



INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

Serbia
European Integration Facility
- direct management -



Action Summary

The contents of the IPA 2014 Action on European Integration is being proposed at the point when the Republic of Serbia has recently started accession negotiations and has finalised the revision of the NPAA to accompany this process; it has newly established the structures for this process and has embarked with the implementation of the sector approach in line with the requirements of the new IPA for period 2014-2020 (IPA II) and with creation of the single national investment projects pipeline. In order to maintain the momentum of important reforms on the medium-term, administration in Serbia will necessitate properly configured assistance to keep progressing on several tracks in parallel. It is therefore proposed that flexible assistance facilities reaching widely throughout national structures, are financed from IPA 2014 allocation as presented herewith.

Action Identification	
Programme Title	Annual Action Programme for Serbia (2014)
Action Title	European Integration Facility – direct management
Action Reference	
Sector Information	
ELARG Sectors	
DAC Sector	99810
Budget	
Total cost (VAT excluded) ¹	EUR 24 300 000
EU contribution	EUR 24 300 000
Management and Implementation	
Method of implementation	Direct management
<i>Direct management</i>	European Union Delegation
<i>Indirect management:</i> Responsible Unit or National Authority/Implementing Agency	
Implementation responsibilities	EU Delegation
Location	
Zone benefiting from the action	Republic of Serbia
Specific implementation area(s)	N/A
Timeline	
Deadline for conclusion of the Financing Agreement	
Contracting deadline	
End of operational implementation period	

¹ The total action 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.

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

(1) Policy and Legal Advice Centre

On June 28th 2013, European Council adopted the decision on opening the accession negotiations with Serbia and invited EC to elaborate Negotiating Framework and on September the 1st Stabilisation and Association Agreement (SAA) between EC and Serbia entered into force. The first Intergovernmental Conference took place in January 2014 to mark the official launching of the accession negotiations, although the analytical screenings for several Chapters embarked already in autumn 2013. Preparations for screenings and the relevant negotiations currently represent the core work for national administration. Within the negotiations some areas will have a particular weight given the volume of the *Acquis* and the specificities of national legislation and systems. A key lesson from the past is the importance of addressing the fundamentals first. As further underlined in the Indicative Strategy Paper for Serbia (the Strategy Paper), the rule of law will remain at the heart of the enlargement process. Serbia will have to sustain the momentum of reforms over time in the key areas of the rule of law, particularly judicial reform and anti-corruption policy, independence of key institutions, freedom of expression, anti-discrimination policy, the protection of minorities, and develop a solid track record of reform implementation. Likewise, the global economic crisis has underlined the need for all countries to strengthen their economic governance, improve competitiveness, and create a more stable and transparent business environment to attract investments and stimulate growth. The enlargement strategy sets out proposals to support this, including enhancement of economic policy and its governance through the introduction of national economic reform programmes, action plans for public financial management and competitiveness and growth programmes. There is also a need to strengthen democratic institutions even more and make democratic processes more inclusive. Further progress with public administration reform and a stronger role for civil society are crucial in this respect.

The revised National Plan for Adoption of the *Acquis* (NPAA) for period 2014-2018 has been adopted in July 2014. The revised document outlines the detailed plan of normative and institution building activities and reform processes targeted by the term which will be set as the deadline for attaining full internal readiness for the accession. Overall the necessary structures to lead, coordinate and carry out accession negotiations are in place. The structures originate from the mechanisms previously established for stabilisation and association process. The Chief Negotiator has been appointed and will be supported by the Negotiation team. Key role in the accession negotiations remains with national line institutions in accordance with their competences. Given the complexity and interlinks among various chapters, the Coordination body for the accession process has been established to consider the most important issues and streamline accession-related tasks within national institutions. In total 35 negotiation groups will be functional during the accession process, while SEIO has additional tasks with the view of providing operational support to the Negotiation team.

In coming period it is possible that the opening benchmarks (also interim and closing benchmarks), set by the EC for certain chapters will have to be addressed with utmost urgency and these can be presented in different forms. They can be in the form of adoption of certain pieces of legislation, adoption of strategies and/or action plans, fulfilling contractual obligations towards the EU – in particular implementation of the SAA, etc. Consequently, it is of high importance to provide for adequate expertise and resources which, by means of targeted advice and guidance to national administration, can be crucial in overcoming the benchmarks. In addition to that, setting the negotiation positions for each chapter will often require in-depth understanding of the complete substance of chapters, if the targets envisaged by Serbian administration are to be realistic and reachable. Realistically, it can be reasonably expected that Serbia shall ask for transition periods for certain areas during the negotiations if it is observed timely that the alignment, preparedness and implementation capacities are not satisfactory and shall not be by the time of accession into the EU. Comparative experiences from previous accessions represent the main source and landmark for orientation as to what can be negotiated.

Looking forward to the period of actual and gradual opening of chapters in years 2016/2017, it is evident that the process will grow more demanding. The EC assessed that Serbia should be capable of assuming the membership obligations in the medium term (5 years) in almost all areas of *Acquis*, provided that the alignment and adoption of legislation is accompanied by its effective implementation. On the other hand, the screenings completed so far demonstrated that there is a lack of specific knowledge and expertise in certain areas, as sometimes such areas are not regulated in the domestic legal system or are regulated quite differently given the Serbian country features (medium-sized country; no access to seaside, etc.). In such cases and in many complex ones yet to come, to understand properly the requirements of *Acquis* and to prepare adequate analytical grounds, national administration will necessitate substantial advice from the EU Member States to understand properly the requirements of *Acquis* and to prepare adequate analytical grounds. Given the medium-term timeframe, uninterrupted progress with accession negotiations and continuous support to national structures is indispensable, which is why the sequence of Policy and Legal Advice Centre (PLAC) support is being proposed within the present IPA 2014 Action Document.

(2) IPA 2014 EU Integration Facility – direct management

In addition to the PLAC-type expertise necessary dominantly with the view of legislative alignments and for the diversified aspects of the negotiation exercise, the implementation of the adopted legislative solutions itself often requires a parallel track of support of somewhat different nature. This goes likewise for assistance which might be necessary for the creation of conditions to address some of the possible benchmarks – and as explained, those are often not only of legislative nature but might concern a variety of institutional, systemic and reform adjustments. A high number of institution building projects have been or are being implemented in the form of full scale twinning or Technical Assistances. In order to satisfy demand for establishing more flexible instrument which would address specific well circumscribed self-contained subjects of limited scope and not possible to be identified in detail in the time being, the EU Integration Facility is being introduced.

