

ANNEX

FINANCING PROPOSAL FOR IPA 2008 COMPONENT I SERBIA

1. IDENTIFICATION

Beneficiary	Republic of Serbia
CRIS number	2008/20-406
Year	2008
Cost	168 641 314 EUR
Implementing Authority	European Commission
Final date for concluding the financing agreements	At the latest by 31 December 2009
Final dates for contracting	Three years following the date of conclusion of the Financing Agreement. These dates apply also to national co-financing. No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation.
Final dates for execution	Two years following the end date for contracting. These dates apply also to national co-financing.
Sector Code	<i>According to DAC-list:</i> 11110, 11420, 12110, 15110, 15120, 15130, 15140, 15150, 15163, 15210, 16010, 16020, 21010, 21020, 23063, 24020, 31110, 32310, 33110, 33120, 33210, 41010, 43010, 93010, 99810.
Budget line(s) concerned	22.02.02
Programming Task Manager	Unit C2, DG Enlargement
Implementation Task Manager	Operations Manager, Delegation of the European Commission in Serbia.

2. PRIORITY AXIS / (MEASURES) / PROJECTS

2.a Priority axis

The objectives of the IPA 2008 programme are determined by the priority axes contained in the Multi Annual Indicative Planning Document (MIPD) 2008-2010 for Serbia and they are in line with the recommendations of the Enlargement strategy, the revised key priorities in the 2008 European Partnership and the requirements of the SAA.

These priority axes are **Political Criteria, Economic Criteria and Ability to assume obligations of membership**, and they correspond to the broad IPA objectives of assisting Serbia to implement the necessary reforms needed to fulfil EU requirements, to make progress in the Stabilisation and Association Process and to lay the foundations for fulfilling the Copenhagen criteria.

In line with the 2008-2010 MIPD, funding resources are weighted to reflect Serbia's short, medium and long-term needs to meet EU accession demands. This tailoring of IPA support is based on an assessment of the fast-changing political environment in Serbia. To that end, under IPA 2008, there is a greater emphasis on the political criteria, particularly in terms of supporting municipalities by means of a Municipal Infrastructure Support Programme.

The programme contains 37 projects, of which 36 are grouped under the 3 strategic priority axes and 1 project provides the support activities for the programme.

Priority Axis 1 - Political Criteria

54,55% of the overall budget for the 2008 programme should be allocated to this axis, which focuses on the fulfilment of the EU's political criteria. Despite a good track record in the production of legislation and positive progress in stabilising the Serbian institutions and adopting the new Constitution, there is still a need to strengthen democratic institutions and for further implementation of reform in the public administration, the separation of powers (judiciary, executive, legislative) and the media.

The existence of modern administration with a good absorption capacity, as well as strengthening the rule of law and fighting corruption, are considered to be major pre-conditions for successful implementation of the SAP, the adoption of the EU *acquis* and effective preparation for EU membership. The proposed increase in allocation of EU resources to this sub-component is justified by the crucial importance of all the above-mentioned tasks for the development of adequate administrative capacity.

Rule of law, human rights and respect for and protection of minorities and vulnerable groups also needs to be strengthened. This means, *inter alia*, supporting actions to improve the functioning of law enforcement agencies (prosecution, police, prisons). Moreover, progress in key reform areas such as local self-government, the judiciary, and the fight against corruption and organised crime need to be stepped up. Furthermore, IPA assistance for the development of the Public Internal Financial Control (PIFC) concept and its implementation at all levels of public bodies is a strategic choice, which will have a positive impact on the whole of the public sector by dramatically improving the way public funds are managed.

Projects in this sector include the strengthening of the institutional capacity of the National Bank of Serbia, the strengthening of the capacity of Public Finance Management, support for refugees and IDPs, support for the media in order to improve its capacities in the area of

European integration, the fight against organized crime and corruption, support for the improvement of the judiciary system, the introduction of scholarships for European integration, the improvement of municipal infrastructure through a specific support programme and the establishment of a facility to prepare future projects etc.

Priority Axis 2 - Economic Criteria

17,50% of the overall budget for the 2008 programme should be allocated to this axis, which addresses socio-economic criteria. Within this priority, 2008 IPA will target new strategic areas which demonstrate employment generation potential, such as economic links with the knowledge-based and information technology society, targeting of strategic investment based on Serbia's competitive advantages. The 2008 IPA interventions will be guided by national strategic documents such as the Serbian Innovation Strategy as well as, where SME policy is concerned, the ten guidelines of the EU Charter for Small Enterprises. Economic restructuring and employment promotion measures need to be clearly integrated in continuing public administration reform and targeted infrastructure provision during the IPA programming period. Furthermore, the education system does not adequately serve the competitive needs of the Serbian economy, and improvements in mainstreaming entrepreneurship education in the curriculum could help to address the gaps.

Projects under this axis will therefore include the continuation of the implementation of the Hospital Information System, ensuring environmental protection in the power sector, supporting Quality Assurance within the primary and secondary education examination system, building institutional capacity and creating an environment for competitiveness and innovation in Serbia, etc.

Priority Axis 3- Ability to assume obligations of membership

26,12% of the overall budget for the 2008 programme should be allocated to this axis. Particular attention will be paid to the development and implementation of strategies and policies in order to establish sectoral policies and a regulatory framework compatible with European standards. Important areas and institutions such as environment, transport, state aids and conformity assessment, as well as administrative capacity for their implementation and enforcement, will be also supported.

Projects in this axis focus on capacity-building and the approximation of legislations and flanking measures in the context of European Standards, such as facilitating intermodal transport in Serbia, supporting the Ministry of Infrastructure's alignment with the EU *acquis*, harmonisation with EU legislation of national legislation on placing on the market and control of plant protection products, establishing viticulture zoning and designation of origin of wine, improving the treatment of medical waste, support for participation in Community programmes, support for implementation of State Aid Control, further support for the implementation of the Decentralized Implementation System (DIS), support for improving the capacity of Serbian authorities in hazardous waste and chemical management etc.

2.b Description of projects grouped per priority axis

Priority axis	IPA support (MEUR)	Project Description (Project Purpose and Implementation Summary)
<p>Priority axis 1</p> <p><i>Political Criteria</i></p>	<p>92.00</p>	
<p>01. Strengthening the institutional capacities of the National Bank of Serbia (NBS)</p>	<p>2.50</p>	<p>To contribute to the sustainable macroeconomic and financial system stability in Serbia by supporting the National Bank of Serbia fulfilling in the most efficient and effective way its mandate and align its activities with the best international practices. The project will contribute to increasing the level of expertise and efficiency of NBS's staff with a view to implement NBS's core functions and achieving harmonization with EC internal market regulations and internationally accepted standards on regulation and supervision of financial services.</p> <p>It will also help to increase expertise and capacity in terms of macroeconomic and strategic economic planning. As regards development and implementation of strategies and policies such as a strategy for liberalization of capital movements and a strategy for more efficient long-term execution of inter-bank transactions on domestic and FX money markets, the project will contribute to assuring their compatibility with European standards. Finally, the project will help to promote the preparation of the entire financial and banking sector for integration into the EU financial system.</p> <p>Indicative timetable for launching of tender: 1 twinning contract Q2 2009.</p>
<p>02. Support to the Development of Public Internal</p>	<p>2.00</p>	<p>The purpose of the project is to implement a public internal financial control system covering decentralised internal audit and financial management control</p>

