

CARDS REGIONAL ANNUAL ACTION PROGRAMME /FINANCING PROPOSAL

1. Identification

<i>Form of programme:</i>	CARDS Regional - Action Annual Programme 2002
<i>Beneficiary Countries::</i>	Albania, Bosnia and Herzegovina, Croatia, Federal Republic of Yugoslavia and Former Yugoslav Republic of Macedonia (FYROM)
<i>Budget year:</i>	2002
<i>Financial allocation</i>	€43.5 M
<i>Budget Line:</i>	B7-541
<i>Legal basis:</i>	CARDS Council Regulation (EC) No. 2666/2000, amended by Council Regulation (EC) No 2415/2001 of 10 December 2001
<i>Duration:</i>	Contracts financed under this programme shall enter force no earlier than the date of the agreement in due form by one of the competent signatories (one of the countries of the Balkans Region), and no later than 31.12.2005
<i>Expiry dates:</i>	All contracts must be concluded by 31.12.2005 All disbursements must be made by 31.12.2006
<i>Programming:</i>	2002
<i>Implementation:</i>	European Commission
<i>Remarks:</i>	No administrative expenditure will be financed under this programme

2. Summary of the programme

Summary of Programme

This Regional Action Programme 2002 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. Within these areas, six main priority programmes have been identified for action in 2002 subdivided in specific projects as showed under points 6 and 10.

Regional Co-ordination of National Integrated Border Management Strategies - €1 million (± 20%)

The project will provide technical assistance and studies to assist the five countries concerned in ensuring that their national integrated border management strategies are

effectively co-ordinated and complementary through regional meetings of concerned officials, provision of technical advice and through studies.

Institution Building Facility for the SAp - €7.4 million (± 20%)

The projects will provide technical assistance, studies and training projects to help the SAp countries increase the efficiency and effectiveness of their national institutions to transpose and implement more efficiently and effectively their core public administration duties.

Regional Police and Judicial Co-operation - €8 million (± 20%)

The projects will provide technical advice, networking and training to help the countries tackle their regional problems in justice and home affairs' areas, especially as regards illegal emigration, asylum and organised crime.

European networks for Sustainable Development - €4 million (± 20%)

The projects will provide technical assistance and other support to increase the level of environmental co-operation between SAp countries and between SAp countries and the EU.

Democratic Stabilisation - €7.6 million (± 20%)

- The grant allocations will foster civil society and international organisation activities at the regional level that strengthen emergent democratic processes, promote independent media and the facilitation of refugee return.

Regional Infrastructure Development - €14 million (± 20%)

The projects will promote the integration of the five countries' into the wider infrastructure networks of Europe " through studies and technical assistance including aviation safety and air traffic control aspects".

3. General background

Stabilisation and Association Process

Regional co-operation

The Stabilisation and Association process (SAp) involves helping the five countries achieve political, economic and social stabilisation nationally, normalisation of their relations with their SAp and candidate country neighbours and increasing association with the EU.

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."*

Through the SAp, the EU has created a framework in which a new contractual relationship governing political, trade and other relations (the Stabilisation and Association Agreements, SAAs) and a dedicated assistance programme (CARDS) help each country to progress at its own pace through the early mileposts on the way towards the final destination of EU membership. Agreements have been signed with the former Yugoslav Republic of Macedonia and Croatia. A negotiating mandate has been proposed for Albania. For Bosnia and Herzegovina and the FRY, the establishment of Consultative Tasks Forces has proved an effective means of helping national authorities to focus on

national and EU oriented reforms and of engaging with them in a sustained way to secure implementation of these reforms, with a view to the negotiation of a Stabilisation and Association Agreement.

The Zagreb Summit in 2000 set the seal on the SAp by gaining 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.

Each country's willingness to build good relationships with its neighbours shall be the key determinant of its readiness to move closer to the goal of EU membership. These regional relations can be defined as a series of clear policy objectives:

- (1) 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.
- (2) To promote direct co-operation between SAp countries in tackling the common threats of organised crime, illegal migration and other forms of trafficking. In many cases (i.e. visa policy or border management), a common approach by all the countries will be needed to deal with the threat effectively.
- (3) To build a network of close contractual relationships - the "regional co-operation conventions" mentioned at Zagreb - between the signatories of SAA's. Over time, these bilateral conventions with other SAA signatories will deepen co-operation between the countries of the region and between them and the EU through:
 - (a) bilateral free trade agreements in line with WTO provisions and based on continued asymmetric trade liberalisation with the EU.
 - (b) 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*.
 - (c) co-operation in other fields such as Justice and Home Affairs and refugee return.
- (4) 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.