EU Integration Facility complements the needs which might appear in certain sectors in the regular course of country developments, even if they are not strictly interrelated with the outcome of screenings or negotiations per certain chapters, but are nevertheless, directly or indirectly also accession driven. In various aspects, the institution building and technical assistance requirements appear particularly through needs surveys and identification of priorities for IPA assistance, but also as related to the bottlenecks observed in the regular monitoring of projects already approved for IPA financing. This facility may be used for the purposes of implementation of following types of actions:

- General type of actions: technical assistance, grants, activities related to strengthening the indirect management institutions and operating structures (“support measures and general technical assistance) and other types of contract implementation under PRAG rules

In the current programming cycle, some accession-driven needs have been identified in certain sectors, but in the insufficient maturity to be incorporated as parts of respective Actions. Indicatively, this is the case in:

- (i) some areas of public administration reform, where the new Strategy is in place, but at the point of finalisation of IPA 2014 programming, respective Action Plan is not finalised to provide all details necessary to anticipate exact type of the needed assistance. The sequence of exact steps to be undertaken for the demanding inspection system reforms, or the pre-conditions underlying the systemic introduction of corporate governance in the public sector are still pending, to illustrate only some of challenging potential assistance areas;
- (ii) economic governance as the new key feature of the EU enlargement strategy, opens a broad field of cross-sector priorities which will have to be addressed and some of them in a rather prompt manner. Exact understanding of the requirements of the announced national economic reform programme, action plan for public financial management and competitiveness and growth programme is still missing, and it can be reasonably anticipated that the demands for assistance, targeted and of smaller scale, will appear already for the elaboration of those programmes;
- (iii) with the perspective and intention of preparing grounds to exploit new financing options under IPA II - namely the sector budget support (but only with the IPA 2015 or IPA 2016 Program)

and to support structural reform processes within the transport sector, it is herewith anticipated to support the preparation of the comprehensive railway reform programme, including complex matters related to organizational, financial and human resources capacities. Starting point for the programme will be EU directives 91/440 modified by 2007/58/EU and 2012/34/EU and an important emphasis is put on the elaboration of the social programme to accompany railway reforms;

- (iv) in the field of agriculture and rural development it is necessary to proceed with alignment of legislation and the establishment of the necessary administrative and control structures required by the *Acquis* especially in relation to implementation of IPARD and strengthening advisory services and continued support to agricultural land management and consolidation;
- (v) it is necessary to further advance with modernization of the Serbian Tax Administration (STA) by establishing an efficient IT system aligned with the EU requirements.

Furthermore, the topics of a cross-cutting nature, usually not suitable for the sector or stand-alone actions in the core national program (such as tourism and culture, regulatory reforms and capacities of independent state bodies, etc.) are to be considered for the support from EU Integration Facility.

Additionally, funds will be an important source of support, since in the majority of cases for works and supplies contracts, but also for more complex service contracts - particularly those pertaining to the design of information systems, external expertise is desirable for elaboration of detailed and quality tender documentation in the form of tender dossiers, technical specifications or terms of reference. Given the fact that IPA 2012/2013 unallocated funds are almost entirely “booked” at the point of drafting of this Action Document, there is a strong argument for the extension of the mechanism by allocation of additional resources within IPA 2014 Programme.

Project Preparation Facility

Serbia has high needs for infrastructure development, first and foremost, for the direct benefit of its citizens, but also in view of the accession to the EU. Large scale investments in infrastructure will be needed to meet the legislative requirements and to achieve the standards set out in Chapters 15, 21 and 27 of *Acquis* (Energy, Trans-European Networks and Environment & Climate Change, respectively). It is widely recognised that the finances needed for preparing and building necessary infrastructure are greatly in excess of existing national budget resources and that Serbia’s EU accession preparations will need the collective support of international donors together with loans from the main international financial institutions (IFIs). Once Serbia joins the EU it will be able to use Structural and Cohesion Funds for infrastructure development and the strategic planning for the future use of these funds is an important part of national preparations under Chapter 22 (Regional Policy and the Coordination of Structural Instruments).

IFIs which are active in Serbia have provided loans for major infrastructure projects mainly in transport, environment, energy and competitiveness (small and medium-sized enterprises) sectors. Notably the European Investment Bank (EIB) has made loans worth EUR 2 300 000 000 since 2009 and the European Bank for Reconstruction and Development (EBRD) has provided loans worth over EUR 3 000 000 000 since 2011. Despite these commitments there are substantial amounts of still undisbursed funds. In large part this is because the central and local administration lacks capacities for strategic design, planning, permitting, inspection, enforcement, monitoring, and project management of large investment projects. Weak project identification, problems with land expropriation, delays by national and local authorities to issue building permits, disputes over land ownership, and delays with preparation of technical documentation for investment projects have caused considerable delays for implementation of investment projects until now, sometimes even putting the IPA and IFI funded projects at risk.

Given the currently restrictive fiscal climate, it is important to focus available resources on strategically significant infrastructure projects i.e. on those projects which will make the largest contributions (impacts) towards the achievement of national policy objectives for accession and for socio-economic development in general. However, as indicated above, to date the most important factor determining infrastructure development in Serbia has been the maturity of project documentation i.e. the quality of project preparation and therefore the extent to which available donor

assistance /IFI loans can be absorbed rather than the strategic significance of potential projects. This fact has been reflected in EC Progress Report for year 2013, particularly in relation to Chapter 22, whereby the lack of investment plans, low capacities for production of project documentation and weak project pipeline are particularly underlined.

Also it has become clear that the identification of strategically significant projects and their prioritisation into sequenced project pipelines will play an important part in the successful implementation of the Sector Approach under IPA II over the period 2014-20. This is particularly so for infrastructure projects which generally require long preparation periods to develop the necessary documentation².

Serbian European Integration Office (SEIO) provides the technical secretariat for the National IPA Coordinator (NIPAC-TS) and is leading the accession negotiations on Chapter 22. In response to the need for identifying and preparing a national portfolio of strategically relevant investments, and as a part of overall longer term planning for the usage of international assistance funds within National Priorities for International Assistance for period 2013-2017 with 2020 projections (NAD), SEIO has prepared a comprehensive *Methodology for the Selection and Prioritisation of Infrastructure Projects* (hereafter the Methodology). The Methodology was developed and adopted by the Government in 2013 and subsequently tested during 2013-2014 with the cooperation of the responsible sector ministries for the following sectors: *environment (water/ wastewater treatment and solid waste management); transport; energy and business development (industrial zones, business parks, incubators)*.

The Methodology has six steps as shown below:

1. Collection of potential infrastructure projects
2. Identification of long list of strategic projects
3. Strategic Relevance Assessment
4. Short list of strategically relevant projects
5. Gap assessment of shortlisted strategically relevant projects
6. Establishment of final list of prioritized projects.

Potential projects are initially derived either directly from national strategies or from other central /local government sources (step 1) and a 'long list' of projects is registered in a standardised format (step 2) and assessed for strategic relevance (step 3) using scoring criteria which have been developed specifically for each sector /sub-sector. A 'short list' is drawn up of the highest scoring projects (step 4) which are then assessed for their maturity (step 5). A final list of priority projects is produced (step 6), from which projects can be selected for subsequent preparation and implementation. This sequence of screening and assessment steps acts as a quality filter; gradually reducing the long list of potential projects to a prioritised project pipeline thereby ensuring that only the strategic projects are selected for full preparation. The testing phase involved the establishment of a national investment pipeline containing 119 projects which were assessed for their strategic relevance. Gap assessments were carried out on the 70 projects judged to be of highest relevance and these were classified on the basis of their maturity and future preparation needs.

