

## Project Fiche – IPA National programmes / Component I

### 1 IDENTIFICATION

<b>Project Title</b>	Strengthening the European Integration Process and management of post 2013 IPA
<b>CRIS Decision number</b>	2012/022-967
<b>Project no.</b>	11
<b>MIPD Sector Code</b> <i>The numbering is for the sake of EU statistics and does not need to correspond with the numbering in the beneficiary MIPD</i>	9. Support and other activities
<b>ELARG Statistical code</b>	01.40
<b>DAC Sector code</b>	15110
<b>Total cost</b> (VAT excluded) <sup>1</sup>	EUR 11.84 m
<b>EU contribution</b>	EUR 11.84 m
<b>Management mode</b>	Centralised
<i>Centralised mngmt:</i> <b>EU Delegation in charge</b>	EU Delegation to the Republic of Serbia
<b>Implementation management</b>	Serbian European Integration Office  Ministry of Finance and Economy  Republic Geodetic Authority
<b>Implementing modality</b>	Standalone project
<b>Project implementation type</b>	Project-type interventions
<b>Zone benefiting from the action(s)</b>	Republic of Serbia

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<sup>1</sup> The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

## **2 RATIONALE**

### **2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED**

Chapter 3.2 of the MIPD 2011-2013 on Public Administration Reform outlines as objectives: to support Serbia's adoption, implementation and enforcement of EU-related legislation; to improve policy coordination for EU integration and to build capacities in managing IPA funds. Therefore, justification of this project comes from the need of the Serbian administration to ensure: *acquis* related demand driven support to different institutions that will be part of the accession negotiations process; assistance in the IPA project preparation and implementation process and support to the Decentralised Implementation System related structure to efficiently handle requirements of the new financial perspective.

The pre-accession period and especially accession negotiations require an increasing number of qualified experts, competent civil servants and necessitate expertise and EU knowledge in judicial, economic and political matters and the establishment or strengthening of concrete administrative structures and management systems which satisfy the requirements of the *acquis communautaire* in a number of areas. Implementing bodies may lack the necessary expertise, knowledge and experience to carry out these tasks. In the light of aforementioned needs, it is essential to create an envelope for unspecified institution building needs (e.g. training, technical assistance, etc) for priorities identified in the AP, NPI/NPAA, Regular Reports, MIPD and other relevant strategic documents. This envelope will cover a series of demand-driven requests such as twinning and technical assistance, which will include as well short-term advisory assistance, study visits to EU Member States, attendance to accession related conferences and meetings/workshops by the Serbian administration. In addition, this unallocated envelope will allow project preparation and implementation to proceed in a quick and effective manner.

Several rounds of dialogues meeting between Belgrade and Pristina were held with the facilitation of the EU in Brussels. The meetings are chaired by the EU and the two delegations are represented by their permanent negotiators. The two delegations had agreed on freedom of movement, regional representation and several other issues. Through this project it is planned to support measures related to urgent political needs that may arise from the Belgrade-Pristina dialogue.

According to the roadmaps for Decentralised Management for IPA the conferral of management for the five components of IPA (each one separately) is expected by mid-2013, At the same time it is important to start preparations for the new financial perspective 2014-2020, in order to ensure that Serbia has a fully accredited and functioning Decentralised Management System and has the necessary tools to manage EU's financial assistance in an autonomous manner. The project supports the National Authorising Officer (NAO)/National Fund (NF) and other services dealing with IPA components I-V with hand-on support in preparing and implementing all the activities required to ensure compliance with the accreditation criteria.

### **2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES**

According to the MIPD 2011–2013, IPA support will focus, inter alia, on the sector of public administration, where the Decentralised Management System accreditation and activation of IPA components III to V are seen as among the priority areas. Chapter 3.2 on Public Administration Reform outlines as objectives: to support Serbia's adoption, implementation

and enforcement of EU-related legislation; to improve policy coordination for EU integration; and to build capacities in managing IPA funds.

**The Strategy for Decentralised Implementation System accreditation** (*adopted by the Government in 2008*). This strategy is accompanied by the roadmaps for Decentralised Management for IPA components I, II, III and IV and an Action Plan for the conferral of management for IPA component V. The project supports the efficient and effective Decentralised Implementation System, envisages necessary adjustments in view of the new financial perspective post 2013 and directly addresses the performance of the Decentralised Implementation System in view of the extended system without ex-ante controls, hence paving the way to the related Roadmap.

