

CARDS REGIONAL ANNUAL ACTION PROGRAMME 2003 – Ad 1 FINANCING PROPOSAL

1. Identification

- Form of programme:** CARDS Regional Action Annual Programme 2003
- Beneficiary Countries:** Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro (Republic of Serbia, Kosovo*, Republic of Montenegro) and Former Yugoslav Republic of Macedonia (FYROM)
* under international administration in line with UNSCR 1244 of 10 June 1999
- Budget year:** 2003
- Financial allocation** €31.5 million
- Budget Line:** B7-541
- Legal basis:** CARDS Council Regulation (EC) No. 2666/2000, amended by Council Regulation (EC) No 2415/2001 of 10 December 2001
- Contracting:** All contracts must be concluded after the signature of the Financing Agreement and within 36 months following the date of the budgetary commitment (16 July 2003).
- Implementation:** The implementation of projects under this proposal must be concluded by 31.12.2008. Therefore, all technical activities provided for under this programme and all contracts must end by 31.12.2008.
- Areas** integrated border management, institutional capacity building, democratic stabilisation and regional infrastructure development
- Implementing body:** EuropeAid Cooperation Office and DG Enlargement (European Commission)
- Remarks:** No administrative expenditure will be financed under this programme.

2. Summary of the programme

Summary of Programme

This Regional Action Programme 2003 reflects the approved Regional Strategy Paper (RSP) for 2002-2006, and its three-year Multi-annual Indicative Programme (MIP) for 2002-2004.

Following the MIP, this programme identifies four areas for support at the regional level, namely: integrated border management, institutional capacity building, democratic stabilisation and regional infrastructure development.

3. General background

3.1 Stabilisation and Association Process

The Stabilisation and Association process (SAP) remains the policy framework to help the countries in the process of approximation of the Western Balkan countries towards the European Union. The Copenhagen Council in December 2002 confirmed the European perspective of the five countries of the Western Balkans and underlined, once again, the European Union's determination to support their efforts.

Regional co-operation continues to be one of the building blocks of that process. This was confirmed at political level, when the European Union heads of state gave their support to the SAP at the Feira European Council in June 2000: "The European Council confirms that its objective remains the fullest possible integration of the countries of the region into the political and economic mainstream of Europe through the Stabilisation and Association process. All the countries concerned are potential candidates for EU membership. The European Council encourages the States of the region to increase their regional co-operation." The Zagreb Summit in 2000 confirmed the agreement of the five countries concerned to its objectives and conditions. The Summit's declaration stated in particular that "rapprochement with the European Union will go hand in hand with this process of developing regional co-operation."

This regional co-operation model is essentially an extension of the EU's own philosophy that deeper co-operation with neighbouring countries is a route to national as well as regional stability and growth and that such co-operation serves the mutual interests of all countries concerned.

As mentioned in the 2002 Annual Programme, these regional relations can be defined as a series of clear policy objectives:

- To behave towards each other and work with each other in a manner comparable to the political relations that now exist between EU Member States.
- To promote direct co-operation between SAP countries in tackling the common threats of organised crime, illegal migration and other forms of trafficking.
- To build a network of close contractual relationships - the "regional co-operation conventions" mentioned at Zagreb - between the signatories of SAA's.
 - Bilateral free trade agreements in line with WTO provisions and based on continued asymmetric trade liberalisation with the EU.

- Mutual concessions concerning the movement of workers, establishment, supply of services, current payments and movement of capital, and the progressive alignment of national policies to the “acquis communautaire”.
- Co-operation in other fields such as Justice and Home Affairs and refugee return.
- To re-integrate the SAP countries into the European infrastructure networks, namely for transport, border management and energy, and into the wider European networks, such as for environmental protection and sustainable development.

