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COMMISSION IMPLEMENTING DECISION

of 31.7.2018

adopting a Multi-country Action Programme for the year 2018

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures of the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014 lays down the objectives and main principles for pre accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I of Regulation (EU) No 231/2014. The Commission adopted a multi-country indicative strategy paper for the period 2014-2020 on 30 June 2014 which provides indicative allocations for the priorities for multi-country pre-accession assistance.
- (4) In accordance with Article 6(4) of Regulation (EU) No 231/2014 the Multi-country Indicative Strategy Paper for the period 2014-2020 has been reviewed and amended by Commission Implementing Decision C (2018) 3442 adopted on 31 May 2018.
- (5) Considering the proposals for action submitted by the beneficiaries concerned, the multi-country action programme for 2018 aims at providing assistance in the regional and territorial cooperation sector for actions in the following priorities:
 - i. Horizontal support to sector policies and reforms;
 - ii. Regional structures and networks;
 - iii. Regional investment support;
 - iv. Territorial cooperation.

¹ OJ L 77, 15.3.2014, p. 95.

² OJ L 298, 26.10.2012, p.1.

- (6) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.
- (7) The envisaged assistance to the Western Balkans and Turkey is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU.
- (8) The Commission should be able to entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.
- (9) The Council of Europe Development Bank (CEB) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.
- (10) It is appropriate to authorise the award of grants without a call for proposals to the bodies identified in the Annex and for the reasons provided therein.
- (11) The Transport Community Treaty (TCT) with South East European parties is a key instrument that should support – through the establishment of a Secretariat – the accession process (*acquis* implementation), the "Western Balkans Six initiative", as well as the infrastructure (Trans-European Transport Network - TEN-T) implementation in the Western Balkans.
- (12) As a member of the TCT, the EU should make its 2019 subscription of the Transport Community Secretariat under IPA II, in accordance with Article 121(2)(d) of Regulation (EU) No 966/2012.
- (13) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Commission Delegated Regulation (EU) No 1268/2012.
- (14) Pursuant to Article 94(4) of Commission Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (15) The Action Programme provided for by this Decision is in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014³,

³ The Member States have declared, recalling the Council Conclusions of 18 February 2008, that the adoption of this programme does not prejudice the position of each individual Member State on the status of Kosovo*, which will be decided in accordance with their national practice and international law.

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

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The Multi-country Action Programme 2018 under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex, is hereby approved.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the programme referred to in Article 1 is set at EUR 195 150 000 and shall be financed from the budget line 22.02.04.01 of the general budget of the EU for year 2018.

The financial contribution referred to in the first sub-paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by direct and indirect management.

The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

Article 4

Grants without a call for proposals

Grants may be awarded without a call for proposals to the bodies identified in the Annex, in accordance with the conditions specified therein.

Article 5

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;
- b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- c) extensions of the implementation and closure period;
- d) within the limits of 20% referred to in points (a) and (b) above, up to 5% of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 31.7.2018

For the Commission
Elżbieta BIENKOWSKA
Member of the Commission

ANNEX

to Commission Implementing Decision adopting a Multi-country Action Programme for the year 2018

1. IDENTIFICATION

Beneficiary	Beneficiaries listed in Annex I of the IPA II Regulation (IPA II beneficiaries)
CRIS/ABAC Commitment references	2018/040-113; MCP 2018- part Directorate-General for Neighbourhood and Enlargement Negotiations 2018/040-822; MCP 2018 - part Directorate-General for Education, Youth, Sport and Culture 2018/040-823; MCP 2018 - part Directorate-General for Mobility and Transport 2018/040-824; MCP 2018 - part Directorate-General for Health and Food Safety SI2.780466; MCP 2018 - part Education, Audiovisual and Culture Executive Agency (EACEA)
EU Contribution	EUR 195 150 000
Budget line	22.020401 – Multi-country programmes, regional integration and territorial cooperation
Management mode/ Entrusted Entity	Direct management by the European Commission Except for: Action No. 12 – Regional Housing Programme (RHP) (Sarajevo Process): indirect management by the Council of Europe Development Bank (CEB)
Final date for contracting including the conclusion of delegation agreements	at the latest by 31 December 2019
Final date for operational implementation	at the latest by 31 December 2022 Except for: Action No. 10 – EU support to the Western Balkans Investment Framework for Technical Assistance for 2018: 31 December 2025
Programming Unit	Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D.5 - Regional Cooperation and Programmes
Implementing Unit/ EU Delegation	Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D.5 - Regional

	<p>Cooperation and Programmes, with the following exceptions:</p> <p>Part of Action No. 1: EU support to improving economic governance and competitiveness, Directorate-General for Neighbourhood and Enlargement Negotiations, Unit A.3– Thematic support, Economic governance & IFIs, Public Administration Reform</p> <p>Action No. 2: Western Balkans Youth Window under Erasmus +, co-delegated to EACEA</p> <p>Action No. 3: EU support to improving education and skills capabilities in the Western Balkans and Turkey, cross sub-delegated to Directorate-General for Education, Youth, Sport and Culture</p> <p>Action No. 8: EU support to Public Administration and Public Financial Management Reforms in the Western Balkans, Directorate-General for Neighbourhood and Enlargement Negotiations , Unit A.3– Thematic support, Economic governance & IFIs, Public Administration Reform</p> <p>Action No. 9: EU support to the Transport Community Treaty Secretariat, cross sub-delegated to Directorate-General for Mobility and Transport</p> <p>Action No. 13: EU Regional action on animal disease eradication in the Western Balkans, cross sub-delegated to Directorate-General for Health and Food Safety</p>
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2. DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- Rationale for the selection of the specific sectors under this programme:

This Instrument for Pre-Accession Assistance (IPA II) Multi-country action programme is designed to respond to priority needs as identified in the Multi-country Indicative Strategy Paper 2014-2020 (hereinafter referred to as Strategy Paper) adopted on 30 June 2014¹, as last being revised to take account of the latest developments, and in particular, the Communication from the Commission on "*A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*" adopted on 6 February 2018². This strategy aims to generate renewed reform momentum in the Western Balkans and provide significantly enhanced EU engagement to better support their preparations on the European path. For the period 2018-2020, this Strategy Paper has been revised to ensure coherence with the new strategic orientations, in particular as regards the implementation of the six Flagship Initiatives presented in the Communication.

The Western Balkans and Turkey face important challenges to meet the political and economic membership criteria and to align with the Union *acquis*. These challenges are common to all IPA II beneficiaries, although to varying degrees. The IPA II Multi-country programme also contributes to meeting the targets and expected results identified in the Strategy Papers for each IPA II beneficiary.

As pointed out in the Strategy Paper, challenges persist in the area of democracy and rule of law, including the functioning of institutions guaranteeing democracy, empowerment of civil society, the fight against organised crime, safeguarding **fundamental rights**, such as freedom of expression and the rights of persons belonging to minorities.

While solutions supported by IPA II funds need to be adapted to the specific situation of each individual IPA II beneficiary and supported under a bilateral IPA programme, certain problems are best tackled at regional or horizontal level. This is the case where a beneficiary cannot achieve the desired results alone as they require close cooperation and support from other IPA II beneficiaries (for instance for fighting organised crime), or where joint efforts are more cost-effective since they create synergies or economies of scale. A particular focus on the support to the reconciliation process in the Western Balkans will be ensured.

Furthermore, the Digital Agenda for the Western Balkans as one of the six Flagship Initiatives will also induce a stronger emphasis on digital action areas in the Multi-country action programme in order to prepare the region better for the digital transformation.

The Strategy Paper sets out as well how IPA II assistance will support reforms and investments in line with the identified key challenges for **competitiveness and growth**, in complementarity with assistance provided under the bilateral programmes.

¹ C(2014) 4293, 30.06.2014

² C(2018) 65, 06.02.2018

In accordance with the Strategy Paper, assistance will be delivered under the following four headings, each one presenting one dimension of the added value of the horizontal and regional programming:

- i. Horizontal support to sector policies and reforms;
- ii. Regional structures and networks;
- iii. Regional investment support;
- iv. Territorial cooperation.

The new orientations of the Communication of the Commission on the Western Balkans, in particular the implementation of the six Flagship Initiatives are also reflected. More focus will be put on the widening of the connectivity agenda to include:

- (a) connecting infrastructures in line with flagship initiatives 4 (increasing connectivity) and 5 (a Digital Agenda for the Western Balkans);
- (b) connecting economies and fostering economic governance (including the set-up of the Regional Economic Area), in line with flagship initiative 3 (supporting socio-economic development); and,
- (c) connecting people with a stronger focus on Education (doubling Erasmus +) and Youth, in line with flagship initiative 3 and extended support to reconciliation initiatives, in line with flagship 6 (supporting reconciliation and good neighbourly relations).

Additionally, renewed priority will also be put on security and migration issues, stepping up joint operational cooperation on organised crime (including counter-terrorism), border control and migration management, in line with flagship initiative 2 (reinforcing engagement on security and on migration). As per flagship initiative 1 (strengthened support to the rule of law), measures continue to be envisaged.

