

## ANNEX: TITLE OF THE PROGRAMME

### 1 IDENTIFICATION

Beneficiary	Republic of Serbia
CRIS number	IPA/2007/019-322
Year	2007
Cost	164,836,352 EUR
Implementing Authority	European Commission
Final date for concluding the financing agreements	31 December 2008
Final dates for contracting	3 years following the date of conclusion of the Financing Agreement. These dates apply also to national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to national co-financing.
Sector Code	<i>According to <a href="#">DAC-list</a>: 11110, 11330, 11420, 12110, 12230, 13040, 14010, 15110, 15120, 15130, 15140, 15150, 15162, 16010, 16020, 16320, 16330, 21010, 21020, 21030, 21040, 21050, 21061, 21081, 22020, 23010, 24010, 31110, 32110, 32310, 33110, 33210, 41010, 43010, 51010, 91010, 92010, 92020, 92030, 93010, 99810.</i>
Budget line(s) concerned	22.02.02
Programming Task Manager	Unit C2, DG Enlargement
Implementation Task Manager	Operations Manager, Delegation of the European Commission in Serbia.

### 2. PRIORITY AXIS / (MEASURES) / PROJECTS

#### 2. a Priority axis

The objectives of the IPA 2007 programme are determined by the priority axis contained in the Multi Annual Indicative Planning Document (MIPD) 2007-2009 for Serbia. These priority axis are – **Political Requirements, Socio-Economic Requirements and European Standards**. The axis correspond to the broad IPA objectives of assisting Serbia to implement the necessary reforms needed to fulfil EU requirements, make progress in the Stabilisation and Association Process and to lay the foundations for fulfilling the Copenhagen criteria.

In line with the MIPD, funding resources are weighted to reflect short, medium and long term needs of Serbia to meet EU accession demands. This tailoring of IPA support is based on an assessment of the fast-changing political environment of Serbia. To that end, under IPA 2007, there is a greater emphasis on the socio-economic requirements, particularly, in terms of creating the conditions for increased employment generation opportunities.

Importantly, the MIPD priority axes are not mutually exclusive rather they criss-cross in terms of project integration where, for example, a political requirement reinforces an economic requirement and vice versa. The IPA 2007 programme has been developed

accordingly with a focus on policy output synergies to drive forward the reform process in Serbia.

As an example of cross priority link-up, support to Customs Administration (new border IT procedures) is directly linked to improving traffic flows on Euro-corridor VII (Danube) by building River Traffic Information Towers, that will facilitate the export promotion support that Serbian companies will receive under IPA 2007 to access new CEFTA export markets. In turn, support to implementing the Integrated Border Management Strategy by improving police control on borders will reduce delay times at borders for people and goods.

The **Political Requirements Priority Axis** is informed by lessons from the CARDS Programme to date in Serbia. It is clear that substantial work remains in supporting a coordinated approach to central government policy design and implementation in Serbia. While reform progress has been made there is a need to link national budgeting with the policy programmes of individual ministries on a multi-annual programme basis. The MIPD recognises the good work done under CARDS in supporting public administration reform at the local level. There is an emphasis on fortifying central-local government relations to ensure the effective implementation of central government policies. This reflects a key lesson from Structural Funds experience where, in many new EU member states, effective delivery mechanisms of EU co-funded actions at the regional/local level were absent. The formulation of IPA projects is sensitive to the CARDS experience of Serbia having a strong track record in the production of legislation, but weak ‘follow through’ in terms of the necessary resource commitment for implementation.

The **Socio-Economic Requirement Priority Axis** appreciates that the economic transition process in Serbia is not translating healthy GDP growth rates, into new employment generation opportunities, at the required pace. Of major policy concern is youth unemployment, one of the highest in Europe, and the on-going shedding of jobs as the privatisation process nears completion. Serbia’s 2006 National Employment Action Plan envisages the creation of some 150,000 jobs in the coming years. Resources need to be directed to supporting Serbia’s comparative economic advantages such as transport/logistics, agriculture and services to attract increased external and domestic private investment.

Experience in the EU and recent accession countries suggest that investment in education and human capital has significant positive returns in terms of raising productivity and increasing employment generation. Active labour market support measures, corporate restructuring support and vocational education reform has achieved successful outputs under the CARDS programme. Importantly, the Socio-Economic Requirement priority stresses the need to address the skills mismatch in today’s Serbia between education providers and what is demanded by the market. More opportunities are required for students, graduates and young managers to be exposed to European business norms and practices.

The **European Standards Priority Axis** underlines the need to push ahead with law approximation in sectors such as environment and agriculture. The MIPD also notes that policy recommendations from the Evaluation of the Assistance to Balkan Countries under CARDS Regulation 2666/2000 report, identified the need to increase beneficiary ownership and support recipient institutions in Serbia to find their own way to fill the gaps towards European approximation and integration. The overall aim is to build a learning process in the recipient institutions and not just provide advice and guidelines on the *acquis*. In this context, IPA resources should target institutions that have the necessary resources to absorb support. The MIPD notes that forward momentum to date under the CARDS programme in meeting

European Law Standards is largely due to the commitment of individual government Ministries.

To implement the above policy recommendation and to foster greater ownership of the programming process, the Serbian government was encouraged by the European Commission to take the lead in project identification and the drafting of project fiche. This has proved a valuable learning curve for the beneficiary. Due to the scale of requirements under the SAP/EP process this initiative produced over 150 draft project fiche. This number was reduced to 36 fiche based on the strategic importance of the fiche objectives, and the absorption capacity of the beneficiary as determined by DACU (NAC) and the EC Delegation. The number of fiche reflects the reality of the switch from a sector approach under CARDS to a project based fiche under IPA. The readiness of the beneficiary to actively engage in producing draft fiche has created important capacities in line ministries for the production of future IPA programmes.<sup>1</sup>

## **2.b Description of projects grouped per priority axis and (if relevant) per measure**

<b>Priority Axis 1: Political Requirements – €56.5 million</b>
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The selection of projects below will consolidate achievements to date under the CARDS programme and push forward the Public Administration Reform/Political priorities of the MIPD. For example support to the Public Procurement Office is an important step in the good administration of Serbian public funds and is directly linked with the CARDS project on Internal Public Financial Control and support to the Serbian State Audit Institution.