Important and positive developments have happened since the approval of the 2002 Annual Programme: Albania, has moved one step further towards a closer relationship with the European Union; the Council adopted the directives for the negotiation of a Stabilisation and Association Agreement with Albania in October 2002 and negotiations were formally opened at the end of January 2003. Bosnia and Herzegovina has pushed forward with reforms, including important measures aimed at increasing the efficiency of and advancing integration within governments at all levels. The EU Road Map was substantially completed during the autumn and the Commission will in due course prepare a study on the feasibility of Bosnia and Herzegovina negotiating and concluding a Stabilisation and Association Agreement (SAA). The Republic of Croatia submitted an application for EU membership, and is continuing to make good progress in its transition process and adopted a plan for implementation of the SAA at an accelerated pace reflecting its ambitions for EU membership. In the former Yugoslav Republic of Macedonia, the Ohrid Agreement is being implemented and the census was conducted smoothly - there is an increasing readiness to find compromise solutions, confirming that the process of stabilisation and normalisation is firmly on track. Economic reforms are being implemented in Serbia and Montenegro and steps have been taken towards necessary constitutional restructuring and in regional relations. Progress continues in Kosovo, focussing on standards before status.

Developments in the past year provide reason to be optimistic. Much progress has been made, in particular in the fields of energy, trade and transport. Progress has also been made in the field of police and judicial co-operation – with support from the CARDS programme. The signing, in Athens in November 2002, of the Memorandum of Understanding on the Regional Electricity Market in South East Europe and its integration into the European Union Internal Electricity Market represented a significant achievement as well as the conclusion of a network of free trade agreements (FTAs) between the countries of the region under the auspices of the Stability Pact’s working group on trade liberalisation.

3.2 CARDS Regional Strategy Paper

Some 10% of the available CARDS funds will be directed to supporting the regional dimension to the SAP as a complement to the five CARDS Country Strategy Papers that focus on the other more national problems that the countries face.

The CARDS Regional Strategy Paper provides the strategic framework for programming this regional level support.

Based on a detailed analysis of the regional challenges facing the countries, the Strategy outlines the response of the CARDS regional programme in the four areas identified for support at the regional level, namely: integrated border management, institutional capacity building, democratic stabilisation and regional infrastructure development.

This Draft Proposal presents the detailed programme that will be implemented in 2003, as derived from the Strategy and its MIP.

3.3 CARDS Regional versus CARDS National Support

As mentioned in the regional strategy paper, the bulk of this CARDS support to the countries will be financed through national CARDS support programmes. Experience from PHARE and other Community programmes has shown that this subsidiary ensures greater levels of national commitment and ownership, better targeting and impact of projects and greater efficiency in implementation.

However, complementing this basic national approach with a regional CARDS programme will ensure its objectives are achieved because either: (i) the problem addressed is truly cross-border and requires active regional co-operation between the SAP governments if it is to be corrected; or, (ii) there are significant gains to be obtained in terms of efficiency or enhanced impact by implementing through one regional programme instead of five national ones.

This financial proposal totals € 31.5 million. This does not include Integrated Border Management activities that are programmed regionally but the funds are added to each national programme and implemented through conventional national programme channels.

4. Past EU assistance and co-ordination with other donors

In 2001 two CARDS Regional programmes were approved with a total budget of € 20 million. The Regional Balkan Infrastructure Study programme (€6 million) and the 2001 CARDS Regional Programme (€14 million). The 2002 CARDS Regional of € 43.5 million focuses in the same areas that the 2001 programme for support at the regional level, namely: integrated border management, institutional capacity building, democratic stabilisation and regional infrastructure development. This 2003 programme continues in this line having the same areas of intervention and builds in the experiences of the past EC experiences.

Co-ordination and coherence is particularly important in this region given the large number of actors involved. The Commission assures this through extensive work both at the international level and within the countries themselves.

As an example, the Commission co-chairs and is guided by the High Level Steering Group for South East Europe that provides overall guidance on donor co-ordination. This is supported at operational or technical level by regular meetings of the Working Level Steering Group, which is also co-chaired by the Commission

The Commission also maintains a Joint Office with the World Bank to help co-ordinate and develop support to the region. Additionally, the Commission plays an active and leading role in the Stability Pact for SouthEast Europe. The EU led in 1999 the international community to establish the Pact that has now become an important vehicle through which national and international actors involved can better co-ordinate and focus their work. By continuing to actively participate in all Stability Pact working tables, the Commission will further ensure coherence and complementarity of its actions with those of national governments and of the international community.