**The Needs Assessment of the Republic of Serbia for International Assistance** (*2011-13*). The project directly relates to the following priority and measure of the Public Administration Reform chapter: **Priority 1**, Enhance professional development of employees and institutional capacity of the civil service at all levels. **Measure 1.4**, *Improvement of the EU integration process and coordination of negotiations for EU accession*, where it is stated that: “The measure relates to further support for the coordination of the EU integration process, through capacity-building of public authorities to implement the National Programme for Integration, harmonisation of national legislation with the EU and further strengthening the process of harmonisation of legislation by amending the relevant bylaws governing this area, associated procedures, role of individual institutions, consultations with professional authorities and the professional development of employees involved in the process of European integration, not only in the units responsible for these tasks. One of the major challenges of this measure is rooting the process of the decentralised implementation system, which should continue through implementing the continuous training of employees, those who are currently in the system, but also those who will be involved in the Decentralised Implementation System after the analysis of workload in the relevant state authorities. This document covers the period which will be crucial for the establishment of the Decentralised Implementation System, and it covers the following activities: conformity assessment, prepare a package for accreditation, national accreditation and certification audits.”

### **2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT**

**Stabilisation and Association Agreement (SAA)**. The SAA, Title VI - Approximation of Laws, Laws enforcement and Competition Rules, Article 72 states the following: “The Parties recognise the importance of the approximation of the existing legislation in Serbia to that of the Community and of its effective implementation. Serbia shall endeavour to ensure that its existing laws and future legislation will be gradually made compatible with the Community *acquis*. Serbia shall ensure that existing and future legislation will be properly implemented and enforced. This approximation shall start on the date of signing of this Agreement, and shall gradually extend to all the elements of the Community *acquis* referred to in this Agreement by the end of the transitional period defined in Article 8 of this Agreement. Approximation will, at an early stage, focus on fundamental elements of the Internal Market *acquis*, Justice, Freedom and Security as well as on other trade-related areas. At a further stage, Serbia shall focus on the remaining parts of the *acquis*.” By supporting Serbian administration in management of pre-accession assistance in the new financial perspective post 2013 through the Decentralised Implementation System, the implementation of the project will address the following: Title IX Financial Cooperation, Article 115: “Aid granted to Serbia shall be geared to observed needs, agreed priorities, the capacity to absorb

and repay and the measures taken to reform and restructure the economy”; Article 116: “Financial assistance, in the form of grants, shall be covered by the operation measures provided for in the relevant Council Regulation within the multiannual indicative planning document with annual reviews, established by the Community, following consultations with Serbia”; Article 118: “In order to permit maximum use of the resources available, the Parties shall ensure that Community contributions are made in close coordination with those from other sources such as the Member States, other countries and international financial institutions. To this effect, information on all sources of assistance shall be exchanged regularly between the Parties.”

***National Plan for Integration of the Republic of Serbia into the European Union (NPI).*** “Ability to assume obligations that membership entails” is the central chapter of the NPI and it comprises 33 subchapters which correspond to *acquis* negotiating chapters. The whole Chapter 3.22 Regional Policy and Coordination of Structural Instruments (pages 195-201) relates to the implementation of IPA and the priorities set for 2010 and 2011 specifically refer to the Decentralised Implementation System introduction and entry into force.

**Commission Opinion** on Serbia’s application for membership of the EU says: “A robust network of EU integration correspondents and departments in line ministries will be needed to help Serbia progress in its EU integration process. Serbia is preparing for decentralised management of IPA funds. Further extensive efforts, including the strengthening of administrative capacities, remain necessary before Serbia is in a position to take over responsibility.”

Three priorities are the heart of **Europe 2020**: Smart growth (developing an economy based on knowledge and innovation), Sustainable growth (promoting a more resource efficient, greener and more competitive economy) and Inclusive growth (fostering a high-employment economy delivering economic, social and territorial cohesion). Bearing in mind that this project will contribute to enabling the Serbian administration to manage EU integration and pre-accession assistance in the context of the candidate country requirements in different sectors, it is expected that project will have indirect effects on the implementation of Europe 2020.

## **2.4 PROBLEM ANALYSIS**

Serbia presented its application for membership of the European Union on 22 December 2009. Subsequently, on 25 October 2010, the Council of the European Union requested the Commission to submit its opinion on this application. The negotiations determine the conditions under which each applicant country will join the European Union. On joining the Union, Serbia is expected to accept the EU *acquis*, i.e. the detailed laws and rules adopted on the basis of the EU’s founding treaties. The negotiations will focus on the terms under which Serbia will adopt, implement and enforce the EU *acquis*, and notably, the granting of possible transitional arrangements, which must be limited in scope and duration. After the negotiations are launched, the pace of each negotiation will depend on the degree of preparation by Serbia and the complexity of the issues to be resolved. For this reason, in order to adapt itself to the negotiation procedures adopted by the European Council and to prepare for this tough process, Serbia needs technical support in administrative, legal and practical terms.

The Serbian government has set up EU Coordination Sectors/Departments in its Ministries and public institutions in order to coordinate and manage the accession period. These structures, however, may still lack expertise to follow the harmonisation of the *acquis* related

to the process of accession and may have limited access to the available information sources of the EU.

