

COMMISSION DECISION

C(2009)4518 of 16 June 2009

establishing a Multi-Beneficiary Multi-annual Indicative Planning Document (MIPD) 2009-2011

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)¹, and in particular Article 14 (2) (a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 creates a coherent framework for Community assistance for candidate countries and potential candidate countries.
- (2) Article 7 of that Regulation lays down that this assistance shall be provided through programmes which can be established per country or, as appropriate, by group of countries, in accordance with the priorities defined in the multi-annual indicative planning documents. It is therefore necessary to adopt a multi-annual indicative planning document for those programmes that are destined to assist several beneficiary countries. On 17 July 2008, the Commission adopted the Multi-beneficiary Multi-annual Indicative Planning Document 2008-2010 (C (2008)3585).
- (3) The Multi-beneficiary Multi-annual Indicative Planning Document 2009-2011 has been drawn up in accordance with the requirements of Article 6 of that Regulation, in close consultation with the relevant national authorities.
- (4) Article 6 (5) of Regulation (EC) No 1085/2006 requires that multi-annual indicative planning documents, which are established following a three-year perspective, shall be reviewed annually.
- (5) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006.

HAS DECIDED AS FOLLOWS:

The Multi-beneficiary Multi-annual Indicative Planning Document for the years 2009-2011 as set out in the Annex is hereby adopted.

¹ OJ L 210, 31.7.2006, p.82

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

ANNEX

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)
MULTI-ANNUAL INDICATIVE PLANNING DOCUMENT
(MIPD)**

MULTI-BENEFICIARY

2009-2011

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Executive Summary

The purpose of assistance under the Instrument for Pre-Accession Assistance (IPA) is to help Candidates (Croatia, Turkey and the former Yugoslav Republic of Macedonia) and Potential Candidates (Albania, Bosnia and Herzegovina, Montenegro and Serbia as well as Kosovo¹) (the IPA beneficiaries) introduce the necessary political, economical and institutional reforms needed to fulfil EU requirements, to make progress in the Stabilisation and Association Process and to assist in the fulfilment of the Copenhagen criteria for EU membership. The main assistance to IPA beneficiaries is given through the National Programmes with the Multi-beneficiary Programme complementing and adding value to these as well as enhancing regional cooperation.

IPA Multi-beneficiary assistance will be programmed through regional and horizontal projects:

- Regional projects aim to facilitate regional cooperation between the IPA beneficiaries. These projects endeavour to promote reconciliation, reconstruction and political cooperation.
- Horizontal projects address common needs across several IPA beneficiaries and seek to attain efficiencies and economies of scale in implementation.

IPA Multi-beneficiary assistance will consequently focus on support that requires collaboration among the IPA beneficiaries, such as regional structures, networks of experts or civil servants or to tackle needs or problems of a cross-border nature. Particular focus will continue to be placed on Civil Society Dialogue and Development: the IPA Multi-beneficiary programme will provide horizontal technical assistance to support actions in this area. To facilitate coordination, administration and collaboration with International Financial Institutions for the joint implementation of finance facilities as well as support for the participation in Tempus, Erasmus Mundus or Youth in Action programmes, assistance is channelled through the Multi-beneficiary programme.

This MIPD also includes assistance for nuclear safety and radiation protection, the Office of the High Representative in Bosnia and Herzegovina, TAIEX, Information and Communication, as well as audit, evaluation and monitoring. This MIPD has been drafted on the basis of an indicative financial envelope for 2009-2011 of EUR 476.1 million (EUR 157.6 million (2009), EUR 157.7 million (2010) and EUR 160.8 million (2011)).

The strategic choices within the scope of this MIPD have been made based on the above principles, on guidance provided in the EU strategic documents, lessons learned from the programming and implementation of previous EU assistance and findings from consultations with amongst others, the IPA beneficiaries, International Financial Institutions, the Regional Cooperation Council, and other regional initiatives, Civil Society Organisations, EU Member States and European Commission services.

