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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,

COMMISSION DECISION

of 2009

on Annual Programme for Kosovo (under UNSCR 1244/99)¹ under the IPA Transition Assistance and Institution Building Component for 2009

¹ United Nations Security Council Resolution 1244 of 10 June 1999.

COMMISSION DECISION

of 2009

adopting an Annual Programme for Kosovo (under UNSCR 1244/99)² under the IPA Transition Assistance and Institution Building Component for 2009

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)³, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country and by component, or, as appropriate, by group of countries or by theme. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council established on 18 February 2008 a European Partnership⁴ with Serbia including Kosovo⁵. The Commission has adopted on 10 July 2009 a multi-annual indicative planning document 2009-2011 for Kosovo⁶, which presents indicative allocations for the main priorities for pre-accession assistance to Kosovo.
- (4) The amount foreseen for the programme is in accordance with the Multi-annual Indicative Financial Framework (COM 2008/705) presented to the Budgetary Authority on 5 November 2008 and includes an additional allocation of EUR 40 million to the IPA Transition Assistance and Institution Building Component for Kosovo for 2009 stemming from Amending Letter 1 to the Preliminary Draft Budget 2009.
- (5) Therefore, and having regard to the project proposals submitted by Kosovo, the Annual Programme for Kosovo under the IPA Transition Assistance and

² United Nations Security Council Resolution 1244 of 10 June 1999.

³ OJ L 210, 31.07.2006, p. 82.

⁴ Council Decision 2008/213/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2006/56/EC (OJ L 80, 19.3.2008, p. 46-70).

⁵ Under UNSCR 1244/99.

⁶ C(2009)5438 of 10 July 2009.

Institution Building Component for 2009 aims at providing assistance for political criteria, economic criteria and European standards.

- (6) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002⁷ (hereafter: “Implementing Rules”) and constitutes thus a financing decision within the meaning of Article 75 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁸ (hereafter: “Financial Regulation”).
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee⁹,

HAS DECIDED AS FOLLOWS:

Article 1

The Annual Programme for Kosovo under the IPA Transition Assistance and Institution Building Component for 2009, as set out in the Annex, is hereby adopted.

This programme shall be implemented by centralised management.

It shall be implemented by means of a financing agreement to be concluded between the Commission and Kosovo in conformity with the Framework Agreement concluded between the same parties on 19 December 2007.

Article 2

The maximum amount of Community contribution shall be **EUR 103.6 million**, to be financed through Article 22.020200 of the general budget of the European Communities for 2009.

Done at Brussels,

For the Commission

Member of the Commission

⁷ OJ L 357, 31.12.2002.

⁸ OJ L 248, 16.9.2002.

⁹ Recalling the Council Conclusions of 18 February 2008, Member States declare that the adoption of the Annual Programme for Kosovo (under UNSCR 1244/99) under the IPA Transition Assistance and Institution Building Component for 2009 does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

ANNEX: ANNUAL PROGRAMME FOR KOSOVO (UNDER UNSCR 1244/99)¹⁰ UNDER THE IPA TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2009

1. IDENTIFICATION

Beneficiary	Kosovo ¹¹
CRIS number	2009/021-145
Year	2009
Cost	EUR 103.6 million
Implementing Authority	European Commission
Final date for concluding the financing agreements	At the latest by 31 December 2010.
Final date for contracting	3 years following the date of conclusion of the financing agreement. This date also applies to the national co-financing. No deadline for audit and evaluation projects covered by this financing agreement, as referred to in Article 166 (2) of the Financial Regulation.
Final date for execution	2 years following the final date for contracting. This date also applies to the national co-financing.
Sector Code	11110, 15111, 15130, 15140, 15150, 15160, 16020, 16061, 21010, 22030, 23010, 31110, 33110, 41010
Budget line concerned	22.020200
Programming Task Manager	Unit C3, DG Enlargement
Implementation Task Manager	Operational Section, European Commission Liaison Office in Kosovo (ECLO)

2. PRIORITY AXES / MEASURES / PROJECTS

2.1. Priority axes

The IPA 2009 Annual Programme for Kosovo focuses on the objectives identified in the Multi-annual Indicative Planning Document (MIPD) 2009-2011, which reflect the key priorities of the Enlargement Strategy, the European Partnership and Kosovo's Medium-Term Expenditure Framework (MTEF). The programme contains 13 projects, of which 12 are grouped under three strategic priority axes and one under a fourth covering support activities.

