selected topics of priority, some specialised expertise is necessary in order to provide regular (if possible embedded into the RCC administration) assistance on issues of strategic character in relation to regional cooperation as well as more specific issues which are the subject matter of the several expert pool's priority areas. It may also prove very useful the provision of expertise with regard to functioning of an international organisation of these characteristics, e.g. by setting up the appropriate structures, streamlining the preparation of a pipeline of projects and drafting documents.

While not of comparable nature, some other regional cooperation experience exists in European regions where expertise could be derived from. The expertise around the Baltic and Black Seas could prove very useful.

The final aim should be an increased local financing of the RCC, while the EU contribution would decrease, and at the same time an increase of expertise for addressing the priorities identified, both in terms of technical content and functioning of an regional organisation of these characteristics.

3.3 Results and measurable indicators:

The RCC is operationally capable to increase its efficiency, by focusing on result-oriented activities, identifying areas where its efforts provide added value and assuming a more strategic role in promoting regional cooperation in South East Europe. Its objectives, working methods and priority areas for action are defined by its Statute and other documents adopted at the RCC Annual Meetings and endorsed by the SEECF Summits. The results expects from the RCC will be the adequate and efficient implementation of its Strategy and Work Programme 2011-2013 (complementary information to the project fiche). The Strategy defines the permanent "horizontal" activities of the RCC. The Work Programme covers each of the agreed priority areas. It briefly analyses the importance of their regional dimension. Based on the state-of-play of existing activities, including, where possible a mention of gaps and overlaps, the regional priorities for the period 2011-13 have been identified. Within these, the RCC will focus on a limited number of targeted actions.

Measurable indicators

-RCC participates in regional and international fora and meetings thus promoting regional priorities in those fora.

-Technical support is provided to the SEECF chairmanship in office in order to identify and promote regional policy priorities in South East Europe. Annual planning meetings to coordinate activities shall be held between the RCC Secretariat and the SEECF Troika, with the participation of the EU, prior to the takeover by incoming SEECF Chairmanships in Office (CiOs). Implementation will be monitored through regular quarterly consultations. .

-Regional activities are monitored as reflected upon in the Annual Report of activities approved by the RCC Board and the SEECF summit. The RCC will seek to be well-informed on ongoing and planned regional activities by participating, as appropriate, in meetings and events, maintaining contacts, exchanging information and, where relevant, setting up working arrangements with regional initiatives and organisations, including international ones which are active in the region. The RCC Secretary General's Annual Report on Regional Cooperation in South East Europe will cover all relevant regional activities, in addition to those of the RCC.

-A regional perspective is provided, in the context of IPA Multi Beneficiary Strategic programming of assistance; through participation of its experts in the IPA MB working groups. The aim is to ensure that IPA priorities correspond to regional priorities, and to focus attention on the need for beneficiaries to cooperate amongst themselves and liaise with other key stakeholders and the donor community. RCC should also ensure adequate contributions in the donor coordination process through its participation in the International Financial Institutions Advisory Group (IFI AG) and the Steering Committee of the Western Balkan Investment Framework (WBIF).

- Support to the involvement of civil society in regional activities is increased

3.4 Activities:

Activity 1 – Operating expenditure

A grant contract will be signed with the RCC in order to make available the necessary European Union contribution to the operating expenditures of the RCC Secretariat in order to implement its Strategy and Work Programme 2011-2013 (in annex). The grant contract will specify the mandate and modalities for the implementation of this contribution as well as the mechanisms of control put in place. The budget will be executed in accordance with the conditions of the grant contract. An external auditor will also be contracted by the RCC Secretariat to audit its financial statements of the period covered by this grant.

Activity 2 – Strengthening support

This activity is designed to strengthen the capacity and efficiency of the RCC Secretariat in accordance with its mandate. The mobilised support will aim to support administrative capacity development, including training, in order to contribute to the strategic planning of activities, identification and formulation of general strategic and sector priorities and follow up and prioritising of the regional initiatives. It will be implemented through a grant contract following a restricted call for proposals to be launched in the first quarter of 2011. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions.

3.5 Conditionality and sequencing:

In accordance with the Financial Regulation, the operating grant decreases with respect to contributions made in previous years.

As for the strengthening component, the grant beneficiary will contribute with a minimum of 10% of the total eligible cost of the project.

3.6 Linked activities

The European Commission supports the work of the RCC and finances a third of the Secretariat's budget for the period 2008-2010. Besides implementing the tasks foreseen in the Strategy and Work Programme in each one of the six priority sectors⁴ the RCC will also undertake the role of catalyst and "incubator" of activities, leaving project implementation to the appropriate actors. When contributing to setting up of new initiatives and networks, it will aim to ensure their eventual administrative and financial self-sustainability. This does not exclude, in a limited number of cases, a transitory role of the Secretariat in managing and supporting new initiatives. Such examples include the taking over of two different regional initiatives: the "Ljubljana Process", regarding the reconstruction and rehabilitation of cultural heritage and the "South East Europe Investment Committee", the funding of which is also foreseen under this programme

3.7 Lessons learned

The RCC having already two years of experience as a full-fledged regional institution should now endeavour to increase its efficiency intervening on limited number of key activities within its priorities. The RCC should focus on analysing needs for regional cooperation in the Western Balkans, identifying gaps and overlaps and taking initiatives to address these on the basis of clear and comprehensive planning

It also has a significant role in the context of IPA Multi-beneficiary programming ensuring that IPA priorities also correspond to regional priorities and liaising with other key stakeholders and the donor community.