### **Project 1: Project Preparation Facilities and Technical Assistance for the Reinforcement of Administrative Capacity – €6 million**

This project is designed to build capacity in the Serbian administration by supporting civil servants and beneficiaries to prepare future IPA programmes. Support will also be directed to carrying out project feasibility studies, preparing technical documents (Works/Supplies) and facilitating IFI funding. The project will be implemented through a service contract of 6 Million Euros. The service tender will be launched in the Second Quarter of 2008.

### **Project 2: Municipal Support Programme – €22 million**

The Municipal Support Programme builds on the strong record under the CARDS programme of reforming central/local government relations, promoting decentralisation and supporting administrative reform at municipal level. This project will enhance local economic development, improve citizen services and support the implementation of national policies at the local level. The project consists of three components 1) Support to good local governance and municipal management (Grant) 2) Municipal Exchange Programme Grant (Serbian and EU cities) 3) Programme grant to the Standing Conference for Towns and Municipalities to implement the Municipal Exchange Programme. The total amount for this project is 22 Million Euro. The project will be implemented by 1 service contract which will manage the grant scheme for (Component 1) **Support to Good Local Governance** (13 Million Euros), Call for proposals grant scheme for (Component 2) **Municipal exchange** (7 million Euros) and (Component 3) **a programme grant to the Standing Conference of Towns and Municipalities** to manage the Municipal exchange programme (2 Million Euros). The

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<sup>1</sup> It should be noted that this is a first engagement by the Serbian administration and the EC Delegation in leading the national EU programming process under the IPA instrument. The IPA 2007 programming process was carried out during a period of administrative instability as the country awaited the formation of a new government.

essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. A Direct grant will be awarded to the Standing Conference of Towns and Municipalities.<sup>2</sup> The "Standing conference of Towns and Municipalities" is the only representative organisation for municipalities in Serbia. The Standing Conference has been an important partner under the CARDS programming in building central local relations and promoting the decentralisation process in Serbia. It is envisaged that the Service contract will be tendered in the Second Quarter of 2008.

**Project 3: Standardised System for Education and Training of Judges and Prosecutors – €2 million**

The importance of consolidating the rule of law and reinforcing judicial institutions at all levels are key priorities of the SAA. To that end this project is designed to strengthen the performance of courts and prosecutorial offices by supporting the Judicial Academy to provide standardised training to judicial staff. The total amount of funding for this project is 2 Million Euros. The project will be implemented by a service and supply contract. It is expected that the tenders will be launched by the Third Quarter of 2008.

**Project 4: Improvement of efficiency and transparency of Judiciary System – €3 million**

The modernisation of Serbian courts by way of a unified system of data collection will play a major role in the reduction of case backlogs and time spent processing cases. Under the CARDS programme the foundations for computerising the Serbian judicial system were built, particularly, with the introduction of standard software. This project builds on this work by establishing a unified and integrated system of data exchange networks for courts. The total budget is 3 Million Euros. The project will be implemented by a service and supply contract. It is envisaged that the service tender will be launched in Third Quarter 2008 and supply contract in First Quarter 2009.

**Project 5: Improvement of Penalty System – €5 million**

Linked with the above two projects, the main objective of the Serbian Prison Reform Strategy is to consolidate the rule of law by raising the standards of prisons to EU requirements. This translates into safeguarding human rights, providing adequate living space/re-socialisation conditions and efficient health care services. Limited prison space is the main obstacle to meeting these objectives in Serbia. This project will support the construction/reconstruction of additional prison facilities for 450 persons. (Padinska Skela - correctional institution). The total amount is 9 Million Euros with an EU contribution of 5 Million Euros. The project will be implemented through a supply and/or works contract. It is expected that the tender will be launched in the Third Quarter 2009.

**Project 6: Police Reform: Internal Affairs – €1 million**

With the passing of the new Law on Police (November 2005) Serbia made a major step in the modernisation of the police force. The law promotes the independence, professionalism and capabilities of the Internal Control of Police Section. The mandate of the Internal Police is to identify, prevent and prosecute corruption and misuse of power in the police force. This project will assist in building the capacities of the Internal Police in meeting EU policing standards. The total amount of the project is 1 Million Euros. The project will be implemented through a Twinning contract which is expected to be launched in the third quarter of 2008.

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<sup>2</sup> As per Article 110 of the Financial Regulation and 168 (c) of the Implementing Rules, grants may be awarded without a call for proposals to bodies with a *de jure* or *de facto* monopoly.

**Project 7: Support to Public Procurement Office – €2 million**

A modern, transparent and well functioning Public Procurement Office (PPO) is an important requirement of the SAA. At present the PPO in Serbia has a series of weaknesses in terms of human resources, task definition and lack of transparency. This project will contribute to a stable and competitive public procurement system in the Republic of Serbia in accordance with EU standards. The total amount of funding for this project is 2 Million Euros. The project will be implemented through a services and supply contract. It is expected that the service contract will be launched in the Third Quarter of 2008 and supply in Second Quarter 2009.

**Project 8: Training for Tax Administration – €1 million**

The Tax Administration will be supported by providing an Annual Training structure for new and existing staff members of the Serbian Tax service. The project will also provide a ‘training the trainers’ component that will ensure the outputs are sustainable and an in-house training capacity is created in the Tax Administration. The total project budget is 2 Million Euros, with 1 million coming from IPA and the remaining 1 million from the national budget. It will be implemented through a service contract which is expected to be tendered in the second quarter of 2008.