<p>Financial Control (PIFC) Phase 3</p>		<p>arrangements within the Ministry of Finance and a minimum of ten line Ministries.</p> <p>By the end of the project it is expected that:</p> <ol style="list-style-type: none"> 1) Comprehensive legal framework for PIFC has been developed and submitted for the Government for approval. 2) The Central Harmonisation Unit (CHU) is a fully functional institution, working in line with EU and internationally accepted requirements for harmonisation bodies; 3) Decentralised units for internal audit are established, trained, supported and working in line with internationally accepted standards for internal audit in mandatory social security organisations (MSSO's), at least ten line Ministries, and two cities on a pilot basis; 4) Management and relevant staff have been trained on Financial Management and Control (FMC) requirements and basic FMC structures and procedures have been introduced in participating institutions; 5) Certification scheme for internal auditors has been set up; <p>Indicative timetable for launching of tender: 1 service contract or 1 twinning contract Q2 2009.</p>
<p>03. Support to Refugees and IDPs</p>	<p>6.00</p>	<p>Support for the integration of the most vulnerable refugee families through housing and income-generation support involving provision of durable solutions, and livelihood enhancement of IDP families in Serbia and, through legal aid/ assistance and information provision i.e. legal aid/ assistance and increased availability of timely and accurate information necessary for the realization of the rights of IDPs and refugees in Serbia.</p>

		<p>Target group- families of refugees; Selection and award criteria: Applicants for Grants will have to demonstrate that they have an active working partnership with the Commissariat, local governments, NGOs, other relevant stakeholders involved in addressing refugee and IDP issues and sound experience in implementation of similar actions within grants schemes</p> <p>Indicative timetable for launching of tender: 1 service contract and 1 Grant Scheme Q3 2009 (approximately €4.2 million from IPA and co-financing is 5% from grantees).</p>
<p>04. Support for media capacity in the area of European Integration</p>	<p>3.00</p>	<p>Strengthening the role of the media in the development of Serbian society. Through professional training, journalists will be encouraged to cover topics about EU integration, with a focus on European values and standards in different fields, thus contributing to the development of Serbian society. Special attention will be given to civil society issues. The project will be implemented in close co-operation with the Ministry of Culture.</p> <p>Target group: representatives of the media; Selection and award criteria: Only the participants of the trainings will be eligible for grants. Participation in commissioning programmes/articles about EU integration with Serbia, covering civil society issues, topics of public interest and those produced/written in languages of national minorities.</p> <p>Indicative timetable for launching of tender: 1 service contract-Q1 2009 and 1 grant scheme-Q3 2009 (approximately €1.8 million from IPA and €330,000 from the grantees).</p>
<p>05. Fight against corruption</p>	<p>2.50</p>	<p>Support for reducing the level of corruption, through operational functioning of the Anti-corruption Agency, which is the main beneficiary of the project. The expected results of the project will be :</p> <p>1) A fully-operational Anti-corruption Agency with trained staff at all levels, in</p>

		<p>line with EU best practice in the anticorruption area.</p> <p>2) Establishment of an integrated IT system with appropriate software for management and tracking of cases and complaints.</p> <p>3) Increased coordination amongst relevant State bodies involved in the fight against corruption.</p> <p>4) Better understanding of corruption, and mechanisms for its prevention, by the citizens and other relevant target groups.</p> <p>Indicative timetable for launching of tender: 1 service contract Q1 2009 and 1 supply contract Q4 2009.</p>
<p>06. Harmonization of the Serbian Customs Enforcement Division with the standards, organization and operational methodology of EU enforcement agencies</p>	<p>4.40</p>	<p>The project aims to support and build up the capacity of the Serbian Customs Administration by capacity and institution building as well as by the installation of X-ray systems and other necessary equipment, in order to improve the efficiency and effectiveness of border control systems such as the means of preventing and combating international terrorism, smuggling, counterfeiting, and other customs offences, while also ensuring a higher level of environmental safety in Serbia.</p> <p>The twinning components will mainly focus on enforcement (post clearance audit, internal audit, risk analysis), good governance (training, drafting instructions, developing respective strategies) as well as preparation for alignment with the acquis. In addition, the twinning part will cover issues like trade facilitation as well as parts of the VAT acquis and its enforcement with relevance to the functioning and responsibilities of the customs administration.</p> <p>The direct contract with UNODC will mainly finance training activities on customs law enforcement for relevant staff.</p> <p>Indicative timetable for launching of tender: 1 direct award to UNODC- Q1 2009 (approximately €400,000 from IPA), 2 twinning contracts (approximately €1.4</p>

		<p>million and €1.4 million) -Q1 2009 and 1 supply contract (approximately €1.2 million) Q3 2009.</p>
<p>07. European Integration Scholarships</p>	<p>4.00</p>	<p>1) Offer specialised training programmes for central and local government civil servants, as well as community multipliers within institutions such as universities or media, to effectively cope with the challenges and opportunities arising out of Serbia's European perspective;</p> <p>2) Award scholarships to recent graduates with relevant educational backgrounds, to participate in academic programmes on EU integration studies at universities in the EU.</p> <p>The project will be implemented in co-ordination with the Serbian Office for European Integration (SEIO) and line Ministries.</p> <p>Indicative timetable for launching of tender: 2 service contracts Q3 2008.</p>
<p>08. Improvement of transparency and efficiency (prosecutors and penal system)</p>	<p>4.50</p>	<p>The project will be implemented in close cooperation with the Ministry of Justice and aims the improvement of efficiency of prosecutorial and penal system of Serbia by introducing efficient case-management and statistical systems and increasing public access to prosecutorial services information in all judicial branches. More specifically, the project will address:</p> <p>1) The establishment of a unified and integrated system of connected prosecutorial IT networks for data collection on efficiency of public prosecutors and prosecutorial offices;</p> <p>2) The introduction of integrated IT systems of connected networks of institutions and agencies of the penal system;</p> <p>3) Proposing normative, organisational and management changes in prosecutorial services;</p>

		<p>4) Proposing normative, organisational and management changes in the criminal justice system;</p> <p>5) The provision of an adequate level of public access to information pertaining to prosecution services and statistics, by establishing a system of semi-annual and annual brochures and a web portal.</p> <p>Indicative timetable for launching of tender: 1 service contract Q1 2009 and 1 supply contract Q4 2009.</p>
<p>09. Education for all - increasing the availability and quality of education for children from marginalized groups</p>	<p>3.00</p>	<p>The project will be implemented in close cooperation with the Ministry of Education and aims to increase the inclusion of children from marginalised and special needs groups in the system of preschool and elementary education, and to reduce their dropout rate by formalising and broadening the support that is provided by teaching assistants and community liaison coordinators. The project should result in higher educational attainment for poor and marginalised children and youth, increased school completion rates and greater access to possibilities for continued education. This will help to boost their employability and improve the living conditions of some of the most vulnerable populations. In the long run, the project will contribute to reducing the high unemployment rate and the number of social assistance beneficiaries. The supply component of the project will supply all necessary equipment to the participating schools.</p> <p>Indicative timetable for launching of tender: 1 service contract Q1 2009 and 1 supply contract Q1 2010</p>
<p>10. Social Inclusion</p>	<p>5.50</p>	<p>Improvement of social inclusion and reduction of poverty among the most vulnerable groups in society (children with disabilities, women in rural areas and Roma) through rationalization and decentralization of social protection services and development of community-based alternatives. The project will address the following issues:</p>