IPA Multi-beneficiary assistance will be programmed under the following five axes: 1) *Political criteria* where assistance concentrates on Democracy and the Rule of Law, Human Rights and the Protection of Minorities, Regional Issues and International Obligations, Interim Civilian Administration and Civil Society Dialogue and Development; 2) *Economic criteria* where assistance concentrates on Competitiveness of the economies, Cooperation with International Financial Institutions and Education and Youth; 3) *Assumption*

¹ Under UNSCR 1244/99

of the obligations of membership where assistance concentrates on Free movement of goods, Intellectual and Industrial Property Policy, Veterinary policy, Transport policy, Energy, Customs and Taxation, Statistics, Environment, TAIEX and Nuclear Safety and Radiation Protection 4) *Information and communication*, 5) *Support activities: audit, monitoring and evaluation*.

1. ASSESSMENT OF PAST AND ONGOING ASSISTANCE

1.1. Introduction

The purpose of assistance under the Instrument for Pre-Accession Assistance (IPA) is to help Candidates (Croatia, Turkey and the former Yugoslav Republic of Macedonia) and Potential Candidates (Albania, Bosnia and Herzegovina, Montenegro and Serbia as well as Kosovo) (the IPA beneficiaries) introduce the necessary political, economical and institutional reforms needed to fulfil EU requirements, to make progress in the Stabilisation and Association Process and to assist in the fulfilment of the Copenhagen criteria for EU membership. The main assistance to IPA beneficiaries is given through the National Programmes with the Multi-beneficiary Programme complementing and adding value to these, as well as enhancing regional cooperation.

IPA Multi-beneficiary assistance during the period 2009-2011 will build on the Enlargement Strategy and Main Challenges 2008-2009², the strategic choices made in the previous Multi-beneficiary MIPDs and the experience and lessons learnt from the assistance provided to the IPA beneficiaries under the IPA, CARDS, Obnova, Phare and MEDA programmes and the pre-accession financial assistance for Turkey. Multi-beneficiary assistance covers regional projects that set out to promote cooperation between IPA beneficiaries as well as horizontal projects that address the common needs of the IPA beneficiaries and aim to achieve efficiencies and economies of scale.

IPA Multi-beneficiary assistance is managed principally by the European Commission Headquarters. The assistance is either managed by DG Enlargement or via sub-delegation to another Directorate General (DG) such as DG Environment, DG Taxation and Customs Union, DG Economic and Financial Affairs or Eurostat or delegated to an agency such as the Education, Audiovisual and Culture Executive Agency.

1.2. Overview of past and ongoing pre-accession assistance (EC and other assistance) including lessons learnt

1.2.1. Overview of past and ongoing EC assistance

Between 2000 and 2008, over EUR 797 million was allocated in assistance to the IPA beneficiaries through the CARDS Regional Programmes, the Phare Multi-Country Programmes and the recent IPA Multi-beneficiary programmes. The assistance has aimed at achieving the goals of the Stabilisation and Association Process and the Thessaloniki agenda in the field of regional cooperation and corresponds to policy initiatives with a strong regional dimension where objectives can be better achieved and support can be better delivered at regional level. Emphasis has been placed on three criteria:

Political criteria: CARDS Regional Programmes have contributed to the strengthening of the administrative capacity of the countries and to supporting public administration reform; the fight against organised crime and corruption including enhanced police and judicial

² Communication from the Commission to the Council and the European Parliament - Enlargement Strategy and Main Challenges 2008-2009, COM(2008) 674, 5 November 2008

regional cooperation; the promotion of economic and social cooperation in border regions including support to networking activities and the involvement of civil society. **The Phare Multi-country Programmes** have provided assistance to civil society, justice and home affairs and to the participation of IPA beneficiaries in community agencies.