**Project 9: Support to Refugees and IDPs – €10 million**

The issue of Refugees and IDPs remains a major policy challenge in Serbia. To date the EU has been supporting actions such as the closure of collective centres and the provision of legal assistance. This project is designed to support IDP/refugees living in private accommodation to integrate into society, temporary accommodation will be supplied to the most vulnerable groups and direct legal assistance will be provided for those who wish to return to Croatia, Bosnia and Herzegovina, etc. The total budget amount is 10 Million Euros. The project will be implemented through service and grant contracts (call for proposals). The expected tendering period for the service contract is the Third Quarter 2008. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.<sup>3</sup>

**Project 10: Support to the Establishment of the Ombudsman Office – €1 million**

To enhance the principles of the rule of law, human rights and good governance through greater accountability of public administrative bodies this project will support the operations of the Serbian Ombudsman Office as an independent institution in line with EU standards. The total budget of the project is 1 Million Euros. The project will be implemented through a Twinning Project which is expected to be launched in the Third Quarter of 2008.

**Project 11: Human Rights and Protection of Minorities – €1.5 million**

The Human Rights Agency is a new government institution with the mandate of implementing the European Partnership priorities in the field of human and minority rights. This project will support the Agency to mainstream human and minority rights into government policy and build up the capabilities of the Agency including the National Council for Minorities and the Roma National Strategy Secretariat. The total budget for the project is 1.5 Million Euros. The project will be implemented through a service and supply contract. The indicative time of

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<sup>3</sup> International organizations (e.g. UNHCR) have a track record in addressing IDP/Refugees policy issues particularly on an inter-ministerial basis. The option of using such an international organization to implement this support should be left open if a call for proposals proves unsuitable in the changing policy environment of Serbia.

tendering the service contract is estimated to be the third Quarter of 2008 and the Supply contract second Quarter 2009.

**Project 12: Support to Civil Society – €2 million**

This project will facilitate and support civil society partnerships/exchanges between Serbian and EU civil society organizations. It is designed to consolidate existing civil society actors in Serbia and strengthen their organizational capabilities to have a better informed dialogue with government on socio-economic policy. The total budget is 2 Million Euros. The project will be implemented through a call for proposals (grant) and a service contract. The expected time of tendering the service contract is third Quarter 2008 and launching of the call for proposals first Quarter 2009. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.

**Priority Axis 2: Socio-Economic Requirements – €71 million**

Unemployment is the major policy challenge facing Serbia. The high level of unemployment (33% or 900,000 persons), has severe economic and social consequences (especially with unemployed young persons in local areas). The selection of projects below reflects the need to address competitive/productivity demands and to facilitate new employment generation (VET reform, private sector support, tourism, transport/logistics (Corridor VII) and regional socio-economic development). Correspondingly, the projects will also help address the negative socio-political consequences of unemployment/economic transition process by fighting drug abuse, improving health care and social inclusion/quality of life in isolated areas (e.g. medical emergency response and improved health and care standards).

**Project 13: Regional Economic and Social Development Programme – €21 million**

Support to balanced regional economic development in Serbia is strongly underlined in the MIPD. This project will increase the capacity of central government to design and implement an integrated regional development policy in Serbia. Regional Development Agencies, Municipalities and other local stakeholders will be supported to implement national regional policies and actions including direct operational agreements to the Regional Development Agencies. The total budget is 21 million Euros. The project will be implemented through a service contract of 5,5 Million Euros and a call for proposals (grant) of 15,5 Million Euros. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The expected time of tendering is the second quarter of 2008.

**Project 14: Implementing the National Strategy to Fight Drug Abuse – €1.5 million**

The fundamental principles of the European model on fighting drug abuse focuses on an integrated approach that tackles drug supply and drug demand. Reflecting these principles this project will support the Ministry of Health to implement the supply and demand components of the Serbian National Strategy to Fight Drug Abuse. The total budget for this project is 1.5 Million Euros. The project will be implemented through a service contract and the expected tendering time is the second quarter of 2008.

**Project 15: Support to the Health Accreditation Agency – €1.5 million**

Independent assessment of health care quality standards is an essential feature of modern health care systems. This project is designed to support the Public Agency for Accreditation and Continuous Quality Improvement of Health Care in Serbia to manage accreditation

programmes and continuous quality improvement in service provision. The total budget for this project is 1.5 Million Euros. The project will be implemented through a service contract and the expected time of tendering is the third quarter of 2008

**Project 16: Health Sector Reform Emergency Medical Services – €10 million**

This project will improve Emergency Medical Services (EMS) in Serbia as part of the overall reform of the health system. The supply of vehicles and the training of EMS personnel will address a major gap in the implementation of the EMS reform strategy. The logistical reach capacity and quality of service delivery of EMS will be extended on a full national territorial level. The total amount of the budget is 10 Million Euros. The project will be implemented through a service and supplies contract. It is expected that tendering for the service contract will be in the Second Quarter of 2008 and the Supply in the second Quarter of 2009.

**Project 17: Support to VET Reform – €4 million**

The modernisation of the education and training system to meet the changing needs of the labour market is a constant theme in the MIPD. This project builds on outputs to date under the CARDS programme to strengthen the Vocational Education System by establishing a VET/Adult Education Council, further develop the National Qualifications Framework, building a VET Quality Assurance System and continuing to introduce EU standard teaching programmes in Serbian Schools. The total budget for this project is 4 Million Euros. The project will be implemented through a service and supplies contract. Indicative tender launch of the service contract is the Second Quarter of 2008 and supply Second Quarter of 2009.