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. These have been selected because of their contribution to regional co-operation or because the support can be best delivered at the regional level.

Annexed to the Regional Strategy is a Multi-annual Indicative Programme (MIP) for the period 2002-2004 that provides further detail on the regional support programmes proposed.

This Draft Proposal presents the detailed programme that will be implemented in 2002, as derived from the Strategy and its MIP.

CARDS Regional versus CARDS National Support

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, the European Commission has concluded that 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 €43.5 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 EC assistance and co-ordination with other donors

Co-ordination and coherence is particularly important in this region as well as within this particular sector, 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. 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.

Integrated Border Management

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

A close co-ordination between the CARDS national programmes will have to be guaranteed and the aim of the current project is among others to ensure this co-ordination.

This project also complements another CARDS Regional 2002 project in the area of Justice and Home Affairs, namely, "*Regional Co-operation among Judicial, Police and*

other Law Enforcement Agencies". A close co-ordination between the two projects needs to be ensured.

One of the most significant co-ordination activities is ensured by the Commission delegations, and when relevant by the European Agency for Reconstruction, which organise regular meetings in-country 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.

These tools should be sufficient to ensure a clear division of labour between the Commission and the other donors and IFI's in the region as well as amongst several projects.

It is in particular very important to encourage and ensure co-ordination with the activities under the World Bank's Trade and Transport Facilitation in South-Eastern Europe (TTFSE), which aims at strengthening and modernising the customs administrations and other border control agencies in the region.

Also the Stability Pact for South Eastern Europe has ongoing activities closely linked to the ones under this proposed CARDS project, and therefore also requires close co-ordination. Their main initiatives in this sector includes:

- The Migration and Asylum Initiative (MAI)
- Task force on Border guarding
- Task force on Trafficking in human beings

General Support Facility

The GSF will co-operate closely and co-ordinate its actions with other organisations that provide also seminar and advice support to the candidate countries on the acquis in order to ensure complementarity with their programmes and avoid overlap of activities.

To ensure co-ordination generally, planned activities under the GSF will be sent for comment to the relevant implementing agencies in the countries for CARDS national programmes and to the OECD for Sigma support.

Industrial and Intellectual Property Right

No previous EU support at regional level in this field.

A national project on intellectual property is programmed for Croatia under CARDS 2001, and national support for implementation of EPO classification in FYROM under CARDS 2002, with which this project shall co-operate.

Quality infrastructure

No previous EU support at regional level in this field.

Justice and Home Affairs: Regional Police and Judicial Co-operation

Other donors are supporting the reactivation of NCB Interpol of the region: OIPC Interpol itself, but also bilaterally some Members States or third countries, providing direct financial assistance and technical assistance.

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Co-ordination with other others will be ensured, including the UK DFID's Access to Justice Strategy.

More generally, this project will be closely co-ordinated taking into account international initiatives in the area, such as the Stability Pact ones (Table 3), and the SECI Bucharest Centre for Combating Transborder Crime.

Continuation of supporting activities to the Regional Environmental Reconstruction Programme

Under the overall REReP (this project is a contribution from the European Commission to the overall programme) a donor co-ordination network has been created. Together the bilateral donors contribute about 17m€ to the priority environmental issues. Some are co-funded with the European Commission, while others are funded separately; altogether, this informal network enables co-ordination of the various bilateral programmes between the donor community.

Strengthening capacities in Balkan countries in Environmental Reporting and developing EIONET network

The present project is a continuation of the following two projects funded from Obnova and Phare:

1. Continuation of the Environmental Monitoring and Assessment in Bosnia-Herzegovina and FYROM, and extension to Croatia - Regional Environmental Reconstruction Action Programme for the Balkans, 29.8.2001 – 28.2.2003, 0.7 MEuro
2. Continuation of the work between European Environment Agency and Albania, and extension to Federal Republic of Yugoslavia, April 2002 – September 2003, 0.5 MEuro

The present project gathers the countries into a uniform project and builds on the achievements of the above mentioned two projects.

Democratic Stabilisation

International co-operation by SAp governments in order to facilitate cross-border return is beginning, notably in 2001 with the Agenda for Regional Action, a trilateral agreement between Bosnia and Herzegovina, Croatia and FRY on refugee return.

This project complements another CARDS Regional 2002 project in the area of Justice and Home Affairs, namely, "*Regional Co-operation among Judicial, Police and other Law Enforcement Agencies*".

A close co-ordination between these initiatives and projects will be ensured. Co-ordination is particularly important in this area because there are three Community instruments operating (i.e. CARDS national, CARDS regional and EIDHR) as well as substantial support from other members of the international community.