This Action will establish a Project Preparation Facility (PPF) which will further prepare projects from the national investment pipeline on the basis of the gap assessments carried over 2014-2015. The PPF will support SEIO and the responsible line ministries in reviewing and amending (if necessary) the strategic relevance criteria used in step 3 of the Methodology so that they reflect the most recent sector strategies. Assistance will be provided for the envisaged annual updating of the investment pipeline and for the application of the Methodology on any new projects proposed by the line ministries. PPF will support preparation of the documentation necessary for implementation of infrastructure projects following the legal provisions in Serbia and respecting the EU requirements/standards related to project preparation. Also, the PPF will provide training and capacity

² Standard project documentation covers the following: outline project design; pre-feasibility study; location permit; preliminary design; feasibility study; cost-benefit analysis; environmental impact assessment; final design; construction permit; tender documents.

building for all the public bodies at both central and local levels involved in the preparation, implementation and management of infrastructure projects.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

This AD is designed to support Serbia in its specific path to the EU, in line with the **Enlargement Strategy and the Strategy Paper for Serbia** and thus also in line with the pillars of the SEE 2020 and Europe 2020 strategy (“Strategy Paper” itself is shaped to be consistent with EU policies like Europe 2020 and benchmarks agreed under SEE 2020).

With regards to PLAC type of support the AD will address the specific needs arising from the screening process and further during the accession negotiations. The PLAC support will address the part of reforms in the Justice and Home Affairs Sectors in line with the accession negotiation framework thus allow implementation of the action plans under Chapters 23 and 24 as these will be the core of EU assistance in this sector. The PLAC support will be used to provide targeted advice and guidance to national administration in overcoming the benchmarks and setting the negotiation positions for each chapter.

Through the EU Integration Facility support will be mobilised in response to unforeseen priority needs relevant to the accession negotiations, but which do not fall under the identified priority areas. PAR and economic governance will be supported, but also assistance will be provided for *Acquis* alignment and institution building.

Furthermore, through EU Integration Facility and PPF types of assistance, capacity of Serbian authorities will be enhanced for EU funds management and investment project preparation both at central and local government level. Support will be provided for preparation of key infrastructure investments in the transport, environment and energy sectors within Single National Investment Project Pipeline (through PPF), thus allowing focusing on strategic and technically and financially viable investment projects, enhancing administrative capacity for the investment project preparation resulting into mature investment projects and countering the risks of poor project identification and preparation.

According to Article 72 (Title VI - Approximation of Laws, Laws enforcement and Competition Rules) of the **Stabilisation and Association Agreement (SAA)**, the contracting parties recognise the importance of the approximation of the existing and future legislation in Serbia with the EU legislation as well as of effective implementation and enforcement. In addition, Serbia is obliged to ensure that its existing and future legislation will be gradually made compatible with the EU *Acquis*.

The revised **National Plan for the Adoption of the *Acquis* – NPAA** for period 2014-18 (adopted in July 2014) represents the comprehensive plan for the alignment of national legal system with the *Acquis*, as well as for the capacity building for the correct and thorough implementation of the aligned legislation. Such revised detailed plan allows for taking the positions on dynamics of legislative harmonisation and institutional adjustments already during bilateral screenings. Furthermore, the revised NPAA reveals also the pending and open issues concerning harmonisation and implementation of legislation and thus also indicate possible requirements on transition periods. The revised NPAA within the Chapter 22 on Regional Policy and Coordination of Structural Instruments provides the overview of technical assistance projects which supported Serbian administration in preparing the documentation for investments, while the priority infrastructure projects are mentioned in respective chapters (e.g. on energy, transport, etc.). Likewise, given that the compendium of *Acquis* is under constant development, the regular annual revisions of the NPAA will be used to adjust its contents to the modifications of the *Acquis* itself. Of course, the annual revisions shall reflect the modifications initiated by national competent institutions based on their internal revised plans or based on the suggestions/comments by the EU on the contents of defined plans. In such a manner, the Republic of Serbia shall in some cases amend its legislation simultaneously with the Member states.

EC Progress report for the Republic of Serbia for year 2013 is generally perceived as one of the most positive reports to date. Part of the reasons is related to the progress made in the reform agenda. The fulfilment of the political criteria in the areas of democracy and the rule of law, human and minority rights and regional issues and international obligations was also advanced, with few setbacks noted in relation to the previous reporting period. In the reporting period (October 2012 to September

2013), Serbia has continued to build a satisfactory track record in implementing the obligations from the SAA. The progress in economic criteria was weak, uneven and generally unsatisfactory. The slow progress in economic reforms suggests that Serbia is nowhere close to the fulfilment of the 1993 Copenhagen criteria on the existence of a functioning market economy. In regard to the ability to take on the obligations from the membership, Serbia has showed an uneven progress in different policy areas. The fulfilment of conditions for the full membership is moderately advanced in most of the policy areas (Chapters). In the areas of intellectual property, company law, statistics, customs union and foreign and security policy, Serbia has achieved a substantial and satisfactory fulfilment of the EU membership criteria, while particularly weak chapters are those on agriculture and rural development, employment and social policy, judiciary and fundamental rights, environment and climate change, and budgetary and financial provisions. In these policy areas, much more efforts and results are expected in order to meet the EU membership criteria. EC Progress Report for year 2013 also underlines, particularly in relation to Chapter 22, the lack of investment plans, low capacities for production of project documentation and weak project pipeline.

National Priorities for International Assistance (NAD) in the Republic of Serbia 2014-2017, with projections until 2020. Support from the international development assistance funds (IPA, bilateral donors and international financial institutions), as well as related co-financing, is being planned in accordance with the new NAD adopted by the Government on the 8th of November 2013, and is subsequently formalized in accordance with specific financing agreements. Whilst the NAD is the fourth in a series of planning documents since 2007, it is the first to fully anticipate the complete introduction of a Sector Approach over the planning period it covers i.e. from 2014 onwards. For this reason the NAD has a wide policy scope, covering all sectors and policy areas which are judged to be significant in preparing the country for EU accession and its socio-economic development. Given that the NAD is intended to provide basis for implementing the Sector Approach in line with explicit requirements of IPA II and given the overarching priority of the accession to the EU for Serbia, the topics of EU agenda are incorporated in all NAD sectors and thematic areas. In terms of programming however, the horizontal issues of European integration, negotiations, legislative harmonisation and implementation, effective usage of IPA II for Actions in various sectors – are treated within one comprehensive Action under Public Administration Reform sector as presented herewith for IPA 2014.