<p>1) To strengthen the capacity of the Ministry of Labour and Social Policy to monitor, evaluate and supervise decentralised and well-targeted community-based social protection services in Serbia.</p> <p>2) To enable local municipal authorities in at least 10 regions of Serbia to cluster and adopt shared Community-Based social service protection strategies, and to develop targeted local level community-based social protection services to implement these strategies.</p> <p>3) To raise public awareness, in particular at local levels, about the needs of vulnerable groups in general and children with disabilities in particular, leading to a change in models of acceptance and care for these groups in society.</p> <p>Target group: vulnerable categories of youth and women; Selection and award criteria: municipalities clustered within regions in Serbia with an adopted Strategy, selection of a coordinating municipality within each cluster, development of the plan and programme of activities per region based on cost-effectiveness of services, contribution of 10% of the total grant as cost-sharing by municipalities participating in the grant.</p> <p>Indicative timetable for launching of tender: 1 direct award to UNICEF (€ 2 million)-Q1 2009, 1 service contract- Q1 2009 and 1 grant scheme (call for proposals) Q4 2009 (approximately €3 million from IPA, 10% co-financing from grantees).</p>		<p>1) To strengthen the capacity of the Ministry of Labour and Social Policy to monitor, evaluate and supervise decentralised and well-targeted community-based social protection services in Serbia.</p> <p>2) To enable local municipal authorities in at least 10 regions of Serbia to cluster and adopt shared Community-Based social service protection strategies, and to develop targeted local level community-based social protection services to implement these strategies.</p> <p>3) To raise public awareness, in particular at local levels, about the needs of vulnerable groups in general and children with disabilities in particular, leading to a change in models of acceptance and care for these groups in society.</p> <p>Target group: vulnerable categories of youth and women; Selection and award criteria: municipalities clustered within regions in Serbia with an adopted Strategy, selection of a coordinating municipality within each cluster, development of the plan and programme of activities per region based on cost-effectiveness of services, contribution of 10% of the total grant as cost-sharing by municipalities participating in the grant.</p> <p>Indicative timetable for launching of tender: 1 direct award to UNICEF (€ 2 million)-Q1 2009, 1 service contract- Q1 2009 and 1 grant scheme (call for proposals) Q4 2009 (approximately €3 million from IPA, 10% co-financing from grantees).</p>
<p>Main beneficiaries of this project will be local Civil Society organisations, by supporting them to improve their professionalisation with a view to building their capacity to influence public policy in Serbia, to participate in the process of European integration through dialogue between Serbia and the EU, and by ensuring better knowledge and understanding of the EU and of the EU enlargement policies.</p>	2.50	<p>11. Support for Civil Society</p>

		<p>Target group: civil society organisations; Selection and award criteria: The grants will support project proposals establishing partnership between civil society organisations, as well as cooperation with CSO from EU member states. The projects should aim to strengthen capacity of CSOs, raise awareness on the role of civil society in political processes, facilitate networking and partnerships building between CSOs and to increase knowledge on EU integration, its policies and institutions. Promotion of EU values, standards and policies and the watch-dog function of civil society in monitoring the process of introducing EU values and standards should be important element of these projects.</p> <p>Indicative timetable for launching of tender: 1 service contract-Q1 2009 and 1 call of proposals (grant scheme) Q3 2009 (approximately €2.5 million from IPA and €270,000 co-financing from grantees).</p>
<p>12. Establishment of first level control and support for the implementation of cross-border cooperation (CBC) programmes</p>	<p>1.70</p>	<p>The project aims to support the relevant structures within the Ministry of Finance, in order to improve their administrative capacity to manage projects financed under IPA Programme, Component 2 and especially their capacity to implement the first level control for such projects. First level control is a procedural requirement following the “integrated approach” of the IPA regulation and Operational Documents for each of the programmes with Member States (Serbia-Bulgaria, Serbia-Romania, Serbia-Hungary, South East Europe Programme, Adriatic Programme). The project aims to achieve the following results:</p> <ol style="list-style-type: none"> 1) Increased institutional capacity to manage first level controls. 2) Successful implementation of projects under IPA Programme Component 2. 3) Establishment of effective monitoring procedures and systems. <p>Indicative timetable for launching of tender: 1 service contract Q1 2009.</p>
<p>13. Municipal Infrastructure Support Programme (MISP)</p>	<p>45.40</p>	<p>The project aims to strengthen capacity in Serbia to develop and implement policy reforms on the decentralisation of local government leading in order to improve local governance, better management of municipal infrastructure services, and</p>

		<p>increase the capacity of municipalities to programme and absorb EC investment funds. The project includes three components:</p> <ul style="list-style-type: none"> • Component 1. Improved institutional and regulatory framework for municipal infrastructure services, and support for PUC transformation. • Component 2. Improved municipal infrastructure programming and project preparation. • Component 3. Implementation of selected municipal infrastructure projects. <p>Indicative timetable for launching of tenders: All institution building components will be carried out through a single service contract-Q2 2009. Infrastructure works will be carried out through appropriate works and/or supply contracts Q3 2010.</p> <p>The project aims to support the relevant line Ministries within the Serbian Government in the design and delivery of effective EU projects under IPA. The project aims to achieve the following results:</p> <ol style="list-style-type: none"> 1) Support for line Ministries and other agencies in developing projects under the 2011 and 2012 IPA programme; 2) Preparation of project proposals with feasibility studies, implementation plans and other necessary supporting documentation; 3) Increased ownership over IPA programming and strengthened capacity of public administration and beneficiaries at the local level to prepare adequate programmes and projects; <p>Indicative timetable for launching of tender: 1 service contract Q1 2009.</p>
<p>14. Project preparation Facility</p>	<p>5.00</p>	
<p>Priority axis 2</p>	<p>29.50</p>	

<i>Economic Criteria</i>		
15. Implementation of Hospital Information System	7.50	<p>The project is designed to support the Ministry of Health by continuing the improvement of the Electronic Health Record developed through the CARDS 2004 project "Development of Health Information System for Basic Health and Pharmaceutical Services Republic of Serbia" and through the Ministry of Health's "Serbia Health Project". The project will integrate data delivered by healthcare institutions and will produce an upgraded customized hospital information system in 10 hospitals, covering the needs of 30 % of the population of Serbia.</p> <p>Indicative timetable for launching of tender: 1 service contract- Q1 2009 and 1 supply contract- Q2 2009.</p>
16. Support for Quality Assurance within the national primary and secondary education examination system	2.00	<p>The project beneficiary is the Ministry of Education and the project aim is to support the development and implementation of a Quality Assurance System for general education and vocational education training (VET) which will give priority to the development of a national examination system and will increase the capacity of the Ministry and other relevant institutions to implement this system.</p> <p>The project aims to:</p> <ol style="list-style-type: none"> 1) Develop and adopt a final exam model for the end of elementary education; 2) Develop and adopt a model of general Set of Final Exams); 3) Develop and endorse a system and model for gaining qualifications at relevant levels (current levels II-V); <p>Indicative timetable for launching of tender: 1 service contract Q1 2009.</p>
17. Environmental protection at the Electric Power of Serbia (EPS) company	11.00	<p>The project aims to support Serbia to fulfil with the requirements of Directive 2001/80/EC for large combustion plants, by modernising specified Thermal Power Plants (TPPs), and to fulfil EU Directive 96/59/EC by decontaminating facilities</p>