Some of these reinforced priorities are being embedded into this programme. The focus of the 2018 multi-country action programme rests to a large extent on tackling the **fundamentals first**, e.g. rule of law, fundamental rights, public administration reform, as well as on economic development and competitiveness; in addition to the **connectivity agenda**. It contains 13 regional and horizontal actions grouped under the four headings of the Strategy Paper. Where relevant actions under this multi-country action programme shall also respect and shall be implemented in line with the EU Charter of Fundamental Rights, Universal Declaration of Human Rights and other beneficiaries' international human rights obligations.

List of actions foreseen under the selected priorities:

LIST OF ACTIONS	MANAGEMENT MODE	AMOUNT IN EUR
01 – EU support to improving economic governance and competitiveness	Direct	19 800 000
02 – EU support to the Western Balkans Youth Window under Erasmus +	Direct	3 000 000
03 - EU support to improving education and skills capabilities in the Western Balkans and Turkey	Direct	3 500 000
04 - EU Integration Facility, including EU support for the participation of beneficiaries in EU Agencies	Direct	12 000 000
05 - EU/Council of Europe Horizontal Facility for the Western Balkans and Turkey Phase II	Direct	35 000 000
06 - EU support for regional reconciliation	Direct	2 500 000
07 - EU support for Roma integration 2020-Phase II	Direct	2 000 000
08 - EU support to Public Administration and Public Financial Management Reforms in the Western Balkans	Direct	14 350 000
09 - EU support to the Transport Community Treaty Secretariat	Direct	2 000 000
10 - EU support to the Western Balkans Investment Framework for Technical Assistance for 2018	Direct	50 000 000
11 - EU support to Technical Assistance to Connectivity in the Western Balkans– Connecta	Direct	10 000 000
12 - EU support for the Regional Housing Programme (RHP) (Sarajevo Process)	Indirect	39 500 000
13 - EU Regional action on animal disease eradication in the Western Balkans	Direct	1 500 000
TOTAL		195 150 000

Programmes for territorial cooperation and support for civil society development are being decided separately. Also, a financing decision to support investment priorities in infrastructure in the Western Balkans through grants will be taken separately.

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

When designing this programme due account has been taken of activities implemented under the bilateral programmes, the guidance provided in EU strategic documents, the lessons learned from the programming and implementation of previous EU assistance and the findings from consultations with, *inter alia*, the beneficiaries, International Financial Institutions (IFIs), international organisations, the Regional Cooperation Council (RCC), EU Member States and civil society organisations.

The lessons learned from IPA I demonstrated that progress towards meeting EU membership criteria is best achieved by a mix of measures planned both at regional and IPA II beneficiary level. The IPA interim evaluation and meta- evaluation recommended that the Multi-country programmes should develop more rigorous selection criteria for the supported actions and focus on areas with clear needs for a regional approach. It also concluded that further efforts are needed to involve regional stakeholders more in programming and that central administrations should be involved in project implementation as a way to improve ownership and coordination. The mid-term evaluation review of IPA II assistance has particularly emphasised the donor coordination and leverage elements of the support through the Western Balkans Investment Framework (WBIF). Complementarities and synergies of IPA II with the actions under the other thematic lines/programmes is good but needs to be pursued.

Other conclusions concern economies of scale in horizontal programmes versus efficiency risks, due to sometimes complex set-ups for their implementation under IPA I assistance.

Under IPA II, efficiency concerns will be addressed by more effective coordination, focusing on fewer priorities, comprehensive and longer-term planning and, where relevant, a sector approach.

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

The envisaged assistance to the Western Balkans and Turkey is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.

Save differently specified, the essential selection and award criteria for all grants (including direct award):

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

³ https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

Horizontal support to sector policies and reforms

Action 1	<i>EU support to improving economic governance and competitiveness</i>	<i>Direct Management</i>	<i>EUR 19.8 million</i>
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: Since 2014, the EU has developed an EU enhanced approach to economic governance aimed at supporting the transition of IPA II beneficiaries into functioning market economies able to withstand the competitive pressures of the EU Single Market. The action has three main components: support to economic governance, support to competitiveness and support to regional economic integration. These three components will help to enhance competitiveness and innovation of the economies of the Western Balkans and Turkey and to support them in meeting the economic criteria towards the European perspective.

Objectives: (1) to support the implementation of reforms identified in the beneficiaries' Economic Reform Programmes (ERPs), in particular in the monetary policy and financial sectors, and further improving the design of the ERPs; (2) to support the development of a competitive private sector, including through increased research and innovation capacities and stimulate innovation and competitiveness; and (3) to support the implementation of the regional economic area that was decided by the Western Balkans' leaders at the Summit in Trieste in July 2016, in particular by facilitating trade among beneficiaries and supporting the active involvement of the business sector in the implementation of the regional economic area (REA).

Expected results: (1) enhanced ability of policy-makers in line ministries to design, prioritise and implement structural reforms; (2) enhanced technical and administrative capacities of central banks to implement EU compliant policies in particular in the areas of banking supervision, financial stability, financial crisis management and monetary policy; (3) improved capacities of the governments for designing and implementing evidence-based competitiveness and small and medium-sized enterprises (SMEs) policies; (4) improved capacities for designing and implementing evidence-based innovation policy and smart specialisation strategy; (5) actual involvement of stakeholders in the design of smart specialisation strategies and the priority-setting for public investments via process of entrepreneurial discovery (EDP); (6) set-up of a functioning regional grant scheme for pre-seed funding to Research and Development Institutions (RDIs) and innovative SMEs and a generated pipeline of innovative products available for investment and commercialisation; (7) strengthened institutional capacity of the Central European Free Trade Agreement (CEFTA) Structures for the implementation of CEFTA, the annual Chairmanship programmes and the trade pillar of REA; (8) improved CEFTA Trade Statistics System on goods, services and investment; (9) improved capacities of targeted SMEs to respond to markets needs and requirements; and (10) improved capacity of "Western Balkans Six (WB6) Chamber Investment Forum" members to provide business services to SMEs in selected areas and to represent the interest of the business communities within the framework of REA.

Key performance indicators:

- Competitiveness Outlook average scores;
- Small Business Act scores, measuring SME policy convergence;
- Evidence and quality (nature and scope) of innovation policies and smart specialisation;
- Intra-regional trade volumes.

(2) Assumptions and conditions

There are no particular conditions that are required for the start of the implementation of the different components under the action, with the exception of the formal launch of trade-related negotiations under the regional action plan for regional economic integration. Failure of launching these negotiations as scheduled in the regional action plan would have an impact on the planned level of activities foreseen in the context of the support to CEFTA for component 3.

Otherwise, all implementing agencies have the necessary legal and administrative capacities to carry out the action. However, all of them need to provide the necessary internal resources for the management and administrative back up of the projects.

More importantly, given the range of government ministries and agencies to be involved in the action implementation, it will be necessary to secure high-level political support to ensure the necessary commitment in terms of participation of relevant staff in the various activities.

Failure to comply with the requirements set above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the European Commission.

Component 1. Support to economic governance

Grant - Direct grant award (*Strengthening the Central Bank Capacities in the Western Banks with a view to the integration to the European System of Central Banks*):

- Objectives and foreseen results: to improve banking supervision, and macro-economic stability by addressing systemic imbalances, as well as adaptation to international standards, upgrading of payment systems and upgrading of the compliance with the *acquis* in central banking statistics. The foreseen results are: an improved regulatory convergence and a stepped up preparation for the later integration in the European System of Central Banks (ESCB).
- Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application of Regulation (EU, Euratom) No. 966/2012⁴ of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (hereinafter referred to as "the Rules of Application"), since a particular type of body on account of its technical competence and its high degree of specialisation is required. The direct attribution is based on the exclusive competence of the Deutsche Bundesbank as

⁴ OJ L 362 of 31.12.2012, p. 1.

it is the coordinator of the enlargement cooperation of the ESCB in the area of central banking and supervision.

- c) Name of the beneficiary: Deutsche Bundesbank.
- d) Indicative amount of the grant: EUR 2 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100%. Full financing of the grant is essential because the technical assistance provided is not a statutory task of the Deutsche Bundesbank but contributes instead to a strategic goal of the EU to build the capacity of the central banks of the beneficiaries.
- f) Indicative date for signing the grant agreement: Q1 2019.

Grant - Direct grant award (*Support to the Economic Reform Programmes*):

- a) Objectives and foreseen results: to improve the design of the ERPs of the Western Balkans and Turkey, and support the implementation of policy recommendations. The foreseen result is: improved fiscal costing of structural reforms through capacity building related activities (incl. trainings), benefitting line ministries in charge of designing structural reforms.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The Centre for Excellence in Finance (CEF) is an international organisation based in Ljubljana. The direct attribution is based on its experience and thus expertise in training government officials in how to calculate the budgetary implications of the structural reforms included in the ERPs specifically. During the regional ERP coordination meeting and some other bilateral meetings, the IPA II beneficiaries have expressed specific interest in receiving technical assistance from CEF experts in particular based on their previous experiences. There is indeed no other organisation that has already provided support for costing of structural reforms in the ERPs. CEF experts have in fact developed the methodology for costing of structural reforms in the ERPs outlined in the Guidance Note.
- c) Name of the beneficiary: Centre for Excellence in Finance.
- d) Indicative amount of the grant: EUR 2.5 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100%. Full financing of the direct grant to the CEF is necessary as it would not be in the interest of the EU for other co-donors to demand a say in how support to the costing of the ERPs is carried out. The CEF is here providing very specific support to an EU-led exercise: the ERPs.
- f) Indicative date for signing the grant agreement: Q1 2019.