SECTOR APPROACH ASSESSMENT

The activities under this stand-alone Action are horizontal and cross several sectors. In terms of IPA 2014 Programme and following the logic of the Strategy paper this Action is presented within the Public Administration Reform sector.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

(1) PLAC

Considering the number and importance of development assistance projects whose aim is to support the European integration process in the Republic of Serbia, harmonisation of Serbian legislation with *Acquis* and systemic strengthening of coordination and capacities of all actors involved in preparation and implementation of the negotiations with the EU, - a need for a single, narrower coordination forum in the form of partnership board (PB) was recognized. PB represents a special coordination formation which operates within the SWG for planning, programming and monitoring the implementation of EU funds and international development assistance in the sector Public Administration Reform. First meeting of the Partnership Board of the projects that support Serbia's European integration process and the accession negotiations was organized on the 31st January 2014. PB is established in order to exchange information between the partner institutions involved in relevant projects and currently comprises seven projects funded by the IPA, as well as by individual development partners - Germany and Sweden. It is to be broadened by including the projects supporting public financial management and in particular indirect management of IPA. The underlying idea of PB is to ensure cooperation among partner institutions – beneficiaries of the projects enrolled within the PB and to exchange information with a view of ensuring optimal joint performance and avoiding any overlapping of project activities. It has a flexible participation and working scope, i.e. in addition to the members envisaged by the Decision on establishment,

participation of representatives of other interested parties (institutions and organisations) shall be possible. To date, PB includes the representatives of: SEIO, Negotiating team, EU Delegation, General Secretariat of the Government, Republic Secretariat for Legislation, National Assembly, ministry in charge of public administration, ministry in charge of environment, as well as project teams managing the following projects pertinent also the present Action:

Technical assistance to the policy and legal advice centre (PLAC) funded under IPA 2011 National Programme. This is the third in a row of PLAC projects directed towards assisting national institutions in the alignment of domestic legislation with the *Acquis* (previous projects were funded from CARDS 2001, 2002 and 2004). The project is active from mid 2013 and it supports the structures related to harmonization and approximation of national legislation with EU legislation, including mechanisms for consultation of relevant external stakeholders; improvements of compatibility of national legislation with EU legislation through preparation of relevant draft laws particularly during accession negotiations and; capacities of institutions for the implementation of the aligned legislation in several prioritized Chapters as follows: 11, 23, 27, 32. Other priority areas of support pertain to the domain of other Chapters: 3, 5, 7, 8, 12, 15 and 28. Project is managed flexibly, transparently and is essentially demand driven. Substantial efforts are invested in regular and comprehensive coordination with all the beneficiaries, including the stakeholder meetings which often accompany meetings of the steering committee;

Support to the EU Integration Process - funded by Germany and implemented by GIZ. Project was approved within the 2011 Protocol on Cooperation for the duration of 3 years with SEIO as the lead Beneficiary. The project is focused on the EU accession negotiation process in Serbia. It has a comprehensive approach on capacity development on the individual, institutional and structural level. The overall objective of the project is to support Serbia in professional and efficient carrying out of accession negotiations for a selected number of Chapters and beneficiary institutions. Those are notably: Ministry in charge of Finance (for Chapters 4, 9, 16, 17, 29, 32 and 33), ministries in charge of agriculture (for Chapters 11, 12 and 13), ministry in charge of economy (for Chapters 1, 6 and 20), Public Procurement Office (chapter 5), National Bank of Serbia (Chapters 4, 9 and 17) and SEIO (for Chapter 22). Project supported the elaboration of an adequate legal framework for establishment of the structure and the procedures for the functioning of the Coordination body for accession negotiations. Capacity building is being organised on the most pertinent issues concerning negotiation process for the listed chapters. It structured in three phases: scanning the state of play in certain area; workshops/seminars and the simulation of screening approximately 6 weeks before the actual screening is scheduled for respective chapter.

Supporting the Implementation of Legal Reforms in Serbia – funded by Germany and implemented by GIZ. The project was approved within the 2010 Protocol on Cooperation for a period of 8 years (from 2011 to 2018). The project aims at assisting the improvement of legal and institutional framework for enhanced rule of law and sound economic growth also in view of Serbia's accession to EU. It focuses on three components of the legal reform cycle: improvement of the overall legislative process; implementation of reformed laws; popularization of legal provisions (particularly in the field of civil and commercial law).

ENVAP II project funded by SIDA provides support for the preparation of accession in the focused environmental sector.

IPA 2011 National Program for Serbia encompasses a Twinning Project on Strengthening Capacities of the National Assembly in the EU integration Process. This Project aims at supporting the NARS in improving its functioning and increasing efficiency, liability and transparency, particularly in the exercise of its representative role, its legislative function, and its oversight function towards the executive. A specific result is envisaged for enhancing cooperation between the NARS and the Government of Serbia in the law-making procedures, on the model of EU Member States' best practices.

IPA 2011 is also funding the project "Reforming Policy Coordination and the Centre of Government - Third phase, providing assistance in redesigning the policy making structure and processes in the Government so that the policies are strategic, outcome focused, flexible, innovative and linked to strategic frames, and so that proper coordination from the Centre is ensured. The project includes 5

components: modernization of the General Secretariat, including a strengthened and operative Department for Planning Monitoring and Policy Coordination; improvement of procedures for Government's strategic planning and annual work planning, including linkages to the Budget; better cooperation between the General Secretariat and other central bodies involved in the policy and legislative process; upgrading of the Ministries' capacities to develop policy and legislation, and to monitor the implementation; and strengthening the role of stakeholders external to the Government in contributing to the policy formulation process (in particular local governments and civil society).

(2) EU Integration Facility

In terms of usage of unallocated envelope from IPA 2012 (another one is envisaged by IPA 2013) it is observed that interaction with national institutions on this mini-programming incites the continuous programmatic thinking on a smaller scale and provides for a resource in selecting quality ideas even if they cannot be supported under the envelope itself but from other development assistance.

Capacity building envisaged within the present Action is to be fully coordinated with the support programmed under a different Action Document within IPA 2014 Programme – namely, with the capacity building activities for EU Programmes. The assistance there is intended for increasing efficiency of absorption of funds available from various EU Programmes by reinforcing management and implementation capacities of Serbian administration and potential beneficiaries. Also, the Action should be coordinated with the TAIEX programme which acts as a complement to the national IPA programme, responding to individual requests not covered in the National Programme.

(3) PPF

Project Preparation Facility 5, funded under IPA 2011 envelope. A series of PPFs have been supported by previous CARDS and IPA assistance these are as follows: CARDS 2006, IPA 2007, 2008, 2010 supported PPF1, PPF2, PPF3 and PPF4 respectively. These projects provided technical assistance for the preparation of IPA Project Fiches and later (PPF3) Sector Fiches. In addition PPF2, 3 and 4 supported the preparation of project documentation for infrastructure projects. *IPA 2011 established PPF5* which provides assistance to NIPAC TS for the effective programming of IPA II in the new financial perspective 2014-2020. Likewise, this project assisted with the development and initial testing of the Methodology for prioritisation and selection of infrastructure projects and will further support the consolidation of the single project pipeline, but also the preparation of project documentation for selected projects.

IPA 2013 will establish PPF6 which will assist in the preparation and implementation of projects from the single investment pipeline and PPF7 which will further develop IPA programming documents (Sector Planning Documents and Action Documents) and thereby strengthen and consolidate the Serbian Sector Approach. PPF 8 proposed under the present Action for IPA 2014 is destined to support the assistance for the uninterrupted maintenance and updating of the Methodology as well as for the boosting the single project pipeline by preparation of project documentation, thus ensuring the maturity of the infrastructure projects to be funded in medium-term perspective. The observation and the experience gained in the implementation of the long line of PPFs is that projects related to preparation of technical documentation, according to good engineering practice, require timely provision of necessary input data from the project beneficiaries and other relevant institutions. In this respect, it has to be mentioned that projects related to documentation preparation should take into account legal provisions relevant in Serbia, which require possession of engineering licences and in some cases (stipulated by the Law) so called company licences.