The EU will ensure overall co-ordination with its Members States and other donors and implementing partners as well as with the beneficiary countries for overall coherence and best use of available funds. All individual project fiches contain a section on co-ordination with other donors.

5. Lessons learnt

In the management of multicountry programmes a number of **general points** emerge in terms of lessons learnt, which are of particular importance in the Regional Programme.

- Need to have a clear **value-added** in terms of the regional dimension
- Need for real commitment in national ministries to assurances given in the international context.

Link between programme and MIP: The present programme addresses, as much as possible, in each project fiche the link with the objectives set out in the Regional Strategy Paper (RSP) and the Multi-annual Indicative Programme (MIP).

Concentration on a reduced number of sectors and activities identified in the RSP and addressing identified weakness affecting the region.

Mid-term planning: programme 2003 has been planned with the mid-term perspectives provided by the MIP and it is consistent with 2001 and 2002 programmes. This should lead to better-planned programmes and better tuned in relation to the Regional Strategy Paper and the Multi-annual Indicative Programme.

Duration of projects: the projects within the 2003 programme will have, on average, longer project duration than the previous programmes. This should ensure more continuity in the provision of assistance.

More time allowing enhanced participation of stakeholders in the preparation of project proposals: The 2003 programming has been conducted in a more transparent and participatory way. More time was devoted to stakeholder consultations in the Balkan countries. In this line, Aidco organised a conference to discuss the CARDS Regional programme in Belgrade, on 27 January 2003. It was a successful initiative with the participation of the National Aid Co-ordinators of all Balkan countries, EU Delegations, European Agency for Reconstruction and RELEX. A programming mission in the region followed this Conference. During this, meetings with as many interested parties as possible were organised. This facilitated a much wider understanding on all sides of what was feasible, and what allowed for greater value added, but also what needed to be prioritised.

Conditionality aspects: The Multi-annual Indicative Programme contains specific conditions per priority area. These conditions will be further developed during the project detailing.

Evaluation and assessment of past Community and other donor support: this provides valuable lessons that are being incorporated into the design of future CARDS regional support.

Co-ordination: Regional co-ordination has to be ensured not only from EuropeAid's offices in Brussels but as well by the Commission delegations in the Balkans and by the European Agency for Reconstruction. This is being done by organising regular in-country

meetings with Member states, national authorities and other involved organisations (such as International Financial Institutions) to ensure programming, monitoring and overall co-ordination on an on-going basis throughout the programme cycle.

SIGMA: Past work with Sigma has shown that the assistance works best when targeted and integrated and when it remains within the scope of Sigma's core competence. This is the reason why support to trade linked activities will be discontinued under Sigma III.

As institution building programmes under the national CARDS envelopes have become more important, Sigma assistance will be refocused to make available regionally what cannot be covered nationally.

One important lesson learnt from the past contracts is that Sigma support needs to be planned and sequenced properly to ensure delivery of products (advise, studies, report, etc.) to Delegations, EAR, partner country administration and EuropeAid in an efficient and timely fashion. An annual planning exercise will ensure that the three ways of delivering Sigma assistance as outlined above will complement each other.

Call for proposals – Local Civil Society:

The 2002 calls for proposals under democratic stabilisation were heavily oversubscribed. There is a clear need for further funding. While the 2002 call did not make it a requirement to propose joint proposals (organisations from at least two CARDS countries), this call will make this a key requirement.

Past centralised (i.e. EuropeAid and not Delegation managed) calls have shown that timely access to information is key to attract as many proposals as possible from local partners. Call for proposals, guidelines, application forms and all related documents will be provided in the local languages, for information purposes only. This will increase local participation greatly.

Individual project fiches contain a section on specific lessons learnt when relevant.