The IPA Multi-beneficiary programmes 2007 and 2008 focus on support for: the Regional School for Public Administration (ReSPA) which aims to strengthen the IPA beneficiaries' administrative capacities in educating staff in line with the principles of the European Administrative Space; the development of public governance systems and in particular horizontal administration systems through the SIGMA programme; the revision of the social security legislative framework of the Western Balkans as well as the implementation of revised social security policies; the repatriation of refugees to Croatia and to Bosnia and Herzegovina as well as legal assistance to refugees in the region; Police cooperation - the fight against organised crime, and illicit drug trafficking and the prevention of terrorism; Support to the running costs of UNMIK, the Office of the High Representative in Bosnia and Herzegovina and the Regional Cooperation Council (RCC); and the participation of the IPA beneficiaries in Community Agencies and media.

Economic criteria: CARDS Regional Programmes have contributed to analyses of the most competitive sectors of the Western Balkans with a proposal for a regional investment strategy and Project Preparation Facilities (PPF). They cover the transport, energy and environment sectors and give support for IPA beneficiaries to complete project dossiers for investments in infrastructure as well as setting up the European Fund for South East Europe (EFSE). **The Phare Multi-Country Programmes** provide facilities to strengthen the capacity of the financial sector to make finance available to economic actors, including micro, small and medium-sized enterprises and municipalities.

The IPA Multi-beneficiary programmes 2007 and 2008 provide support for the Energy Efficiency Finance Facility (EEFF), the Infrastructure Project Facility including Technical Assistance, the Infrastructure Project Facility - Municipal Window, the Horizontal Support to Coordination with the International Financial Institutions (HSC) in the IPA beneficiaries and to Participation in the EFSE. The education sector is supported through the Tempus programme and the Western Balkans Window of the Erasmus Mundus Programme, which started in 2006, and enabled 103 highly qualified graduate students from the Western Balkans to engage in postgraduate studies at European universities in 2008.

The ability to assume the obligations of Membership and approximation to European Standards: CARDS Regional Programmes have provided assistance to the Energy Community, the South East Europe Transport Observatory, the European Common Aviation Area and the Regional Environmental Reconstruction Programme Customs and Taxation as well as to Statistics and Integrated Border Management. **Phare Multi-Country Programmes** have provided assistance to environmental and statistical projects.

The IPA Multi-beneficiary programmes 2007 and 2008 provide support for Customs and Taxation, the upgrading of statistical systems in the IPA beneficiaries, Industrial and Intellectual Property rights, Nuclear Safety and Radiation Protection, Integrated Border Management, Environment, the free movement of goods and Eradication of Animal disease. The **TAIEX instrument** provides short-term technical assistance to support IPA beneficiaries to approximate, apply and enforce EU legislation.

1.2.2. Overview of past and ongoing multilateral and bilateral assistance

To increase the effectiveness and the efficiency of the delivery of assistance through multiple donors, the European Commission and the Member States are to ensure coordination of their

respective assistance programmes. This also extends to non EU–donors and to the International Financial Institutions. A consultation mechanism during the different phases of the assistance cycle was established in 2007 and continued during 2008. It provides for early consultation on the draft MIPD and programming documents with Member State embassies, non–EU donors and local offices of International Financial Institutions.

Coordination meetings between the European Commission non–EU donors and the International Financial Institutions take place regularly. They focus primarily on the strategic direction and the regional dimension of IPA planning and programming.