In co-ordinating between CARDS regional support and that of EIDHR it is very important to avoid overlap. The same Commission Directorate General will implement both CARDS regional and EIDHR support in this area, easing the task of co-ordination. To ensure projects financed by CARDS regional do indeed remain complementary to actions proposed under EIDHR and CARDS national programmes, all projects proposed for financing under CARDS regional programme will be sent for information and co-ordination purposes to the EC Delegation and / or to the CARDS and EIDHR implementing agencies in the region and at headquarters.

Given the extensive activities of other donors in this area, the Commission will place great priority on maintaining close donor co-ordination through the Stability Pact Working Table 1 and through other co-ordination mechanisms such as on-the-spot activities in the region.

Various recent activities under the SIGMA programme have aimed at providing assistance for public administration reform in the partner countries and complement the activities under this programme.

Other donors, specially The Netherlands and the Denmark are already providing support to environmental civil society under the umbrella of REREP.

The REREP mechanism helps to co-ordinate donors' activities in the area of environmental development. This will ensure that the support to the development of NGO will be co-ordinated with the other key contributions in this sector.

Danube River Basin

The project format builds on the successful experience of the Tacis funded Joint Environmental Programme (JEP) 1999-present, which has an allocation of 6m€ for close co-operation with, originally, the World Bank, and more recently Nefco and EBRD, to promote specific loans with studies and project preparation needed to conclude the loan agreement. The JEP has already leveraged ten times its weight in signed loans in the region.

The project will be co-ordinated with the Infrastructure Steering Group for SEE, which is chaired by the European Commission.

Developing and implementing an Action Plan for the Regional Natural Gas Market in South East Europe

Account will be taken of the following studies and analysis;

- SYNERGY study "Energy Interconnections in South East Europe"
- PHARE study "'CEECs – Security of Gas Supply" work carried out under the INOGATE framework
- CARDS 2001 study "Oil and Gas Infrastructure Study"

Studies carried out by Member States on the energy gas market on Balkans will be also considered.

Municipal Institution Building Facility for transport and environment

Tacis is currently co-financing investments in municipal infrastructure in two Ukrainian cities, and planning a new municipal facility with EBRD in Russia and the Ukraine.

In Croatia, the Cards programme for Refugee Return 2001 and 2002 has a municipal investment component, while the Cards 2002 CSP for Croatia includes a project on municipal roles and responsibilities.

The Regional Environmental Reconstruction programme (funded with EC and bilateral donors) has brought together Ministers of environment in all Balkan countries to agree priorities for investment and a regional environment action plan, funded under Cards 2000 and 2002. In the candidate countries, developing a financial investment strategy for compliance has been funded by the EC, and technical co-operation with municipalities has proved vital. The ISPA programme in the candidate countries of Central and Eastern Europe has functioned at municipal level to improve transport and environment infrastructure; it offers grants of between 50 and 72% for projects that meet the relevant criteria. EBRD has co-funded many of these projects.

Energy Networks Project Preparation Facility

This project would follow-up the 2001 CARDS project Regional Balkans Infrastructure Study and would be implemented under the supervision of a steering committee chaired by the EC and composed by the major IFIs (EIB, EBRD, WB) and by the relevant institutions (Stability Pact, EC DG TREN).

Aviation Safety and Air Traffic Control

Co-ordination will be ensured with other international donors and with the effective functioning programme of Civil aviation in Bosnia (CARDS Project)

5. Lessons learnt

Link between programme and MIP: The present programme addresses 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 2002 has been planned with the mid-term perspectives provided by the MIP and it is consistent with the 2001 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 2002 programme will have, on average, a longer project duration than the previous programmes. This should ensure more continuity in the provision of assistance, as less contract extensions, which cause disruptions, are needed.

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, organising regular meetings in-country 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.

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

1.1 Further Development and Co-ordination of Integrated Border Management Strategies

Project budget: €1.000.000 (± 20%)

The current project will make sure that the CARDS support to this sector is developed and implemented following a coherent regional methodology and in a co-ordinated manner across the whole SAp region. To this end, this project will focus on supporting the countries develop coherent national Integrated Border Management strategies and programmes and ensure their coherence with those of their neighbours.

The overall objective of the Integrated Border Management programme is to achieve a balance between the need to facilitate the movement of people and goods and to exercise an effective control of the borders to protect the public from illicit activities and to ensure regional security.

The specific objective of this project is to assist the SAp countries in ensuring that their national Integrated Border Management strategies are further developed and effectively co-ordinated and complementary and following a regionally coherent methodology.

The activities financed under this programme - must take into account the findings and recommendations resulting from the JHA assessment missions funded under the CARDS Regional 2001 programme, which will be implemented before the summer 2002.