6. Programme Components

A description follows for the activities to be assisted. Further details (including Log Frames) of individual projects are to be found in the separate set of annexes. These Project Fiches will not be part of the Commission Decision.

Note: the reference numbers for the individual Project Annexes correspond to those used below.

1. INTEGRATED BORDER MANAGEMENT

1. IBM Strategies & Action Plans – €1.0 million (± 20%)

The objectives are to support the Western Balkans countries in ensuring that their national Integrated Border Management Strategies are developed coherently following a regionally adopted methodology, to raise awareness among selected officials in the different areas relevant for Integrated Border Management, in order to improve the strategic and technical understanding of the EU standards and best practices in this area and finally to facilitate implementation of national IBM strategies and Action Plans through development of regional standards and common technical solutions.

This will be done through the following activities:

- Regional support in view of harmonisation and co-ordination for the Inter-agency Working groups of the five countries in drafting their IBM Strategies and Action Plans.
- Provision of targeted regional training to relevant national authorities.
- Regional meetings of the national Inter-agency Working groups including concerned officials.
- Carry out specific studies and assessments on relevant topics related to IBM.

2. INSTITUTION BUILDING

2.1. Further Support to the General Support Facility - €1.85 million (± 20%)

The objective is to contribute to increasing the capacities of national public administrations to undertake their obligations under the Stabilisation and Association Process (SAP) and its constituent agreements, through:

- Technical Studies on transposing, implementing and enforcing policies and legislation in the core target areas.
- Technical Expert Missions
- Workshops.
- Study visits. Commission visits. Additional training elements could be added.
- Databases, information and advice about the *acquis communautaire*
- Support to the administrations' translation services in order to build sufficient capacity to translate relevant *acquis communautaire*.

2.2 Trade related support facility – €1.25 million (± 20%)

The objectives are those draw on the overall trade priorities for the region, namely:

- **Integration into the WTO - multilateral trade liberalisation, through:**
 - Technical assistance in drafting of legislation;
 - Assisting the countries having WTO membership in the Doha Development Agenda (DDA) negotiations.
- **Implementation of regional and/or bilateral free trade agreements, through:**
 - Study proposing strategies for reducing and eliminating core non tariff barriers in the region;
 - Assisting customs in managing diverse trade preferences;
 - Enhancing customs co-operation in implementing preferential rules of origin;
- **Making full use of autonomous trade preferences, through:**
 - Seminars and training sessions in veterinary and health standards;
- **Towards greater trade liberalisation, through:**
 - Study analysing the questions in relation to the realisation of a genuine free trade area in the region, as alternative to the current web of bilateral agreements;
 - Competition and state aid (study to analyse status of legislation and institutional structures in the region; network among homologue authorities and institutions in the region);
 - Liberalising trade in services (studies on service sectors with biggest potential for development).
- **Assist the countries concerned in preparing for alignment to the trade-related community 'acquis'.**

2.3 SIGMA Phase III

The objective is to assist the beneficiary countries to establish effective legal and institutional frameworks for efficient, reliable and accountable public institutions under effective control of the democratically elected public authorities operating under the rule of law and appropriate to a market economy. The reference for this will be baselines developed by the SIGMA Candidates Programme. The priorities are Civil Service and Administrative Reform, Policy Capacities, Public Expenditure Management, External Audit, Financial Control, Public Procurement. Sigma support will be provided in three ways:

- Continued and intensified work on the general assessments of public administration reform in the region;
- Increased organisation of pan regional training events on Sigma core competence issues.
- Continued targeted assistance to partner country administrations to realise reform;

2.4 Social Institutions Support Project - €2.00 million (± 20%)

The objective is to support co-operation on the reform of the social sector and to offer models of reform to the partner countries with regard to institution building in the social sector.

The project will provide the interface for technical experts and political decision-makers. Creating a central point for discussion and information exchange on social cohesion and social protection for all CARDS countries, with particular emphasis on (i) pension reform and cross border pension co-operation (ii) access to social services for minorities (iii) cross border social issues (iv) enhancing the sustainability of social protection schemes through management reform and (v) reform of contribution collection systems; networking; co-ordination with other donors.