In addition to EC financial assistance, substantial resources are being provided to the IPA beneficiaries by several United Nations agencies, bilateral aid programmes of EU Member States, US and other governments by way of grants, and by the International Financial Institutions and the International Monetary Fund by way of loans. The main donors and lenders by area of intervention include:

Addressing the political criteria

- *Public Administration:* EU Member States including Austria, France, Germany, Greece, Italy, Sweden, the Netherlands, Sweden and the UK; Council of Europe; the Organisation for Security and Cooperation in Europe (OCSE); United Nations Development Programme (UNDP); International Monetary Fund (IMF), the United States Agency for International Development (USAID) and the Organisation for Economic Cooperation and Development (OECD);
- *Regional Issues and International Obligations:* Justice, Freedom and Security: EU Member States including Austria, France, Germany, Greece, Italy, Sweden, the Netherlands and the UK; Criminal Investigative Training Assistance Programme; Interpol; UNDP; Council of Europe; OSCE; UNDP; IMF and USAID;
- *Civil Society Dialogue and Development:* UNDP; United Nations Children's Fund (UNICEF); United Nations Educational, Scientific and Cultural Organisation (UNESCO); United Nations High Commissioner for Human Rights (UNHCR); World Bank, USAID; Council of Europe; OSCE, DFID/UK, and Italy

Addressing the economic criteria

- European Investment Bank (EIB), the World Bank, the Council of Europe Development Bank, Kreditanstalt für Wiederaufbau, EFSE, International Financial Corporation, the European Bank for Reconstruction and Development (EBRD) and the Organisation for Economic Cooperation and Development (OECD);

Ability to assume the obligations of Membership and approximation to European Standards

- *Energy, environment, and transport:* EU Member States including Austria, Finland, Germany, Italy, the Netherlands and the UK; EIB; EBRD; World Bank; USAID; Japan and Canada;
- *Nuclear Safety and Radiation Protection:* The International Atomic Energy Agency and the United States.

1.2.3. Lessons learnt

Building upon the experience from previous and existing EC financial assistance as well as the recommendations from the 2008 evaluation of the CARDS Regional Programme, the following conclusions have been drawn:

Programming

IPA beneficiaries have emphasised the importance of regular and timely communications to facilitate their involvement and ownership of the IPA Multi-beneficiary programmes. Consequently, detailed programme plans, including timelines and draft documents for comment, have been distributed to IPA beneficiaries. Multi-beneficiary coordination meetings take place regularly throughout the year and allow for discussion on the status of current and future programming as well as project implementation.

MIPDs should assume a greater role in addressing increasingly severe assistance challenges

Both the European Commission services and stakeholders have emphasised the need to concentrate human and budgetary resources on a limited but key number of priority sector areas. Accordingly, the strategic choices outlined in this document have been made on the basis of EU strategic documents, the lessons learned from the programming and implementation of previous EU assistance and the findings from internal and external consultations. To use resources more effectively and efficiently, it is intended to address a selected number of activities on an annual basis through the regional and horizontal annual programmes.

Broader assistance challenges of socio-economic development require closer donor coordination

In light of the number of participants in the area of economic development, donor coordination is particularly important. DG Enlargement is attempting to improve coordination. Regular meetings are held throughout the year, for example the IFI Advisory Group AG, the Western Balkan Investment Framework, and the organisation of specific Donor Coordination days.

2. PRE-ACCESSION ASSISTANCE STRATEGY FOR THE PERIOD 2009-2011

2.1. Introduction

The Accession and European Partnerships and the Annual Progress Reports set out the priorities for the programming of assistance under the IPA Multi-beneficiary Programme. The Enlargement Strategy and Main Challenges 2008-2009, the Communications from the Commission on Civil Society Dialogue³ and on the Western Balkans⁴ are also taken into account. The strategic choices detailed in section 2.2 below are based on guidance provided in these strategic documents, policy developments in the European Union, lessons learnt from the programming and implementation of previous EC assistance and by needs identified by the IPA beneficiaries as well as policy developments in the EU.

This MIPD provides the strategic three-year plan for programming the assistance to IPA beneficiaries through regional and horizontal projects. It strives to complement both National MIPDs and other Community and international initiatives in areas such as democracy⁵ and justice, freedom and security⁶. It should also ensure synergy with the priority areas of the Regional Cooperation Council (Economic and Social Development, Energy and Infrastructure, Justice and Home Affairs, Security Cooperation and Building Human Capital and Cross-Cutting Issues).