<p>and replacing equipment using PBD – pyralene oils.</p> <p>The project includes the following components:</p> <ol style="list-style-type: none"> 1) Reconstruction of the Unit B1 electrostatic precipitator at TPP Kolubara A. 2) Monitoring of emissions of harmful substances in flue gases at TPP Nikola Tesla A and B, TPP Kolubara A and TPP Morava. 3) Elimination and replacement of EPS contamination sources (facilities and devices filled or contaminated with PCB oils) with corresponding facilities and devices that satisfy EU standards. This component will be contracted, financed, managed and implemented by EPS. <p>Indicative timetable for launching of tenders: Components 1 and 2- 2 service contract (Preparation of TS- Q2 2009 and Works supervision- Q3 2009) and the two works contracts (Precipitators Q4 2009 and Monitoring system, Q4 2009).</p> <p>Component 3- one supply & one works contract to replace contaminated equipment that cannot be rationally decontaminated Q1 2009.</p>		
<p>The project beneficiaries are the Ministry of Economy and Regional Development and the Serbian Agency for the Development of Small and Medium-sized Enterprises, and aims to contribute to the development of the SME sector and to improve the competitiveness of new and existing businesses. The project consists of two components as follows:</p> <p>Component 1: Improved quality, range and availability of business support services in Serbia (for newly established and existing SMEs and entrepreneurs) by creating a standardised model and improving the business support infrastructure.</p> <p>Component 2: Strengthening the institutional capacity and support framework, for an increased level of innovation in enterprises.</p>	3.00	<p>18. Improved SME competitiveness and innovation</p>

<p>19. National Employment Service's (NES) forecasting and data management</p>	<p>1.50</p>	<p>Indicative timetable for launching of tender: 1 service contract- Q1 2009.</p> <p>The project will support the Ministry of Economy and Regional Development and the National Employment Service in order to achieve the following results:</p> <ol style="list-style-type: none"> 1) Upgrade the NES' performance in monitoring and forecasting labour market trends and in monitoring and evaluating active labour market programmes; 2) Increase the efficiency and effectiveness of the NES through quicker access to the active data base, storage of archives and easier access to the Integrated Information System (IIS). <p>The supply component will cover equipment – server and work stations.</p> <p>Indicative timetable for launching of tenders: 1 service contract- Q1 2009 and 1 supply contract Q3 2009.</p>
<p>20. Systemic development of elementary, practice-based adult education in Serbia (second chance)</p>	<p>4.50</p>	<p>The project beneficiary is the Ministry of Education and aims at the establishment and institutionalisation of a system of functional elementary adult education in Serbia which is accessible and adaptable to the needs of adult learners, focused on life skills and competencies, and based upon life-long learning. The project aims to achieve the following results:</p> <ol style="list-style-type: none"> 1) Development of a flexible and functional system of elementary adult education that corresponds to the needs of the labour market and participants; 2) Development and implementation of a curriculum for functional elementary adult education; 3) Strengthening of human resources capacity to implement the Financial and Administrative Framework Agreement <p>The supply component will deliver computers and modern didactic equipment,</p>

			needed for the participation of the schools in the programme. Indicative timetable for launching of tenders: 1 service contract and 1 supply contract Q4 2009.
Priority axis 3	44.05		
Ability to assume the obligations of membership			
21. Facilitating intermodal transport in Serbia	2.00		<p>The project beneficiary is the Ministry of Infrastructure and the project aims at the establishment of the necessary institutional framework for developing intermodal transport and logistic centres in Serbia. Expected results are to:</p> <ol style="list-style-type: none"> 1) Develop guidelines for stimulation measures for facilitation of intermodal transport; 2) Provide relevant knowledge in the sector, through training; 3) Promote intermodal opportunities as a competitive advantage for Serbia to attract local and international investment; 4) Develop a relevant Action Plan, according to the Transport Strategy of Serbia 2008-2015; <p>Indicative timetable for launching of tender: 1 service contract Q1 2009.</p>
22. Harmonization with <i>acquis communautaire</i> in the Field of Transport – Phase II	1.50		<p>The project's beneficiary is the Ministry of Infrastructure and the project aims to contribute to the improvement of the efficiency and effectiveness of the transport system and to support the harmonization of Serbian transport legislation with the <i>acquis communautaire</i>.</p> <p>The project will achieve the following results:</p>

		<p>1) Drafting of priority laws and by-laws;</p> <p>2) Training of staff carried out;</p> <p>3) Implementation of information management system and internal and external system of communications and procedures;</p> <p>Indicative timetable for launching of tender: 1 twinning contract Q1 2009.</p>
<p>23. TA to support implementation of infrastructure projects in the Republic of Serbia- PIUs</p>	<p>4.00</p>	<p>The project beneficiary is the Ministry of Infrastructure and the project aims to enhance the development of the transport system in Serbia and to fulfill EU standards in the field of transport through efficient and effective preparation and implementation of infrastructure projects. The project will achieve the following results:</p> <p>1) Improvement of the administrative capacities of the Ministry of Infrastructure, in order to ensure an efficient and effective process of strategic planning, programming, implementation, evaluation and monitoring, financial management and control of EU external aid and International Financing Institutions' supported projects, in accordance with EU procedures.</p> <p>2) Ensuring working procedures, equipment and services in line with IFI rules and compliant with EU standards, and enhancing the capability of Public Enterprise "Serbian Railways" to work independently on similar projects in the future.</p> <p>3) Properly designed road construction and rehabilitation contracts respecting the EU standards; procurement procedures consistent with the requirements and rules of EU and the IFIs; controls exercised through FIDIC contracts to assure the performance, quality and safety of the works; financial and progress control maintained; training provided, by direct involvement of national staff in the procedures, to develop the operational and management capacity of the Project Implementation Unit Roads of Serbia.</p>

		<p>Indicative timetable for launching of tenders: 2 service contracts (Q1 2009 and Q2 2009).</p>
<p>24. System for the analysis of track conditions</p>	<p>3.00</p>	<p>The project beneficiary is the Ministry of Infrastructure and the project aims to develop and introduce a track infrastructure survey and information system, to assist in planning railway line maintenance and reconstruction and accurate monitoring of train movement, in accordance with EU standards.</p> <p>The project is expected to achieve the following results:</p> <ol style="list-style-type: none"> 1) Development and adoption of a concept for the system for diagnostic recording and identification of the condition of infrastructure capacity ; 2) Development and construction of software and relevant database on condition of railway infrastructure; 3) Definition of characteristics for a hardware system for line condition analysis 4) Education and proper training of personnel; <p>Indicative timetable for launching of tender: 1 service contract Q1 2009.</p>
<p>25. Development of the Information System for Border Crossing Control</p>	<p>4.00</p>	<p>Project Purpose: The project beneficiary is the Ministry of Interior, Border police Directorate and the project aims to establish an effective information system for border management, aligned to EU standards and norms, at identified priority border crossings in Serbia and taking into account the relevant provisions of the International Health Regulations. Assistance will be provided through adequate training of personnel on achieving EU requirements related to Integrated Border Management (IBM) and through supply of the necessary equipment and software solutions.</p> <p>Indicative timetable for launching of tenders: 1 service contract- Q1 2009 and 1 supply contract Q3 2009.</p>

<p>26. Further advancement of conformity assessment in the Republic of Serbia</p>	<p>1.20</p>	<p>The project will be implemented in co-operation with the Ministry of Economy and Regional Development and aims to increase the efficiency of the conformity assessment structure in Serbia, through the development of the relevant legislative and institutional framework.</p> <p>Indicative timetable for launching of tender: 1 service contract Q1 2009.</p>
<p>27. Control of State Aids</p>	<p>1.50</p>	<p>The project will be implemented in co-operation with the Ministry of Finance and will aim to strengthen the institutional and administrative capacity of the Serbian State Aid Department, of the independent Commission and of other relevant authorities, in line with EU <i>acquis</i> and European good practice in the field of state aids; to support the establishment of a functioning State Aid monitoring, notification and control system and to promote public awareness and new state aid culture among all levels of government, the court system and market economy actors. The supply component will deliver hardware and software to assist the State Aid Department and other key stakeholders in the monitoring, reporting and data management systems.</p> <p>Indicative timetable for launching of tenders: 1 service contract- Q1 2009 and 1 supply contract Q1 2010.</p>
<p>28. Assistance to the Serbian Environment Protection Agency as a national focal point institution for cooperation with the European Environment Agency in strengthening the EIONET</p>	<p>1.60</p>	<p>The project beneficiary is the Serbian Environmental Protection Agency (SEPA) and the project will support Serbia in fulfilling its international environmental protection obligations. The project is expected to achieve the following results:</p> <ol style="list-style-type: none"> 1) Increased capacity within the SEPA to carry out its monitoring, data collection, management and reporting responsibilities by applying European standards and methodologies, up-to-date information technology and staff training and education; 2) Establishment of an information network for data collection and exchange with domestic and international organisations, fully compatible with all the existing