2.5 Cross Border Institution Building - €1.8 million (± 20%)

The objectives are to enhance local institutions capacities in managing local issues, increased co-operation on practical problems facing border regions issues (administrative, legal, socio-economic, etc.), and increased cohesion in the CARDS region. This will be done through:

- Providing technical advise and training for local and regional administrations;
- Support to co-operation between network associations of local and regional authorities
- Organise co-operation events and training sessions to enhance municipalities' capacity to engage in cross border work and to promote exchange of best practice;
- Provide the link into the EU and Enlargement area of regional co-operation
- Provide blueprints for co-operation activities and conventions;
- Small projects fund to support cross border co-operation initiatives (except environment which is covered under the CARDS 2002 regional Democratic Stabilisation programme) in order to foster capacity building at local level;

For the purpose of this project, all regions/municipalities will be considered border regions. EU Member states and candidate countries' regions will be invited to participate if their participation adds value to the co-operation.

2.6 Into Europe Programme - €400,000 (± 20%)

The objectives of this programme are: increased co-operation between EU integration services and technical ministries on regional CARDS programming and issues relating to the SAP, improved regional co-ordination of CARDS assistance and increased sense of ownership with regard to regional CARDS programmes, through:

- Financing and facilitating regular meetings between national aid co-ordinators and technical experts, focussing on various themes including: EU integration, CARDS regional programming, Justice and Home Affairs (organised crime, illegal migration, trafficking), Trade, Infrastructure.

2.7 Capacity building for business organisations - €2.00 million (± 20%)

Build up the capacity of the Western Balkan business organisations to play their role as business voice in the Stabilisation and Association process as well as for the implementation of the FTAs; and facilitate the private sector implementation and understanding of new rules and regulations, through:

- Awareness building and dissemination of information related to the recent developments under the Stabilisation and Association process;
- Promotion of intra-regional co-operation;
- Sustainable linkages between the Western Balkan business organisations and organisations in the EU as well as the accession countries.
- Transfer of know-how, provision of networking opportunities for the Western Balkan business organisations.

2.8 JHA Regional co-operation in the fields of the development of independent, reliable and functioning judicial systems, and of the enhancing of international judicial co-operation - €5.00 million (± 20%)

The project will contribute to the better understanding of the EU standards and best practices in these fields by the CARDS countries. The objective is to provide a detailed conceptual and strategic framework for the establishment of an independent, reliable and functioning judiciary, and the enhancing of the judicial co-operation specifically in civil, commercial and criminal matters, through:

- Regional and national thematic meetings, conferences, round tables and seminars with judges, prosecutors, law enforcement staff on all issues above-mentioned (NGOs and representatives of the civil society could be involved to a certain extent to create a network between the relevant actors).
- Expert Missions, Comprehensive Gaps and Needs Analysis Sessions
- Capacity building activities: training sessions, study visits, technical assistance.
- Establishment of information networks, libraries and support groups in order to pool information, enhance co-operation and facilitate co-ordinated action.

2.9 Regional Statistical Co-operation - €3.00 million (± 20%)

The objective is to contribute to the Stabilisation and Association process by further developing the transformation of the statistical systems towards the needs of a democratic

and market oriented society and to ensure a minimum level of harmonisation of statistical methods with EU requirements, through:

- Improving data collection and increasing regional co-operation between the National Statistical Institutes.
- Aligning statistical methods and gradually converging towards compliance with EC legislation in some key areas of statistics.
- Increasing confidence in official statistics and raising the public profile of the National Statistical Institutes.
- Pilot Projects (test of methodology and data collection).
- Providing technical assistance on these areas.