2. INSTITUTION BUILDING

2.1 INSTITUTION BUILDING FACILITY FOR THE SAP

2.1.1 General Support Facility

Project budget: €3.900.000 (± 20%)

The General Support Facility's wider objective is to contribute to increasing the capacities of national public administrations in FYROM, Bosnia and Herzegovina, Albania, Croatia and the FRY, including Kosovo, to undertake their obligations under the SAp and its constituent agreements.

The GSF is one component in a far wider and integrated package of measures from CARDS to assist the countries in this area. The GSF is primarily aimed at facilitating the efficiency and impact of CARDS national programmes in institution building.

The specific objectives of the GSF are to help the SAp countries:
to transpose, implement and enforce policies and legislation that is approximated to the EU acquis in key areas arising from the SAp.

to raise awareness of EU policy and legislation in key areas arising from the SAp and multilateral commitments, specially towards the WTO.

2.2 TRADE RELATED TECHNICAL ASSIGNMENTS

2.2.1 Industrial and Intellectual Property Right

Budget: €2.000.000 (± 20%)

The EU is the most important trading partner and source of foreign direct investment. The regional integration is of direct importance to contribute to the stabilisation of the region.

The five countries experience all some weaknesses of governance and institutional development. For trade policy a number of institutions need strengthening, such as institutions related to intellectual and industrial property right.

The project wider objective is to support the economic development of the five CARDS countries through effective and adequate protection and enforcement of industrial and intellectual property rights in line with the requirements of the SAA and WTO.

The project specific objectives are:

- Adaptation of national legal frameworks to TRIPS in all fields of intellectual property right protection.
- Ensure a level of industrial and intellectual property protection similar to that existing in the EU for Albania, FYROM and Croatia, and ensure compliance to TRIPS requirements for all countries.
- Strengthen IP institutions and enforcement authorities
- Improve regional co-operation and harmonisation.
- Create general awareness of IP.

Direct Contract: The contract should be concluded directly with the Office for Harmonisation in the Internal Market (OHIM) and the European Patent Office (EPO), as they are unique institutions in Europe in charge of respectively trademarks and industrial design for OHIM, and brands for EPO. No other European institutions exist at technical level in those areas.

2.2.2 Quality Infrastructure

Budget: €1.500.000 (± 20%)

Each of the five countries has at national level projects aimed at transposing legislation and technical regulation for industrial products to EU 'acquis'. FYROM, Croatia and Albania will each launch a project under the 2001 action programmes. B&H and FRY are identifying projects in this area.

Specific objectives of the project:

- To get a reliable and comparable picture in each CARDS country of the state of the quality infrastructure and the needed improvements.
- To raise the knowledge about and the awareness of the quality infrastructure among public authorities, enterprises and consumers.
- To increase the number of technical experts trained in different fields of the quality infrastructure and create networks between the experts.
- To establish result oriented co-operation between the CARDS countries in the development of their quality infrastructures.

Direct Contract: The contract should be concluded directly with the European Committee for Standardisation (CEN), as it has a pan-European role in promoting voluntary technical harmonisation. CEN as the horizontal European Standard Organisation is in a position to ensure impartiality with regard to future common projects in the Balkans, resulting from the collaboration initiated by this project, which could be legible for future CARDS funding.

2.3 REGIONAL POLICE AND JUDICIAL COOPERATION: JUSTICE AND HOME AFFAIRES

2.3.1 Regional Co-operation among Judicial, Police and other Law Enforcement Agencies

Budget: €8,000,000 (± 20%)

The overall objective of the project is to decrease the level of criminal activities (including organised crime, smuggling, trafficking of human being and illegal immigration) in the partner countries, and thus enhance security and public order in this neighbouring region of the EU.

The specific objectives of this project are to reinforce national police services and other associated enforcement services, the judiciary (including prosecutor's offices, the penitentiary system and the legal profession in general) and national migration authorities, and improve their effectiveness in fighting national and international crime including trafficking of human being, as well as illegal migration.

The main project partners will be the different police services, prosecutor's offices and courts as well as other agencies involved in targeted activities in the five partner countries.

Interpol (OIPC) will be the implementing partner for activities related to enhancing the capacity of National Contact Bureaux (NCBs) for Interpol in all five countries.

Finally, specific project partners will be selected for targeted training (possibly Cepol, Europol, Council of Europe or other relevant organisations), as well as for the implementation of activities related to Asylum and Migration, taking fully into account the need for co-ordination with other international organisations active in the area.

Activities financed in the area of Justice and Home Affairs should take account, if necessary, of the findings of the JHA assessment mission of the European Commission and Member State experts.