2. INTERVENTION LOGIC

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION		
Serbian administration effectively conducts accession negotiations and successfully manages overall EU integration and pre-accession assistance geared towards EU membership	<ul style="list-style-type: none"> Progress made on political criteria, Acquis and economic criteria Achievement in closing negotiation chapters Regular and successful functioning of the National Investment Committee and gradual improvement in withdrawal of committed loans 	EC Progress Reports Government reports Negotiating team reports Reports on functioning of the committee drafted by NIC secretariat; Reports of the Public Debt Administration.		
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS	
Legislative and institutional capacities in place for the efficient carrying out of accession negotiations and for fulfilling the requirements of EU membership including the effective usage of available funds for priority reforms and investments.	<ul style="list-style-type: none"> Successful fulfilment of EC recommendations contained in annual Progress Reports for the Republic of Serbia Share of IPA II funds allocated to investment actions (infrastructure) in an Annual Programme compared to total annual national envelope 	Progress Reports; SEIO Reports on implementation of the Action Plans for fulfilment of EC recommendations contained in Annual Progress Reports Financing Agreements on Annual Programmes on pre-accession assistance	Continuous support of the GoS to European Integration process Continuous support of the Member States to Serbia's European Integration process Future allocation by the government of appropriate levels of human and financial resources; Budgetary constraints are not increased;	
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS	
<i>PLAC</i> Result 1.1 National legislation aligned with <i>Acquis</i> and effectively implemented. Result 1.2 Support ensured to relevant national structures for the successful carrying out of accession negotiations.	<ul style="list-style-type: none"> Ratio between planned and implemented overall NPI/NPAA normative measures on annual basis Transition periods successfully negotiated as planned in negotiation positions for respective chapters and accompanied by detailed plans on steps to be undertaken by the set deadlines 	SEIO Reports on implementation of NPI (years 2011) and NPAA (for year 2013 and the following years)NPAA; Reports of the Ministry of Finance on budget execution and Annual budget Law Government reports and reports of the Negotiating team.	Staff experienced in European integration tasks remain in respective institutions as civil servants Accession negotiations rolled-out in accordance with planned dynamics	
<i>EU INTEGRATION FACILITY – DIRECT MANAGEMENT</i> Result 2. Ensured implementation of a number of accession related Actions of various actors per different sectors by effective and participatory programming of EU Integration Facility under IPA 2014.	<ul style="list-style-type: none"> Successful commitment of EU Integration Facility funds to accession related actions of relevant stakeholders Progress made towards meeting accession criteria, as assessed by the Progress Report 	Progress reports and DG Enlargement Reports		
<i>PPF</i> Result 3.1: Methodology applied to all investment project proposals covering Environment, Energy, Transport and Competitiveness sectors and its potential expansion on other relevant sectors (e.g. social infrastructure). Related capacity building of staff in central and local government /public enterprises/ public utility companies trained and competent in the application of the adopted methodological approach. Result 3.2: Financially viable projects for financing by EU pre-accession/accession assistance and by IFIs and/or other donors and national funds developed and ready for implementation (e.g. general project designs, Pre-feasibility studies, Preliminary project designs, feasibility studies, cost-benefit analyses, environmental impact assessments Main projects designs, application forms for major projects (if needed), tender dossiers, etc.).	<ul style="list-style-type: none"> Investment projects identified and registered by SEIO in single investment pipeline Project documentation meets necessary standards (PRAG /FIDIC) Up to 6 major infrastructure projects from single investment pipeline fully prepared and ready to tender 	ISDACON Reports on implementation of the Action	Methodology for prioritisation and selection of infrastructure projects widely and accurately followed by national institutions in the course of investments' planning and preparation. Quality expertise available Availability of staff to attend trainings on the implementation of the Methodology	
ACTIVITIES		MEANS	OVERALL COST	ASSUMPTIONS

<p><i>PLAC</i></p> <p>Activities to achieve Result 1.1:</p> <ul style="list-style-type: none"> • Provide support to national administration in drafting <i>Acquis</i>-compliant legislation, including the timely elaboration of necessary by-laws, instructions and other interpretative materials, action and training plans and other instruments for the smooth implementation of adopted legislation; • Assist competent institutions in assessing the effects/impact of the pieces of legislation to be harmonised and to accurately anticipate financial implications of their implementation; • Advice if necessary on the competences and appropriateness of certain institutions to be in charge for specific and complex pieces of <i>Acquis</i> • Assist line institutions in complying with the plans and deadlines as set up in the NPAA; • Prepare national administration for the practical aspects and challenges in the implementation of harmonised regulations and support establishing of functional coordination mechanisms to facilitate implementation; • Assist relevant institutions in developing the necessary implementation follow-up measures and in monitoring and reporting on the implementation of harmonised legislation; • Provide technical advice on elaboration of national version of <i>Acquis</i> (e.g. consolidation of vocabularies, glossaries, etc.) <p>Activities to achieve Result 1.2:</p> <ul style="list-style-type: none"> • Continue support for national administration to elaborate and/or fine-tune negotiating positions as well as to address opening benchmarks based on the outcome of screening. • In the course of negotiations, ensure assistance to relevant institutions in particular to prepare grounds to overcome and fulfil opening, interim and closing benchmarks, to elaborate required analyses and reports etc. (depending on the situation per chapter based on EU common position); • Support national negotiating structures in preparation for the meetings of intergovernmental conference intended for the provisional closure of respective chapters; • Provide technical support and advice mainly to Negotiating team and SEIO, but also to negotiating groups and other directly involved structures. Support SEIO and Negotiating team in facilitation and coordination of horizontal and vertical negotiating structures and in obtaining targeted capacity building and transfer of know-how from recent accession experiences (seminars, workshops, etc.). 	<p>Technical assistance – Policy and Legal Advice Centre for the implementation of activities under Results 1.1 and 1.2</p>	<p>Total budget for the Action – EUR 35 874 160 IPA budget - EUR 35 874 160</p>	
<p><i>EU INTEGRATION FACILITY – DIRECT MANAGEMENT</i></p> <p>Activities to achieve Result 2.</p> <ul style="list-style-type: none"> • Implementation of a number of accession related actions of various actors (such as public institutions, ministries and other state institutions for the needs related to <i>Acquis</i> implementation, local administrations, etc.) • 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); Preparation of various analysis, studies, surveys, reviews, assessments or monitoring reports on a need basis for the purpose of support to the EU financial assistance and integration process of Serbia. 	<p>Various contracts – for EU Integration Facility for Result 2.</p>		<p>Tender procedure successfully implemented without bidders complaints within scheduled timeframe</p>
<p><i>PPF</i></p> <p>Activities to achieve Result 3.1:</p> <ul style="list-style-type: none"> • Support NIPAC TS in updating of Single project pipeline uploaded on the ISDACON data base; • Support line institutions in updating of Project Identification Forms, Strategic Relevance Assessments (SRAs), Gap Assessment Reports (GARs) and project passports; • Ensure expertise for the technical implementation of the Methodology, including assessment of the existing documentation related to the newly identified investment projects. Provide support for the potential expansion of the adopted methodological approach on the new sectors under the coordination of SEIO with the active involvement of the sector institutions. Update training needs analyses for relevant institutions/bodies, update training materials to incorporate experiences gained in earlier cycles of Methodology implementation and deliver training workshops and/or ad hoc trainings. <p>Activities to achieve Result 3.2:</p> <p>Following the single project pipeline chronology PPF will prepare necessary documentation (e.g. general project designs, Pre-feasibility studies, Preliminary project designs, feasibility studies, cost-benefit analyses, environmental impact assessments Main projects designs, application forms for major projects (if needed), tender dossiers, etc.) for the projects which will be incorporated in upcoming IPA programming cycles for investment realization or considered for funding from other sources;</p>	<p>Technical assistance – Project Preparation Facility for the implementation of activities under Results 3.1 and 3.2</p>		