<p>information systems or systems under development;</p> <p>3) Increased physical capacity within stakeholders to perform monitoring in accordance with EU methodologies, as regards both equipment (where necessary) and appropriate training on analytical methods and new technologies.</p> <p>The supply contract 1 will cover procurement of hardware, while the supply contract 2 will deliver software design (Information system)</p> <p>Indicative timetable for launching of tenders: 1 framework contract for technical assistance-Q1 2009 and 2 supply contracts (1. Q3 2009 and 2. Q4 2009).</p>		
<p>29. Hazardous waste</p> <p>The project will support the Ministry of Environmental Protection in order to strengthen the national waste management system by implementing legislation and strategic documents and enhancing the capacity and awareness of all stakeholders.</p> <p>The project is expected to achieve the following results:</p> <p>1) National Plans for specific hazardous waste streams prepared and adopted in line with revised Waste Management Strategy (2008-2013) and “Hazardous and Medical Management Waste Plan”;</p> <p>2) System for implementation of regulations on hazardous waste management developed for relevant decrees related to hazardous waste management (e.g. batteries and accumulators, waste oils, waste tyres, electric and electronic waste, fluorescent tube with Hg, polychlorinated biphenyls and polychlorinated terphenyls (PCB/PCT), POPs waste, end of life vehicles waste, waste containing asbestos, medical waste, pharmaceutical waste);</p> <p>3) Institutional capacity for cooperation and implementation of new regulations and strategic plans and documents on HWM in the MEPSP and selected stakeholders</p>	<p>1.50</p>	

		improved;	<p>4) Methodology for determining the location for HWT facility established based on revised, advanced study on selection of the location of a hazardous waste facility proposed by "Feasibility Study on Hazardous Waste Physical Chemical Treatment Facility";</p> <p>5) Communication strategy developed through consultation with the relevant stakeholders.</p> <p>Indicative timetable for launching of tender: 1 twinning contract Q1 2009.</p>
30. Chemicals management	1.50		<p>The project will support the Ministry of Environmental Protection in order to strengthen the institutional framework in Serbia for effective implementation of legislation on chemicals management by 2012.</p> <p>The project is expected to achieve the following results:</p> <p>1) Improved knowledge to enforce chemicals legislation and understanding of integrated chemicals management system within the Ministry of Environmental Protection and key stakeholders;</p> <p>2) Improved performance of laboratories involved in operation of the system for chemicals management and implementation of regulations.</p> <p>Supply will deliver laboratory equipment.</p> <p>Indicative timetable for launching of tenders: 1 twinning contract (approximately €1 million) - Q1 2009 and 1 supply contract (approximately €0.5 million) - Q3 2009.</p>
31. Treatment of the Healthcare waste	6.00		<p>The project will support the Ministry of Health in order to improve the present inadequate and risky procedure for the treatment of infectious waste at primary</p>

<p>healthcare level (public and private sector) and to reduce environmental pollution in 25 districts in the Republic of Serbia.</p> <p>The project is expected to achieve the following results:</p> <ol style="list-style-type: none"> 1) Improved infectious healthcare waste management in 35 healthcare facilities in Serbia (23 Institutes of Public Health and 12 Veterinary Institutes, located in 25 administrative districts in Serbia); 2) Putting in place an effective and efficient system for the collection, storage, treatment and disposal of infectious healthcare waste, in accordance with Serbian requirements and EU Directives. <p>The 2 supply contracts will deliver respectively waste treatment equipment and vehicles.</p> <p>Indicative timetable for launching of tenders: 1 service contract- Q1 2009 and 2 supply contracts- Q4 2009.</p>		
<p>The beneficiary institution of the project is the Ministry of Agriculture, Forestry and Water Management (MAFWM) – Plant Protection Directorate (PPD) - and the project aims to establish and strengthen the body responsible for whole control system of plant protection products (PPPs) at national level. The project's expected result is to adopt and implement the <i>acquis communautaire</i> in the area of PPPs</p> <p>Indicative timetable for launching of tender: 1 twinning contract Q1 2009.</p>	1.30	<p>32. Harmonization of national legislation with EU legislation for placing on the market and control of Plant Protection Products (PPP) and implementation of new legal provisions</p>
<p>The beneficiary institution is the Ministry of Agriculture, Forestry and Water Management (MAFWM) –Veterinary Directorate (VD) - and the project aims to eradicate certain animal diseases in Serbia, like rabies and classical swine fever (CSF).</p> <p>The project is expected to achieve the following results:</p> <ol style="list-style-type: none"> 1) Alignment of disease control measures in Serbia with respect to CSF and 	6.30	<p>33. Support for the control/eradication of classical swine fever and rabies in Serbia</p>

		<p>rabies; Establishment of effective vaccination programme for wildlife population, in compliance with the EU recommendations;</p> <p>2) Reduced number of rabies and CSF cases among wild animals;</p> <p>3) Training of private practitioners, veterinary inspectors and hunters.</p> <p>The Supply contract 1 will cover purchase of vaccine for per/oral vaccination of wild boar and the purchase of the vaccines for foxes. The Supply contract 2 will deliver required equipment for surveillance of CSF.</p> <p>Indicative timetable for launching of tenders: 1 service contract- Q1 2009 and 2 supply contracts Q3 2009.</p>
<p>34. Capacity building and technical support for the renewal of viticulture zoning and control of production of wine with Designation of Origin</p>	<p>1.20</p>	<p>Project Purpose: The beneficiary institution is the Ministry of Agriculture, Forestry and Water Management and the aim of the project is to strengthen the vine-growing and wine-producing sector in Serbia through harmonization with EU standards, and to establish a new system for viticulture zoning and for control of production of wine with designation of origin.</p> <p>Indicative list of type of equipment to be delivered through the supply component: cars, GPS professional devices, digital cameras, lap-tops with accompanying software, desk-top computers with accompanying software, printers, scanners, photocopier machines, lab devices for fast wine analysis, mini weather reporting stations.</p> <p>Indicative timetable for launching of tenders: 1 twinning contract (approximately €0.85 million) Q1 2009 and 1 supply contract (approximately €0.35 million)Q1 2009.</p>
<p>35. Further support for implementation of DIS</p>	<p>2.45</p>	<p>Support the Government of Serbia in developing its administrative and technical capacities in relation to the management of IPA under a Decentralised Implementation System (DIS). More specifically, the project will:</p> <p>1) Assist the key players involved in the management of IPA components to</p>