The activities and tasks listed under this facility serve the purpose of supporting *acquis* chapters through creation of an envelope for unspecified institution building needs (e.g. training, twinning, twinning light, technical assistance etc). The support will be provided in cases where an initial proposal is considered to correspond to a priority for IPA financial assistance, (justified in terms of short or medium term priorities; needs identified through the Regular Reports; activities defined in the NPI and other relevant strategic documents), but where further efforts are needed to design and appraise mature projects ready for implementation under the upcoming IPA financial assistance programme.

Another area where additional short-term interventions in Serbia are required is related to the preparation and implementation of the EU financed projects. In many cases thorough project implementation documentation in the form of tender dossiers, technical specifications or terms of reference need to be drafted in order to initiate the tender procedures for acquiring the services, works or supplies required.

The eligible applicants for these components are the line ministries and public institutions/agencies and their staff directly involved in the EU accession process and management of IPA.

Additionally, the Decentralised Management System (DMS) for IPA needs to be further developed in accordance with the requirements of the IPA Regulation. Moreover, support to the operating structures under all IPA components is necessary in order to strengthen their capacity for decentralised management for IPA, including eventual management after the waiver of ex-ante controls in the medium term.

The conferral of management powers for IPA will immediately trigger an increasingly intensive workload. All beneficiary institutions as well as the other key players in the DMS (operating structures, programmers, monitors and controllers) will be in a strong demand of assistance and counselling. In particular, the organisational units across various Governmental institutions forming the body of the Operating Structures (OSs) will have to assume the actual responsibilities to act and perform in accordance with requirements of Operational Agreements and all the functionalities (yet to be) accredited. In general terms, this concerns five overall groups of measures and the complementary activities as they are being addressed currently in the preparations for accreditation, such as: Control environment, Planning/risk management; Control activities; Monitoring activities, Communication. Specific challenge for Serbian administration will be preparation for the new financial perspective 2014-2020 which will require certain adjustments to the new IPA Implementing Regulation.

The additional task faced by the beneficiary institutions will be to prepare for decentralised management of IPA without ex-ante controls. It can be expected that the compliance with requirements for decentralised management of IPA without ex-ante controls will have to result in upgrading of documentation and development of a package comparable to those required for the conferral of management powers with ex-ante control. More particularly, it will consist in providing guidance and recommendations to identify (and possibly integrate with current structure) suitable organisational modalities and operational tools in view of the accreditation of the Decentralised Implementation System without ex-ante control.

## 2.5 LINKED ACTIVITIES AND DONOR COORDINATION

IPA 2011 Policy Legal Advice Centre (PLAC) supposes to improve the system of harmonisation of Serbian legislation with the EU *acquis*, while GIZ bilateral programme from the national 2011 envelope will support screening process. Both projects will start in 2012.

Starting with 2009, two complex IPA support projects have been on-going for the development of structures and systems in Serbia in order to enable the conferral of management powers from the EC and build the capacity of the established authorities and bodies. These are: IPA 2007 - *Support to the Implementation of the Management of EU funds under a Decentralised Implementation System in the Republic of Serbia* and IPA 2008 - *Further Support for implementation of Decentralised Implementation System*. With support of both of these projects Serbian administration has reached a Compliance Assessment stage.

IPA 2008 - *Technical Assistance for the Establishment of FLC and Support for the Implementation of CBC Programmes*. The project provides the necessary assistance for the proper implementation of projects financed under IPA Component II in Serbia, which includes capacity building of the relevant units in the SEIO and Ministry of Finance and Economy (i.e. CBCU and CFCU) in programme implementation and in improving performances of first level controls. It lasts until November 2012 and ensures continues implementation of FLC activities within CBC programmes with the member states.

IPA 2007 - *Project Preparation and Technical Assistance Facility to Reinforce Administrative Capacity in Serbia (PPTAF)*. Namely this project, among other objectives, also aims at providing support to the SCO and OS for IPA III and IV through preparation of the SCF and OPs. Through this project draft SCF and OPED and OPHRD have been prepared, together with accompanying project documentation and ToT programme in place. IPA 2008 PPF is supporting development of project fiches for IPA 2011/12/13 National Programmes, as well as development of project documentation for infrastructure projects. IPA 2010 PPF is supporting development of project documentation for infrastructure projects. Finally, IPA 2011 PPF should support SEIO and line ministries in programming IPA 2014-2020.

IPA 2010 Twining - *Strengthening the capacities of the Republic of Serbia for the absorption of EU Rural Development funds in pre-accession period*.

IPA 2011 - Project for *Strengthening Capacities of the State Audit Institution and the Audit Authority*. The project envisages technical assistance and supplies aimed at supporting the operational capacities of the Audit Authority to implement its audit and reporting activities in accordance with the requirements of the Framework, Sectoral and Financing Agreements and in line with internationally accepted audit standards.

*Technical assistance to the National Fund in preparation for IPARD*, financed by the Swedish International Development Cooperation Agency (Sida) represented by International Management Group (IMG).