ADDITIONAL DESCRIPTION

(1) PLAC

Result 1.1

With the launching of accession negotiations, additional pressure is being put on national institutions in charge for drafting pieces of legislation which need to be fully aligned with *Acquis* but also implementable and sustainable in the domestic context. It becomes even more challenging therefore to strike an adequate balance between the necessity to adopt or amend legislation by accelerated dynamics and the imperative to ensure that the norms are well thought through, communicated and consulted with all the interested parties, affordable and meaningful in the national legal system. Particularities of *Acquis* are often such that anticipation of effects it will induce in practice is not feasible based only on the domestic experience. It happens also that the notions of *Acquis* are not automatically understandable for national legal terminology, but also that the cross-institutional nature of the mechanisms that need to be transposed is confusing and difficulties occur already in determining the national responsible institution to be in charge for such aspects of *Acquis*. This is why the experience of EU Member states is precious for national administration, as by way of comparison at least some mistakes might be avoided and some impediments easier removed. It is evident that in the majority of cases, the *Acquis* cannot be simply transposed without elaboration of accompanying by-laws, instructions and other interpretative materials as well as that for the effective implementation, roll-out and phased plans need to be developed and capacities of institutions adequately built up. Besides this, follow-up and monitoring of the implementation of the new legislation has to be given particular attention, which in turn again requires additional resources and acquiring of additional skills and competences. Therefore, this part of the Action is aimed at ensuring the high quality expertise to be provided to national staff dealing most concretely with legislative harmonisation and at providing direct transfer of know-how by recommending cost-effective implementation mechanisms and sustainable solutions, including elaboration of studies and impact analysis, setting out operational conclusions. Drafting of harmonised legislation and performing compatibility checks will thus be accelerated and development of the necessary regulatory framework for implementation of the transposed *Acquis* facilitated.

Result 1.2

After the era of enhanced permanent dialogues as the closest analogue mechanism of exposure and interaction of national administration with the services of the European Commission, Serbian public administration enters into much more demanding and obliging exercise of accession negotiations, whereby each step, every meeting and decision should actually result in approaching actual membership in the EU. For this scenario to happen in an uninterrupted pace and in accordance with the planned dynamics, preparedness, high level of competences and availability of accurate information is of crucial importance. This implies consolidation of quality and sources of official statistical data to be presented to the EC and to be taken into consideration in elaborating and sustaining negotiation positions. It also requires timely calculating of costs and gathering of supporting arguments to determine credible and realistic forecasts in the dialogue with the EC. To strengthen national position and timely introduce safeguards when negotiating the substance of each and every chapter, national structures need quality briefings and solutions based on best practices observed by analysing previous accession experiences. The transition of economy and aligning with EU standards is costly, but exactly how much and how long Serbia can afford before it becomes internally prepared to assume all obligations of membership, is extremely complex estimation to be made. Therefore, the momentum of negotiations is decisive for the future financial and institutional prospects of the state. Resource demanding *Acquis* chapters and competitiveness and growth sectors such as environment and energy, agriculture and transport with related infrastructure, but also border controls and aspects involving general administrative capacity building, require high vigilance and realistic assessments on the moment of readiness as even higher costs and prolongations could be generated during negotiations. To support domestic negotiating structures, both in the effective leadership and in the quality operational work, concentrated, well structured, experienced and committed technical assistance shall be needed in the core period of negotiations. This is true for the

Negotiating team as much as for all the institutions involved in negotiating teams and in particular for SEIO given its mandate. The support will have to be diversified and it is sought for under this Action for IPA 2014 in such a manner to satisfy various stages and phases in the process for different negotiation chapters. At the point of actual start of the requested service contract, some structures will be in the phase of addressing opening benchmarks while the others will be deeply enrolled in the negotiations.

Prioritisation and narrowing down of the chapters to be addressed – respective institutions to be supported - will have to be undertaken subsequently and aligned with most pertinent needs evident at that point and necessary for the successful carrying out of negotiations.

(2) EU Integration Facility – direct management

Results 2.

The activities and tasks listed under this result will serve the purpose of supporting *Acquis* chapters through creation of an EU Integration Facility for unspecified institution building needs (training, technical assistance, grants, etc).

Under result 2. 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 NPAA 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. Several important areas of assistance have been identified during the programming process of IPA 2014, pertaining to classical programming sectors but not representing the comprehensive sector actions which is why they are addressed within this facility. This non exhaustive list encompasses as follows:

- Chapter 11: (i) implementation of IPARD - strengthening farm advisory services, technical bodies and other stakeholders to enhance Serbia access to future IPARD funding and support the required certification of compliance with national and EU standards of completed measures (ii) agricultural land management and consolidation - further enforcement of land consolidation
- Chapter 14: railway reform –defining comprehensive railway reform program with the social reform component focusing on organizational, financial and human resources management
- Chapter 16: modernisation of Tax Administration – implementation of IT software system that meets EU standards and at the same time strengthens the institutional capacities of the STA in the areas of tax collection, financial and material accounting, tax evasion and internet portal.
- Chapter 27: waste management –completion of the strategic and legislative framework by preparing the missing sector specific planning documents and other planning documents addressing priority needs and improving institutional capacities such as: development of DSIPs for Air Framework Directive, VOCs Petrol Directives, Directive on Sulphur content in liquid fuels, Directive on Quality of petrol and diesel fuels and other priority Directives and Regulations in chemicals sector including additional documents based on screening report; Chapter 19: Further support to Roma integration measures

Additionally, in many cases thorough project implementing 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. Accompanying requirements might appear, such as need for additional analysis, studies, surveys, reviews, assessments or monitoring.

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

(3) PPF

Result 3.1

Activities under this result are intended to support NIPAC TS in updating of Single project pipeline including assessment of the existing documentation related to the newly identified investment projects, as well as to support line institutions in updating of Project Identification Forms, Strategic Relevance Assessments (SRAs), Gap Assessment Reports (GARs) and project passports. Technical advice should include also the recommendations on possible conceptual and organizational steps and mechanisms to expand the scope of the Methodology towards encompassing sectors currently not included in the methodology but equally investment heavy (e.g. social infrastructure). With this regards, training needs analyses would have to be updated and adjusted for relevant institutions/bodies, training materials upgraded to incorporate experiences gained in earlier cycles of Methodology implementation and sets of trainings subsequently organized.