¹⁰ United Nations Security Council Resolution 1244 of 10 June 1999.

¹¹ Under UNSCR 1244/99.

Priority Axis 1 - Political criteria

41% of the budget should be allocated to this priority, which focuses on fulfilment of the EU political criteria, including strengthening the rule of law and support for public administration reform, for the communities, culture and the media and for youth and sports.

Priority Axis 2 – Economic criteria

30% of the overall budget should be allocated to this priority which focuses on wider socio-economic issues, including trade and regional development, education and employment, support for the tax administration and agriculture.

Priority Axis 3 – European standards

19% of the budget should be allocated to this priority which focuses on capacity building, the approximation of legislation and flanking measures on European standards, as identified in the European Partnership, including support for the environment, transport and energy.

Priority Axis 4 – Support activities

A maximum of EUR 10.325 million will cover the costs of preparatory action directly necessary to implement and attain the objectives of other action already defined in this programme, including feasibility and other studies, training, seminars, supervisory services and related technical assistance. The 2009 programme is designed to have the flexibility necessary to respond to Kosovo's priority needs in 2010 and 2011, particularly for strengthening the EU's leadership role and presence in Kosovo.

2.2. Description of projects grouped per priority axis

Priority axis	IPA support (EUR million)	Description of expected project results and indicative implementation schedule
Priority axis 1 <i>Political criteria</i>	42.675	
01-2009/1: <i>Strengthening the rule of law</i>	12.05	Results: Secure and functional Civil Registration Agency and an address system; Greater legal security by developing curricula and standards for legal translators/interpreters and lawyer-linguists; Adequate facilities for the Public Prosecution in Peja, Ferizaj and Gjilan; Improved education on public safety and security; Greater forensic capacity by introducing an Integrated Ballistics Identification System; Ministry of Internal Affairs equipped; Further support for the Juvenile Justice System. Implementation: 1 twinning contract, 3 service contracts, 4 supply contracts, 2 works contracts, and 1 direct grant contract with UNICEF to be launched in Q2 2009 – Q1 2010.
02-2009/1: <i>Strengthening the</i>	6.50	Results: Civil servants and/or other graduates complete post-graduate degrees in EU universities and are

<i>human resources and the institutional capacity of the Kosovo local public administration</i>		<p>employed by the government; Institutional capacity of municipalities strengthened in preparation for municipal development plans, urban plans and environmental regulations, in particular on water and waste management.</p> <p>Implementation: 1 twinning and 1 service contract to be launched in Q4 2009.</p>
03-2009/1: <i>Support to communities</i>	3.125	<p>Results: Community stabilisation by supporting small enterprises with essential resources; Greater confidence among different communities; Improved access for Roma, Ashkali and Egyptian communities to education.</p> <p>Implementation: 1 grant contract with a single implementing organisation after an open call for proposals and 2 direct grant contracts with the Project on Ethnic Relations and the Kosovo Foundation Open Society to be launched in Q4 2009.</p>
04-2009/1: <i>Support to the cultural sector</i>	3.00	<p>Results: Enhanced cultural diversity and inter-cultural dialogue; Kosovo's international cultural profile raised; Stronger cultural sector with development of creativity and social innovation; Development of the cultural industry as an asset for Kosovo's economy and competitiveness; Prizren fortress restored and made accessible to all potential visitors and tourists, including the elderly and disabled; Development of cultural, educational and tourist activities in the fortress and its surroundings.</p> <p>Implementation: 2 service contracts and 1 works contract to be launched in Q2 2009 - Q4 2009.</p>
05-2009/1: <i>Support to the media sector</i>	4.00	<p>Results: Establishment of a Broadcasting Monitoring System and of an EU Information Centre in Pristina to engage central government and municipalities in the EU integration process.</p> <p>Implementation: 1 supply contract and 1 service contract to be launched in Q3 2009.</p>
06-2009/1: <i>Support to culture, youth and sport</i>	14.00	<p>Results: Sports and cultural activities developed in service of reconciliation; Better access to leisure activities for youth in Pristina; Higher quality of health by creating a better environment; International sports and cultural cooperation facilitated; Environmental improvements as a result of sports facilities; Kosovo's international profile on the sports scene raised.</p> <p>Implementation: 3 service contracts and 2 works contracts and 2 supply contracts to be launched in Q2 2009 – Q2 2010.</p>
Priority axis 2 <i>Economic criteria</i>	30.8	
07-2009/2:	7.80	Results: Ministry of Trade and Industry (MTI) aware of