2.10 Pilot river basin plan for Sava River Basin Project - €2.3 million (± 20%)

The general objective of the project is to improve management of the Sava river basin and thereby improve water quality and reduce pollution and flooding. The wider objective being the establishment of co-operation mechanisms between the countries of the Sava and its basin

The project will carry out pilot projects in each country on water management according to the EU Framework Water Directive, in a trans-boundary context. A regional working group will be established which will issue a joint report. This will be done through:

- One pilot project in each country following the guidelines of the EU Framework Water Directive.
- Support to developing and strengthening institutions for water management in each country.
- Support to a trans-boundary/joint river basin management structure.
- Co-operation with the UNDP/GEF1 initiative and with the ICPDR2.

3. DEMOCRATIC STABILISATION

3.1 Regional Media Support Programme - €1.20 million (± 20%)

The media sector in the CARDS region still needs to develop into a sector where free and independent media thrives - on national levels, but also in terms of regional cooperation, which needs further support. As the Regional Strategy Paper stresses, the development of free, independent and professional media is key to sustaining stability and peace in the region.

This project has three components, focussing on co-operation in regional TV production and the exchange of regional and relevant international news:

Component 1 aims at increased professionalism in television production and increased co-operation between television production outlets in the region, through:

- Organising a call for proposals to finance a number of regional television co-productions.

1 United Nations Development Programme / Global Environment Facility (GEF)

2 International Commission for the Protection of the Danube River

- Co-productions to cover areas citizens show a genuine interest in and have relevance for their daily lives.
- Require national TV networks to air the productions
- Organisation of a regional screening event.

Joint proposals by two or more organisations from different CARDS countries will be an integral requirement.

Component 2 aims to promote harmonious relations and peace through the free flow of, and access to information and to promote tolerance, universal human rights values, democratic citizenship and a culture of peace.

Co-ordinated by an already existing secretariat the programme will:

- Increase cross border reporting by production pool and travel support.
- Provide practical knowledge of ICTs in the stations with analogue production capacity only and assist decisions in inevitable transform to digital platforms.
- Support transformation of state broadcasters to public service broadcasters by increasing the competitiveness of TV news with qualified professionalism and technical standards and practises. Diversify traditional news criteria.
- Provide equipment to ERNO members.
- Provide training for editorial staff and journalists, study visits, common workshops and bi-annual follow-up meetings.

Component 3 aims at the free flow and access to information of the procedures in the International Criminal Tribunal for the former Yugoslavia (ICTY), the International Court of Justice (ICJ) and the International Criminal Court (ICC).

The programme will ensure the transmission to the Western Balkans of the procedures in the ICTY, ICJ and ICC.

3.2 Network to Network Programme - €1.0 million (± 20%)

The main objective of the project is to enhance the civil society sector.

This project will support co-operation between network organisations from the EU and the region to transfer know-how, build capacities and lay the foundations for long lasting structures between organisations, through:

- Development networking skills
- Development of organisational issues
- Development financial issues
- Development in advocacy issues

Delivery will be through partnerships between CSO network organisations from the EU and the partner countries. Triangular partnerships (EU organisation – 2 CARDS partner country organisations) will be strongly encouraged.

3.3 Support to Return of Refugees - €0.5 million (± 20%)

This programme aims at alleviating blockades to and refrains from return at regional level. All legal, civil, administrative, social, psychological, cultural, economic aspects could be addressed.

Especially, refugees in and coming from Croatia, BiH and S&M will be concerned by this project. However, should the situation in South Western Balkans (FYROM, Albania, Kosovo) improve and create more openings to safe return, the same type of issues (inter-country / inter-regional for IDPs from Kosovo in Serbia) could be addressed under the same project.

The programme will take after the 2002 programme in the same area. The 2002 project will allow having a clear idea of the main blockades and the most urgent needs accordingly. This project will focus on activities having a direct impact on return and/or property repossession, in an idea of sustainability of peace for the coming generations.

3.4 Local Civil Society Development Programme - €2.5 million (± 20%)

This project proposes to strengthen the capacities and support projects of local grass root Civil Society Organisations. The specific objectives are:

- Creation of partnerships between CSO working locally/regionally
- Creation of a sustainable civil society sector at local level
- Capacity building for local/regional CSO
- Concrete project support

The main component will be a call for proposals. Eligible organisations will be regional/local civil society organisations as the lead partners. Local/regional authorities may participate as junior partners. Partnerships between organisations from at least two different eligible countries (including EU member states, adhering countries) are required. The focus of the support will be on those areas that are best tackled locally and regionally;

Promoting projects in relation to citizens' participation, access to municipal and regional services by minorities (including refugees), etc.