The Commission has consulted IPA beneficiaries in order to enhance local ownership of the strategic choices and the content and design of the programmes. Consultations also take place at regular intervals during the programming phase with the IPA beneficiaries, the European Commission Delegations, the Regional Cooperation Council, International Financial Institutions, Civil Society Organisations, line Directorate Generals as well as with other Donors. Particular importance is given to the Regional Cooperation Council as the interlocutor for the IPA beneficiaries especially for the Regional Cooperation Process in the Western Balkans.

The Commission organised a Donor Coordination conference in October 2008 where the Commission and Member States, together with the IFIs and non-EU donors, agreed to an active and affirmative approach concerning the need for enhanced donor coordination. It was agreed that the MIPDs could become a strategic instrument for donor coordination and that the consultation on the 2009-2011 MIPDs will be used as a key tool to determine areas of common interest and possibilities for sector coordination and division of labour. The results and plans for action stemming from such consultations will be reported during the next donor conference scheduled for April 2009 in Albania.

³ Communication from the Commission to the Council, the European Parliament, the European Economic and Social committee and the Committee of the Regions - Civil Society Dialogue between the EU and Candidate Countries (COM/2005/0290), 29 June 2005

⁴ Communication from the Commission - The Western Balkans on the road to the EU: consolidating stability and raising prosperity (COM/2006/0027), 27 January 2006; Communication from the Commission - Western Balkans: Enhancing the European perspective (COM/2008/127), 5 March 2008

⁵ The European Initiative for Democracy and Human Rights (EIDHR)

⁶ Europol, Frontex, Eurojust, European Police College (CEPOL), European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), Interpol, DCI Thematic Programme Migration and Asylum, Community Mechanism for Civil Protection, Southeast European Cooperative Initiative (SECI).

2.2. Strategic objectives and choices for IPA assistance during the period 2009-2011

2.2.1. Strategic objectives for IPA assistance during the period 2009-2011

The development of regional cooperation is essential to be able to establish political stability, security and economic prosperity. It corresponds to commitments made at the EU–Western Balkans Summits of Zagreb (2000), Thessaloniki (2003) and Salzburg (2006). Regional cooperation among the IPA beneficiaries in the Western Balkans constitutes a key element of the Stabilisation and Association Process. Constructive regional cooperation is recognised as a qualifying indicator of the countries' readiness to integrate into the EU.

Regional cooperation contributes to establishing new patterns of behaviour and reducing the idea that states are solely self sufficient. It promotes cooperation among administrations, civil society representatives, business communities and fosters communication and networking. A common objective for all regional initiatives is the development of multilateral cooperation as the basis for economic and social progress, political and economic stability as well as social cohesion and the consolidation of good neighbourly relations which are preconditions for successful preparation for EU integration. The perspective of European integration gives the EU a leading role in establishing and promoting regional cooperation.

Cooperation with the IFIs is a key pillar of EC assistance to the IPA beneficiaries. As noted in the Communication from the Commission of March 2008, the Commission is committed to closer coordination with the EIB, the EBRD, the Council of Europe Development Bank and other IFIs supporting modernisation and development in the Western Balkans and to establish a Western Balkans Investment Framework by 2010 with other IFIs and donors to further enhance harmonisation and cooperation in investments for socio-economic development in the region. The Commission and the IFIs have decided to focus on three priority areas: micro, small and medium-sized enterprises (SMEs), energy efficiency and infrastructure.

Civil society has a crucial role to play in the process of European accession as basic values of the European Union must not only be implemented but also need to be accepted in the society of new member states. It is essential that Civil Society monitors that IPA beneficiary legislatures effectively adopt, implement and enforce new legislation and ensures that this legislation be recognised and understood by the population.