The development of visa requirements and asylum procedures that are coherent between the five countries and the relevant EC/EU acquis will need co-ordination and support at the regional level and will be determined by the recommendations of the reports from the 2001 assessment missions

2.4 EUROPEAN NETWORKS FOR SUSTAINABLE DEVELOPMENTS

2.4.1 Continuation of supporting activities to the Regional Environmental Reconstruction Programme

Budget: €2.000.000

This project will assist the countries of South Eastern Europe to develop administrative institutions capable of ensuring environmental protection to the standards practised inside the European Union. It will foster regional environmental co-operation in line with the aims of the Stabilisation and Association Process.

The specific objectives of this project are:

- To support regional co-operation through the Regional Environmental Reconstruction Programme for a further two years.
- To strengthen the capacities of the national environmental agencies through support to the Balkan Environmental Regulatory Compliance and Enforcement Network (BERCEN).
- To enable prioritisation of environmental investment programmes.
- Increase environmental administrative capacity in Environmental Impact Assessment and Strategic Environmental Assessment, financial expertise and law drafting.

This project will be executed by the Regional Environment Centre (REC) to ensure continuity with the previous phase.

The project will commence at completion of the previous phase (August 2003). Results will be disseminated throughout the region.

2.4.2 Strengthening Capacities in Balkan Countries in Environmental Reporting and developing EIONET network.

Budget: €2.000.000

The project objective is to strengthen the European Environment Agency co-operation with Albania, Bosnia-Herzegovina, Croatia, Federal Republic of Yugoslavia and FYR of Macedonia, contributing to a successful integration of these five Balkan countries into the European Environment Agency's work programme, and further preparation of the basis for future membership of the European Environment Agency.

The present project aims to assist Albania, Bosnia-Herzegovina, Croatia, Federal Republic of Yugoslavia and FYR of Macedonia in continuing the co-operation with European Environment Agency which will be set up and developed in 2001/2002.

The specific objective is to bring the five countries into the regular reporting cycle of European Environment Agency and to join their national environmental information networks to EIONET. The five countries are already connected to other inventories and data bases used by the EEA, but still need to exchange information and ensure consistency of approach with each other and with the EEA members.

It is important to continue and strengthen the European Environment Agency co-operation with these countries in a uniform way in order to build on the outputs already achieved.

The project will be executed at the European Environment Agency, Copenhagen and in the five Balkan countries.

3. DEMOCRATIC STABILISATION

3.1 Democratic Stabilisation

Project budget: €7,600,000 (± 20%)

The wider objective is to assist the SAp countries in achieving stable democracies and in expanding their levels of civil society activity.

The specific objective is to foster civil society and international organisation activities that address regional level problems relating to emergent democratic processes, independent media, minority rights, refugee return, sustainable development and cross border crime, especially trafficking in human beings.

The CARDS expert assessment missions on Justice and Home Affairs to the Western Balkan states, which will be carried out in close collaboration with EU Member States, shall formulate recommendations which will be used to develop a strategic approach for the implementation of anti-trafficking, anti-corruption and refugee return projects (property rights). These missions will also be followed-up as appropriate, either in specific dialogue with the countries concerned, or in specific further assessments, or as otherwise needed.

The effectiveness of this component will be further enhanced by and complement the Regional Co-operation among Judicial, Police and other Law Enforcement Agencies under this action programme.

Co-ordination is particularly important in promoting a free and independent media because there are three Community instruments operating (CARDS national, CARDS regional and EIDHR) as well as substantial support from other members of the international community.

Direct contracts: For the part, which concerns sustainable development, a direct agreement with the Regional Environmental Centre will be concluded.

The project will be managed by the REC under the umbrella of the ReREP, and will be co-ordinated with their on going grants programme in the region.

The fact that the REREP mechanism helps to co-ordinate donors' activities in the area of environmental development will ensure that the support to the development of NGO in this area will be co-ordination with other key contributions in the area.

For the part concerning return of refugees, experts will be recruited to do a thorough preliminary survey. In a second phase a suitable international organisation should be identified with which a direct agreement could be signed. If no international organisation could be identified, a tender or calls for proposals could be launched for the implementation of these activities.

4. REGIONAL INFRASTRUCTURE

4.1 REGIONAL INFRASTRUCTURE DEVELOPMENT

4.1.1 Support for Environmental Investment in the Danube River Basins

Budget: €4.000.000 (± 20%)

The wider 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, with specific focus on – but not limited to - water related problems linked to the Danube River Basin.