**Project 18: Danube River Information System (RIS) – €11 million**

Serbia has an extensive inland waterway network comprising of three international rivers and a channel network of almost 2,000 km of inland waterways. The Danube River (Pan-European Corridor VII) with its 588 km passing through Serbia is considered to be one of the most important components of transport infrastructure in the entire region. This project will enhance the speed, safety and efficiency of traffic on the Danube by building a dedicated RIS (telematic information service), conforming to the requirements of the EU RIS Directive. The total budget of the project is 11 Million Euros. The project will be implemented through a service and works contract. Tendering of the service contract is expected to begin in the Second Quarter of 2008 and supply in the Third Quarter of 2008.

**Project 19: Supervision of Belgrade by –Pass Section B – €3.5 million**

The Pan-European Transport Corridor X is a major European transport route connecting existing trans-national and TEN-T priority axis in South East Europe: Budapest-Timisoara-Bucharest (IV), Budapest-Šamac-Sarajevo- Ploče (Vc), Vlora -Tirana - Skopje - Sofia (VIII) and the Corridor VII (Danube river). Corridor X is strategically very important for Serbia. This project will facilitate an EIB loan by supervising the construction of Belgrade City Road By-pass, Section B – Dobanovci to Bujanj Potok. The by-pass will improve traffic flows on Corridor X as well as urban and transit traffic in Belgrade. The total budget for this project is 3.5 Million Euros. The project will be implemented through a service contract with tendering expected to begin in Second Quarter 2008.

**Project 20: Improving Capacity of Statistical Office – €2 million**

This project will support the Serbian Statistical Offices to meet EU standards in statistics. The project is a continuation of the 2002 CARDS project on national accounts and will address areas identified as a priority by the European Commission (e.g. agriculture statistics). The outputs of the project will consolidate the internal activities that support statistical production

and statistical dissemination. The total budget for this project is 2 Million Euros. The project will be implemented through a service contract and tendering is expected to begin in the Second Quarter of 2008.

**Project 21: Emissions Reduction from Nikola Tesla thermal power plant – €12 million**

Serbia is obliged to fulfil environmental obligations under the Energy Community Treaty, (Directive 2001/80/EC for large combustion plants). As such, polluting emissions must be reduced from Nikola Tesla thermal power plants which require the reconstruction of two electrostatic precipitators (air filters) this project will provide the technical assistance and works to address this need. The total budget is 12 Million Euros and will be implemented by a service and works contract. Tendering of the service contract is expected to commence in the second quarter of 2008 and works in the Third Quarter of 2008.

**Project 22: Support to Private Sector Competitiveness – €3.5 million**

This project continues the work under CARDS by supporting the international competitiveness of small and medium sized enterprises (SMEs). The Ministry of Economy and Regional Development will be assisted to implement the National SME strategy/SME Charter, promote cluster activities by SMEs, build supply chains and expand exports. The project will be implemented by a 3.5 Million Euros service contract with tendering expected to commence in the Second Quarter of 2008.

**Project 23: Support to Implementation of the National Strategy for Tourism -€1 million**

Under the new Serbian government, tourism is now the competency of the Ministry of Economy and Regional Development. Under the MIPD the sector has been identified as an important source of new employment generation. This project will support the National Tourism Agency/key stakeholders to implement the National Tourism Strategy by institutional building, human resource development and promotion/marketing activities. The total budget is 1 Million Euros and will be implemented by a service contract that is expected to be launched in the second quarter of 2008.

**Priority Axis 3: European Approximation of Sectoral Policies – €34,5 million**

The selected fiche under this priority builds upon results to date under CARDS and will reinforce the enabling regulatory environment for the fiche objectives under Priorities 1 and 2. For example Support to Customs Procedures, Border Control Standards and Aviation standards will facilitate better exploitation of Serbia's transport/logistical advantages (Euro-Corridors VII/X). The Support to EU Rural Development policies links directly with Regional Development Support in using the Regional Development Agencies as multi-functional territorial development platforms addressing the needs of agricultural and urban/rural local economies. The Flood Mapping and West Morava River Basin projects, while addressing the demands of the EU Water Directive, will in the future safeguard high flood risk agricultural productive land and municipalities.

**Project 24: Administrative Capacity Building of the Customs Administration for the Full Implementation of the Common EU Transit Procedure – €1.5 million**

The ratification of the Convention on Common Transit Procedures requires that Serbia meets all the functionalities of the NCTS (New Computerised Transit System of the European Union). As a cross roads country, with a developing export oriented focus, facilitating transit of goods and people is a key priority for Serbia. This project will support the Serbian Customs Administration to meet the requirements demanded by NCTS which will speed up transit

procedures on border crossing points and assist Serbia in joining the Convention on Common Transit Procedures. The total budget of the project is 1.5 Million Euros and will be implemented by a services and supplies contract. Tendering of the service contract is expected to begin in the third quarter of 2008 and supplies in the second Quarter of 2009.

**Project 25: Improving Border Control Standards – €5.5 million**

The implementation of the Integrated Border Management (IBM) Strategy is supported under the CARDS programme. This strategy will improve the flow of commerce, trade and persons at Serbian border points and reduce criminal activities. To meet the strategy's objectives the border police require EU standard telecommunication and border management equipment. This project complements the implementation of the common EU transit procedure and the IBM strategy by reviewing the organizational and resource needs of the border police and supplying the required equipment to meet EU standards of border control. The total budget of the project is 5.5 Million Euros. The project will be implemented by a Twinning and supplies contract<sup>4</sup>. Tendering is expected to begin in Second quarter of 2008.

**Project 26: Implementation of the European Common Aviation Area – €2 million**

This project will support the Serbian Aviation authorities to meet the demands of the European Common Aviation Area Agreement (ECCA). The requirements of the ECCA include alignment of Serbian transport/aviation legislation supporting liberalisation of the aviation market, adoption by government of the air traffic management and the Single European Sky aspects of the *acquis* and improved airport management. The total project budget is 2 Million Euros. The project will be implemented through a service and supply contract. Tendering of this project is expected in the Second Quarter of 2008.