## 2.6 Lessons learned

Although European Integration progress has been made through the previous assistance, a number of challenges remain: some of institutions have been hampered by lack of appropriate

capacities, including high turn over of staff. In this regard, the project will provide sufficient support in order to strengthen current capacities in the SEIO, line ministries and other appropriate bodies both for coordination of legal approximation, drafting/implementation of current and future legislation.

It is *expected* that the performance under decentralised management system in Serbia is to start by end 2012. Having to put the theory behind the knowledge and the procedures into practice, project beneficiaries and all other key players will face unprecedented challenges that cannot be facilitated by direct experiences, given the absolute newness of the stakes ahead. It is worth considering lessons learnt by comparing and benchmarking Serbian situation with those countries that have already experienced the transition from a centralised management to a Decentralised Implementation System (and further without EC ex-ante control). Lessons learnt from other countries suggest that the absorption rates when starting to manage EU funds on their own is very low; lengthy procedures that are still being tested in practice and the focus on management of irregularities (overestimation of projects, conflicts of interest) impede the implementation of projects. It must also be noted that most of the new Member States have experienced difficulties in management of Structural funds and Cohesion fund. Therefore, problems and success stories encountered in these countries to manage Structural and Cohesion funds should be carefully considered.

### **3 DESCRIPTION**

#### **3.1 OVERALL OBJECTIVE OF THE PROJECT**

The overall objective is to assist the Serbian administration to effectively manage EU integration and pre-accession assistance in order to speed up preparations for EU membership.

The positive opinion of the European Commission the Republic of Serbia's candidacy for membership in the European Union and defining the date of negotiations will lead Serbia into a new phase of accession preparations, which will require further support to European Integration process. At the same time support to management of IPA post 2013 learning by doing' principle for management of Structural Funds. The project will further develop mechanisms and tools for improving organisational structure and the efficiency and effectiveness of government authorities through changes and amendments of existing, development of new legislation, strategic and other documents, as well as through their implementation.

#### **3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT**

Specific objectives are:

Effective and efficient management and absorption of EU pre-accession funds and strengthened technical and administrative capacity of the Serbian administration in relation to the European Integration process

#### **3.3 RESULTS**

**Result 1:** Ensured implementation of a number of accession related actions of various actors (such as public institutions, ministries related *acquis* implementation, local administrations etc.) and preparation of project documentation (analysis, study, survey, review, assessment or monitoring) in order to meet specific and urgent needs identified in the course of the pre-

accession and negotiation processes and management of projects. Ensured support to the Belgrade-Pristina dialogue.

**Result 2:** Ensured improvement in the institutional and financial management capabilities and quality of services provided by the NF, CFCU and other key players involved in the management of pre-accession assistance in accordance while operating under the Decentralised Management System and in accordance with the future requirements of the new financial perspective.

**Result 3:** A road map for the waiver of *ex ante* controls under Decentralised Management System is prepared and all relevant institutions are made aware of the necessary adjustments and requirements and ready to operate under extended Decentralised Management System.

### 3.4 MAIN ACTIVITIES

#### **Related to Result 1:**

1.1. Identification of the capacity building needs of relevant bodies for the adoption and implementation of the EU *acquis*

1.2. Contracting and implementation of twinning projects with EU Member States, TA (needs and gap analyses, action plan drafting, strategy development, legal work, training), twinning light and direct agreements for *acquis* related studies or institution building type of activities,

1.3. Within the twinning or technical assistance projects organisation of training, study-visits, management, organisational and other expert advice - to support beneficiary institutions in developing / upgrading necessary *acquis* related technical know-how and management skills

1.4. Implementation of support measure facility in the form of drafting of (pre-)feasibility and impact studies and carrying out (pre-)investment studies (environmental impact assessments, business plans, market studies, economic and cost-benefit analysis, investment appraisals etc) for the upcoming investments and preparation of procurement documents (terms of reference, technical specifications, bills of quantities, guidelines for grant schemes and other supporting documents for tender dossiers);

1.5. Support in preparation of project documentation as well as any analysis, study, survey, review, assessment or monitoring that is in relation with the Serbia' EU accession process and/or pre-accession instruments.

1.6. Support measures related to urgent political needs that may arise from the Belgrade-Pristina dialogue. This will include in particular support for digitalisation of cadastral information.

#### **Related to Result 2:**

2.1. Organisation of training, intensive coaching, specialised counselling, ad-hoc advice and consolidation/strengthening of capacities via suitable on the job training, study visits and formal training in the first phases of Decentralised Management System after conferral.

2.2. Improvement of the organisational set-up and institutional capacities of the NF, the CFCU and other relevant national IPA authorities carry out financial management, control, procurement and monitoring responsibilities in line with the EC requirements.



2.3. Review of current operational procedures and inter-institutional protocols/agreements for EU funds management for all IPA components and their updating/upgrading in line with the new financial regulations. Assistance to possible newly established bodies within the system.