The specific objectives of the project are

- To use CARDS funds to leverage IFI support and facilitate project finance 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 carry out feasibility and other relevant studies on selected projects
- To transfer know how in project development and financing packages to the region.

4.1.2 Developing and Implementing an Action Plan for the Regional Natural Gas Market in South East Europe

Budget: €1.800.000 (± 20%)

The project objective is to create the legal basis and rules for a well-functioning regional gas market, contributing to the successful integration of those countries into the European Union's internal gas market.

The objectives of the project are:

- To create the legal basis for a regional gas market, including an indicative programme for harmonising gas legislation. The existing tariff systems at national level should be examined
- To establish a Regional Gas Market Committee.

4.1.3 Municipal Finance Facility for Transport and Environment

Budget: €1,700,000 (± 20%)

This project is designed to assist small municipalities with their reconstruction and infrastructural investment in all municipal services, by training staff in municipalities and in local banking sectors to use and manage the resources available for these tasks.

This project will be a pilot for further support to other Balkan countries in 2004-5. In 2002-3 it will focus on Croatia and Serbia.

The project will focus on strengthening the organisational and financial structure of local utilities and cities in the Balkans. The EBRD loans themselves will finance priority infrastructure development in water, wastewater, urban transport, solid waste and district heating. Municipalities will co-finance where possible with their own funds.

Eight municipalities in Croatia and in Serbia have already been identified for specific small loans.

EBRD will manage the project through a **direct agreement**. They will be responsible for developing the criteria for applicants and for loans. The EU will participate in a steering committee to supervise the project.

4.1.4 Energy Networks Project Preparation Facility

Project budget: €1,500,000 (± 20%)

This project aims at attracting investments for the development of a coherent network for oil, gas and electricity infrastructures in the South East European region. This is achieved by preparing the feasibility and pre-investment studies and, where positive, the documentation for tendering the construction works. Priority will be given to the missing elements of the regional chain.

This project will follow up the €2.1 million Regional Balkan Infrastructure Programme for Electricity and for the Oil and Gas network (respectively € 2.1 million and € 0.7 million from CARDS Regional 2001).

The activities of this project will be undertaken in close collaboration with the local relevant institutions, thus ensuring their consolidation and growth.

4.2 Aviation Safety and Air Traffic Control

Project budget: €5,000,000 (± 20%)

The wider objective of the programme is the establishment of an effective and efficient Civil Aviation Authority (CAA) in each of the five CARDS countries, capable of fulfilling the international, regional and national responsibilities of the state in civil aviation matters.

Specific objective: To bring air traffic control and safety to Western European standards.

Technical assistance for strengthening of capacity could involve the following:

- to identify, to assess and review the achievements of the relevant authorities and institutions (target institutions) in the field of Air Traffic management and control and their regulatory regime in the five CARDS Countries;
- to assess the needs of the target institutions in terms of management and technical capacities, to provide guidance and expertise in order to achieve effective implementation of regulation policies and instruments towards relevant standards
- to foster the creation of regional networks of target institutions with the aim of agreeing on standards and technologies, and organise exchange activities across the five CARDS countries;
- to assist in the development of national strategies on air navigation, to draft National work plans of improving Air Traffic Control and Air Safety with a methodology in line with relevant standards to deliver training of staff of target institutions and raise awareness of recruitment of qualified staff.

- to propose further action on implementation and to co-ordinate implementation agenda with other international donors, in particular EIB and EBRD.

While the CARDS program can create the institutional prerequisites for investments, these investments themselves will need to be undertaken by states or companies.

The Commission might implement the tasks which are competence of Eurocontrol via a **direct agreement** with this institution. In this respect, a protocol is being negotiated between the Commission Directorate General for Transport and Energy establishing criteria for joint work. The mentioned direct agreement would be in line with this protocol.

The exact balance between the Air Traffic component and the Air Safety component of this project will be identified at Terms of Reference stage through an ad-hoc mission to each country.

7. Programme Implementation

This regional programme will be implemented centrally by EuropeAid Co-operation Office, AIDCO, 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.

8. Monitoring, Evaluation and Audit

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

- a) monitor the implementation of the programme on the basis of regular reports, contacts with stakeholders and site visits
- b) 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 will 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.

9. Tendering Procedures

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, Council Regulation 2666/2000 amended by Council Regulation (EC) No 2415/2001 of 10 December 2001, and the "Manual of instructions for contracts concluded for the purpose of Community co-operation with third countries" (adopted by the Commission on 10 November 1999).