<i>Trade and regional development</i>		<p>areas critical for Kosovo in the trade negotiations and of areas with more room for flexibility; MTI prepared to discharge its responsibilities for trade policy development, trade regulation and negotiation; Wider circle of economic operators informed about the benefits and consequences of trade liberalisation; Regional Development Agencies operational; Regional strategies elaborated and relevant projects identified; Small-scale project funds (EU-financed) mobilised, targeting priority sectors in line with regional development plans.</p> <p>Implementation: 1 service contract, 5 direct operating grants to the 5 regional development agencies (RDAs) in Kosovo and 1 grant scheme to be launched in Q1 2010 – Q2 2010.</p>
08-2009/2: <i>Support to employment and education</i>	10.30	<p>Results: Increased capacity of teachers and school directors and modernisation of school curriculum; Improved capacity of the Ministry of Labour and Social Welfare and more efficient delivery of social and employment assistance schemes.</p> <p>Implementation: 2 service contracts and 1 grant contract to be launched in Q4 2009.</p>
09-2009/2: <i>Improvement of IT system in the taxation administration</i>	5.00	<p>Results: New IT system installed in the Tax Administration of Kosovo (TAK); Greater transparency in tax administration; TAK staff trained to use new system; TAK IT Department trained on maintenance of new system.</p> <p>Implementation: 1 supply contract to be launched in Q1 2010.</p>
10-2009/2: <i>Further support to the agriculture sector</i>	7.70	<p>Results: Farms more competitive on domestic market after successful implementation of priority measures identified in the Agricultural and Rural Development Plan (ARDP), Grants disbursed for priority measures; Capacity of State forestry and game management institutions enhanced; Investment plans and national wood/biomass energy policy developed.</p> <p>Implementation: 2 grants scheme and 1 twinning contract and 2 service contracts to be launched in Q1 2010 – Q2 2010.</p>

Priority axis 3 <i>European standards</i>	19.8	
11-2009/3: <i>Support to the environment sector</i>	4.80	Results: Kosovo Environment Protection Agency (KEPA) has capacity to manage all environmental issues, including water, air quality, climate change impact assessment, mitigation and adaptation strategies, and nature protection; Air monitoring equipment installed; Support for Water and Waste Regulatory Office. Implementation: 1 twinning, 1 service contract, 1 supply contract and 1 works contract to be launched in Q3 2009– Q2 2010.
12-2009/3: <i>Support to transport and energy</i>	15.00	Results: Better quality of supply (voltage profile) in 110kV network; Safety improvements at Prizren 2 substation and improved power supply; Increased transparency of energy data for all market players; Legal and regulatory framework improved and compliant with the Energy Community Treaty commitments and the <i>acquis</i> ; Policies to implement a multi-modal transport strategy developed and thus in compliance with the ongoing Transport Community Treaty; Infrastructure manager and train operator operational. Implementation: 2 service contracts and 3 supply contracts to be launched in Q4 2009.
Priority axis 4 <i>Support activities</i>	10.325	
13-2009/4: <i>Support measures and technical assistance facility</i>	10.325	Results: Agency for Coordination of Development and European Integration (ACDEI) under the Prime Minister's Office able to initiate and prepare timely capacity building initiatives; Senior Programming Officers (SPO) in each line ministry actively involved with ACDEI in improving programming, implementation and monitoring of projects financed under the IPA programme. Implementation: in total 10-15 contracts (services, works and supplies) to be launched in Q1 2010 – Q2 2012.
TOTAL	103.6	