**Project 27: Support to introduce the Decentralised Implementation System –€2 million**

Recent EU Accession experience has highlighted the difficulties and challenges facing candidate countries in meeting the demands of managing EU funds. This project will support the Government of Serbia to develop and implement a strategy that will lead to conferral of EU funds management under a Decentralised Implementation System. The MIPD underlines the importance of strengthening the European integration structures (including line ministries and the parliament) and any institutions dealing with Decentralised Implementation System and improving the co-operation and coordination among them. The total project budget is 2 Million Euros and will be implemented via a service contract with tendering expected to begin in the third quarter of 2008.

**Project 28: Support to Serbian Participation in the Community Programmes – € 2 million**

The main purpose of this project is to co-finance the "entry ticket" for participation in 2008 and in the following years in Community programmes such as Culture, Serbia's participation in the selected Community programmes shall follow the specific terms and conditions set out for each programme in the Memoranda of Understanding to be concluded by the Commission and Serbia, in accordance with the Framework Agreement establishing the general principles for Serbia's participation in Community programmes. Following the conclusion of the

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<sup>4</sup> Due to the recent change in government, reconfiguration of Ministries and the on-going redeployment of public servants it is important to provide the strategic flexibility to employ a Twinning Contract in place of a Service contract and vice versa for the IPA 2007 Programme. This is particular to the IPA 2007 programme should not be the case in future IPA programmes with the government structures and staffing are better established

Memoranda of Understanding, the Commission signs for each entry-ticket a payment contract with Serbia over the co-financing amount.

This project will be implemented by financial contribution agreement for the payment of the participation of Serbia to Community Programmes (entry ticket).

**Project 29: Technical Assistance to Develop an Environmental Approximation Strategy (EAS) – €2 million**

Legal approximation in the environmental sector is one of the most challenging Accession Chapters to complete. This project will support the Ministry of Environment in designing and developing an Environmental Approximation Strategy (EAS), including calculating the costs & benefits of compliance with EU environmental *acquis*. The total budget for the project is 2 Million Euros. The project will be delivered through a service contract with expected tendering in the Second Quarter of 2008.

**Project 30: Strengthening Administrative Capacities to Implement Air Quality Management System – €1 million**

The purpose of this Twinning project is to strengthen the institutional capacity at central and local levels in implementing and enforcing Air Quality legislation. The project will support good management and technical performance of staff. Finally new air quality legislation will be drafted as well as strategic plans for their implementation. The total budget is 1 Million Euros; implementation will be via a Twinning contract which is expected to be launched in the second quarter of 2008.

**Project 31: Strengthening Administrative Capacities to Protect Natural Areas (Natura 2000) – €1 million**

This project will establish the conditions for a nature protection management system in Serbia. The objectives are to improve the protection of endangered species and their habitats, to raise knowledge about the preservation of Serbia's natural heritage and build the administrative capacity to implement *acquis* legal standards in nature protection. The total budget is 1 Million Euros; implementation will be via a Twinning contract which is expected to be launched in the Second Quarter of 2008.

**Project 32: Capacity building to implement Rural Development policies to EU standards – €4.5 million**

Agriculture remains one of the largest sectors of the Serbian economy. This project will support priority challenges for the sustainable adaptation of the agricultural sector and rural areas to the demands of the *acquis* concerning the Common Agricultural Policy. Institutional capacity will be built to prepare for the future implementation of the rural development component of the Instrument for Pre-Accession (IPA) [Council Regulation (EC) No 1085/2006]. The project will be delivered by a Twinning project and supply contract. The total budget is 4.5 Million Euros and tendering is expected to begin in the Second Quarter of 2008.

**Project 33: Study of Flood Prone Areas in Serbia – Phase 1 – €2 million**

Due to Serbia's location and extensive inland waterway system large areas of the territory are susceptible to flooding. There is a need to develop a national flood control strategy, in line with EU water/flood management directives and legislation. This project will develop an integrated flood management framework with land use planning, zoning and risk assessment and early warning systems. The total budget for the project is 2 Million Euros. The project will

be implemented via a service contract that is expected to be tendered in the second quarter of 2008.

**Project 34: Sewage and Wastewater Strategic Master Plan for the West Morava River Basin – €3 million**

West Morava is one of five sub-river basins of the Danube River basin in Serbia: The strategic plan will improve environmental water quality in the West Morava River Basin, which will address health hazards facing the local population, and provide better conditions for the development of the regional economy. The strategy will facilitate IFI investment in the waste water sector. The total budget for this project is 3 Million Euros and will be implemented through a service contract with expected tendering in the Third Quarter of 2008.

**Project 35: Supporting the Implementation of the Energy Community Treaty – €6 million**

This project has two overall objectives. The first is to strengthen the capacity and technical skills of the Serbian institutions/energy industries, to meet the legal and technical requirements of the Energy Community Treaty/Regional Energy Market (electricity, gas and developing renewable energy sources). Secondly, to assist in developing the investments needed in cross border electricity interconnections in order to create a functioning regional energy market. The total budget for the project is 6 Million Euros. The project will be delivered through four service contracts and tendering is expected to commence in the Second Quarter of 2008.

**Project 36: Support to the Education and Information Centre of the Serbian Intellectual Property (IP) Office – €2 million**

Intellectual property is an essential element for the development of a modern and competitive economy. A coherent system of intellectual property will stimulate both local businesses and foreign investors to invest into a market where legal security for IP rights is strengthened. This project will promote knowledge, standards requirements on Intellectual Property to all key stakeholders including the Police, Courts, Universities and Business Associations. The total budget for this project is 2 Million Euros and it is expected that implementation will be via a grant to the European Patent Office<sup>5</sup> that will be agreed in Third Quarter 2008. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.