<p>actually implement the Decentralised Implementation System and demonstrate absorption capacities.</p> <p>2) Prepare the Serbian Government to manage the IPA components which would be made available to Serbia once it obtains the status of candidate country (i.e. IPA III Regional Development, IPA IV Human Resources).</p> <p>3) Prepare and implement the DIS roadmaps for IPA III and IPA IV and implement the related stages of accreditation.</p> <p>Indicative timetable for launching of tenders: 1 service contract for the gap assessments and compliance audits- Q1 2009; 1 service contract to support other activities in relation to IPA I and II- Q4 2009; 1 service contract to support other activities in relation to IPA III and IV Q3 2010.</p>		<p>actually implement the Decentralised Implementation System and demonstrate absorption capacities.</p> <p>2) Prepare the Serbian Government to manage the IPA components which would be made available to Serbia once it obtains the status of candidate country (i.e. IPA III Regional Development, IPA IV Human Resources).</p> <p>3) Prepare and implement the DIS roadmaps for IPA III and IPA IV and implement the related stages of accreditation.</p> <p>Indicative timetable for launching of tenders: 1 service contract for the gap assessments and compliance audits- Q1 2009; 1 service contract to support other activities in relation to IPA I and II- Q4 2009; 1 service contract to support other activities in relation to IPA III and IV Q3 2010.</p>
<p>To co-finance the costs of the "entry tickets" which Serbia has to pay in accordance with the relevant Memoranda of Understanding establishing its participation in several Community programmes in areas such as education, health, science, culture, employment, entrepreneurship and innovation, taxation and custom systems.</p> <p>Indicative timetable for launching of tenders/ implementation: Serbia shall pay the "entry tickets" to the programmes according to the modalities and deadlines specified in the relevant Memoranda of Understanding (in most of the cases in Q1 or Q2 2009) . The IPA funds are transferred to the country as reimbursement after it has paid the entry-tickets, on the basis of a contribution agreement, and a request for funds by Serbia together with a proof of payment. The first contribution agreements are expected to be signed in Q3 2009. Co-financing is €2.6 million from National Authorities.</p>	5.00	
<p>36. Support for participation in Community Programs</p>		<p>3.09</p>
<p><i>Support Activities</i></p>		

<p>37. Support Measures Facility</p>	<p>3.09¹</p>	<p>The purpose of the Support Measures Facility is to allow project preparation and implementation to proceed in a quick and effective manner.</p> <p>A support measures facility for a total maximum amount of 3.05 MEUR, allocated to this programme is maintained to cover the costs of activities linked to preparation and follow-up directly necessary for the implementation of other activities already defined in this programme and the attainment of their objectives. Preparatory activities may cover activities such as studies, including feasibility studies, training, seminars, supervisory services and related technical assistance, without prejudice to Articles 242, 244 and 246 of the Implementing Rules to the Financial Regulation².</p> <p>For the implementation of this support measures facility, an indicative number of 20 service contracts will be launched by 30 June 2011 (indicatively 2-3 in 2009, 7 in 2010, and 10 in 2011).</p>
<p>TOTAL</p>	<p>168.64³</p>	

¹ € 3,091,314

² Implementing Rules to the Financial Regulation: Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002.

³ €168,641,314

2.c Overview of past and on going assistance (EC / IFI / Bilateral and national assistance) including lessons learned and donor coordination

The programming and implementation of the CARDS programme to date provides a rich source of policy lessons that have informed the MIPD 2007-2009 and 2008-2010 and are reflected in the projects identified above.

The EC Annual Action Programmes implemented by the European Agency for Reconstruction (EAR) in Serbia have reflected the priorities of the European Commission's 2002-06 Country Strategy Paper for Serbia and the Multi-annual Indicative (MIP) programmes (2002-04 and 2005-06). The activities carried out under the CARDS programmes also reflect the findings and recommendations of the continuous dialogue and annual reports under the EU's Stabilisation and Association process in Serbia.

Furthermore, it has always been Commission policy to closely follow national and sectoral strategies when determining its own priorities and assistance agenda. The main national documents and strategy papers include the National Strategy for Serbia's Accession to the European Union, the Action Plan for the Implementation of the European Partnership, the Poverty Reduction Strategy, the Serbian Needs Assessment and numerous individual sector strategies.

The 2007 IPA National Programme, with a total budget of around € 165 million includes 37 projects, addressing priorities in the following axes:

Political Requirements with a budget allocation of €56.5 million

Socio Economic requirements with a budget allocation of €71 million

European Approximation of Sectoral Policies with a budget allocation of €34.5 million

Coordination with other donors, in particular with the international financing institutions IFIs (e.g. EIB and EBRD) will continue to be a strong focus in the coming programming years. To date, the EAR has implemented €1.2 billion of EC assistance in Serbia and it has leveraged approximately €1 billion more from IFIs. The areas of cooperation include: energy and transport, education, health, support for local government and regional development, SME development and land register (cadaster).

The Commission has always maintained close working relations with other donors in the field. Donor coordination is mainly carried out via the Government of Serbia's Sector for Programming and Management of EU Funds and Development Assistance (former DACU) which is responsible for donor harmonisation. In implementing EC assistance, EAR has worked closely with DACU during programme design, ensuring no overlap of activities by other actors.

Lessons Learned

The main lessons learned, which inform future of absorption of EC funding under the IPA programme, include:

Increasing ownership of national bodies responsible for the EU programming process

This has translated into a greater involvement by the DACU (Developing Aid Coordination Unit - the National Aid coordinator) and SEIO (the Serbian European Integration Office) in the programming process. Increased ownership means that IPA programming takes account of sector strategies and that all reforms are approved in the Serbian budget. Preparation for the Decentralised Implementation System (DIS) has started and will continue.

Further development of administrative capacity, coordination between IPA programming and government overall long-term development strategy, including allocation of human and financial resources

Although Serbia has a good administrative capacity in a number of areas, this needs to be further developed throughout the entire administration. The administration should not underestimate the resources required in terms of people and finance to meet the challenges of EU integration. Further means should be identified to address continued weak inter-ministerial relations, coordination and communication which undermine implementation of both government and EU policy. While Serbia needs to ensure effective implementation of civil service reform, notably as regards salary/career reform, retention policy, and public administration accountability, it has made further progress in setting the legal framework for the civil service.

IPA programming must be sensitive to the Government's limitations to carry out long-term strategic planning. There is a need to consolidate the overall strategy for Serbia's development to ensure clearer and stronger links between policy, long-term strategic planning and resource allocation and to establish mechanisms for the verification of EU compatibility of Government policies and draft laws.

In the past, there has been a gap between national funding and EC funding to promote national development, with the subsequent loss of valuable synergies. This has also been the result of limited national funding, which has been made available to implement important national strategies which were developed through EC funding. However, the issue has been adequately addressed by the move of DACU to the Ministry of Finance. Now, being also closer to the Serbian Treasury helps to meet the challenge of managing EU co-funding. Additional resources have been also allocated, based on a needs analysis as part of the National Integration Plan. Nevertheless, planning and programming capacities of line ministries should continue to be improved and prepared for use of other IPA components. Continued good cooperation between the SEIO and DACU is also crucial.

EC assistance must not only reflect European Partnership priorities but also be interlocked with Serbia's institutional development and action plans, notably the National Plan for Integration to be adopted by the end of 2008 and the National Investment Plan, as well as the Serbia Public Administration Reform Action Plan, Action Plan for strengthening institutional capacities in the EU integration process, National Sustainable Development strategy, etc. The objective is to design assistance that complements Serbia's strategic plans and to design strategic plans in relation to assistance and EU approximation needs.

Support for legislation must be accompanied by a regulatory impact analysis as well as an implementation and financing strategy.

Increase in coordination between central and local government bodies and their absorption capacity

There is a need to reinforce central and local government linkages to better exploit EC co-funding and help address territorial inequalities. The introduction of a classification of statistical regions (equivalent to NUTS classification) could contribute to a better identification and policy targeting of economic problems at local and district levels.