Projects under the 2009 IPA Multi-Beneficiary Programme complementing this programme

Close coordination and complementarity will be sought with other EU instruments outside this annual programme.

Two multi-beneficiary projects, supporting the entire Western Balkans' region including Kosovo, are financed from the IPA geographical envelopes:

- TEMPUS – **EUR 2.2 million** to ensure that Mitrovica and Pristina universities fully included in partnerships and studies with and/or in European universities.
- Nuclear safety – **EUR 0.3 million** for Kosovo to participate in regional activities relating to nuclear safety and radiation protection.

Other projects under the IPA Multi-Beneficiary Programme for the entire Western Balkan region should also cover Kosovo. They should complement the Kosovo programme, where relevant, with regional cooperation and coordination dimensions.

In addition to IPA, the 2007-2010 European Instrument for Democracy and Human Rights (EIDHR) programme managed by DG AIDCO includes an annual allocation of EUR 0.9 million for Kosovo in 2007, 2008 and 2009. This programme should address the human rights challenges identified in the ‘Political Criteria’ section of the MIPD by means of grants to civil society organisations.

2.3. Overview of past and ongoing EC, multilateral and bilateral assistance including lessons learned and donor coordination

Since 1998 EC assistance has been provided under various instruments, including regular technical assistance, humanitarian aid, exceptional financial support and financing for Pillar IV of the United Nations Interim Administration Mission in Kosovo (UNMIK). The Community Assistance for Reconstruction, Development and Stabilisation (CARDS) was the main financial instrument for Kosovo from 2000 until it was replaced by IPA in 2007. The European Commission Liaison Office (ECLO) in Pristina is responsible for the deconcentrated centralised management of IPA and the remaining programmes under CARDS.

To date, EC assistance amounts to over EUR 2.3 billion, including the financing of the European Union Rule of Law Mission in Kosovo (EULEX) and of the European Union Special Representative (EUSR) and international civilian office.

EC support for Kosovo 1999-2008 (EUR million)

CARDS, IPA support and other	1 869.3
Support for the international presence	401
Other financial assistance (including budgetary support)	115
Total	2 385.3

Kosovo has also benefited from the CARDS and IPA Multi-Beneficiary Programmes to support action of common interest for the Western Balkans region, for example on customs and taxation, transport, trade, private enterprises, infrastructure, institution building, higher education (e.g. Tempus, Erasmus Mundus), youth (Youth in Action) and cross-border cooperation. However, Kosovo's possibilities and capacity to participate fully in regional programmes have been limited hitherto.

The IPA Annual Programmes for 2007 and 2008 aimed to strengthen administrative capacity at all levels, enhance the rule of law, human rights and good governance, improve socio-economic conditions for all communities, and develop regional cooperation.