Component 2. Support to competitiveness

Grant - Direct grant award (*Improving economic governance and competitiveness*):

- a) Objectives and foreseen results: The grant has four objectives and linked outcomes: to enhance the competitiveness of the SEE economies through policy assessment, prioritisation of reforms, regional policy dialogue and support to reform implementation; to contribute to enhancing the regulatory framework for SMEs, by supporting and monitoring and implementation of SME policies; to enhance the competitiveness and enterprise performance of the SEE economies through regional policy dialogue, peer learning and support to reform implementation; and to improve reform implementation targeted at increased competitiveness and enterprise performance in the SEE economies.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The OECD has developed the necessary network of experts in the relevant IPA II beneficiaries (government officials and civil society) to be able to implement the complex methodology, which indeed requires full involvement by all stakeholders. Moreover, there is a need for the sake of the beneficiaries to keep continuity in the methodology of both analyses/assessments to be able to compare the results over the years.
- c) Name of the beneficiary: OECD.
- d) Indicative amount of the grant: EUR 6 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100%. The SEE Competitiveness Outlook and the SME Policy Index are important publications that feed directly into key European Commission exercises: i) the ERPs through the IPA II beneficiaries' diagnostics contained within them and ii) the European Commission assessment of accession readiness in the enlargement package. Thus, we are asking the OECD for something specific that is not in their core business, but directly serves the European Commission's strategic goals in our work with the IPA II beneficiaries.
- f) Indicative date for signing the grant agreement: Q3 2019.

Administrative arrangement with the European Commission's Joint Research Centre on smart specialisation sub-component.

An administrative arrangement between the European Commission's Joint Research Centre and the Directorate-General for Neighbourhood and Enlargement Negotiations will be made to reinforce the resources allocated by the IPA II beneficiaries for the design of Smart Specialisation strategies and other related tools that boost competitiveness in IPA II beneficiaries. The amount of the arrangement will be EUR 2 million to be signed in Q1 2019. It is a continuation and a reinforcement of actions already fully supported with the Joint Research Centre resources.

Administrative arrangement with the European Commission's Joint Research Centre on the Proof of Concept sub-component.

An administrative arrangement between the European Commission's Joint Research Centre and the Directorate-General for Neighbourhood and Enlargement Negotiations. JRC will provide expertise, supervise and coordinate the activities related to Proof of Concept sub-component. The amount of the arrangement will be EUR 0.35 million to be

signed in Q1 2019. It is a continuation and a reinforcement of actions already conducted by the Joint Research Centre.

Procurement – Proof of Concept Scheme

- a) the global budgetary envelope reserved for procurement: EUR 1.65 million.
- b) the indicative number and type of contracts: 1 service contract.
- c) indicative time frame for launching the procurement procedure: Q4 2019.

Component 3. Support to regional economic integration

Grant - Direct grant award (*Support to regional trade integration*):

- a) Objectives and foreseen results: to support regional economic integration in the field of trade, as prioritised by the action plan on the regional economic area and the South East Europe 2020 strategy and reflected in CEFTA chairmanship priorities; and to enhance transparency in CEFTA framework (access to data, statistics, publication of CEFTA related documents, etc.). The results foreseen relate to the strengthening of CEFTA Structures institutional capacity, improving CEFTA Trade Statistics System on goods, services and investment, and a smooth implementation of the trade measures included in the regional economic area Multiannual Action Plan.
 - b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power is required. The CEFTA Secretariat is the only regional organisation in charge of supporting the trade negotiations among all CEFTA parties.
3. Name of the beneficiary: CEFTA Secretariat.
 4. Indicative amount of the grant: EUR 2.8 million.
 5. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for the grant allocated to CEFTA is 90% of the eligible cost of the grant.
 6. Indicative date for signing the grant agreement: Q1 2019.

Grant - Direct grant award (*Support to the private sector to benefit from regional economic integration*)

- a) Objectives and foreseen results: to improve the delivery of services from Chambers supporting regional business cooperation, supporting the actions of the "WB6 Chamber Investment Forum" in public-private dialogue related to establishment of REA, and promoting the benefits of the regional economic integration in the business community. The expected results are increased regional trade and investment.

- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The Secretariat of the "WB6 Chamber Investment Forum" is the only one in the region that has access to the vast majority of private sector enterprises through its constitutive organisations (the chambers of commerce of each of the Western Balkans Six members).
- c) Name of the beneficiary: Secretariat of the "WB6 Chamber Investment Forum".
- d) Indicative amount of the grant: EUR 2.5 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for the grant is 90% of the eligible cost of the grant.
- f) Indicative date for signing the grant agreement: Q1 2019.

Action 2	<i>EU support to the Western Balkans Youth Window under Erasmus +</i>	<i>Direct Management</i>	<i>EUR 3 million</i>
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(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: The action will promote participation of young people and youth workers from the Western Balkans in Erasmus+ non-formal learning projects, reinforcing capacity building in the field of youth and allowing organisations from Western Balkans to act as project coordinators and apply directly for an EU grant under the framework of the Erasmus+ programme. To this end, organisational development and capacity building projects in the field of youth will be implemented with the aim to strengthen youth cooperation between Erasmus+ Programme countries and the Western Balkans, as well as cross-border cooperation within the Western Balkan region.

Objectives: to foster international non-formal learning activities that support building mutual understanding and employability of young people (including young people with fewer opportunities) from the Western Balkans.

Expected results: degree of cooperation between youth organisations from all Western Balkans with organisations from the Erasmus+ Programme countries as well as the exchange of expertise and know-how between them in the field of youth and non-formal education is strengthened; degree of involvement of young people from Western Balkans in international youth cooperation to acquire socio-economical skills, which could facilitate young people's employability and their integration in society is increased; degree of involvement of Western Balkans youth workers in joint projects with youth organisations from Erasmus+ program countries is increased; the operational capacity of organisations established in the Western Balkans, notably youth organisations, NGOs and "National Youth Councils" with regard to the management of international cooperation projects supported by European Union funds is improved.

Key performance indicators:

- Number of young people (sex-disaggregated) in the Western Balkans who participate in non-formal learning activities.
- Number of youth workers (sex-disaggregated) from Western Balkans participating in joint projects with organisations from Erasmus+ programme countries.

(2) Assumptions and conditions

EACEA is already responsible for the management of parts of the EU's funding programmes in the fields of education, culture, audiovisual, sport, youth, citizenship and volunteering. Consequently EACEA has built up relevant institutional framework, structures and knowledge in order to successfully implement this Programme.

(3) Implementation arrangements for the action: Direct management by EACEA.

Grant – Call for proposals (*Western Balkans Youth Window under Erasmus+ Key Action 2 (KA2) Capacity Building in the field of Youth*):

Objectives and foreseen results: See above.

a) The essential eligibility criteria:

Actions/activities to be supported will include encouraging cooperation, networking and exchanges of practices in the field of youth, seminars, conferences, workshops, meetings, training courses, study visits and job-shadowing. The aim is to improve the quality and recognition of youth work, non-formal learning and volunteering and to foster the development, testing and launching of schemes and programmes of non-formal learning mobility.

Applicants can be non-profit organisations, associations, NGO's (including European Youth NGOs); "national Youth Councils" or public bodies at local, regional or central level established in one of the relevant IPA II beneficiaries of the Western Balkans. These criteria are further detailed in the Erasmus+ Programme Guide. Proposed actions must be transnational and involve a minimum of 3 participating organisations from 3 different beneficiaries of which at least one is from the Western Balkans and one an Erasmus+ Programme country.

- b) The essential award criteria are relevance, quality of project design and implementation, quality of the project team and cooperation arrangements, as well as impact and dissemination.
- c) Maximum rate of EU co-financing: The maximum grant awarded for an Erasmus+ Western Balkans Youth Window project is EUR 150 000. EU co-financing is based on a combination of Unit costs and portion of eligible costs according to the funding rules specified in the Erasmus+ Programme Guide for Key Action 2 "Capacity building in the field of youth" type of projects. Activity based costs will be covered up to a maximum of 80% of eligible costs. Several types of costs linked to the involvement of young people with fewer opportunities can be covered up to 100%. The specific financial rules are outlined in the Erasmus+ Programme Guide.
- d) Indicative amount of the call: EUR 3 million.

- e) Indicative date for launch of the call for proposals: applicants have to submit their grant application by Q1 2019 for projects starting between 1 July and 31 December of 2019.