2.4. Assistance to NF for preparation for IPA Component V

### **Related to Result 3:**

3.1. Review of the institutional framework for EU funds management and identification of necessary changes to pave the way to the Decentralised Implementation System without ex-ante control, including the preparation of the road map for the waiver of ex ante controls and a system to track rejection rates with the aim to reduce rejection rates.

3.2. Provision of technical expertise and guidance in the preparation for the accreditation package for Decentralised Implementation System without ex-ante control in line with the required institutional framework and necessary changes that need to be made.

Activities 1.1 to 1.5 will be implemented through several twinning/twinning light and/or service contracts. Minimal value of individual projects will be 50.000 euro and maximum 2 million euro. In addition, these activities cover Support Measure Facility (preparation of project documentation as well as any analysis, study, survey, review, assessment or monitoring) in the value of 2.5 million euro.

Activity 1.6. will be implemented through TA, Grants, Supply or Direct Agreements as appropriate and depending on the nature of the need deriving from the political dialogue. In particular, specific activities for the digitalisation of cadastral information will be implemented through a direct grant to the Republic Geodetic Authority (RGA) in the value of EUR 3 million. For the activity 1.6 the maximum contract value does not apply.

Activities 2.1. to 3.2. will be implemented through one service contract.

### **3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)**

Projects that will be finance under unallocated envelope will bring technical knowledge, best practices, recommendations, organisation plans, training plans which will be translated in appropriate changes in the legal framework and incorporated the daily work of Serbian institutions.

The project is likely to result in better performance of the Government and Governmental institutions in the fulfilment of its functions, and in better inter-institutional cooperation. It is also likely to increase the citizens' trust in the Government institutions.

The project is expected to improve the quality of managing EU pre-accession assistance, both in terms of effectiveness and efficiency. The expected outcomes are expected to result in reduced levels of rejection of procurement documentation/transaction submitted to the EC and a consequent positive assessment on the sound management system by year 2017. As far as the long range effects are concerned, it is expected that the project will contribute to an increase in the overall absorption rate of EU pre-accession assistance resulting in a positive assessment on Serbia's EU funds management.

The immediate impact of the project will reflect strengthened capacities of the responsible horizontal bodies (NF and CFCU) and other national institutions in the enforcement of Decentralised Implementation System. In the midterm, it will have a considerable impact in upgrading procedures and updating the institutional framework according to the regulations which will define the future instrument of pre-accession assistance in the new financial period from 2014-2020. Furthermore, the project will pave the way for the accreditation of Decentralised Implementation System without ex-ante control.

The continuous improvement of the performances of institutions that represent the key factors in the Decentralised Implementation System will have a strong catalytic effect.

Enhanced efficiency in executing tendering procedures (eliminating backlogging and ensuring smoother running of the tendering and contracting) will in turn affect a better response from potential bidders; which will improve disbursement rates and increase providing the necessary conditions for increasing the annual allocations to the Republic of Serbia.

### **3.6 SUSTAINABILITY**

Results can only materialise if the Regular Reports, the Accession Partnership (AP), the NPI/NPAA, the Multi-annual Indicative Planning Document (MIPD) continue to provide strategic guidance to the programming exercise, and related national sector strategies are developed and/or continuously updated.

Project will produce sustainable results in the short run since all relevant structures are in place and the need for technical assistance is likely to increase proportionally to the challenges ahead. Some substantial improvements are already taking place in terms of broadening Acts on Systematisation in various institutions being the part of Operating Structures as well as by respective actual hiring of the staff. Financial sustainability is being ensured by reserving the national budget allocations to support the planned increase of human resources on medium-term.

By 2013, Serbia will have already invested considerable financial and human resources to set up the structures and systems for implementation of financial assistance under the rules and procedures of the current IPA. It is expected that the instrument and regulations that will derive from the new financial perspective 2014-2020 should take account of this in order to ensure a seamless move to the new period without jeopardising efforts already made.

### **3.7 ASSUMPTIONS AND PRE-CONDITIONS<sup>2</sup>**

During the implementation of the Project, to ensure the achievement of its results a number of external assumptions have to be considered. It is assumed that AP, NPI/NPAA and Regular Reports provide adequate guidance to the programming exercise. For the ensured improvement of the financial management capabilities and quality of services provided by SEIO, NF, CFCU and other key players involved in the management of the European integration process and pre-accession assistance, it is assumed that the designated (operating) structures have sufficient staffing capacities and remain committed to the process. Similarly,

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<sup>2</sup> Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

for the institutional framework to be designed and operational to meet the new financial perspective requirements for managing EU funds in a decentralised system, it is assumed that the EC has timely regulated management of EU funds assistance for period 2014-2020. Finally, to make all responsible bodies and institutions ready for accreditation to the Decentralised Implementation System without ex-ante control, it is necessary that all involved institutions are duly following the Road Map requirements for Decentralised Implementation System without ex-ante control.