Result 3.2

The successful development of infrastructure projects depends on the existence of adequate, legally-compliant Spatial Planning Documentation together with detailed technical documentation which is specific to proposed project proposals. The preparation of technical documentation requires high levels of professional expertise and is time-demanding and for this reason is expensive. Project documents must be in line with both national legislation and, in the case of donor funding, must meet recognized international /EU standards. The required documents are as follow:

- Pre-Feasibility Study with General Design
- Feasibility Study with Preliminary Design
- Environmental Impact Analysis
- Main Design
- Tender /Procurement Dossier

Past experience of infrastructure development in Serbia has shown that there is a lack of coordination of financial sources when during the project preparation phase. Namely, because of their complexity, project preparation activities predominantly concentrate on the preparation of technical documentation often without ensuring that the necessary spatial planning documentation (General and Detailed Regulation Plans, Infrastructure Corridor Plans, Location Permits etc.) exist. One important finding of the Gap Analyses³ carried out on proposed infrastructure projects in Serbia is that in many cases the legally required planning documents are either missing or of inadequate quality; often this lack of documentation leads to severe delays in project preparation (the so called 'bottleneck' projects). For this reason stronger coordination of financial planning of all necessary steps within the investment project preparation process will be established. SEIO developed the project passports as a tool which could be helpful for that exercise. Preparation of the technical documentation will remain in the focus of the future PPF. However when needed for urgent implementation of investment also spatial planning documentation will be produced.

It is planned that the PPF (PPF8) which will be established by the IPA 2014 Action Programme will support primarily preparation of technical documentation for infrastructure projects in the transport and environment sectors and include the construction of sections of a trans-European highway, the upgrading of wastewater treatment plants and the rehabilitation of toxic dumpsites /landfills.

Following the results of the GAP assessments conducted in the context of the definition of the single project pipeline it is identified that the costs attached to preparation of technical documentation vary depending on the type of the documents which needs to be produced and the indicative investment value.

The commitment of the national authorities, both on the central level (state secretaries) and the local level (mayors of municipalities and directors of PUCs) will be required in the written form prior to support to preparation of any project.

³ As part of the standard Methodology for Project Selection and Prioritization

Indicative cost breakdown:

Preparation of technical documentation in total costs around the - 5%

- Feasibility study - 1%
- Preliminary design - 2.1%
- Environmental Impact Assessment study - 0.5%
- Final (Main) design - 1.4%

Preparation of the spatial plans costs around 0.5 % of the investment value.

MAIN ASSUMPTIONS AND PRECONDITIONS:

The **main assumptions** that should be considered on the level of the whole Action include

- Continuous support of the GoS to European Integration process
- Continuous support of the Member States to Serbia's European Integration process
- Future allocation by the government of appropriate levels of human and financial resources; Written commitment of the central and local authorities;
- Budgetary constraints are not increased;
- Staff experienced in European integration tasks remain in respective institutions as civil servants
- Accession negotiations rolled-out in accordance with planned dynamics
- National structures regularly accredited for the decentralised management of IPA II funds
- Quality expertise available
- Tender procedure successfully implemented without bidders complaints within scheduled timeframe
- Methodology for prioritisation and selection of infrastructure projects widely and accurately followed by national institutions in the course of investments' planning and preparation.
- Availability of staff to attend trainings on the implementation of the methodology

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

Monitoring arrangements, including Steering Committee(s) for the implementation of this Action, shall be established in accordance with the relevant provisions of the applicable legal acts regulating IPA II.

Results under this Action will be implemented in the modality of direct management, with EU Delegation being responsible for contract implementation and monitoring.

For Results 1.1 and 1.2: the main beneficiary is the Department for Coordination of the Accession Process and for Monitoring of the Stabilisation and Association Agreement within SEIO which will cooperate closely with the EU Delegation on all the implementation issues. Given the nature of the PLAC assistance, final beneficiaries – national line institutions to which the expertise is allocated, shall be intensively involved also in determining profiles of the experts to be engaged for targeted tasks;

For Result 2. the Action envisages additional programming for the usage of the funds. By its legal mandate, NIPAC technical secretariat within SEIO interacts with the institutions applying for assistance projects/support through framework contracts, etc. and consolidates the quality of proposals. This is the case irrespective of the implementation system, i.e. whether it is direct or indirect.

For Results 3.1 and 3.2: Senior Program Officer/SPO appointed in SEIO shall work in close cooperation with the Department for planning, programming, monitoring and reporting on EU Funds and Development Assistance – NIPAC TS as the main beneficiary.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

Activities under Results 1.1 and 1.2 will be implemented through one service contract under direct management.

Activities under Result 2 will be implemented through a number of service contracts, framework contracts as well as grants and other types of contract implementation under PRAG rules.

Activities under Results 3.1 and 3.2 (PPF) will be implemented through one service contract under direct management

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring of the progress of the implementation of this Action sector will be done in accordance with the rules and procedures for monitoring applicable to direct management mode of implementation.

IPA II monitoring process is organized and led by the EU Delegation and NIPAC TS. Monitoring process is aimed to improve programming, implementation and sustainability as well as timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions.

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

INDICATOR MEASUREMENT

Indicator	Description	Baseline (year)	Last (year)	Milestone 2017	Target 2020	Source of information
Strategy Paper indicator – PLAC Progress made on political criteria, Acquis and economic criteria	<ul style="list-style-type: none"> Assessment on the overall progress made in the respective area/sector in the perspective of meeting accession criteria, as assessed by the Progress Report 	n/a	(2013) Serbia as the candidate country meets some accession criteria	Further progress	Serbia meets all accession criteria	EC Progress Reports
Action outcome indicator1 Achievement in closing negotiation chapters	<ul style="list-style-type: none"> Measuring achievement in closing negotiation chapters 	n/a	n/a		All negotiation Chapters closed by end 2018	Government reports and reports of the Negotiating team
Action outcome indicator2 Regular and successful functioning of the National Investment Committee and gradual improvement in withdrawal of committed loans	<ul style="list-style-type: none"> Measuring success/achievement in functioning of the of the National Investment Committee and in withdrawal of committed loans expressed as: limited, good and advanced success/achievement 	n/a	n/a	Good	Advanced	Reports on functioning of the committee drafted by NIC secretariat Reports of the Public Debt Administration
Action outcome indicator3 Successful fulfilment of EC recommendations contained in annual Progress Reports for the Republic of Serbia	<ul style="list-style-type: none"> Measuring the progress in fulfilling the EC recommendations for Serbia - established as the overall success rate in implementing the Government Action Plan for fulfilment of EC recommendations contained in Annual Progress Reports. Action Plan in the reporting year concerns the EC Progress Report for previous year. 	2012 82% ⁴	n/a (report shall be available in September 2014)	100%	100%	EC Progress reports; SEIO reports on implementation of the Action Plans for fulfilment of EC recommendations contained in Annual Progress Reports
Action outcome indicator4 Share of IPA II funds allocated to investment actions (infrastructure) in an Annual Programme compared to total annual national envelope	<ul style="list-style-type: none"> Measuring share of IPA II funds allocation to investment type of actions (supplies and works) annually compared to total annual IPA II national envelope (in percentage) 	38% (2012)	34% (2013)	40%	50%	Financing Agreements on Annual Programmes on pre-accession assistance