Action 3	<i>EU support to improving education and skills capabilities in the Western Balkans and Turkey</i>	<i>Direct Management</i>	<i>EUR 3.5 million</i>
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(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: As candidate countries and potential candidates, the IPA II beneficiaries need to align with the EU *acquis*. In the area of education and training, this implies cooperation with Member States for convergence on policy reforms and participation in the EU's programme in the field of education. In addition the IPA II beneficiaries should follow the latest developments in EU standards and strive to meet the targets that the EU Member States have set for themselves in improving education and training. The action comprises two interventions that intend to reduce the gap between the IPA II beneficiaries and the rest of Europe in these fields by: 1) funding the participation in the Progress in International Reading Literacy Study (PIRLS) international test so that remedial measures can be taken in time to improve the pupils' learning outcomes before they reach secondary level where PISA is applied; and 2) covering support to the area of Vocational Education and Training (VET).

Objectives: (1) participation in PIRLS' testing of 4th graders' reading literacy leads to more evidence-based policy-making and to changes in practices in the educational system; and (2) mobility of VET learners and staff will contribute to the modernisation of VET systems in the Western Balkans and Turkey and reinforce the links between VET and the labour market.

Expected results: (1) ministry of education staff and primary and secondary school teachers are trained in PIRLS; (2) ministry of education staff, teacher and directors are more aware of how to measure reading literacy, what contributes to it, via participation and training in this international assessment; (3) information on 4th graders' reading literacy is available and provided according to international standards; comparisons of performance with that of other participants is possible; (4) skills, competences and knowledge of apprentices, students, trainers and staff that participated in the VET mobility scheme have improved; and (5) improved employability of VET learners in the region.

Key performance indicators:

- Number of reports per relevant IPA II beneficiary on pupils' performance in PIRLS, including scores and analysis;
- Extent to which the capacity of Ministry of education staff, school staff (teachers and directors) has been strengthened via their participation to and training on PIRLS;
- Number of VET mobilities for learners and staff;
- Level and types of improvements in the skills, competences and knowledge of apprentices, students, trainers, and staff who participated in the VET mobility scheme;
- Level of satisfaction with the VET scheme.

(2) Assumptions and conditions

For PIRLS, the Ministries, agencies or other relevant institutions need to send a letter to the International Association for the Evaluation of the Educational Achievement (IEA) informing them of their commitment to participate in PIRLS and to complete the necessary registration. The EU needs to be informed of this by IEA before it can transfer the funds. Failure to comply with the requirements set above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the European Commission

Grant - Direct grant award (*Progress in International Reading Literacy Study (PIRLS)*):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(c) of the Rules of Application on account of a *de facto* situation of monopoly. The IEA is the only organisation which carries out PIRLS assessments since 2001. Therefore its knowledge of the methodology and its mandate, strengths and valuable previous technical expertise on this specific type of activity constitutes an extremely valuable advantage for the implementation of the action.
- c) Name of the beneficiary: The International Association for the Evaluation of the Educational Achievement (IEA).
- d) Indicative amount of the grant: EUR 1.5 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing is essential for the action to be carried out, as this action covers the international costs of participation in PIRLS, while the IPA II beneficiaries themselves bear the costs at beneficiary level in terms of staff and other resources needed to conduct the testing.
- f) Indicative date for signing the grant agreement: Q4 2018.

Grant – Call for proposals (*VET Mobility Scheme*):

- a) Objectives and foreseen results: See above.
- b) The essential eligibility criteria:
Eligible applicants: Consortia of VET providers with a minimum of one organisation from the Western Balkans and Turkey, and one organisation from the EU Member States.
Actions eligible for financing: Actions aiming at supporting the mobility of VET learners and staff between the Western Balkans and Turkey and the EU Member States.
- c) The essential selection and award criteria:
The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposals to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

- d) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the grant. Full financing is essential, as the call will cover activities which have never been delivered before within this regional setup due to the pilot nature of the intervention. This form of cooperation does not exist yet and will come on top of the core activities of the applicants.
- e) Indicative amount of the call: EUR 2 million.
- f) Indicative date for launch of the call for proposals: Q3 2018.

Action 4	<i>EU Integration Facility, including EU support for the participation of beneficiaries in EU Agencies</i>	<i>Direct Management</i>	<i>EUR 12 million</i>
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(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: The action includes two main components: 1) EU Integration Facility: It contains a number of smaller interventions such as provision of technical assistance, preparatory or follow up actions, which are not yet mature enough to be presented as stand-alone actions, including exploring the removal of landmines. It may also cover relevant networking, visibility, evaluation activities, as well as training. It also foresees support to Transparency International and the Regional Anti-corruption Initiative on obstacles to good governance; and 2) Participation in EU agencies: It is also supporting EU Agencies by allowing them to carry out preparatory measures with the IPA II Beneficiaries and stakeholders in view of their future participation in these EU Agencies upon membership or earlier. The support aims as well at knowledge transfer and capacity building in the area of expertise of the EU Agencies.

Objectives: Component 1): (1) to contribute to progress in the accession process, by supporting flexible, pilot actions addressing urgent and/or unforeseen needs that merit to be addressed rapidly in order to assure continuity in the accession process and herewith related issues; Component 2): (2) to ensure that IPA II beneficiaries are able to participate effectively in the activities of the agencies upon accession, by supporting the approximation to and adoption of the EU *acquis* in the IPA II beneficiaries in areas such as the rule of law and fundamental rights, the transport sector, competitiveness as well as environment and climate change, chemicals management and food and medicines safety.

Expected results: Component 1) : (1) specific and urgent needs in the region supported; (2) implementation of a number of accession related preparatory and start-up actions ensured; (3) urgent/bridging support for important regional initiatives and organisations ensured; (4) monitoring and evaluation missions/studies carried out; (5) increased visibility of EU support; (6) assessment and track record of "national integrity system"

(NIS); (7) assessment of barriers to good governance in public procurement; (8) anti-corruption governance structure created; Component 2): (9) established and effective networks between EU Agencies and the beneficiaries; (10) knowledge transfer to and capacity building in the beneficiaries in the respective areas of expertise of the agencies; (11) compliance check with EU legislation on chemicals; (12) increase in the availability of relevant information and data (environment and climate change, drug monitoring, quality of life); (13) enhanced security (transport agencies); and (14) increased participation in society, as well as better protection against transmissible diseases and safer food and medicines.

Key performance indicators:

- Number of preparatory and start-up actions implemented;
- Number of monitoring/evaluation, organisation of workshops and trainings carried out;
- Level of integrity of the public service, of corruption levels (e.g; number of complaints, cases processed);
- Level of progress achieved by the IPA II beneficiaries towards their full preparation for the participation in the work of the EMCDDA;
- Number of interventions and audience for activities (EU-OSHA);
- Proportion of mutually agreed EU notifiable communicable diseases reported to ECDC surveillance systems (TESSy, EPIS) as per EU *acquis* at the level of minimum ECDC requirements for data/information submission (including completeness and timeliness of data);
- Level of satisfaction on ECDC support for their progressive integration into ECDC;
- Number of IPA II beneficiaries that have produced a Gender Equality Index at IPA II beneficiary level and have harmonised administrative data collection on forms of gender-based violence;
- Number of chemical legislations assessed for compliance check, in Montenegro and Serbia; positive contributions to the implementation of the EU chemicals legislation; level of understanding and preparedness of the tasks the Member States have under the EU chemicals *acquis*;
- Number of food safety domains where IPA II beneficiaries are contributing and submitting harmonised data;
- Participation rate in Inspection activities (meetings/trainings);
- Increased quantity and quality of data reporting under the Eionet core data flows and full integration in the European environment — state and outlook 2020 report;
- Availability of up-to-date information on company policies and practices (ECS) and working conditions (EWCS) in the relevant IPA II beneficiaries;
- Increase of Effective Implementation (EI) of applicable standards and requirements on aviation safety;
- Fleet performance under Paris MoU on Port State Control (PSC); changes in the relevant legislation at IPA II beneficiary level;
- Number of legal texts of the IPA II beneficiaries related to safety and interoperability notified to ERA and made transparent to all the other beneficiaries, accompanied by harmonisation action plans where applicable.

(2) Assumptions and conditions

In order to ensure an effective and timely implementation of the action, the following conditions should be met: (1) continuous commitment and cooperation of decision-makers in IPA II beneficiaries to provide sufficient resources, to ensure adoption of the required legislation and to support full operation of the established networks, systems and institutional frameworks in respective sectors; and (2) availability of scientific expertise in IPA II beneficiaries.

Failure to comply with the requirements set above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the European Commission

Procurement:

- a) The global budgetary envelope reserved for procurement: EUR 4.85 million.
- b) The indicative number and type of contracts: 7 – 9 service contracts. Contracts to be signed will mostly be specific contracts under framework contracts and other types of contract implementation under the Financial Regulation rules.
- c) Indicative time frame for launching the procurement procedures: Q4 2018-Q3 2019.