Before implementation of unallocated envelope starts, priority projects that will be implemented under this envelope must be identified and agreed between relevant stakeholders. Moreover, it is assumed as a precondition that financial regulations on the EU assistance management for 2014-2020 have been timely adopted by the EC, so to provide a clear and already identified framework for operation.

#### **4 IMPLEMENTATION ISSUES**

Activities 1.1 to 1.5 will be implemented through several twinning/twinning light, framework and service contracts and direct agreements. Minimal value of individual projects will be EUR 50.000 and maximum 2 million. Steering Committee that will be established for these activities will have a decision making role in selecting individual projects, except for the projects amounting in total to EUR 2.5 million that will be managed by the EUD within the Support Measure Facility and for which the minimum and maximum amounts do not apply. The Steering Committee will be co-charred by the SEIO and EUD. Potential applicants will be obliged to submit project proposals for agreement and approval to the SC. The potential project proposals should be submitted based on the priorities defined in the Needs Assessment Document, MIPD and annual EC Progress Reports. Projects will be submitted first in the form of the concept and will be assessed by the EUD and SEIO. After EUD/SEIO initial approval of the project concept, project will be developed in the full format and submitted to the Steering Committee for approval. EUD and SEIO will prepare the rules of procedures for the functioning of the Steering Committee. These rules of procedures will regulate relevant procedure and applicable templates.

Part of Activity 1.6 will be implemented through one direct agreement to the Republic Geodetic Authority (RGA).

Activities 2.1. to 3.2. will be implemented through one Service Contract.

#### 4.1 INDICATIVE BUDGET

##### Indicative Project budget (amounts in EUR) (for centralised management)

PROJECT TITLE			SOURCES OF FUNDING									
			TOTAL EXPENDITURE	IPA CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Contracts (unallocated envelope)	X	-	7.340.000	7.340.000								-
Service contract	X	-	1.500.000	1.500.000								-
Direct grant to RGA	X		3.000.000	3.000.000								
.....												
TOTAL IB			11.840.000	11.840.000								
TOTAL INV												
<b>TOTAL PROJECT</b>			11.840.000	11.840.000								

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

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

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

## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

*Dates indicated in the schedule cannot go beyond the contracting and execution deadlines in the financing proposal*

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contracts (unallocated envelope)	N+4Q	N+7Q	N+15Q
Service contract	N+1Q	N+3Q	N+11Q
Direct grant to RGA		N+1Q	N+15Q

ToRs and twinning fiches will be prepared by beneficiary institutions in close cooperation with the EUD.

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non discrimination*

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of projects and access to the opportunities they offer. An appropriate men/women balance will be sought on all the managing bodies and activities of the programme and its projects.

### 4.3.2 *Environment and climate change*

Envisaged project activities do not require any environmental considerations. However, since one part of the project will be implemented through unallocated envelope in the case of environmental projects special attention from early stages of project development will be devoted to environmental considerations.

### 4.3.3 *Minorities and vulnerable groups*

The project will in no way harm the rights of any individuals, including minorities and vulnerable groups. Since one part of the project will be implemented through unallocated envelope there is possibility to support project that directly deals with minorities and vulnerable groups.

### 4.3.4 *Civil Society/Stakeholders involvement*

After identification stage, Project Fiche has been submitted to CSO for comments through SECO mechanism. Envisaged concept and activities have been positively assessed by CSO.

## **ANNEXES**

### **Documents to be annexed to the Project fiche**

- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Reference list of relevant laws and regulations**
- 4. Details per EU funded contract**
- 5. Project visibility activities**

## ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number	
		Contracting period expires 3 years after signature of Financing Agreement	Execution period expires 5 years after signature of Financing Agreement
		Total budget: 11.84 million euro	
		IPA budget: 11.84 million euro	
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>	
The overall objective is to assist the Serbian administration to effectively manage EU integration and pre-accession assistance in order to speed up preparations for EU membership.	Positive overall opinion about Serbia's European Integration process	EC Annual Progress Report	
<b>Specific objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Effective and efficient management and absorption of EU pre-accession funds and strengthened technical and administrative capacity of the Serbian administration in relation to the European Integration process	Better compliance of the national legislation with EU <i>acquis</i> and better enforcement of legislation Level of rejection of procurement documentation / transactions submitted to the EC	NPI implementation reports, EC Annual Progress Report GoS reports to IPA JMC	Continuous support of the GoS to European Integration process Continuous support of the Member States to Serbia's European Integration process
<b>Results</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<p><b>Result 1:</b> Ensured implementation of a number of accession related actions of various actors (such as public institutions, ministries which have related with <i>acquis</i> implementation, local administrations etc.) and preparation of project documentation (analysis, study, survey, review, assessment or monitoring) in order to meet specific and urgent needs identified in the course of the pre-accession and negotiation processes and management of projects. Ensured support to the Belgrade-Pristina dialogue.</p> <p><b>Result 2:</b> Ensured improvement in the institutional and financial management capabilities and quality of services provided by the NF, CFCU and other key players involved in the management of pre-accession assistance in accordance while operating under the Decentralised Management System and in accordance with the future requirements of the new financial perspective.</p> <p><b>Result 3:</b> The way for the waiver of ex ante control under Decentralised Management System is prepared and all relevant institutions are made aware of the necessary adjustments and requirements and ready to operate under extended Decentralised Management System.</p>	<p>Increased number of draft laws and by-laws aligned with the EU legislation;</p> <p>Increased of EU legal acts transposed into draft laws and by-laws;</p> <p>Quantity, quality and impact of capacity building activities (such as workshops, trainings, study visits if appropriate);</p> <p>participation in the activities and results;</p> <p>Implemented measures related to Belgrade-Pristina dialogue</p> <p>Aligned structures, procedures and other Decentralised Implementation System issues with the IPA IR requirements</p> <p>% of Decentralised Implementation System training</p>	<p>NPI implementation reports, EC Annual Progress Report GoS reports to IPA JMC</p>	<p>There is inter-ministerial agreement about priority projects that should be supported under unallocated envelope.</p> <p>The EC has timely regulated management of EU funds assistance for period 2014-2020.</p> <p>All involved institutions are duly following the Road Map requirements for Decentralised Implementation System without ex-ante control</p>

	actions satisfactorily implemented		
<b>Activities to achieve results</b>	<b>Means / contracts</b>	<b>Costs</b>	<b>Assumptions</b>
<p>1.1. Identification of the capacity building needs of relevant bodies for the adoption and implementation of the EU <i>acquis</i></p> <p>1.2. Contracting and implementation of twinning projects with EU Member States, TA for <i>acquis</i> related studies (needs and gap analyses, action plan drafting, strategy development, legal work, training), twinning light projects for <i>acquis</i> related studies or institution building type of activities,</p> <p>1.3. Within the twinning or technical assistance projects organisation of training, study-visits, management, organisational and other expert advice - to support beneficiary institutions in developing / upgrading necessary <i>acquis</i> related technical know-how and management skills</p> <p>1.4. Implementation of support measure facility in the form of drafting of (pre-)feasibility and impact studies and carrying out (pre-)investment studies (environmental impact assessments, business plans, market studies, economic and cost-benefit analysis, investment appraisals etc) for the upcoming investments and preparation of procurement documents (terms of reference, technical specifications, bills of quantities, guidelines for grant schemes and other supporting documents for tender dossiers);</p> <p>1.5 Support in preparation of project documentation as well as any analysis, study, survey, review, assessment or monitoring that is in relation with the Serbia' EU accession process and/or pre-accession instruments.</p> <p>1.6. Support measures related to urgent political needs that may arise from the Belgrade-Pristina dialogue. In particular, specific activities for the digitalisation of cadastral information will be implemented through a direct grant to the Republic Geodetic Authority (RGA) in the value of EUR 3 million.</p> <p>2.1. Organisation of training, intensive coaching, specialised counselling, ad-hoc advice and consolidation/strengthening of capacities via suitable on the job training, study visits and formal training in the first phases of Decentralised Management System after conferral.</p> <p>2.2. Improvement of the organisational set-up and institutional capacities of the NF, the CFCU and other relevant national IPA authorities carry out financial management, control, procurement and monitoring responsibilities in line with the EC requirements.</p> <p>2.3. Review of current operational procedures and inter-institutional protocols/agreements for EU funds management for all IPA components and their updating/upgrading in line with the new financial regulations. Assistance to possible newly established bodies within the system.</p>	<p>Unallocated envelope (twinning, twinning light, service contracts, direct agreements and framework contracts)</p> <p>Service contract</p> <p>Direct grant to RGA</p>	<p><b>7.34 million euro</b></p> <p><b>1.5 million euro</b></p> <p><b>3.0 million euro</b></p>	<p>AP, NPI/NPAA and Regular Reports provide adequate guidance to the programming exercise</p> <p>The designated (operating) structures have sufficient staffing capacities and remain committed to the process.</p> <p>The EC has timely regulated management of EU funds assistance for period 2014-2020</p>



<p>2.4. Assistance to NF for preparation for IPA Component V</p> <p>3.1. Review of the institutional framework for EU funds management and identification of necessary changes to pave the way to the Decentralised Implementation System without ex-ante control.</p> <p>3.2. Provision of technical expertise and guidance in the preparation for the accreditation package for Decentralised Implementation System without ex-ante control in line with the required institutional framework and necessary changes that need to be made.</p>			
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**Preconditions:**

- Before implementation of unallocated envelope starts, priority projects that will be implemented under this envelope must be identified and agreed between relevant stakeholders.