⁴ According to the Report (from September 2013) on implementation of the Action Plan for fulfillment of EC recommendations contained in Annual Progress Report for year 2012

Action outcome indicator 5 Ratio between planned and implemented overall NPI/NPAA normative measures on annual basis	<ul style="list-style-type: none"> Measuring fulfilment of implementation of NPAA expressed in percentage 	(2011) 63.9%	(2013) 52%	100%	100% (Target year 2018)	SEIO Reports on implementation of NPI (years 2011) and NPAA (for year 2013 and the following years)
Action outcome indicator 6 Transition periods successfully negotiated as planned in negotiation positions for respective chapters and accompanied by detailed plans on steps to be undertaken by the set deadlines	<ul style="list-style-type: none"> Success in negotiations measured by success in agreeing on transition periods with EC in accordance with the plans outlined in Serbia's negotiation positions for respective chapters 	n/a	n/a	YES	YES	Government reports and reports of the Negotiating team
Action output indicator 1 Successful commitment of EU Integration Facility funds to accession related actions of relevant stakeholders	<ul style="list-style-type: none"> Full commitment of EU Integration Facility funds programmed under IPA 2014 Action 	n/a	n/a	100% of funds contracted	100% of funds disbursed	CFCU reports; CFCU database on ex-ante controls; IPA Monitoring Committee reports; MIS
Action outcome indicator 7 Decrease of rejection rate of procurement documentation in the scope of ex-ante controls under indirect management	<ul style="list-style-type: none"> Measuring rejection rate in percentage 	n/a	n/a	40%	5% - last observed year 2019 (ex-ante controls expected to be waived by 2020)	CFCU reports; CFCU database on ex-ante controls; IPA Monitoring Committee reports; MIS
Action outcome indicator 8 Progress made towards meeting accession criteria, as assessed by the Progress Report in relevant Chapters	<ul style="list-style-type: none"> Measuring the progress made towards meeting accession criteria in relevant chapters (expressed as: no progress, some progress, progress, good progress and significant progress. 					Progress reports and DG Enlargement Reports
Action output indicator 2 Investment projects identified and registered by SEIO in single investment pipeline	<ul style="list-style-type: none"> Periodical update of the pipeline register is expected. 	n/a	first single investment pipeline established (2014)	Yes (register updated)	Yes (register updated)	ISDACON
Action output indicator 3 Up to 6 major infrastructure projects from single investment pipeline fully prepared and ready to tender	<ul style="list-style-type: none"> Number of major infrastructure projects from single investment pipeline fully prepared by PPF8 and ready to tender. 	n/a	n/a	6 projects from the single investment pipeline selected; preparation of documentation started	6 projects fully prepared and ready to tender	Reports on implementation of the Action

5. CROSS-CUTTING ISSUES

Cross-cutting issues will be addressed throughout the Action, so to ensure that those horizontal issues are appropriately mainstreamed whenever applicable in the envisaged activities. For the reference, best practices and EU standards would be used, but also the national legislation reflecting such standards and requirements as incorporated into domestic system

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

By their nature the majority of activities envisaged under this AD do not imply direct and major impact to environmental issues, but will however be implemented in a manner which is environmentally friendly e.g. with regards to reduction of the paperwork in the cases where introduction of IT based models and techniques are introduced for daily operations of administration. Furthermore, all projects prepared under the PPF Result 3.2 will be screened for environmental impact and will follow the national law on Environmental Impact Assessment (EIA).

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

In order to enable more inclusive and transparent dialogue, consultation and communication with all relevant stakeholders in the respective sectors, SEIO established a consultation mechanism with the civil society organization (CSOs)⁵. This mechanism is based on the consultative process with Sectorial Civil Society Organizations (SECOs) and serves as a platform that enables exchange of information and contribution of CSOs in relation to planning development assistance, particularly programming and monitoring of the Instrument for Pre-Accession Assistance (IPA). Likewise, accession negotiations of the Republic of Serbia shall be regularly subject of public debates with special voice to be given to business subjects and CSOs.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of projects and accessibility to the opportunities they offer. An appropriate men/women balance will be sought on all the managing bodies and activities of the Action. All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs, as a proof of equal participation of men and women in the different phase. Enforcement of those principles is likewise ensured through specific administrative procedures applied in accordance with the Law on non-discrimination. In the implementation of activities under this Action, the same principles shall apply, so that participation in the envisaged activities will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc. Gender equality incentives will be incorporated particularly in activities concerning capacity building.

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 EU Integration Facility there is possibility to support projects that directly deal with minorities and vulnerable groups

6. SUSTAINABILITY

Action will produce sustainable results in the short run since the entire beneficiary institutions/structures are already in place, and the Action does not envisage establishment or financing of the new organisational units and their running costs. Although in the majority of cases, for the harmonisation with *Acquis*, for the preparation for negotiations and also for project preparation the ongoing technical support is being provided, the demand is still high and the need for technical assistance is likely to increase proportionally to the challenges ahead. Sustainability is also given in the fact that the support for legislative alignment results eventually in adoption of the laws, by-laws, plans, etc., by the Parliament, Government or governmental bodies. Trainings and training materials provided through this Action, notably in the cases of PLAC and PPF components, make an integral part of the annual training plans of the Human resources management service and will be uploaded and available at all times on the SEIO web site (at least via link). In addition, in order to ensure sustainability and subsequent usage of project documentation, requirements of the Law on Planning and Construction, as well as the best EU standards in infrastructure projects' development will be followed. Likewise, the Methodology for prioritisation and selection of infrastructure projects which is to be updated and possibly expanded under this Action, is itself adopted by the Government as the integral part of the NAD. Furthermore, in the scope of the working group for elaboration of the by-law on classification of capital investments (by-law obligatory in accordance with the Budget System Law), exactly this Methodology is being

⁵ Introduced in 2011

considered for the incorporation in the new regulatory solution to be generally applicable to all the sectors and all the types of investment projects. Consolidation of the national project pipeline is in the core of the new initiative promoted by EC among all the Western Balkans countries – on establishment of the National Investment Committee (NIC). In brief, NIC should serve as the platform where all the donors and IFIs would express their agreement on prioritisation and possible financing arrangements for specific projects or parts of projects (preparation or implementation). NIC is to be in the full ownership and leadership of the Government and to be co-chaired by the Ministry of Finance and the National IPA Coordinator to demonstrate the intention and the direction of the Government towards optimisation of usage of all available funding (grant funds, loans and national budget).

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action.

The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

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.).

Standard formats will be used in press conferences (presentations or similar events), workshops, invitation for the events, etc., in a manner to ensure communicating to a broader public the fact that the sector support is funded by the EU and to promote best practices and achieved results. The potential outreach of the Action is very extensive, given the great number of stakeholder involved and the general interest of the public for the accession negotiations but also for the effective usage of EU funds. SEIO Aid Matters newsletter⁶ shall also inform the public on major developments and on examples of good practices obtained through this IPA 2014 Action.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA monitoring committee and the sectoral monitoring committees.

⁶ (<http://www.evropa.gov.rs/Evropa/PublicSite/TrainingsAndPublications.aspx>)