Grant - Direct grant award (*National Integrity System*):

- a) Objective and foreseen results: to improve good governance in the IPA II beneficiaries by decreasing corruption. The foreseen result is: development of assessment and track record of "national integrity system" (NIS)
- b) Justification for the use of an exception to calls for proposals: Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power. Transparency International (TI) has developed a unique and innovative methodology to assess the performance of anti-corruption systems, the so-called "National Integrity System" (NIS) assessment. The approach combines comprehensive research and active stakeholder engagement. The support will allow TI to conduct/update assessments of the NIS in each of the relevant IPA II beneficiaries, provide guidance on how to strengthen the accountability and transparency of the central systems and develop a methodology for establishing a mechanism to track progress relating to improving anti-corruption efforts.
- c) Name of the beneficiary: Transparency International.
- d) Indicative amount of the grant: EUR 1 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 90% of the total cost of the grant.
- f) Indicative date for signing the grant: Q4 2018.

Grant - Direct grant award (*Regional Anti-corruption Initiative*):

- a) Objectives and foreseen results: to strengthen the resilience of the societies and their administrations on corruption and state capture. This will be pursued by: the creation of a governance structure involving all essential partners (institutional, academic, CSOs, international organisations, media, etc.); and the design and launch awareness, advocacy and information and communication campaigns to provide for the necessary public and political support.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power. The Regional Anti-corruption Initiative (RAI) is an intergovernmental regional organisation, which deals solely with anti-corruption issues, covering its nine member states: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania and Serbia. It is a product of states' cooperation, institutionalized by signing the Memorandum of Understanding concerning cooperation in fighting corruption through Regional Anti-corruption Initiative (previously known as Stability Pact Anti-Corruption Initiative – SPAI), signed in 2007 and the Protocol amending the MoU, signed in 2013. It is therefore best placed to steer the governance of the anti-corruption process in the Western Balkans. RAI always seeks the active involvement of institutional partners, think tanks, academia and civil society.
- c) Name of the beneficiary: Regional Anti-corruption Initiative.
- d) Indicative amount of the grant: EUR 1 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 90% of the total cost of the grant.
- f) Indicative date for signing the grant: Q4 2018.

Grant - Direct grant award (*Preparatory measures for participation of beneficiaries in EU agencies*):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The EU Agencies carry out preparatory measures with IPA II beneficiaries in view of their future participation in these EU Agencies upon membership. The support aims as well at knowledge transfer and capacity building in the respective area of expertise of the EU Agencies. The EU agencies have a good track record on implementing the assistance, and liaising and networking with their counterparts in the beneficiaries.
- c) The names of the beneficiaries: European Monitoring Centre for Drugs and Drug Addiction (EMCDDA); European Institute for Gender Equality (EIGE); European Maritime Safety Agency (EMSA); European Union Agency for Railways (ERA); European Aviation Safety Agency (EASA); European Centre for Disease Prevention and Control (ECDC); European Chemicals Agency (ECHA); European Food Safety Authority (EFSA); European Medicines Agency

(EMA); European Environment Agency (EEA); European Foundation for the Improvement of Living and Working Conditions (Eurofound); and European Agency for Safety and Health at Work (EU-OSHA).

- d) Indicative amount of the grants: (in EUR million) EMCDDA: 0.55; EIGE: 0.55; EMSA: 0.30; ERA: 0.20; EASA: 0.60; ECDC: 0.40; ECHA:0.45; EFSA: 0.50; EMA: 0.20; EEA: 0.55; Eurofound: 0.55; EU-OSHA: 0.30.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of each of the grants. Decentralised agencies are independent EU bodies. Most are funded by the EU budget – as well as, in some cases, by the direct receipt of fees or payments. Agencies’ core budget, as a general rule, only covers operations within their mandate – carried out in and/or addressed to the EU Member States. Therefore, as concerns the additional costs regarding support for IPA beneficiaries to prepare for future participation in these bodies, financing in full is required and essential. Being the sole donor for the action additionally offers the European Commission the possibility to better shape the action in line with the evolving policy priorities and thus contributes to its efficiency.
- f) Indicative date for signing the grant agreements: Q3 2018 – Q4 2019.

Action 5	<i>EU/Council of Europe Horizontal Facility for the Western Balkans and Turkey Phase II</i>	Direct Management	EUR 35 million
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(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: The action is part of the framework for cooperation between the European Commission and the Council of Europe (CoE) on the areas of rule of law, democracy and human rights, and media freedom envisaged for the period 2015-2020. The European Commission and the CoE signed a Statement of Intent in April 2014 enabling the two organisations to work together in a more strategic and result-focused manner in the IPA II beneficiaries based on the CoE’s binding international conventions, monitoring bodies and assistance programmes.

This is to be achieved through a second phase of the EU/CoE Horizontal Facility for the Western Balkans and Turkey which will provide for another 3 year funding arrangement permitting the utilisation of technical and legal expertise of the CoE required for the IPA II beneficiaries to advance towards compliance with the European standards and the EU *acquis*.

Objective: to support tailored reform processes in the following areas: (1) ensuring justice through justice reforms, including prisons and police, and comprising a dimension of anti-radicalisation; (2) fighting corruption, economic crime and organised crime money-laundering and organised crime including via improved judicial cooperation in criminal matters; (3) promoting freedom of expression and information,

and freedom of the media; and (4) promoting anti-discrimination and protect the rights of vulnerable groups (including the rights of LGBTI and protection of minorities, in particular Roma) (5) promoting high-level of personal data protection standards in beneficiary countries.

Expected results: (1) Strengthened institutional capacities and practice of relevant stakeholder institutions in IPA II beneficiaries to implement CoE recommendations and EU standards in the field of justice, rule of law, antidiscrimination and media freedom, and personal data protection; (2) Improved policy / legislative framework in the areas of rule of law, democracy and human rights of relevant stakeholders in the IPA II beneficiaries from the available CoE with the European standards / EU *acquis*.

Key performance indicators:

- Level of implementation of key recommendations and through this increased compliance with CoE standards.

(2) Assumptions and conditions

No specific conditions need to be in place for the implementation of the action.

(3) Implementation arrangements for the action: Direct management by the European Commission

Grant - Direct grant award (*EU/Council of Europe Horizontal Facility for Western Balkans and Turkey – Phase II*):

- Objectives and foreseen results: See above.
- Justification for the use of an exception to calls for proposals: Article 190(l)(c) of the Rules of Application, having the CoE *de facto monopoly* to undertake the action. With the distinctive triangle of standard-setting, monitoring and technical assistance the CoE can offer its expertise in a unique way by directly assisting with the implementation of the recommendation using the expertise of the monitoring and expert bodies without jeopardizing the independence of the bodies.
- The name of the beneficiary: Council of Europe (CoE).
- Indicative amount of the grant: EUR 35 million.
- Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 94.6% of the total cost of the action.
- Indicative date for signing the grant agreement: Q2 2019.

Action 6	<i>EU support for regional reconciliation</i>	Direct Management	EUR 2.5 million
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(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: The action aims to contribute to reconciliation by addressing the remnants of the past. Activities will focus on prosecution of persons whose deeds fuel hatred, polarization, (feeling of) injustice, alienation, wrong doing, while supporting initiatives that will promote rule of law, good governance, and understanding. It will support the Western Balkans in tackling crimes against humanity including war crimes. This will be pursued by creating a specific governance structure involving key players focussing on the justice side and on the reconciliation part working together with their Western Balkans peers, while soliciting the input and support of EU Member States. It is foreseen that the structure will be developed while continuing with the implementation of the support to prosecutors, outreach activities, documentation and information centres, etc. This action will also support the International Commission on Missing Persons (ICMP) Western Balkans Programme for 2018 and 2019 in assisting governments in the search for and identification of missing persons from the conflicts in the former Yugoslavia.

Objective: to tackle, in partnership with the beneficiaries, some of the main arguments for resentment of democratic governance, being: the unsettled past, while using the re-integration of some of the (would be) voices for alienation/uproar to prove the contrary.

Expected results: (1) rule of law, inter-ethnic reconciliation processes and regional stability in the Western Balkans improved through effective investigations and prosecution of crimes; (2) relevant partners have a common, shared understanding of active missing persons cases from conflicts in the former Yugoslavia; (3) increased dynamics and capacity for the search and identification of the missing; (4) relevant beneficiaries' authorities in the Western Balkans have enhanced capacity to excavate and examine mortal remains from clandestine graves; (5) beneficiaries' continued access to DNA testing and matching of active missing persons cases is ensured; (6) an effective policy dialogue for central partners to resolve no name (NN) and misidentified cases is established.

Key performance indicators:

- Number of implemented monitoring bodies' recommendations and increased level of progress for those not fully implemented.
- Number of (poor) governance-related prosecutions and judgements, and their speed (and quality of judgments, if possible);
- Level of shared understanding on the need to tackle the unsettled past;
- Number/percentage of missing persons from the 90's conflict identified.