Further efficiency could be achieved with a less cumbersome decision-making process.

⁴ Economic and social development, Justice and Home Affairs, Energy and Infrastructure, Security Cooperation, Building Human Capital and Parliamentary Cooperation

4. Indicative Budget (amounts in million EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA EUCONTRIBUTIO N		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1 - Operating Expenditures	x		9	2.4	27	6.6	73	6.6				
Activity 2 - Strengthening support	x		0.88	0.8	90						0.08	10
TOTAL IB			9.88	3.2	32.4	6.6	66.8	6.6			0.08	0.8
TOTAL INV												
TOTAL PROJECT			9.88	3.2	32.4	6.6	66.8	6.6			0.08	0.8

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Grant contract with RCC - Operating expenditures	N/A	Q4 2010	Q4 2013
Grant contract - Strengthening support	Q1 2011	Q3 2011	Q4 2013

6. Cross cutting issues

6.1 Equal Opportunity

The principles and practice of equal opportunity will be guaranteed so as to ensure equitable gender participation in the project. The principle of equal opportunity shall apply also in relation to the participants of the different national administrations.

6.2 Environment

Not applicable.

6.3 Minorities

Not applicable.

ANNEXES

- I- Log frame in Standard Format
- II- Amounts contracted and Disbursed per Quarter over the full duration of the project (EU funded)
- III Description of Institutional Framework
- IV - Reference to laws, regulations and strategic documents:
- V- Details per EU funded contract

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number: 2010/022-507 Multi-Beneficiary programme 2 2010	
Operating Expenditures and Strengthening of the RCC Secretariat		Contracting period expires 30 November 2011	Disbursement period expires 30 November 2015
		Total budget : EUR 9.88 million	IPA budget: EUR 3.2 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
Support regional cooperation	Regional cooperation is improving	European Commission yearly Strategy Paper RCC's Annual implementation report	
Project purpose Provision of operating expenditures to the RCC Secretariat and to strengthening the administrative capacities of the RCC Secretariat.	Objectively verifiable indicators Support to the operating expenditures to the RCC is provided Strengthen capacities to address the sector priorities	Sources of Verification RCC's Financial report Audit report European Commission' yearly Strategy Paper RCC's Annual implementation report RCC policy papers and technical contributions	Assumptions Approval of the Secretary General report on financial statements Commitment of RCC management and staff
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Activities and Strategic work programme of the RCC are implemented	Regional priorities are achieved Implemented actions as per	RCC's Annual report Evaluations/Assessment	RCC Secretariat is properly staffed Strategic Work-programme

	<p>action plan</p> <p>Training needs assessment and training action plan approved by the RCC management</p> <p>Number of trainings and number of trained staff</p> <p>Support to the involvement of civil society in regional activities is increased</p>	<p>Donors reports</p>	<p>is approved</p>
Activities	Means	Costs	Assumptions
Meetings/Conferences/Papers /Technical assistance/Training	Discussion documents/Policy papers/Active participation in meetings	EUR 3.2 million	All other contributions are also provided

ANNEX II: amounts (in EUR million) Contracted and disbursed by quarter for the project (EU funded)

Contracted	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Operating expenditures	2.4																
Strengthening support				0.8													
Cumulated	2.4			3.2													
Disbursed																	
Operating expenditures	1				1				0.4								
Strengthening support				0.30				0.4					0.1				
Cumulated	1			1.3	2.3			2.7	3.1				3.2				

ANNEX III. Description of Institutional Framework

The RCC was established in 2008 to provide a regionally-owned cooperation framework to take over the role of the Stability Pact, and provide the South East European Cooperation Process (SEECP) with operational capabilities⁵. In particular, according to its Statute, the RCC "*will function as a focal point for regional cooperation in SEE and will provide political guidance to and receive substantive input from relevant regional task forces and initiatives active in specific thematic areas of regional cooperation*".

The RCC has 45 members of which 29 also sit in the RCC Board (*see list below*). The Board holds annual (ministerial-level) and quarterly meetings. Decisions are taken by *consensus*, although the *active* positive reaction of members is not necessary. The RCC *Secretariat* is based in Sarajevo (total staff of 31), and there is a *Liaison Office* in Brussels (staff of 6). The Secretary-General (presently the Croatian diplomat Hido Bišćević) is appointed by the SEECP⁶ summit, which also endorses the annual work programmes. Mr Bišćević was elected for three years (2008-2011) and will be reappointed for a further term in office.

The work of the RCC covers five areas: Economic and Social Development, Infrastructure and Energy, Justice and Home Affairs, Security Cooperation, Building Human Capital and Parliamentary Cooperation.