4. REGIONAL INFRASTRUCTURE

4.1 Environment: project preparation facility - €1.80million (± 20%)

The general objective of the project is to encourage and catalyse investment in trans boundary related environmental investments to alleviate living conditions and reduce environmental pollution in the Balkan countries (all environmental sectors are covered by the proposed facility), through:

- Support project preparation for possible investments, in co-ordination with the international financing institutions and bilateral donors active in the region
- To facilitate close collaboration between the international financing institutions and CARDS in the identification and preparation of environmental investment projects for IFI financing
- To transfer know how in project development and financing packages to the region

4.2 Regional Transport Network- Permanent Secretariat and Observatory **€1.9 million (± 20%)**

The specific objective of this Project is to provide technical support for upgrading the regional transport network. This network, called as *EC Strategic Network (or Core Network)* has been agreed with the CARDS transport authorities in meeting held at the EIB premises in Luxembourg early February 2003 and attended by the IFIs. The technical support will be provided by setting up a regional transport database based on the data provided by each Country. For doing so, data collection practices of each individual Country will be harmonised in a standard format.

The Observatory is expected to function as a secretariat of a trans European Corridor. Experience has shown that the best corridors are those which are best technically backed. Lessons from that experience will be taken into consideration in setting-up the Transport Observatory.

The wider objective is to facilitate long-term regional co-ordination in transport through the establishment of sustainable joint co-ordinating mechanisms among the CARDS countries and an effective communication network among themselves through a joint institutional arrangement. Such mechanisms should enable them to address effectively priority inadequacies and obstacles in the regional transport infrastructure network (Core network) as well as in operational and regulatory issues of regional importance.

This will be done through:

- The clear definition of the problem in terms of objectives and tasks to be filled.
- The establishment of a permanent secretariat, self-sustainable beyond the period of the Project, with venue in the Region and with capability to maintain an effective data base.
- The establishment of agenda of issues and current obstacles and bottlenecks to transport in the region and establishment of a work plan.
- Reasonably frequent meetings of senior Government officials to address jointly issues of regional transport importance and work towards their resolution.
- The effective communication and dialogues with other organizations and initiatives including the IFIs, EC, Corridors, etc.
- The development of data bases on traffic flows and forecasts, computer modelling, detailed inventory of current physical conditions along the axes of the Core network, detailed inventory of existing bottlenecks along the axes and border crossings, a continuously updated work plan.
- The transfer of know-how to the secretariat and to national experts through formal training (workshops, seminars) as well as in-service training, on organizational, management as well as on technical issues of substance to work requirements.

7. Complementary Actions

The activities proposed in this Regional Action Programme 2003 will be closely co-ordinated with other complementary EC-funded activities, notably funded through CARDS National Action Programmes.

Furthermore, the activities covered by this Financing Proposal will be complemented by support from the European Initiative for Democracy and Human Rights (chapter B 7/7, EIDHR).

8. Programme Implementation

The Action Programme will be implemented as follows:

8.1 Implementation & Management

Award letters³ corresponding to this Financing Proposal will be concluded with the counterpart authorities. The award letters shall be concluded by 31 December of the year following that of the budgetary commitment.

The end of the implementation period of the award letters is hereby set at 31.12.2008. Any balance of funds remaining available under the EC Grant shall be automatically cancelled 18 months after the end of the implementation period of the Financing Agreement.

Contracts financed under this programme shall enter into force no earlier than the signature of the award letters in due form by the competent signatories, and no later than 3 years starting from the date of the budgetary commitment, being the expiry date of the associated award letters. Therefore:

- Any relevant contract or grant must have entered into force, having been signed by all the relevant parties, by this expiry date.
- Any contracts or grants that have not been entered into force, having been signed by the signature of all the relevant parties by this expiry date will not be finalised but will be cancelled and considered null and void.
- Any balance of funds under this programme that has not been used to fund contracts or grants that are in force by this expiry date will be de-committed as soon as possible thereafter.
- No addenda adding funds from this programme to any contract or grant may be entered into after this expiry date.