(2) Assumptions and conditions

Experience has made it very clear that the impact of our support requires careful coordination. Duplication of efforts can only be avoided if all implementers and beneficiaries share information. In this context the design of the subsequent projects, as well as the actual implementation needs to be done in close cooperation with the other players, notably the EU Delegations. In addition, this cooperation should also strengthen the involvement and ownership of the authorities and beneficiaries.

In the design but even in the implementation of the specific activities the contractors will need to assess this degree of engagement and commitment. The EU Delegations will be asked to provide an opinion on this assessment. As a result activities may need to be redirected, cancelled or postponed.

The authorities can demonstrate their commitment by providing the necessary resources urging the full cooperation and participation of their organisations and staff. In addition, the political discourse and deeds should be geared so as to support the objective of the 'reconciliation' efforts. If the climate in these terms worsens than the activities and used language should be reviewed and probably redirected.

Failure to comply with the requirements set above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the European Commission

Grant - Direct grant award (*MICT Reconciliation Project – Prosecution and Outreach*):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power. Only the Mechanism for International Criminal Tribunals (MICT) responsible for the war crime judgements, has the technical capacity and knowledge to conduct this assignment, namely to promote transitional justice in the former Yugoslavia, through raising awareness of the ICTY's/MICT's legacy and of their role in the development of the rule of law and enforcement of human rights. MICT – as a UN body - is seen by the other essential players as the best placed organisation to initiate the creation of the governance structure.
- c) The name of the beneficiary: Mechanism for International Criminal Tribunals – Office of the Prosecutor (MICT OTP).
- d) Indicative amount of the grant: EUR 1 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 95.2% of the total cost of the grant.
- f) Indicative date for signing the grant agreement: Q4 2018.

Grant - Direct grant award (*Preparatory action - Identification of missing person - International Commission on Missing Persons*):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The ICMP is the only international organization that is exclusively dedicated to this issue, ICMP is actively engaged in developing institutions and civil society capacity, promoting legislation, fostering social and political advocacy, and developing and providing technical expertise to locate and identify the missing. ICMP works with governments, civil society organizations, justice institutions, international organizations and others throughout the world to address the issue of people who have gone missing as a result of armed conflict, human rights abuses, disasters, organized crime and other causes. It works with governments to develop their

institutional capacity to address the issue of missing persons efficiently and impartially. ICMP helps governments develop legislation to safeguard the rights of families of the missing, and it works with civil society organizations to empower them to advocate for their rights. ICMP assists the process of justice by ensuring that governments adhere to a rule of law-based approach to investigating disappearances and it provides evidence in criminal trials. ICMP directly assists governments with fieldwork. It has been involved in the excavation of more than 3,000 mass and clandestine gravesites and has spearheaded the application of advanced forensic techniques to locate and recover missing persons. ICMP maintains a unique, specialized Online Inquiry Center (OIC) and Identification Database Management System (iDMS) that manages all data pertaining to its missing persons process. It operates the world's leading high-throughput DNA human identification facility. To date, more than 19,000 missing persons from around the world have been identified with ICMP's assistance.

- c) The name of the beneficiary: International Commission on Missing Persons.
- d) Indicative amount of the grant: EUR 1.5 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the grant. For EU visibility it is essential that the EU is the sole donor for the action, particularly in the light of the intervention being a preparatory action.
- f) Indicative date for signing the grant agreement: Q3 2018.

Action 7	<i>EU support to Roma Integration 2020, Phase II</i>	Direct Management	EUR 2 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The Roma Integration 2020 project works with the governments, the civil society and international organisations in the Western Balkans and Turkey at central, regional and EU level to enhance their efforts to implement the existing commitments and allocate necessary resources for the integration of Roma as part of the overall EU integration process.

At the IPA II beneficiary level, the action enhances the capacities and practices of the governments and civil society in formulating, budgeting and monitoring Roma integration policies. The action supports regional cooperation and exchange on Roma integration and ensures mainstreaming of this issue within the overall regional cooperation agenda, including through donor coordination. The action supports implementation in the enlargement region of relevant policy tools used for Roma integration in the EU Member States. It also contributes to the EU and international processes relevant to Roma integration.

Objectives: to contribute to the reduction of the socio-economic gap between the Roma and non-Roma population in the Western Balkans and Turkey by enhancing the efforts

of the IPA II beneficiaries to implement the existing commitments and allocate the necessary resources for the integration of Roma as part of the EU integration.

Expected results: (1) improved capacities and practices of the governments and the civil society of the Western Balkans and Turkey in formulating, budgeting, implementing and monitoring their Roma integration policies as part of their EU integration efforts; (2) enhanced regional cooperation and exchange of know how among the governments and the civil society of the Western Balkans and Turkey on the issue of integration of Roma; and (3) input of the governments and civil society of the Western Balkans and Turkey to the process of Roma integration at EU and international level in the context of enlargement ensured, including on the post 2020 EU policy on Roma integration.

Key performance indicators:

- Quantity and quality of measures for Roma integration formulated within targeted and mainstream policies including those related to EU integration;
- Quantity and quality of standards and programmes for integration of Roma adopted at regional level;
- Quantity and quality of government and civil society reports on the integration of Roma to the EU and other international bodies.

(2) Assumptions and conditions

Presently the Roma Integration 2020 is envisioned to continue until 2020, to coincide with the term of the "EU Framework for National Roma Integration Strategies". The action is implemented from the RCC office in Belgrade, which has been provided by the Government of Serbia through a Memorandum of Understanding signed between the Government of Serbia and RCC. The Memorandum is valid for the duration of the Roma Integration 2020, including its second phase. The team for the implementation of the action is established and shall be in place for the second phase of the action with certain adjustments to enable the implementation of the additional elements of the action. The structures within each participating government, including the "National Roma Contact Points" and the Inter-Disciplinary Bodies are established and need to be maintained. The "National Roma Integration Strategies" are in place with period by 2020 and beyond. Corresponding action plans are prepared for 1-3 years and Seminar operational conclusions are agreed with the European Commission biennially.

(3) Implementation arrangements for the action: Direct management by the European Commission

Grant - Direct grant award (*Roma Integration 2020 phase 2*):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its administrative power is required. The second phase of the Roma Integration 2020 action follows up the first phase and builds on the assessment and requests provided by the participating governments and civil society. The RCC implementing the Roma Integration 2020 has incorporated the action within its existing structure, in particular making available its administrative and managerial capacities, as well as by promoting the issue of

integration of Roma throughout the South East Europe (SEE) 2020 Strategy topics.

- c) Name of the beneficiary: Regional Cooperation Council (RCC).
- d) Indicative amount of the grant: EUR 2 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for this action is 71.43% of the eligible cost of the action.
- f) Indicative date for signing the grant agreement: Q1 2019.

Regional structures and networks

Action 8	<i>EU support to Public Administration and Public Financial Management Reforms in the Western Balkans</i>	Direct management	EUR 14.35 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: Public administration reform is one of the key fundamental pillars of the EU enlargement strategy. The action aims to support the Western Balkans in the establishment of effective, efficient, accountable, transparent, digital, and professional public administrations and public financial management systems able to deliver better services to citizens. The action will have two components. Activities of the Regional School of Public Administration (ResPA) will be supported to ensure that Western Balkans implement key horizontal governance reforms identified in Public Administration Reform (PAR) strategies, notably in the areas of policy development and co-ordination; professionalisation of Public Service and Human Resource Management; accountability; and service delivery. The support to International Monetary Fund (IMF) will contribute to efficient implementation of Public Finance Management (PFM) reform strategies and/or programmes. Both components will contribute to bringing the Western Balkans closer to relevant international and EU public administration and financial management standards and facilitate the accession process.

Objectives: (1) to contribute to more efficient implementation of key horizontal governance and public administration reforms identified in the PAR strategies at IPA II beneficiary level; and (2) to provide targeted capacity development for strengthening public financial reforms, including on the fiscal revenue side, public expenditures and the overall PFM system.

Expected results: (1) enhanced regional cooperation in the area of PAR and EU integration; (2) selected actions in the IPA II beneficiaries' PAR action plans implemented with ResPA's support; (3) quality management tools promoted to strengthen managerial accountability and support the implementation of the IPA II beneficiaries' PAR strategies; (4) stronger PFM laws and institutions; (5) improved coverage and quality of fiscal reporting; (6) better budget preparation better budget execution and control; (7) strengthened identification, monitoring and management of

fiscal risks; and (8) strengthened revenue administration management and governance arrangements.

Key performance indicators:

- Score of Government effectiveness.
- Level of quality of the strategic framework on PAR and PFM.

(2) Assumptions and conditions

Although there are risks to be monitored, and where appropriate, mitigated for the duration of the programme, there are no pre-conditions for implementation of the programme. The main conditions required for an effective and timely implementation of the action will be included in each individual log frame, which will cover specific objective related baseline situation and outcome indicators as well as verifiable indicators and milestones to indicate how the objectives should materialise and be checked.