The EU participates in the RCC in a *troika* format (Commission-EU Presidency-Council Secretariat). Cooperation between the RCC and the Commission on a day-to-day basis is ensured by DG ELARG Units A1 (political) and D3 (assistance-related).

RCC Members (* Board members)

Region

Albania*
 Bosnia and Herzegovina*
 Croatia*
 The Former Yugoslav Republic of Macedonia*
 Montenegro*
 Republic of Moldova*
 Serbia*
 Turkey*
 United Nations Interim Administration Mission in Kosovo (UNMIK)*

EU and Member States

European Union (EU)*, represented by the Troika, consisting of the EU Presidency, the European Commission and the Council Secretariat, as well as the European

⁵ *Joint Declaration on the Establishment of the Regional Cooperation Council (RCC)*, Sofia, 27 February 2008, Annex II "Statute of the RCC".

⁶ SEECP members are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, Serbia, and Turkey.

Parliament
Austria*
Bulgaria*
Czech Republic*
Denmark
Federal Republic of Germany*
Finland*
France*
Greece*
Hungary*
Ireland*
Italy*
Latvia*
Poland*
Romania*
Slovakia
Slovenia*
(Spain)*
Sweden*
United Kingdom
European Investment Bank

Other states

Canada
Norway*
Switzerland*
United States of America*

Other international organisations

Council of Europe
Council of Europe Development Bank
European Bank for Reconstruction and Development
North Atlantic Treaty Organisation
Organisation for Economic Co-operation and Development
Organisation for Security and Co-operation in Europe
South East European Co-operative Initiative
United Nations
United Nations Economic Commission for Europe
United Nations Development Programme
World Bank

The Expert Pool

The Expert Pool, currently composed of 12 staff members is programme-oriented. It designs and implements RCC programmes and projects in five priority areas:

- Economic and social development
- Infrastructure and energy

- Justice and home affairs
- Security cooperation
- Building human capital and parliamentary cooperation

Each priority area is structured as a Unit, headed by a Senior Expert. The Head of the RCC Expert Pool also acts as Deputy RCC Secretary General.

The Expert Pool prepares a portfolio of RCC Secretariat's project ideas for the EU's Multi-Beneficiary Instrument for Pre-accession Assistance (MB IPA) and other donors, and develops project proposals with partner organizations. The experts represent the RCC Secretariat at regional coordination meetings, working groups (on energy, infrastructure, environment, and social infrastructure) or plenary meetings of the International Financial Institutions Advisory Group (IFI AG), as well as at different international fora, informing of RCC Secretariat's activities, initiatives and projects.

The RCC Expert Pool also provides inputs to the process of networking among RCC members from South East Europe (SEE) and the RCC Secretariat with participation of the European Commission and relevant IFIs.

The Expert Pool keeps regular contact with representatives of different national, regional and international organizations, foundations and networks interested to develop or strengthen cooperation with the RCC. Special attention is given to regional initiatives and taskforces, which have been mapped, while their activities are being coordinated and streamlined by the RCC Secretariat and its Expert Pool.

The RCC experts actively implement the RCC Secretariat's communication strategy. They deliver lectures on regional cooperation and RCC at different courses of postgraduate studies, as well as briefings for journalists from the region, young politicians, and other interested groups.

Together with the RCC Front Office, the Expert Pool conducts RCC outreach activities across the RCC area, to government officials, international organizations, business community, civil society, media and other stakeholders.

ANNEX IV: Reference to laws, regulations and strategic documents

- Multi-Beneficiary Multi-annual Indicative Planning Document 2009-2011
- Enlargement Strategy and Progress Report 2009
- RCC Annual report
- RCC Strategic Work-programme 2011-2013

ANNEX V: Details per EU funded contract

Activity 1 - It will be implemented by means of a grant contract for an EU amount of EUR 2.4 million to be signed with the RCC Secretariat in the fourth quarter of 2010 on the basis of Article 168.1 (f) of the Implementing Rules to the Financial Regulation, which provides for the award of direct grants *“for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals”*. The RCC, launched on 27 February 2008, as the successor of the Stability Pact for South Eastern Europe has established itself as an international and regional key player gathering experience and expertise in the area of regional strategic development, donor coordination and becoming a focal point for regional dialogue in both economic and political relevant questions. The RCC combines the required technical capacity, knowledge and authority to facilitate the contacts, finance and partnerships for the successful development of regional cooperation within a Euro-Atlantic perspective. The RCC provides the Southeast European Cooperation Process (SEECPP) with operational capacities and acts as a forum for the continued involvement of those members of the international donor community engaged in the region. Therefore only the RCC Secretariat has received the mandate of the international community to sustain focused regional cooperation in South East Europe through a regionally owned and led framework.

Activity 2 – It will be implemented through a grant contract (indicative amount of EUR 0.8 million) following a restricted call for proposals to be launched in the first quarter of 2011. The grant beneficiary will contribute with a minimum of 10% of the total eligible cost of the project. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions.

Eligibility criteria for applicants: Public sector operators and competent International Organisations.