Taking all this into consideration, the main strategic objectives of IPA Multi-beneficiary assistance have been identified as follows:

Addressing the Political Criteria

Support Regional Cooperation initiatives; Increase participation of Civil Society Organisations in regional reform; Raise participation of the IPA beneficiaries in Community Programmes and Agencies; Reform and strengthen the IPA Beneficiaries civil services; Complete the process of returning refugees in the Western Balkans; Ensure the protection of minorities and build capacities and promote coordination in disaster risk reduction.

Addressing the Economic Criteria

Continue cooperation with International Financial Institutions; Raise the competitiveness of the Western Balkan economies; Improve rates of employment and reduce the current account imbalances; Increase the participation of students and young people in the region by means of education and youth exchange programmes.

Ability to assume the obligations of Membership and approximation to European Standards

Support IPA beneficiaries in their efforts to align their legislation and standards to those of the European Union.

In addition to the Multi-beneficiary Programme, assistance will also be allocated to Information and Communication and to Audit, Evaluation and Monitoring.

2.2.2. *Strategic choices for IPA assistance during the period 2009-2011*

Several strategic choices have been made for IPA Multi-beneficiary assistance on the basis of the objectives identified above.

Regional support will focus on regional cooperation activities that support reconciliation and political dialogue within the framework of the Stabilisation and Association Process of South East Europe.

Horizontal support will centre on economic development in collaboration with International Financial Institutions. Support will also be attributed for activities that are better managed centrally to gain economies of scale and/or where common standards are required.

IPA Multi-beneficiary assistance will be programmed under the following five axes:

- (1) *Political criteria* where assistance focuses on Democracy and the Rule of Law, Human Rights and the Protection of Minorities, Regional Issues and International Obligations, Interim Civilian Administration and Civil Society Dialogue and Development.
- (2) *Economic criteria* where assistance focuses on Competitiveness of the Economies, on Cooperation with International Financial Institutions and on Education and Youth.
- (3) *Assumption of the obligations of membership* where assistance focuses on the Free movement of goods, Intellectual and Industrial Property policy, Veterinary policy, Transport policy, Energy, Customs and Taxation, Statistics, Environment, TAIEX and Nuclear Safety and Radiation Protection.
- (4) Information and communication.
- (5) Support activities: Audit, Monitoring and Evaluation.

Following discussions within the European Commission and with the IPA beneficiaries, and on the basis of the needs identified in the region, it has been agreed to extend the scope of strategic choices identified under 'Section 2.3.2 Address the Economic Criteria' to include competitiveness of the economies in this MIPD.

This MIPD presupposes the cooperation and the commitment of IPA beneficiaries to the European and Accession Partnerships as well as the active participation of the Beneficiary authorities in the programming exercise.

2.3. Multi-annual planning by priority area

2.3.1. Address the Political Criteria

2.3.1.1. Democracy and the Rule of Law

2.3.1.1.1 Public Administration

Objectives

Reform and strengthen the civil service; Strengthen public administrations' capacities to implement efficient and effective reforms; Strengthen and foster democratic accountability, professionalism and integrity within the IPA beneficiaries' institutions, and parliaments and reduce corruption within the public administrations.

Strategic Choices

To meet the specific objectives of the Accession and European Partnerships, the Thessaloniki Agenda, the Commission Communications on the Western Balkans of January 2006 and March 2008 as well as the Enlargement Strategy and Main Challenges 2008-2009 which emphasise that efficient and effective administrations are crucial to fulfilling the Copenhagen membership criteria the following strategic choices have been made:

Public procurement and financial management have a key role to play in implementing the governance and anti-corruption agenda. Sound public financial management ensures accountability and efficiency in the management of public resources, and is an essential keystone to improving governance and fighting corruption. The implementation of public procurement rules by both central and local authorities leads to the same goal. The development of a sustainable public procurement training strategy at regional and national levels improves professionalism and minimises fiduciary risk.