The deadline by which all contractual activities under this programme must cease is no later than one calendar year after the expiry date of the relevant award letter.

Therefore: No addenda to any contract or grant funded by this programme shall be entered into force after the implementation deadline⁴

³ Equivalent to Financing Agreements for the National Programmes.

⁴ Note that the end date for contractual activities refers to project implementation activities, and not the date for submission of final report or final invoice.

This regional programme will be implemented centrally by EuropeAid Co-operation Office (AIDCO) and after March 2005 by DG ELARG, on behalf of and in close co-ordination and consultation with relevant authorities, international agencies and donors that are active in the various fields of the programme.

For the implementation of Component 3 under 3.1 of the Regional Media Support Programme a direct grant agreement will be awarded to South East News Service Europe (SENSE).

SENSE is in a de facto monopoly situation according to Article 168 (1)(c) of the implementation Rules of the Financial Regulation applicable to the general budget of the European Communities (Council Regulation (EC, Euratom) No. 1605/2002 of 25 June 2002. This is due to the fact that SENSE is the single news agency based in International War Crimes Tribunal for the former Yugoslavia in The Hague which produces daily news reports (in Bosnian-Serbian-Croatian and English languages) and a weekly television program entitled "The Tribunal" for TV networks in Bosnia i Herzegovina, Croatia, Serbia, Montenegro and FYROM.

8.2 Tendering and Contracting

The contracts for services, works and supplies shall be concluded in accordance with the tendering and contract award procedures laid down in the Financial Regulation and other relevant instructions.

For some of the projects direct contracts have been foreseen as stated in the point 6 of this programme.

8.3 Monitoring, Evaluation and Audit

This programme will be monitored and supervised by the European Commission services, who shall:

- supervise the implementation of the programme on the basis of regular reports, contacts with stakeholders and site visits
- carry out regular monitoring and evaluations to follow the progress of the programme and its components as well as ex-post evaluations after its completion

The accounts and operations of the programme components may be checked at intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the European Commission, including the European Antifraud Office (OLAF),² and the European Union's Court of Auditors.

10. Cost and financing

The Programme will be financed through a Community grant of €31.5 million, allocated as follows among the different actions:

Area/Project	Total Area (€million)
1. Integrated Border Management	<u>1.00</u>
IBM Strategies & Action Plans	1.00
2. Institution building	<u>21.60</u>
Further Support General Support Facility	1.85
Trade related support facility	1.25
Cards Sigma III	2.00
Social Institutions Support Programme	2.00
Cross Border Institution Building	1.80
Into EUrope Programme	0.40
Capacity building for business organisations	2.00
(JHA) Judicial systems & international judicial co-operation	5.00
Regional Statistical co-operation	3.00
Pilot river basin plan for Sava River Basin	2.30
3. Democratic Stabilisation	<u>5.20</u>
Regional Media Support Programme	1.20
Network to Network Programme	1.00
Support to Return of Refugees	0.50
Local Civil Society Development Programme	2.50
4. Regional Infrastructure	<u>3.70</u>
Environment: project preparation facility	1.80
Regional Transport Observatory	1.90
Total	31.50

Note: The total budget per sector/area of co-operation should have a range of +/- 20 %..

11. Government Commitment. Conditionalities.

Assistance is provided on the basis of the existence of the necessary elements for the continuation of co-operation through assistance, in particular respect of democratic principles and human rights, as well as the obligations of the Beneficiary Countries as set out in the Partnership and Co-operation Agreement/Stabilisation and Association Agreement/Process. In addition to the SAP related conditionality, programme/sectoral/project conditionality may be imposed. Failure to comply with any defined conditionality may lead to delay, suspension or cancellation of the planned or committed assistance.