The administration's absorption capacity must be taken into account when designing technical assistance programmes in order to maximise the benefit of the assistance provided. In this context, targeted support should be considered for improving of human resources management and development in the Serbian administration. It is important to develop internal evaluation mechanisms for institutional capacity assessment in the Serbian administration.

Donor Coordination

In Belgrade, the primary donor coordination activities have been carried out with the Donor Aid Coordination Unit of the Ministry of International Economic Relations (MIER). After the new Government was formed in May 2007, this Ministry ceased to exist and units were moved to the Ministry of Finance and to the Ministry of Economy and Regional Development. Development and Sector for Programming and Management of EU Funds and Development Assistance (former DACU) is now part of the Ministry of Finance. The Delegation continues to work in close cooperation with DACU – the national aid coordinator, and regards the Government ISDACON database of donor projects as the primary source of information related to donor assistance in Serbia.

The European Commission Delegation has continued to work closely with other donors and EU Member States in Serbia. Examples of successful partnerships include cooperation with the UNDP, the Swiss Agency for Development and Cooperation, SIDA, USAID, GTZ, KfW, etc. An important part of successful donor coordination in Serbia is facilitation of IFI loans. The Serbian government and the Commission Delegation, with the support of the EAR, have consulted with EU Member States on the draft fiche of the IPA 2008 programme. The draft programme was presented and discussed with EU Member States in April 2008. The Serbian government, via DACU (Ministry of Finance), ensured that the objectives of all fiches were coordinated with on-going and future EU Member State support programmes. IFIs (EIB, EBRD) and international donors were also consulted by the Commission Delegation on IPA 2008 objectives. In particular, IFIs were interested in actions related to municipal development, energy and environment. The Commission Delegation with DACU facilitated consultation with civil society actors on the overall IPA programming process and objectives/actions under IPA 2008.

2.d Horizontal issues

Equal opportunities and non-discrimination: As under the CARDS programmes, all IPA supported actions are required to be gender-inclusive. This is particularly important with education/training opportunities provided by the VET, the Education for All project, the Scholarships for European Integration etc. Public Administration Reform actions, such as the strengthening of Public Finance Management and customs enforcement etc. are also very relevant, due to the high ratio of female employment in the public sector.

Support for minorities and vulnerable groups: The 2008 IPA programme supports refugees and IDPs through a project of € 6 million for their integration into Serbian society.

The projects Education for All and Social Inclusion also address problems of minorities and vulnerable groups.

Environmental protection: IPA 2008 and this cross-cutting theme includes , several projects such as the treatment of medical waste, provision of air filters for energy plants, support for the Environmental Agency in EIONET, support for hazardous waste and chemical management.

Good governance, with particular attention on the fight against corruption: The 2008 IPA includes very important projects related to good governance e.g. support for the institutional capacity of the National Bank of Serbia, improvement of public finance management, support for the fight against corruption, harmonization of Serbian customs with European standards and improvement of transparency and efficiency (prosecutors and penal system). Finally, the Municipal Infrastructure Support Programme will improve the delivery of municipal services and build better central/ local government relations.

2. e Conditions

The programme includes the following conditionalities:

The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.

- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order for EC financial support to be used in the most effective and sustainable manner.
- Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and shall formally endorse the documents before tendering. Beneficiaries shall also participate in the selection committees for procurement and grants.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions shall organise, select and appoint members (taking account of gender and ethnic balance) of working groups, steering, monitoring and coordination committees, and seminars, as required by the project activities.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the Implementing Authority.

2.f Benchmarks⁴

	2008		2009		2010		2011	
	(indicative)		(cumulative, indicative)		(cumulative, indicative)		(cumulative, indicative)	
	EU	NF*	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched**	2		60	5	64	8	64	8
Number of calls for proposals launched			5		5		5	
Contracting Rate (%)			90		100		100	

* For parallel national co-financing

** Table excludes tenders launched under the programme support measures facility.

2. g Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission

The DIS working group established within the Serbia government produced a Strategy for the implementation of Decentralized Implementation System. In addition, the working group will prepare, later in 2008, capacity-building plans for DIS institutions and make preparatory activities for signing a MoU for introduction of DIS.

In addition, during 2008, the Government should start establishing national institutions relevant for the implementation of DIS. According to the SIGMA report on DIS accreditation, national institutions require 24 to 36 months to be established.

⁴ This is based on the assumption that the Financial Agreement will be signed end of 2008 and the IPA 2008 Programme Operational in the first quarter of 2009. It is important to be aware that based on the CARDS and IPA 2007 experience, there is a considerable lag time for the beneficiary party to sign Financial Agreements for National Programmes and this can have a major impact on projected contracting timelines.

3. BUDGET (AMOUNTS IN 000 EUR)

3.1 Indicative budget table

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution			
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*	Total expenditure	IPA Community contribution					
	EUR (a)=(b)+(c)	EUR (b)	EUR (c)	EUR (d)=(e)+(f)	EUR (e)	EUR (f)	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)					
<i>All amounts are in 000 Euros</i>		% ⁶	% ¹		% ¹			% ¹		% ⁷			
Priority Axis 1: Political criteria	49.900	47.000	94,19%	2.900	5,81%	59.710	45.000	75,36%	14.710	24,64%	109.610	92.000	54,55%
Project 01: Strengthening the institutional capacities of the National Bank of Serbia (NBS)	2.500	2.500	100%	0.000	0%	0.000	0.000	0%	0.000	0%	2.500	2.500	
Project 02: Support to the Development of Public Internal Financial Control (PIFC) Phase 3	2.000	2.000	100%	0.000	0%	0.000	0.000	0%	0.000	0%	2.000	2.000	
Project 03: Support for	1.800	1.800	100%	0.000	0%	4.410	4.200	95%	210	5%	6.210	6.000	

⁵

⁶

⁷

contribution (public and private national and/or international contribution) provided by national counterparts
Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution		
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*	Total expenditure	IPA Community contribution			National contribution*	
refugees and IDPs												
Project 04: Support for media capacity in the area of European Integration	3.330	3.000	330	10%	0.000	0.000	0.000	0%	0.000	0%	3.330	3.000
Project 05: Fight against Corruption	1.500	1.500	0.000	0%	1.000	1.000	100%	0%	0.000	0%	2.500	2.500
Project 06: Harmonization of Serbian Customs Enforcement Division with standards, organization and operational methodology of EU enforcement agencies	3.200	3.200	0.000	0%	5.700	1.200	21%	79%	4.500	79%	8.900	4.400
Project 07: European Integration Scholarships	6.000	4.000	2.000	33%	0.000	0.000	0%	0%	0.000	0%	6.000	4.000
Project 08: Improvement of transparency and efficiency (prosecutors and penal system)	2.500	2.500	0.000	0%	2.000	2.000	100%	0%	0.000	0%	4.500	4.500
Project 9: Education for all - increasing the availability and quality of education for children from marginalized groups	1.800	1.800	0.000	0%	1.200	1.200	100%	0%	0.000	0%	3.000	3.000

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*					
Project 10: Social inclusion	5.800	5.500	300	5%	0.000	0.000	0%	0.000	0%	5.500	
Project 11: Support for civil society	2.770	2.500	270	10%	0.000	0.000	0%	0.000	0%	2.500	
Project 12: Establishment of first level control and support for the implementation of CBC programmes	1.700	1.700	0.000	0%	0.000	0.000	0%	0.000	0%	1.700	
Project 13: Municipal Infrastructure Support Program (MISP)	10.000	10.000	0.000	0%	45.400	35.400	78%	10.000	22%	55.400	45.400
Project 14: Project Preparation Facility	5.000	5.000	0.000	0%	0.000	0.000	0%	0.000	0%	5.000	
Priority Axis 2 Economic criteria	16.700	11.700	5.000	30%	23.800	17.800	74.79%	6.000	25.21%	40.500	29.500
Project 15: Implementation of HIS	1.500	1.500	0.000	0%	6.000	6.000	100%	0.000	0%	7.500	
Project 16: Support for quality assurance within the national primary and secondary education	4.000	2.000	2.000	50%	0.000	0.000	0%	0.000	0%	4.000	2.000