The SIGMA⁷ instrument provides support to IPA beneficiaries to establish strong public administrations with emphasis on the development of public administration capacities (horizontal management systems and public administration reform) in view of eventual EU membership.

Preparatory measures to be carried out by the Community Agencies with their counterparts in the IPA beneficiaries should allow them to participate in the activities of these Agencies in due course. The impact of actions in this area is improved through a common approach taken across the IPA beneficiaries and in harmony with approaches taken in the EU Member States.

Expected Results

Improved efficiency and effectiveness of public administrations; Strengthened capacities of public administrations (including policy and regulatory services) to ensure efficient and effective reform implementation; Increased accountability of public administrations; Increased reliability and integrity of public administrations in line with the European Administrative Space principles; Reduced levels of corruption in the public services.

2.3.1.2. Human Rights and the Protection of Minorities

2.3.1.2.1 Minority rights, protection of minorities and refugee return

Objectives

⁷ Support for Improvement of Governance and Management, an OECD programme supported by the European Community

Complete the process of refugees/internally displaced persons return and achieve significant progress towards their economic and social integration; Locate missing people displaced by war to contribute to healing the wounds of the war and to promote stability in the region; Ensure the protection of minorities, marginalised and vulnerable groups in accordance with EU and international standards and tackle discrimination and the difficulties faced by vulnerable groups following the inclusive labour market and the economic integration occurring in the IPA beneficiaries.

Strategic Choices

One of the main policy frameworks identified to address the issue of refugee return is the Sarajevo Declaration (or "3x4 Initiative") signed in January 2005 in which the governments of Bosnia and Herzegovina, Croatia and Serbia and Montenegro agreed to bring a genuine and successful close to the refugee chapter in South-Eastern Europe by the end of 2006. The EU was associated to the Declaration and the EC has supported refugee return activities through the UNHCR. Since the Sarajevo Declaration, certain progress has been made but the international community has expressed its concern that the process is far behind schedule and that greater cooperation between the governments of the region is still necessary. In parallel, activities have been supported to facilitate the local integration of the people who do not wish to return to their country of origin. In addition, further efforts are also necessary to locate missing and displaced persons as a consequence of the war.

The promotion of social inclusion and integration by focusing on minorities, marginalised and vulnerable groups and areas most affected by economic, social and ethnic unrest remains an important contribution to stability. Substantial EC financial assistance has been made available to support the inclusion of marginalised groups under the Phare multi-country programme. Numerous projects were implemented over the period 1999-2003 targeting primarily education and infrastructure in many new Member States. Under the CARDS Regional Programme and the EIDHR⁸, further funds have been made available to support the rights of marginalised groups. It is necessary however to move away from targeting minority communities through a fragmented and disparate collection of individual projects, lacking sustainable impact and to adopt instead an approach whereby social inclusion is a mainstream objective that takes into account common regional characteristics. Moreover, by having a regional strategy with common benchmarks, results of national government progress can be shared and allow political dialogue on the issue in the region.

This regional approach started under the CARDS Regional Programme 2006 where a project focusing on civil registration was developed in favour of the Roma Community and the marginalised groups. In October 2007, Ministers of Labour in the region agreed to continue the Bucharest Process on Employment, a regional initiative under the Stability Pact to upgrade national employment policies in line with EU policies and under which the integration of vulnerable groups into the labour force is a key objective.

Expected Results

Reduced number of refugees and internally displaced persons through repatriation and integration; Improved social inclusion of minorities, marginalised and vulnerable groups.

2.3.1.3. Regional Issues and International Obligations

2.3.1.3.1 Regional Cooperation Initiatives

Objectives

⁸ European Instrument for Democracy and Human Rights

Ensure the smooth operation of the newly established Regional Cooperation Council (RCC) Secretariat; Promote regional cooperation within the framework of the Regional Cooperation Council, the South East Europe Cooperation Process and beyond, particularly in the context of the Euro-Mediterranean partnership; Promote good neighbourly relations.