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

10. Cost and financing

The Programme will be financed through a Community grant of € 43.5 million, allocated as follows among the different actions:

1. INTEGRATED BORDER MANAGEMENT	
1.1 Further Development and Co-ordination of Integrated Border Management Strategies	€1,000,000
2. INSTITUTION BUILDING	
2.1 Institution Building Facility for the SAP	
2.1.1 General Support Facility	€3,900,000
2.2 Trade Related Technical Assignments	
2.2.1 Industrial and Intellectual Property Right	€2,000,000
2.2.2 Quality Infrastructure	€1,500,000
2.3 Regional Police and Judicial Co-operation: Justice and Home Affairs	
2.3.1 Regional Co-operation among Judicial, Police and other Law Enforcement Agencies	€ 8,000,000
2.4 European networks for sustainable development	
2.4.1 Continuation of supporting activities to the Regional Environmental Reconstruction Programme	€2,000,000
2.4.2 Strengthening capacities in Balkan countries in Environmental Reporting and developing EIONET network	€2,000,000
3. DEMOCRATIC STABILISATION	
3.1 Democratic Stabilisation	€7,600,000
4. REGIONAL INFRAESTRUCTURE	
4.1 Regional Infrastructure development	
4.1.1 Support for environmental investment in the Danube rivers basins	€4,000,000
4.1.2 Developing and implementing an Action Plan for the Regional Natural Gas Market in South East Europe	€1,800,000
4.1.3 Municipal and Financial Sector Development: Municipal Finance Facility for Transport & Environment	€1,700,000
4.1.4 Energy Networks Project Preparation Facility	€1,500,000
4.2 Air Traffic Control – Institution Building	
Aviation Safety and Air Traffic Control	€5,000,000
5. OTHER	
5.1 Reserve	€1,500,000
Total	€43,500,000

Note: The total budget per sector/area of co-operation should have a range of +/- 20 %. Both here and in the summary (point 2).

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. Specific conditionality for implementation may exist in certain projects.

12. INDICATIVE DISBURSEMENT SCHEDULE (€millions, accumulated)

Sector	June 2002	Dec 2002	June 2003	Dec 2003	June 2004	Dec 2004	June 2005	Dec 2005
Further Development and Co-ordination of Integrated Border Management Strategies		0.30	0.60	0.60	0.80	1.00	1.00	1.00
General Support Facility		0.90	1.40	1.90	2.40	2.90	3.40	3.90
Industrial and Intellectual Property Right			0.50	0.50	1.40	1.40	2.00	2.00
Quality Infrastructure			0.375	0.375	1.05	1.05	1.5	1.50
Regional Co-operation Among Judicial, Police & other Law Enforcement Agencies				1.00	3.00	5.00	7.00	8.00
Continuation of supporting activities to the Regional Environmental Reconstruction Program		0.60	0.60	0.80	0.80	0.90	1.00	2.00
Strengthening capacities in Balkan countries in Environmental Reporting and developing EIONET network		0.80	0.80	0.80	1.20	1.20	1.20	2.00
Democratic Stabilisation			2.75	2.95	4.84	5.00	7.10	7.60
Support for environmental investment in the Danube rivers basins			1.20	1.60	1.80	2.00	3.00	4.00
Developing and implementing an Action Plan for the Regional Natural Gas Market in South East Europe			0.50	1.00	1.50	1.80	1.80	1.80
Municipal Finance Facility for Transport & Environment		0.50	0.50	0.50	0.50	1.02	1.02	1.70
Energy Networks Project Preparation Facility			0.50	1.00	1.50	1.50	1.50	1.50
Aviation Safety and Air Traffic Control			1.50	2.40	3.30	4.20	5.00	5.00
Reserve								1.50
TOTAL	0	3,1	11,225	15,425	24,09	28,97	36,52	43,5

LIST OF ANNEXES

Annex A: Status of the Regional Assistance on 29/4/02

Annex B: 1991-2001 EC assistance to the Western Balkans

Project Fiches with log-frames

Annex A : Status of the Regional Assistance on 29/4/02 in 1000€by project

Public Administration reform – Phase I		950				
2001						
Year	Projects	Committed	Contracted	Contracted/ Committed	Paid	Paid/ Comm
	JHA	4,200	1,499	36%	1,164	28%
	INFRASTRUCTURE	3,000	0	0%	0	0%
	STRENGTHENING PUBLIC ADMIN.	6,000	3,350	56%	1,286	21%
	DEMOCRATIC STABILISATION	800	800	100%	330	41%
	Total 2001	14,000	5,648	40 %	2.780	20%

Regional Balkans Infrastructure Study						
2001						
Year	Projects	Committed	Contracted	Contracted/ Committed	Paid	Paid/ Comm
	ELECTRICITY STUDY	750	0	0%	0	0%
	OIL & GAS NETWORK	700	0	0%	0	0%
	ELECTRICITY STUDY	2,050	0	0%	0	0%
	TRANSPORT REGIONAL STUDY	2,500	2,323	93%	0	0%
	Total 2001	6,000	2,323	39 %	0	0 %