<b>Others</b>
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**GTAF (General Technical Assistance Facility) and Programme Reserve – €2,83 million**

The main purpose of the General Technical Assistance Facility (GTAF) is to support the preparation and early implementation of activities under the Action Programme. The Serbia 2007 IPA Programme Reserve will be used to cover additional programme related priorities and expenditures that are currently unforeseeable. This arrangement is particularly important for enabling EC assistance to maintain a flexible capacity to respond to the needs related to the discussions on the future status of Kosovo.

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<sup>5</sup> As per Article 110 of the Financial Regulation and 168 (c) of the Implementing Rules, grants may be awarded without a call for proposals to bodies with a *de jure* or *de facto* monopoly.

A key lesson from the CARDS experience particularly with works contracts are the benefits of a reserve due to seasonal delays and currency fluctuations. In addition framework contractors have proved valuable to address unforeseen technical or policy issues that arise during project implementation. Under the CARDS programme the monitoring units provided an important function in tracking project progress, the GTAF resource can be mobilised for this purpose.

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

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

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

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

The Multi-Annual Indicative Programme 2005-06 outlined three important areas for action: democratic stabilisation; good governance and institution building; economic and social development. The emphasis of assistance has always been on key Stabilisation and Association Agreement topics such as supporting the rule of law and reform of the judiciary, public administration and public finance reform, harmonisation of legislation compatible with the *acquis*, support to health services management, further capacity building of local administrations, reform of the statistical system, promotion of enterprise competitiveness, trade development and improving employment policy environment for the disabled, the young, support to refugees and IDPs in Serbia as well as national minority groups, etc.

The EU has invested and implemented projects in Serbia through Tempus and CAFAO projects. Over 20 million Euros have already been disbursed in Serbia via Tempus grant agreements. Tempus will continue to promote the Bologna process in Serbia by focusing its activities on student mobility (scholarships), graduate conversion courses. Regarding CAFAO, the CAFAO-Serbia programme has been especially active in support to legislation in the area of customs and taxation, such as the Customs Law. CAFAO also assisted the authorities in the implementation of the new EU compliant VAT system.

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

The EU has always maintained close working relations with donors in the field. Donor coordination is mainly carried out via the Government of Serbia's Donor Aid Coordination Unit (DACU) which is responsible for donor harmonisation. EAR working closely with DACU during the design of EU programmes ensures there is no overlap of activities by other actors.

### **Lessons Learned**

The main lessons learnt that inform future of absorption of EU funding under the IPA programme include:

**a) The Government Capacity to Coordinate and Deliver Pre-accession Assistance:** While the government capacity has demonstrated solid improvements over the CARDS period particularly with the Donor Aid Coordination Unit, understaffing, low salary levels and institutional instability may put IPA funding absorption levels at risk. The Contracting Authority should work closely with the Donor Aid Coordination Unit in addressing line Ministry capacity issues should they emerge during the implementation of the IPA programme.

**b) The Political Demarcation of Line Ministries:** As has been identified in the MIPD, a sound inter-ministerial relation is important to efficiently implement the IPA programme in terms of linking the Priority Axis of Political Requirements, Socio Economic Requirements, and European Approximation of Sectoral Policies. The Contracting Authority has to be sensitive to the demarcation of line Ministries along political party lines to ensure successful policy outputs from IPA projects. Line Ministries should be encouraged to position EU funding support within a longer term strategic perspective and identify 'additionality' links with national actions.

**c) Enforcement of Conditionalities:** The CARDS experience in Serbia demonstrates that delays in following through on agreed conditionalities by line Ministries put projects at risk in terms of launching project tenders, contracting and implementation. The National IPA Coordinator and the Contracting Authority should be ready to intervene with this occurs to help identify contingency actions. This is particularly true for Works projects (e.g. building permits).

**d) Dialogue with the National IPA Coordinator (NIPAC) and DACU:** The European Commission should meet regularly the NIPAC and DACU to deliver policy messages to the government especially those related to adoption of important laws, strategies, EU standards that will support the implementation of the IPA programme

### **Donor Coordination**

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

EAR has continued to work closely with other donors and Member States in Serbia. Examples of successful partnerships include cooperation with the UNDP, the Swiss Agency for Development and Cooperation, SIDA, USAID, GTZ, KfW, etc. Important segment of successful donor coordination in Serbia is facilitation of IFI loans. The Serbian government and the EC Delegation with the support of EAR have consulted with the Member States on the draft fiche of the IPA 2007 programme. The draft programme was presented and discussed with member states in May 2007. The Serbian government via DACU (ministry of Finance) ensured that the objectives of all fiche were coordinated with on-going and future member state support programmes. IFIs (EIB, EBRD) were consulted by EAR on IPA 2007 objectives. In particular, IFIs were interested in actions related to transport, municipal development, energy and environment. The EC Delegation with DACU facilitated consultation with civil society actors on the overall IPA programming process and the objectives/actions under IPA 2007.

## **2.d Horizontal issues**

**Equal opportunities and non-discrimination:** As under the CARDS programmes all IPA supported actions are required to be gender inclusive. This is particularly important with education/training opportunities provided by the VET. The Public Administration Reform actions, such as internal police reform, public procurement support, training of tax inspectors are very relevant due to the high ratio of female employment in the public sector. Support to the Ombudsman Office under IPA 2007 will support the mainstreaming of equal opportunities and non-discrimination in Serbian government policies.

**Support to minority and vulnerable groups:** The 2007 IPA programme support for the ‘Human Rights Agency’, the new government institution with the mandate of implementing the European Partnership priorities in the field of human and minority rights, is designed to mainstream human and minority rights into government policy. This will build up the capabilities of the Agency including the National Council for Minorities and the Roma National Strategy Secretariat. IDPS and Refugees will also receive a 10 Million Euro package of support to integrate into Serbian society.