Experience suggests that IPA assistance needs to consider the following lessons learned:

- EC assistance must be directly linked to Kosovo's development and action plans set clearly within the European perspective of the region, e.g. the Action Plan for implementation of the European Partnership priorities and Kosovo's MTEF, including relevant sectoral strategies and plans.
- A precondition for efficient assistance is co-ordination, requiring greater efforts from Kosovo's institutions to link their development needs and EC assistance, efficient donor consultation and closer cooperation within the government, under Kosovo's IPA coordinator, yet to be formally appointed. ACDEI should become fully operational as soon as possible. Kosovo's Action Plan for implementation of the European Partnership should be updated in the light of the 2008 Progress Report and specify the priority areas where IPA assistance can be used and how it would match financing from other donors and Kosovo's budget.
- Various factors support allocating a significant proportion of EC assistance to infrastructure investments: (1) many donors already offer "soft" technical assistance (training), (2) the expected economic downturn adds to the importance of capital investments, and (3) the often inadequate buildings and equipment (e.g. in courts).
- Greater local ownership of EC assistance is essential for effective targeting and for achieving the agreed results in line with EU standards. Therefore, the planning and project preparation capacity of Kosovo's authorities has to be improved.
- As Kosovo moves closer to Europe and alignment with European standards becomes increasingly important, the administrative and financial implications of approximation to the *acquis* for the administration must be considered. The administration's absorption capacity must be taken into account when designing programmes in order to reap maximum benefit from the assistance provided, including its capacity to develop internal mechanisms for assessing institutional capacity.
- Proper monitoring of programmes and projects, both by the beneficiaries and by the Commission, is the key to securing the desired results or adapting the activities to the rapidly changing environment.

A number of EU Member States, International Financial Institutions (IFIs), other organisations and bilateral donors are active in Kosovo. However, IFI involvement there is limited for reasons related to the status issue. Close coordination and division of tasks with other donors has been ensured during the IPA programming phase. Regular coordination meetings with EU Member States and other donors are organised by the European Commission Liaison Office in Kosovo.

In July 2008, the European Commission organised a successful Donors' Conference in support of Kosovo's socio-economic development. Representatives from 37 countries and 16 international organisations pledged a total of over EUR 1.2 billion. They confirmed the international commitment to Kosovo and agreed the principles for donor coordination. To fulfil its commitment to the Donors' Conference, Kosovo established ACDEI in October 2008.

Furthermore, the Commission organised a Donor Coordination Conference in October 2008, where the Commission and the Member States, the IFIs and non-EU donors agreed an active and affirmative approach to the need for enhanced donor coordination. They agreed that since the MIPDs had become a strategic instrument for

donor coordination, the consultations on them would be the main way to identify areas of common interest and opportunities for coordination and division of labour.

2.4. Horizontal issues

Systematically addressing horizontal issues has been a critical starting point in programme design. Local bodies in charge of these issues, including civil society, will be continuously consulted to help Kosovo's institutions mainstream horizontal issues effectively in line with European standards and appropriate practices. Part of the projects' budget may be allocated for this purpose.

Equal opportunities and non-discrimination

Taking full account of the situation in Kosovo (civil service, gender equality and anti-discrimination laws), projects will be based on consultation with the Office for Good Governance, the Agency for Gender Equality and the existing network of gender officers in ministries and municipalities. Specific attention will be paid to addressing women's needs and interests throughout projects and organising activities to facilitate women's participation (e.g. training). Institutions and civil society will also be given assistance to ensure that gender equality is adequately mainstreamed in legislation, government strategies and policies.

Support for minority and vulnerable groups

Failure to integrate Kosovo's minorities into the social, economic and political mainstream can lead to further human rights violations and political destabilisation. Mainstreaming minorities and vulnerable groups' issues are key elements of the Anti-Discrimination Law, which highlights the importance of promoting a multi-ethnic society. Specific attention will be paid to addressing minorities' specific needs and interests throughout projects and organising activities to facilitate their participation, in particular:

- achieving adequate minority representation in training and coaching;
- favouring adequate minority recruitment and representation in the civil service and in aspects of central and local administration (as stipulated in the relevant regulations), particularly in the institutions supported by this programme;
- using Kosovo's official languages, as stipulated in the applicable law;
- addressing the particular requirements of minority issues in strategic, tactical and operational police matters;
- meeting the specific needs of Serbian, Roma, Ashkali, Egyptian and other communities.