ANNEX B: 1991-2001 EC assistance to the Western Balkans												
<i>Commitments in millions of euro</i>												
Country	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	TOTAL
ALBANIA												
Phare/Cards	10,00	75,00	40,00	49,00	53,00	53,00	70,40	42,50	99,90	35,45	37,50	565,75
Democracy & Human Rights					1,00	0,60	0,40	0,80	0,17	0,52	0,40	3,89
Specific actions									2,60	1,92		4,52
Humanitarian aid		4,13			1,15	1,65	16,30	11,00	97,07	3,40	6,60	141,30
FEOGA		120,00										120,00
Food security							10,80		5,50			16,30
Macroec. Assistance [1]		70,00			15,00	20,00						105,00
Total =		368,13			70,15	75,25	97,90	54,30	205,24	41,29	44,50	956,76
BOSNIA & HERZEGOVINA												
Phare/Obnova/Cards				0,21	0,65	229,77	211,16	190,50	118,36	100,85	105,23	956,73
Democracy & Human Rights					0,70	4,80	4,80	1,80	0,79	0,62	0,80	14,31
Specific actions					70,00	65,40	39,90	15,00	30,90	3,96		225,16
Humanitarian aid		495,26			145,03	142,45	105,00	87,95	58,90	0,40	0,75	1035,74
Macroec. Assistance [1]									25,00	10,00	25,00	60,00
Total =		495,47			216,38	442,42	360,86	295,25	233,95	115,83	131,78	2.291,94
CROATIA												
Obnova/Cards				0,09	0,31	11,71	10,26	15,59	11,50	18,34	60,00	127,80
Democracy & Human Rights						0,70	2,20	0,60	0,21	0,97	0,50	5,18
Specific actions								1,00	0,42	0,31	0,98	2,71
Humanitarian aid		204,77			38,43	21,15	14,50	6,95	6,50			292,30
Total =		204,86			38,74	33,56	26,96	24,14	18,63	19,62	61,48	427,99

CARDS REGIONAL 2002 -- 26 June 2002

FRY - Serbia/Montenegro												
Obnova/Cards				0,37	1,18	0	4	10,38	26,90	208,95	230,00	481,78
Democracy & Human Rights [2]					1,90	0,70	0,80	2,50	2,05		4,95	12,90
Specific actions									1,76			1,76
Humanitarian aid		170,25			36,87	23,40	13,50	11,20	93,70	59,64	55,40	463,96
Macroec. Assistance [1]										20,00	260,00	280,00
Total =		170,62			39,95	24,10	18,30	24,08	124,41	288,59	550,35	1.240,40
FRY – Kosovo												
Obnova/Cards								13,16	127,00	439,90	320,00	900,06
Democracy & Human Rights										0,38		0,38
Specific actions										6,00		6,00
Humanitarian aid									111,70	28,84	13,92	154,46
Food security									20,90			20,90
Macroec. Assistance [1]										35,00	15,00	50,00
Total =								13,16	259,60	510,12	348,92	1.131,80
FYROM												
Phare/Obnova/Cards [3]		65,00			25,28	25,00	33,21	25,28	68,70	21,20	56,20	319,87
Democracy & Human Rights							0,50	0,20	0,10	0,52	1,35	2,67
Humanitarian aid		36,52			9,15				39,81	5,35	5,40	96,23
Rapid Reaction Mechanism											12,80	12,80
Macroec. Assistance [1]							25,00	15		20,00	10,00	70,00
Total =		101,52			34,43	25,00	58,71	40,48	108,61	47,07	85,75	501,57
Regional												
Phare/Obnova/Cards		81,44			0,61	0,15	1,45	8,40	2,20	18,75	20,00	133,00
Democracy & Human Rights							5,30	0,90	6,40	7,36	3,68	23,64
Specific actions										2,71		2,71

CARDS REGIONAL 2002 -- 26 June 2002

Humanitarian aid		17,10		20,00			17,00	39,32	1,08	1,00	95,50
Total =		98,54		20,61	0,15	6,75	26,30	47,92	29,90	24,68	254,85
GRAND TOTAL =		1.439,14		420,26	600,48	569,48	477,71	998,36	1.052,42	1.247,46	6805,31
[1] Macroeconomic assistance refers to disbursement and includes grants and loans.											
[2] The figure in 2001 refers to the FRY as a whole.											
[3] Including Cards Emergency Package of € 13.7 millions in 2001.											