**Environmental protection:** The key project under IPA 2007 under this cross cutting theme is support to the developing an Environmental Approximation Strategy (EAS), including costs & benefits of compliance with EU environmental acquis. Other important sector specific actions include addressing Serbia’s chemical and air quality management systems, transport of Radio active material to Russia, provision of air filters for energy plants, protection of natural/wildlife areas and halting water basin pollution in the West Morava River Basin.

**Good governance, with particular attention to fight against corruption:** A transparent and well functioning Public Procurement Office (PPO) is an important public administration reform step in Serbia. Under IPA 2007 support to a modern public procurement system in the Republic of Serbia in line with EU standards will contribute to the fight against corruption. The capacity building project for the Internal Police will address police corruption and training to new Tax inspectors is designed to introduce more transparent standards and break with the culture of the past. Support to the Establishment of the Ombudsman Office is designed to enhance the principles of the rule of law, human rights and good governance through greater accountability of public administrative bodies. Finally, the Municipal Support Programme will improve the delivery of municipal services and build better central/local government relations.

## 2.e Conditions

The beneficiary is required to commit the necessary human resources to realize an IPA project's objectives and ensure long term sustainability of the project's outputs. This commitment must be clearly evident prior to launch of an associated project tender. This condition must be rigorously enforced when dealing with ICT supply contracts, Works contracts and Twinning contracts. If the commitment is not evident then the National IPA coordinator is obliged to intervene and work with the Contracting Authority to develop a contingency solution.

The beneficiary and the contracting authority should sign a MoU whenever competencies and responsibilities between stakeholders are not clear to implement an IPA funded project. A MoU ensures that the beneficiaries will meet their commitments and responsibilities. The IPA coordinator should facilitate this process.

The beneficiary is responsible that objectives, policies and interventions of the relevant IPA project has positive impact on and are in line with the cross-cutting principles of gender equality, minority inclusion and environment.

The beneficiary ministry and the IPA coordinator should ensure that the principle of 'complementarity' is respected; ensuring that the actions funded by IPA 2007 have synergies with other donor actions as well as with national, regional and local government actions. The principle of 'additionality' especially with projects leveraging funds from international financial institutions should be rigorously applied by the beneficiary ministry with the support of the IPA coordinator/Donor Aid Coordination Unit (Ministry of Finance)

When implementing physical rehabilitation activities (works contracts), all permits (i.e. land rights and building permits), detailed designs, and stakeholder consultation has been carried out before tender launch. If these requirements are not met then the beneficiary Ministry and IPA coordinator are responsible to inform the Contracting Authority so remedial action can be taken.

Inter-ministerial cooperation is crucial to the successful implementation of the 2007 IPA Programme. Ministries are required to develop close working partnerships to realise an IPA funded project's objectives. Failure to build such inter-ministerial partnerships to support an IPA project's objectives will trigger intervention and action by the IPA coordinator.

## 2.f Benchmarks<sup>6</sup>

	2008		2009 (cumulative)		2010 (cumulative)	
	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched	32		57		57	
Number of calls for proposals launched	3		7		7	
Contracting Rate(%)	5%		55%		100%	

<sup>6</sup> This is based on the assumption that the Financial Agreement will be signed end of 2007 and the IPA 2007 Programme Operational in the first quarter of 2008. It is important to be aware that based on the CARDS experience, there is a considerable lag time for the beneficiary party to sign Financial Agreements for National Programmes and this can have a major impact on projected contracting timelines. This table does not include 4 direct grants, 2 to the International Atomic Energy Agency, 1 to the Standing Conference of Municipalities and 1 to the European Patent Office.

\* In case of parallel national co-financing

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

In Serbia, the Government has established a DIS working group which will produce by the beginning of 2008 a Strategy and Action Plan for the implementation of Decentralized Implementation System. In addition, the working group will prepare capacity building plans for DIS institutions and make preparatory activities for signing MoU for introduction of DIS.

It is expected that Strategy for Decentralized Implementation System, that the Government is preparing, will be finalized by February 2008. In addition, during 2008 the Government should start establishing national institutions relevant for implementation of DIS. According to the Sigma report, on DIS accreditation, national institutions require 24 to 36 months for set-up..

### 3. BUDGET (amounts in EUR) <sup>7</sup>

#### 3.1. Indicative budget table

	EU – IPA assistance				Total co-financing *		Total (IPA plus Co-financing)	
	Institution Building	Investment	Total in EUR	Total in %	EUR	(%)	EUR	(%)
<b>Priority axis 1</b>								
<b>Political Requirements</b>								
<b>Project 1</b> Project Preparation Facilities and Tech. Assist for the Reinforcement of Administrative Capacity	6	0	6	100	0	0	6	100
<b>Project 2</b> Municipal Support Programme	22	0	22	100	0	0	22	100
<b>Project 3</b> Standardised System for Education and Training of Judges and Prosecutors	1	1	2	100	0	0	2	100
<b>Project 4</b> Improvement and Efficiency and Transparency of Judiciary System	1	2	3	100	0	0	3	100
<b>Project 5</b> Improvement of Penalty System	0	5	5	55.6	4	44.4	9	100
<b>Project 6</b> Police Reform Internal Affairs	1	0	1	100	0	0	1	100
<b>Project 7</b> Support to Public Procurement Office	2	0	2	100	0	0	2	100
<b>Project 8</b> Training for Tax Administration	1	0	1	50	1	50	2	100
<b>Project 9</b> Support to Refugees and IDPs	10	0	10	100	0	0	10	100
<b>Project 10</b> Support to the Establishment of the Ombudsman Office	1	0	1	100	0	0	1	100
<b>Project 11</b> Human Rights and Protection of Minorities	1.2	0.3	1.5	100	0	0	1.5	100
<b>Project 12</b> Support to Civil Society	2	0	2	100	0	0	2	100