## **ANNEX 2: Description of Institutional Framework**

This project fiche will be implemented by the Serbian European Integration Office, Ministry of Finance and Economy and Republic Geodetic Authority, while all other institutions will be beneficiaries of project as well.

European Integration Office (hereinafter: SEIO) was established on 14 March 2004, as a Serbian Government service. SEIO's scope of work is regulated by Article 2 of the Decision of the Government of the Republic of Serbia on the establishment of the European Integration Office ("Official Gazette of RS", no. 75/05, 63/06, 126/07, 117/08, 42/10 and 48/10). Pursuant to this Decision, SEIO shall perform the activities relating to:

- Strategy for association with and accession to the European Union;
- Monitoring and participating in preparations and negotiations for conclusion of the Stabilisation and Association Agreement with the European Union, implementation of the Stabilisation and Association Agreement and European Union accession;
- Strategy, stimulating and screening the harmonisation of regulations of the Republic of Serbia with the European Union regulations and standards, as well as information of the European Union and the public thereupon;
- Coordination of translation of the European Union priority regulations into Serbian and coordination of translation of Serbian legislation into English language;
- Assistance to ministries and special organisations in the process of legal harmonisation with the European Union regulations;
- Monitoring the realisation of obligations of ministries and special organisations in the process of European Union association and accession;
- Harmonisation of Serbian institutional capacities and education of civil servants according to the requirements of the European Union association and accession;
- Cooperation with specialised legal institutions;
- Analysis of economic aspects of harmonisation with the European Union regulations and standards;
- Participating in coordination of the programming of European Union's technical assistance;
- Promoting the EU association and accession activities and cooperation with specialised international and domestic economic institutions;
- Partaking in coordination of activities for planning and use of European funds, donations and other forms of foreign development aid

SEIO prepares for adoption the acts of the Government designed for supervising, directing and harmonising the activities of ministries and special organisations in relation to the European Union association and accession and formulates public information on the process of European Union accession and association. SEIO also performs other activities in the domain of European Union accession and association as delegated to it by the Government.

The Ministry of Finance and Economy performs public administration tasks related to: the state budget; determining of consolidated balance of public revenue and public spending; system and policy of taxes, tariffs and other public revenue; public expenditure policy; management of available public funds of the Republic of Serbia; public debt and financial assets of the Republic of Serbia, contracting and payments of IPA and Decentralised Implementation System issues etc. Within the Ministry of Finance this project will be implemented in cooperation between the National Fund and CFCU under the overall supervision of the NAO.

The Republic Geodetic Authority - RGA is a specialised organization carrying out technical and administrative tasks related to state survey, land cadastre, real estate cadastre, utilities cadastre and registration of real estate rights, their maintenance and updating as well as other assignments defined by the Law.

In order to ensure smooth implementation of this project two Steering Committees will be established one for implementation of unallocated envelope chaired by SEIO, one for Decentralised Implementation System management issues chaired by the MoFE and one for geodetic issues co-shared by the RGA and Office for technical and operational implementation of Belgrade-Pristina dialogue. It is expected that other line ministries will participate in the Steering Committee.

### **ANNEX 3: Reference list of relevant laws and regulations**

List of relevant laws and regulations:

- Law on Ministers
- Law on Public Administration
- Law on Civil Servants
- Rules of Procedures of the Government of Serbia
- Regulation on Establishment of the Serbian European Integration Office
- Decision on Establishment of the Coordination Body for the Process of EU Accession
- Information on the Need to Form New Coordination Bodies in the Process of Serbia's Accession to EU
- IPA Framework Agreement
- Decentralised Implementation System Decree
- Law on Planning and Construction

#### **ANNEX 4: Details per EU funded contract (\*) where applicable:**

Activities 1.1 to 1.5 and 1.7 will be implemented through several twinning/twinning light, service contracts and direct agreements. Minimal value of individual projects will be 50.000 euro and maximum 2 million euro. In addition, these activities cover Support Measure Facility (preparation of project documentation as well as any analysis, study, survey, review, assessment or monitoring) in the value of 2.5 million euro.

Activity 1.6. will be implemented through TA, Grants, Supply or Direct Agreements as appropriate and depending on the nature of the need deriving from the political dialogue. In particular, specific activities for the digitalisation of cadastral information will be implemented through a direct grant to the Republic Geodetic Authority (RGA) in the value of EUR 3 million.

For the activity 1.6 the maximum contract value does not apply.

Activities 2.1. to 3.2. will be implemented through one service contract.

## **ANNEX 5: Project visibility activities**

Visibility actions will be undertaken to underscore the ‘additionality’ benefits of national and EU funding working in unison, to realise Serbian and EU strategic development objectives and to present the results achieved through project implementation. Beneficiary and Contractor shall respect the EC’s visibility guidelines in all communication activities undertaken by the project (briefings, presentations, press conferences and other events) and in the production of all visual communication tools (publications, fax headers, business cards, advertising material etc.).