(3) Implementation arrangements for the action: Direct management by the European Commission

Grant - Direct grant award (Support to Public Administration – ReSPA):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. ReSPA is the only, genuinely regional institution created by all beneficiaries to deliver training and networking activities in the area of public administration reform in the Western Balkans.
- c) Name of the beneficiary: ReSPA.
- d) Indicative amount of the grant: EUR 4.35 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing is essential for the action in order to carry out the technical assistance to prepare the beneficiaries to the accession process to the EU in terms of Public Administration and PFM. These are specific objectives of the European Commission and full financing is necessary in order to ensure that all resources allocated will be used for that purpose.
- f) Indicative date for signing the grant agreement: Q4 2018.

Grant - Direct grant award (Support to Public Financial Management Reforms in the Western Balkans – IMF):

- a) Objectives and foreseen results: See above.
- b) Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The IMF is the only institution with the necessary resources, knowledge and experience to

carry out PFM and Tax Administration specialised technical assistance and training.

- c) The name of the beneficiary: IMF.
- d) Indicative amount of the grant: EUR 10 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing is essential for the action in order to carry out the technical assistance to prepare the beneficiaries to the accession process to the EU in terms of Public Administration and PFM. These are specific objectives of the European Commission and full financing is necessary in order to ensure that all resources allocated will be used for that purpose.
- f) Indicative date for signing the grant agreement: Q4 2018.

Action 9	<i>EU support to the Transport Community Treaty Secretariat</i>	Direct Management	EUR 2 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The Transport Community Treaty (TCT) with South East European parties is a key instrument that supports – through the establishment of a Secretariat – the accession process (*acquis* implementation), the "Western Balkans Six initiative", as well as the infrastructure (Trans-European Transport Network -TEN-T) implementation in the Western Balkans.

The TCT represents for the Western Balkans a "game changer" and the Secretariat the main tool to support the implementation of the connectivity reforms measures aiming at improving the efficiency of the overall Western Balkans transport system.

In accordance with Article 121(2)(d) of the Financial Regulation (FR), the Union may subscribe to bodies of which it is a member in the form of contributions which do not constitute grant with the meaning of the FR. Therefore, the Union may finance the Transport Community on the basis of EU annual contribution to its budget under the double conditionality of the Treaty having entered into force and the Union being a member of the Transport Community. Both of these conditions have been met on 9 October 2017 when the EU and the Western Balkans signed the Treaty establishing the Transport Community. Based on Article 173 of the Rules of Application (RAP), subscriptions shall be paid in accordance with the budgetary decisions and the conditions of payment established by the body concerned. Therefore, there is no need to justify the retroactive coverage of costs/expenditure incurred before the implementation of the TCT. The European Commission's subscription will cover the agreed budget without further conditions, as long as these costs are budgeted for by the TCT Secretariat.

Objectives: (1) to support the achievement of the objectives set out in the 2004 SEETO MoU and TCT through the functioning of a Permanent Secretariat; and (2) to meet partially the 2018 and 2019 EU commitment as member of the Transport Community.

Expected results: (1) implementation of the EU *acquis* in transport; (2) identification and monitoring of infrastructure project priorities; (3) implementation of Connectivity Reforms Measures.

Key performance indicators:

- Degree of integration of the transport market of the Contracting Parties on the basis of the relevant *acquis*.
- Amount of funding spent during the time frame of the action.
- Nr of Regulations/Directive properly transposed by the regional partners.
- % of the legislative acts fully transposed.

(2) Assumptions and conditions

Between 12 July and 9 October 2017, the European Union and the Western Balkans signed the Treaty establishing the Transport Community. The action will be implemented when the TCT Secretariat obtains legal status.

Failure to comply with the requirement of TCT Secretariat obtaining legal status may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the European Commission

EU contribution to the budget of the Transport Community for the year 2019:

- a) Objectives and foreseen results: See above.
- b) Name of the beneficiary: Permanent Secretariat of the Transport Community Treaty.
- c) Indicative amount of the contribution: EUR 2 million.
- d) Maximum rate of EU co-financing: 80% of the budget of the Permanent secretariat according to Annex V of the Transport Community Treaty.

Regional investment support

Action 10	<i>EU support to the Western Balkans Investment Framework for Technical Assistance for 2018</i>	Direct Management	EUR 50 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action will provide technical assistance, under the Western Balkans Investment Framework (WBIF), for the successful preparation and implementation of major infrastructure investment projects. It will, in particular, support

investment projects identified in the Single Project Pipelines with a regional dimension, which are priorities for the IPA II beneficiaries in the Western Balkans.

The action will contribute to bring the Beneficiaries' priority infrastructure investment projects to maturity by preparing all documentation for implementation, making the projects eligible for Financial Institutions' loans and/or further EU financing. The action will also offer technical assistance during the implementation phase, providing support throughout the project cycle.

Objective: to support the preparation and implementation of priority infrastructure investment projects, at regional and central levels, in transport, environment, digital, energy and social sectors.

Expected results: (1) increased number of quality priority infrastructure investment projects ready for implementation and successfully implemented in transport, environment, energy, digital and social sectors; and (2) enhanced cooperation and coordination between International Financial Institutions, Beneficiaries, bilateral donors and regional organisations.

Key performance indicators:

- Number of projects prepared which found financing (signed loans).
- Number of projects under construction.
- Number of projects completed and operational.
- Number of TA grants implemented (completion of all activities foreseen in the terms of reference).

(2) Assumptions and conditions

The implementation of the action will be subject to the projects presented to and endorsed by the WBIF Steering Committee.

Failure to comply with the requirements set above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the European Commission

Grant – Direct grant award (*EU support to the Western Balkans Investment Framework for Technical Assistance for 2018*)

- a) Objectives and foreseen results: See above
- b) Justification for the use of an exception to calls for proposals: Article 125 (7) of the Financial Regulation stipulates that grants may be awarded without a call for proposals to the European Investment Bank or the European Investment Fund for actions of technical assistance. In such cases Articles 131(2) to (5) and 132(1) shall not apply.
- c) Name of the beneficiary: European Investment Bank (EIB).
- d) Indicative amount of the grant: EUR 50 million.
- e) Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. In accordance with Article 192 of the Financial Regulation, it is essential that the EU fully finances the action.

Technical assistance is instrumental for the development of high standards infrastructure projects which involve, further in the project cycle, loans with International Financial Institutions, contributions at IPA II beneficiary level, occasionally EU investment grants as well as funds from other financiers. Therefore, fully financing technical assistance is a strategic contribution, with a significant co-financing leverage effect in a short to medium-term future. Being the sole donor for the action additionally offers the European Commission the possibility to trigger important policy developments – by conditioning the allocation of grants to certain milestones (e.g. the adoption of country-wide sector strategies or the implementation of connectivity reform measures). Finally, implementing the action with a single source of funds contributes to its efficiency. It allows procuring large service contracts rather than individual contracts for each grant, which allows mobilising immediately teams of experts.

f) Indicative date for signing the grant agreement: Q4 2018.

Action 11	<i>EU support to Technical Assistance to Connectivity in the Western Balkans - Connecta</i>	Direct Management	EUR 10 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: Connecta is a continuation of the support to the development of the Trans-European Transport Core Network (TEN-T Core Network) and the Projects of Energy Community Interest (PECIs) and Projects of Mutual Interest (PMIs), i.e. extension of the electricity and gas networks in the Western Balkans. Connecta contributes to bringing high priority energy and transport infrastructure projects to maturity. In addition, it also supports the identification and enforcement of connectivity reform measures and technical standards in the transport sector. This technical assistance will be instrumental in improving connectivity within the Western Balkans and between the region and the European Union, a key driver for economic growth and jobs as well as for attracting new investments.

Objective: to contribute to enhancing the socio-economic development and competitiveness of the Western Balkan by providing support to the improvement of connectivity within the Western Balkans and between the region and the EU.

Expected results: (1) transport and energy priority infrastructure investments projects identified in the work programmes as key for the connectivity agenda brought to maturity for investment co-financing; and (2) short and medium terms connectivity reform measures implemented in the transport sector.

Key performance indicators:

- Number of transport and energy projects which have been brought to maturity by the action and subsequently received EU funds (infrastructure projects but also projects for the implementation of connectivity reform measures in transport).
- Total amount of IPA funds invested in the projects brought to maturity by the action

(2) Assumptions and conditions

The success of the results of the project will depend on: the political commitment of the beneficiaries to the Connectivity agenda, that is their willingness and capacity to implement high priority energy and transport infrastructure projects and technical standards and accompanying reform measures; the local ownership and compliance with the action's outputs; the commitment of financiers to the infrastructure projects throughout the project cycle; the financial sustainability for an efficient operation and maintenance of the infrastructure; and the ability and willingness of the population to pay fair, equitable and affordable tariffs for the access to municipal infrastructure services.

(3) Implementation arrangements for the action: Direct management by the European Commission

Procurement:

- d) the global budgetary envelope reserved for procurement: EUR 10 million.
- e) the indicative number and type of contracts: The action will be implemented through a service contract.
- f) indicative time frame for launching the procurement procedure: Q3 2018.