Environmental protection

Projects will systematically examine ways to enhance environmental protection across the region. In particular, infrastructure reconstruction and rehabilitation activities will be consistent with the relevant regulations and the Law on Environmental Protection. An environmental impact assessment is also needed at an earlier stage and/or at a more strategic level by making a holistic sustainability assessment using the Strategic Environmental Assessment tool, which could help to analyse the cumulative environmental effects of the different programmes. It would also help to determine how any programme or project will influence not only the sector where it will be

implemented but also others interacting with it, for example between projects to support education, transport and energy and between these and other sectors.

Good governance, with particular attention to the fight against corruption

Emphasis should be put on the need for an accountable and professional civil service applying the principles of legality, transparency, public consultation and integrity, in order to ensure proper implementation of the projects and the sustainability of the reforms undertaken.

2.5. Conditions

The following conditions apply:

- The Kosovo authorities must formally endorse the project fiches, including parallel co-financing commitments.
- The Kosovo authorities must ensure that the beneficiary institutions have adequate resources to use EC financial support in the most effective and sustainable manner.
- Beneficiary institutions must participate in drafting the design and tender documents, including terms of reference, and formally endorse them before tenders. Beneficiaries must also participate in the selection committees for procurement and grants.
- The Kosovo authorities must ensure the availability of land, free of ownership claims or disputes, for the planned works. They must secure the long-term sustainability of the action by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions must organise, select and appoint members of working groups, steering, monitoring and coordination committees and seminars, as required by the project activities (ensuring a gender and ethnic balance).

If these conditions are not met, the implementing authority will consider suspension or cancellation of the project or specific activities.

2.6. Benchmarks

	2009 (indicative)		2010 (cumulative, indicative)		2011 (cumulative, indicative)		2012 (cumulative, indicative)	
	EU	NF*	EU	NF*	EU	NF*	EU	NF*
Tenders launched	19	3	32	5	32	5	32	5
Calls for proposals launched	7	0	12	1	12	1	12	1
Contracting Rate (%)	55	55	90	90	100	100	100	100

* For parallel national co-financing

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

Kosovo has set up an Agency for the Coordination of Development and European Integration under the Prime Minister's Office. Discussions on the "Roadmap for Decentralised Implementation System (DIS)" are expected to start in 2009-2010.

3. BUDGET (AMOUNTS IN EUR MILLION)

3.1. Indicative budget table

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution		
	Total expenditure	IPA Community contribution		Beneficiary contribution*		Total expenditure	IPA Community contribution		Beneficiary contribution*			EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% ⁽²⁾
		EUR (a)=(b)+(c)	EUR (b)	% ⁽¹⁾	EUR (c)		% ⁽¹⁾	EUR (d)=(e)+(f)	EUR (e)	% ⁽¹⁾				
Priority axis 1	20.585	20.375	99%	0.21	1%	36.2	22.3	62%	13.9	38%	56.785	42.675	41%	
Political criteria														
Project 1 Rule of law	8.75	8.75	100%	0	0	6.6	3.3	50%	3.3	50%	15.35	12.05	-	
Project 2 Public administration	6.5	6.5	100%	0	0	0	0	0	0	0	6.5	6.5	-	
Project 3 Communities	1.135	1.125	99%	0.01	1%	2	2	100%	0	0	3.135	3.125	-	
Project 4 Cultural Sector	1.2	1	83%	0.2	17%	2	2	100	0	0	3.2	3	-	
Project 5 Media	3	3	100%	0	0	1.1	1	91%	0.1	9%	4.1	4	-	
Project 6 Culture, youth and Sport	0	0	0	0	0	24.5	14	57%	10.5	43%	24.5	14	-	