<sup>7</sup> Reserve of 2.83 Million Euro

<b>Priority axis 2</b>								
<b>Socio-Economic Requirements</b>								
<b>Project 13</b> Regional Economic and Social Development Programme	21	0	21	100	0	0	21	100
<b>Project 14</b> Implementing the National Strategy to Fight Drug Abuse	1.5	0	1.5	100	0	0	1.5	100
<b>Project 15</b> Support to the Health Accreditation Agency	1.5	0	1.5	100	0	0	1.5	100
<b>Project 16</b> Health Sector Reform Emergency Medical Services	1	9	10	100	0	0	10	100
<b>Project 17</b> Support to VET Reform	2.5	1.5	4	100	0	0	4	100
<b>Project 18</b> Danube River Information System (RIS)	1	10	11	100	0	0	11	100
<b>Project 19</b> Supervision of Belgrade By-pass Section B	3.5	0	3.5	100	0	0	3.5	100
<b>Project 20</b> Improving Capacity of Statistical Office	2	0	2	100	0	0	2	100
<b>Project 21</b> Emissions Reductions from the Nikola Tesla Thermal Power Plant	1	11	12	100	0	0	12	100
<b>Project 22</b> Support to Private Sector Competitiveness	3.5	0	3.5	100	0	0	3.5	100
<b>Project 23</b> Support to Implementation of the National Strategy for Tourism	1	0	1	100	0	0	1	100
<b>Priority axis 3</b>								
<b>European Approximation of Sectoral Policies</b>								
<b>Project 24</b> Customs Administration (NCTS)	1	0.5	1.5	100	0	0	1.5	100
<b>Project 25</b> Improving Border Control Standards	5	0.5	5.5	100	0	0	5.5	100
<b>Project 26</b> Implementation of the European Common Aviation Area	1.7	0.3	2	100	0	0	2	100
<b>Project 27</b> Support to Introduce the Decentralised Implementation	2	0	2	100	0	0	2	100

System								
<b>Project 28</b> Support to Serbian Participation in the Community Programmes	2	0	2	100	1.5	42.86	3.5	100
<b>Project 29</b> Tech. Assist. to Develop an Environmental Approximation Strategy	2	0	2	100	0	0	2	100
<b>Project 30</b> Air Quality Management System	1	0	1	100	0	0	1	100
<b>Project 31</b> Protection of Natural Areas (NATURA 2000)	1	0	1	100	0	0	1	100
<b>Project 32</b> Capacity Building to Implement Rural Development Policies to EU Standards	4	0.5	4.5	100	0	0	4.5	100
<b>Project 33</b> Study of Flood Prone Areas in Serbia – Phase 1	2	0	2	100	0	0	2	100
<b>Project 34</b> Sewage and Wastewater Strategic Master Plan for West Morava River Basin	3	0	3	100	0	0	3	100
<b>Project 35</b> Supporting the Implementation of the Regional Energy Treaty	6	0	6	100	0	0	6	100
<b>Project 36</b> Support to Intellectual Property Office	2	0	2	100	0	0	2	100
<b>Total Projects</b>	120.4	41.6	<b>162</b>				168.5	<b>100%</b>
<b>GTAF/Reserve</b>			2,83				2,83	
<b>Total Programme</b>			<b>164,83<sup>8</sup></b>	96,14	6,5	3,86	171,33	100%

\* public and private national and/or international contributions

<sup>8</sup> Total € 164,836,352. Another € 16.66 million under component I of the National programme will be committed through separate Financing Decision/s.

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

The Community contribution has been calculated in relation to the total eligible expenditure.

All operations receiving assistance under IPA require in principle Community and national contributions. However, the rate of the Community contribution shall be decided by the Commission and may amount to 100%.

In the case of grants final grant beneficiaries should contribute with a minimum of 10 % of the total eligible cost of the project, both for investment and institution building projects the operation's eligible costs.

The IPA 2007 programme for Serbia will be financed 100% from Community Funds except for the project 5 (Improvement of Penalty System), project 8 (Training for Tax Administration) and project 28 (Support to Serbian participation in the Community programmes) where co-financing is foreseen. Grant Schemes will have the normal co-funding element.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1 Method of implementation**

“The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>9</sup> and the corresponding provisions of the Implementing Rules<sup>10</sup> .

### **4.2 General rules for procurement and grant award procedures**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EC external actions” (“Practical Guide”) as published on the EuropeAid website<sup>11</sup> at the date of the initiation of the procurement or grant award procedure.

### **4.3 Implementation Principles for Twinning Projects**

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<sup>9</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

<sup>10</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1) as last amended by Regulation (EC Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

<sup>11</sup> current address: [http://europa.eu.int/comm/europeaid/tender/gestion/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm)

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

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

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

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

#### **4.4 Environmental Impact Assessment and Nature Conservation**

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

As a consequence, since [Project 18 Danube River Information System (RIS), Project 19 Supervision of Belgrade By-Pass correspond to projects which fall within the scope of [annex 1][and][annex 2] of the EIA-directive<sup>12</sup>, an environmental impact assessment shall be made for each project<sup>13</sup>, equivalent to that provided for by the EIA-directive.

### **5. MONITORING AND EVALUATION**

#### **5.1 Monitoring**

*In the case of centralised management:*

The Commission may undertake any actions it deems necessary to monitor the programmes concerned

*In the case of joint management with international organisations*

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

#### **5.2 Evaluation**

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with

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<sup>12</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

<sup>13</sup> Cf. Annex EIA to the corresponding investment project fiche.

the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

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

The Commission may also carry out strategic evaluations.

## **6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

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

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>14</sup>.

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

## **7. LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>15</sup>, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>14</sup> OJ L 292; 15.11.1996; p. 2

<sup>15</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.