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution		
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*						
examination system												
Project 17: Environmental protection at the Electric Power of Serbia (EPS) company	0.000	0.000	0%	0.000	0%	17.000	11.000	65%	6.000	35%	17.000	11.000
Project 18: Improved SME competitiveness and innovation	3.000	3.000	100%	0.000	0%	0.000	0.000	0%	0.000	0%	3.000	3.000
Project 19: National Employment Service (NES) forecasting and data management	1.000	1.000	100%	0.000	0%	500	500	100%	0.000	0%	1.500	1.500
Project 20: Systemic development of elementary, practice based adult education in Serbia (Second chance)	7.200	4.200	58%	3.000	42%	300	300	100%	0.000	0%	7.500	4.500
Priority Axis 3 - Ability to assume the obligations of Membership	33.700	30.100	89,32%	3.600	10,68%	15.950	13.950	87,46%	2.000	12,54%	49.650	44.050
Project 21: Facilitating intermodal transport in Serbia	2.000	2.000	100%	0.000	0%	0.000	0.000	0%	0.000	0%	2.000	2.000

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*				
Project 22: Harmonization with <i>Acquis Communautaire</i> in the Field of Transport – Phase II	1.500	1.500	0.000	0%	0.000	0%	0.000	0%	1.500	1.500
Project 23: TA to support implementation of infrastructure projects in the Republic of Serbia- PIUs	4.000	4.000	0.000	0%	0.000	0%	0.000	0%	4.000	4.000
Project 24: System for analysis of track condition	3.000	3.000	0.000	0%	0.000	0%	0.000	0%	3.000	3.000
Project 25: Development of the Information System for Border Crossing Control	1.000	1.000	0.000	0%	3.000	100%	3.000	0%	4.000	4.000
Project 26: Further advancement of conformity assessment in the Republic of Serbia	1.200	1.200	0.000	0%	0.000	0%	0.000	0%	1.200	1.200
Project 27: Control of State Aids	1.000	1.000	0.000	0%	500	100%	500	0%	1.500	1.500
Project 28: Assistance to Serbian Environment Protection Agency as national focal point institution for cooperation with European	200	200	0.000	0%	1.400	100%	1.400	0%	1.600	1.600

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*				
Environment Agency in strengthening the EIONET										
Project 29: Hazardous Waste	1.500	100%	0.000	0.000	0.000	0%	0.000	0%	1.500	1.500
Project 30: Chemicals management	1.000	100%	0.000	0.000	500	100%	0.000	0%	1.500	1.500
Project 31: Treatment of healthcare waste	2.000	100%	0.000	0.000	4.000	100%	0.000	0%	6.000	6.000
Project 32: Harmonization of national legislation with EU legislation for placing on the market and control of Plant Protection Products (PPP) and implementation of new legal provisions	1.300	100%	0.000	0.000	0.000	0%	0.000	0%	1.300	1.300
Project 33: Support for the control/eradication of classical swine fever and rabies in Serbia	2.100	100%	0.000	0.000	6.200	68%	2.000	32%	8.300	6.300
Project 34: Capacity building and technical support for the renewal of viticulture zoning and control of production of	850	100%	0.000	0.000	350	100%	0.000	0%	1.200	1.200

Centralised management	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA Community contribution		
	Total expenditure	IPA Community contribution	National contribution ⁵	Total expenditure	IPA Community contribution	National contribution*						
wine with Designation of Origin												
Project 35: Further support for implementation of DIS	3.450	2.450	71%	1.000	29%	0.000	0.000	0%	0.000	0%	3.450	2.450
Project 36: Support for participation in Community Programmes	7.600	5.000	66%	2.600	34%	0.000	0.000	0%	0.000	0%	7.600	5.000
TOTAL (without Support Measures Facility)	100.300	88.800	88.53%	11.500	11.47%	99.460	76.750	77.17%	22.710	22.83%	199.760	165.550
Support Measures Facility	3.091	3.091	100%	0.000	0%	0.000	0.000	0%	0.000	0%	3.091	3.091 ⁸
TOTAL	103.391	91.891	88.88%	11.500	11.12%	99.460	76.750	77.16%	22.710	22.84%	202.851 ⁹	168.641 ¹⁰

* contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

⁸ € 3.091.314

⁹ € 202.851.314

¹⁰ € 168.641.314

(2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

3.2 Principle of Co-Financing applying to the projects funded under the programme

The Community contribution, which represents 83,14% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used.

The requirements of co-financing for IB and INV (min. 10% and 10%-25% respectively applied for each priority axis) have been met with exception of co-financing for IB under priority axis 1 "political criteria" where the national contribution amounts only to 5,81%. This is acceptable due to the lack of time for adapting the initial projects proposals to the new guidelines in force since April this year and also to the fact that the Government of Serbia was only formed in July.

Individual grants agreements implementing the projects described in point 2b above will be financed in full by the Commission, in accordance with Art 253, paragraph 1, sub-paragraph d, of the Implementing rules to the Financial Regulation, unless otherwise stated in this FP under 2.b. In the the latter case, final beneficiaries contribute with a minimum of 10 % of the eligible expenditure of the project.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Method of implementation

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation¹¹ and the corresponding provisions of the Implementing Rules¹². The programme will be implemented by the Delegation of the European Commission in Belgrade.

4.2 General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034). *The grant contract as provided for in the framework of project 6 "Harmonization of Serbian Customs Enforcement Division with Standards, Organization and Operational Methodology of the EU Enforcement Agencies" can be awarded to UNODC and project 10 "Social Inclusion" can be awarded to UNICEF without a call for proposal in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation.*

As described under the above mentioned article, letter (f) a direct agreement is possible *"for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals."*

¹¹ Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

¹² Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.

For projects that will be partly or totally implemented through twinning, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.

In line with best practice gained under previous EC-funded programmes, FIDIC conditions of contract for works may be used for work investments.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website at the date of the initiation of the procurement or grant award procedure.

4.3 Implementation Principles for Twinning Projects

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may, in particular, provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as a resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address:
<http://europa.eu.int/comm/enlargement/pas/twinning/index.htm>

4.4 Environmental Impact Assessment and Nature Conservation

All investments shall be carried out in compliance with the relevant Community environmental legislation.

The procedures for environmental impact assessment, as set down in the EIA-Directive¹³, will fully apply to all investment projects and the application of the European Principles for the Environment will be ensured¹⁴.

An appropriate nature conservation assessment shall be made for any project, equivalent to that provided for in Art. 6 of the Habitats Directive¹⁵, that is likely to affect sites of nature conservation importance.

¹³ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

¹⁴ Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive).

5. MONITORING AND EVALUATION

5.1 Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisation(s) concerned

5.2 Evaluation

Programmes shall be subject to *ex ante* evaluations, as well as interim and, where relevant, *ex post* evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of *ex ante* and interim evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as *ex ante* verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96¹⁵.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

7. LIMITED CHANGES

Limited changes in the implementation of this programme, affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an

¹⁵ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

¹⁶ OJ L 292; 15.11.1996; p. 2

indicative nature¹⁷, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management, without an amending financing decision being necessary.

¹⁷ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.