Priority axis 2	22.82	20.8	91%	2.02	9%	10.25	10	98%	0.25	2%	33.07	30.8	30%
Economic criteria													
Project 7 Trade and regional development	8	7.8	98%	0.2	2%	0	0	0	0	0	8	7.8	-
Project 8 Employment and education	5.65	5.3	94%	0.35	6%	5.25	5	95%	0.25	5%	10.9	10.3	-
Project 9 Tax administration	0	0	0%	0	0	5	5	100%	0	0	5	5	-
Project 10 Agriculture	9.17	7.7	84%	1.47	16%	0	0	0	0	0	9.17	7.7	-
Priority axis 3	5.8	5.8	100%	0	0	14.9	14	94%	0.9	6%	20.7	19.8	19%
European standards													
Project 11 Environment	2.8	2.8	100%	0	0%	2.9	2	69%	0.9	31%	5.7	4.8	-
Project 12 Transport and energy	3	3	100%	0	0	12	12	100%	0	0	15	15	-
Priority axis 4	7.2	7.2	100%	0	0	3.125	3.125	100%	0	0	10.325	10.325	10%
Support Activities													
Project 13 Support measures and technical assistance facility	7.2	7.2	100%	0	0	3.125	3.125	100%	0	0	10.325	10.325	-
TOTAL	56.405	54.175	96%	2.23	4%	64.475	49.425	77%	15.05	23%	120.88	103.6	100%

* Contribution (public and private beneficiary and/or international contribution) provided by counterparts from the beneficiary

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

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

3.2. Principle of co-financing applying to the projects funded under the programme

The Community contribution, which represents 85.7% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure. Parallel co-financing will be used. Pursuant to Article 67(3) of the IPA Implementing Regulation, Kosovo is co-financing 14.3% of this programme.

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 Regulation¹² and the corresponding Implementing Rules¹³. Implementation of the programme is delegated to the European Commission Liaison Office in Kosovo.

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 grant contract as provided for in the framework of project 1 (component 7) may be awarded to UNICEF without a call for proposals due to its *de facto* monopoly position in the targeted area and in accordance with Article 168(1)(c) of the Implementing Rules to the Financial Regulation. The grant contracts provided for in the framework of project 3 (components 2 and 3) may be awarded to the Project on Ethnic Relations and the Kosovo Foundation Open Society respectively without a call for proposals notably due to their technical competence and their high degree of specialisation and in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation. This project has never previously been subject to a call for proposals. The operating grant contracts as provided for in the framework of project 7 (component 2) may be awarded to the 5 regional development agencies in Kosovo without a call for proposals due to their *de facto* monopoly and exclusive competence (entities of public nature) in the targeted geographical areas covering the entire territory of Kosovo and in accordance with Article 168(1)(c) of the Implementing Rules to the Financial Regulation. The cases will be duly substantiated in the respective award decisions. As regards the operating grants, all relevant provisions of the Financial Regulation and its Implementing Rules will be respected, and notably FR Art. 113 (2).

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 website¹⁴ at the date of the initiation of the procurement or grant award procedure.

¹² Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1).

¹³ Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1).

¹⁴ Current address: http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

4.3. Implementation principles for twinning projects

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

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as 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 DG ELARG website: http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

4.4. Environmental impact assessment and nature conservation

All investments must comply with the relevant Community environmental legislation. The environmental impact assessment procedures in the EIA-Directive¹⁵ will apply fully to all investment projects. Application of the European Principles for the Environment will be ensured¹⁶.

An appropriate nature conservation assessment, equivalent to that provided for in Article 6 of the Habitats Directive¹⁷, must be made for any project likely to affect sites of importance for nature conservation.

5. MONITORING AND EVALUATION

5.1. Monitoring

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

5.2. Evaluation

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

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

The Commission may also carry out strategic evaluations.

¹⁵ 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).

¹⁶ Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive).

¹⁷ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

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) 2185/96¹⁸.

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

The authorising officer by delegation (AOD), or 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, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME

Limited adjustments in the implementation of this programme affecting elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature¹⁹, 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.

¹⁸ OJ L 292; 15.11.1996; p. 2.

¹⁹ 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.