Action 12	<i>Regional Housing Programme (RHP) (Sarajevo Process)</i>	Indirect Management	EUR 39.5 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action reflects a further step towards the delivery of the EU pledge to the Regional Housing Programme (RHP) made in 2012. It will support a new series of sub-projects in particular in Bosnia and Herzegovina and Serbia, through a contribution to the RHP Fund for housing solution grants. It will also support continued regional dialogue among RHP stakeholders. Embedded in the context of the Sarajevo Process, the RHP aims to make a substantial contribution to the satisfactory resolution of the protracted problem of the remaining refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia. As per its original scope, it aims at providing durable housing solutions for about 27,000 households (74,000 individuals). The present contribution is expected to enable the provision of approximately 1500 housing solutions.

Objectives: (1) a further batch of housing solutions for vulnerable refugees and displaced persons, primarily in Bosnia and Herzegovina and Serbia is provided; and (2) regional cooperation on housing solutions for vulnerable refugees and displaced persons, and confidence building, continues.

Expected results: (1) approximately 900 technically sustainable housing solutions are provided in Serbia and 600 in Bosnia and Herzegovina; (2) effective regional dialogue

and participatory steering of the RHP is ensured; and (3) the RHP Fund is managed effectively.

Key performance indicators:

- Number of additional housing solutions provided to vulnerable refugees and displaced persons in Serbia and in Bosnia and Herzegovina.

(2) Assumptions and conditions

It is assumed that the international community stays committed to help the region finding appropriate solutions to the protracted problem of the remaining refugees and displaced persons by honouring their pledges to fund the programme overall.

Furthermore, it is assumed that all partner countries stay committed to completing the Sarajevo Process and provide sufficient resources to run a coherent mechanism to steer, supervise and control the implementation of their country housing projects.

A further assumption for the fulfilment of the RHP's objective of durable housing solutions is that partner countries ensure the long-term sustainability of the housing solutions, through integration of the end-beneficiaries into the local communities. This aspect is partly but not fully tackled by the action and remains a fundamental factor that will eventually condition its success.

(3) Implementation arrangements for the action:

(3)(a) Entity entrusted with budget implementation tasks

At the outset of the RHP, the management of the RHP Fund and the Technical Assistance to the partner countries was assigned to the Council of Europe Development Bank (CEB). Over the past 6 year the CEB has implemented the programme in a manner which is leading to the achievement of the expected results.

The CEB carries out several tasks in relation to the RHP:

- as Secretariat, it facilitates coordination between stakeholders and reports on operational activities
- as Fund Manager, it manages Donor contributions and reports on financial activities
- as Finance Institution, it assists Partner Countries in implementing the Programme, including overseeing Technical Assistance.

The RHP was set up in line with an agreed division of labour between the four involved partner countries and their institutions, the fund manager CEB, the key international agencies (UNHCR and OSCE) involved in monitoring the beneficiary selection, and the participating donors. In each country, several institutions are involved such as Ministries, Project implementation units and hundreds of municipalities.

International donations are paid into a designated RHP Fund, managed by the CEB. The Fund provides grants to the Partners Country Housing Programmes (CHPs) for implementation of sub-projects for provision of housing units.

In parallel to its support to the RHP Fund, the European Commission has dedicated additional resources to support the effective implementation of the programme, via technical assistance, operating grants to the Project Implementation Units (PIUs), and coverage of various administrative costs related to the programme.

The CEB fully complies with the tasks it has been given and continued implementation of the RHP under the current set-up is considered the most effective way to complete the delivery of the EU pledge. This will allow maintaining the standard of delivery, further speed up implementation and effectively address the challenges of this programme.

(3)(b) Short description of the tasks entrusted to the entity

It is foreseen to sign one Delegation agreement under indirect management with the CEB, in Q4 2018 making a contribution to the RHP Fund for a total amount of EUR 39 500 000. Within this contribution, a management fee will be deducted to finance activities 2 and 3. This contract will involve the following budget implementation tasks:

-Disbursement of investment grants; the CEB will commit and disburse these funds in the form of investment grants to the RHP participant Partner Countries. Each Grant will correspond to and will be financing a specific and well defined Country Housing Subproject. The Grant agreements will be signed between CEB and the Partner Country after the relevant decision by the RHP Assembly of Donors;

-Operation of the RHP Secretariat in line with the tasks described in the general conditions of the RHP Fund.

- Administration and management of the RHP Fund, in line with the task described in the general conditions of the RHP Fund.

Territorial Cooperation

Action 13	<i>EU Regional action on animal disease eradication in the Western Balkans</i>	Direct Management	EUR 1.5 million
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(1) Description of the action, objective, expected results and key performance indicators

Description of the action: As candidates for EU membership, the Western Balkans are going to form part of the internal market. If the Western Balkans have a different animal health status to the rest of the EU, then they cannot safely trade with other parts of the EU. The overall objective is to contribute to animal disease freedom in the Western Balkans and the improvement of access to the EU's single market of animals and animal products from relevant IPA II beneficiaries. The action would interact and support national disease surveillance, control and eradication programmes in the Western Balkans, in particular those that are set up to vaccinate against particular diseases. Examples of such animal diseases are for instance rabies, classical swine fever, lumpy skin disease, bluetongue and Brucella melitensis. Control and eradication of

transboundary animal diseases at source using a regionally coordinated strategy benefits the EU by substantially reducing the threat to human and animal health, food safety and livestock production and trade.

Objective: to improve veterinary services in the relevant IPA II beneficiaries that understand EU legislation and EU import requirements.

Expected results: (1) structure and administrative capacity of veterinary services in the relevant IPA II beneficiaries analysed and assessed and possibilities for improvements suggested; (2) regional meetings between veterinary services organised in the Western Balkans on animal disease control; (3) recommendations for an enhanced regional cooperation prepared and discussed with the relevant IPA II beneficiaries; (4) facilitated exchange of data between relevant IPA II beneficiaries set up and harmonisation of collected data delivered; and (5) strategy for listing relevant IPA II beneficiaries in relevant EU legislation produced and implemented.

Key performance indicators:

- Extent to which harmonised and shared information channels are used to enable objectively reporting on implementation of eradication programmes;
- Number of regional meetings organised and extent to which specific cross-border activities between the Western Balkans and EU Member States takes place;
- Recommendation for enhanced regional cooperation and strategy for listing relevant IPA II beneficiaries.

(2) Assumptions and conditions

No specific conditions need to be in place. The relevant IPA II beneficiaries have veterinary services and bilateral programmes in place. This action is to help them in capacity building to improve their capabilities, so that by the time of accession they are ready and can deliver according to the EU *acquis*.

(3) Implementation arrangements for the action: Direct management by the European Commission

Procurement:

- a) the global budgetary envelope reserved for procurement: EUR 1 500 000.
- b) the indicative number and type of contracts: One service contract.
- c) indicative time frame for launching the procurement procedure: Q3 2018.

Provision applying to all grants under section 2.2: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

3. BUDGET

3.1 INDICATIVE BUDGET TABLE – MULTI COUNTRY ACTION PROGRAMME

CRIS/ABAC Decision number	Management Mode	Entrusted Entity	Max. EU Contribution (EUR)	Indicative Co-financing ** (EUR)	Entity providing co-financing	TOTALS (EUR)	Commission Implementing Unit
			77 800 000	5 758 888		83 558 888	
040-113	DM	-	19 800 000	588 888	CEFTA/WB6 CIF	20 388 888	Directorate-General for Neighbourhood and Enlargement Negotiations, A3/D5 (Proof of Concept)
S12.780466	DM	-	3 000 000	***600 000	grant beneficiaries	3 600 000	Co-delegation to EACEA
040-822	DM	-	3 500 000	0	-	3 500 000	Cross sub-delegation to Directorate-General for Education, Youth, Sport and Culture, C3
040-113	DM	-	12 000 000	220 000	TI/RAI	12 220 000	Directorate-General for Neighbourhood and Enlargement Negotiations, D5
040-113	DM	-	35 000 000	3 500 000	CoE	38 500 000	Directorate-General for Neighbourhood and Enlargement Negotiations, D5
040-113	DM	-	2 500 000	50 000	MICT	2 550 000	Directorate-General for Neighbourhood and Enlargement Negotiations, D5
040-113	DM	-	2 000 000	800 000	RCC	2 800 000	Directorate-General for Neighbourhood and Enlargement Negotiations, D5

by CRIS/ABAC Decision	Max. EU Contribution	Indicative Co- financing**	Total
040-113	185 150 000	5 158 888	190 308 888
040-822	3 500 000	0	3 500 000
040-823	2 000 000	500 000	2 500 000
040-824	1 500 000	0	1 500 000
S12.780466	3 000 000	600 000	3 600 000
Total programme	195 150 000	6 258 888	201 408 888

DM - Direct management; IM - Indirect management;

** No co-financing by the IPA II beneficiaries

*** The grant is a combination of unit costs and portion of eligible costs. The specific financial rules are outlined in the Erasmus+ Programme Guide

4. IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

DIRECT MANAGEMENT:

Part of this programme shall be implemented by direct management by the European Commission in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The European Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

5. PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the European Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The European Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Multi- Country Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Neighbourhood and Enlargement Negotiations and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.