Strategic Choices

Regional cooperation and good neighbourly relations remain essential to European integration. EC assistance to regional cooperation has been provided mainly through support to the Stability Pact for South Eastern Europe and its Special Coordinator, who was tasked to complement the EU Stabilisation and Association Process (SAP) with the Western Balkans. Encouraged by the international community, the IPA beneficiaries and members of the South East Europe Cooperation Process (SEECF) agreed in May 2006 to take over the ownership of certain regional cooperation activities. This led to the decision a year later to establish the RCC, a regionally owned cooperation structure located in Sarajevo and co-financed by the IPA beneficiaries, the EC and other donors. Considerable work was done in 2007 to establish the legal, administrative and financial basis of the RCC which formally commenced operations in early 2008. In the meantime, the Stability Pact handed over its activities to the RCC and closed down in mid-2008.

In line with the Enlargement Strategy and Main Challenges 2008-2009, the EU will continue to support local ownership of initiatives in regional cooperation. The RCC is seen as the key interlocutor for regional cooperation and therefore part of the running costs of the RCC Secretariat will be financed by the EC initially for the first three years of operation. This assistance will decrease year-on-year. It will be complemented by support for thematic or sector specific regional initiatives originally launched under the Stability Pact.

In addition, support will be provided to ensure the active participation of the relevant IPA countries in the Union for the Mediterranean.

Expected Results

The South East Europe Cooperation Process and the Regional Cooperation Council are functioning; Increased ownership by IPA beneficiaries of regional cooperation structures; Enhanced cooperation between South East European countries and territories in areas requiring a regional approach.

2.3.1.3.2 Public Administration

Objectives

Facilitate the establishment and operation of the Regional School of Public Administration (ReSPA). ReSPA aims to improve regional cooperation in the field of public administration, to strengthen administrative capacities as required by the European integration process and to develop human resources in line with the principles of the European Administrative Space.

Strategic choices

The notion of a regional institution where civil servants from the seven different administrative systems of the Western Balkans could be trained was originally proposed at the EU's 2003 summit in Thessaloniki. With EC assistance, ReSPA, which functions as a network, was created in May 2006. Continued assistance to ReSPA will aid in the further development of a physical regional professional school in 2009 to the benefit of the public administrators in the Western Balkans.

Expected results

Strengthened capacities of public administrators to implement EU policy and regulations; Improved qualifications of public servants; Developed networks of cooperation and exchange of experience and best practices.

2.3.1.3.3 Fight against organised crime, corruption, terrorism, trafficking and smuggling

Objectives

Enhance regional, European and international law enforcement and judicial cooperation in the IPA beneficiaries in order to fight organised crime, terrorism, corruption, money laundering, as well as trafficking and smuggling more effectively.

Strategic Choices

Regional cooperation is instrumental to address the security challenges facing the Beneficiaries and constitutes an important part of the efforts to increase the efficiency of the fight against organised crime, terrorism, money laundering, and corruption, in particular considering the trans-national nature of organised crime and related illegal smuggling and trafficking activities. Regional actions in the fight against organised crime are essential not only between the Beneficiaries, but also with European and international partners.

The Communication from the Commission on the Western Balkans of 5 March 2008 outlines that judicial and law enforcement cooperation in combating organised crime and corruption are of particular importance for the Western Balkans and a core priority for their European agenda. The fight against corruption and organised crime is also defined as a top priority in the Enlargement Strategy and Main Challenges 2008-2009, which underlines that there is a need to enhance law enforcement cooperation on criminal matters, including for investigations on domestic war crimes. The Council Conclusions of the Slovenian Presidency of 19-20 June 2008 stress the importance of cooperating and sharing experiences with EU Member States in the fight against organised crime and terrorism.

The need to strengthen cooperation between law enforcement agencies and judicial authorities to improve cooperation in fighting organised crime, corruption, illegal immigration and counter-terrorism was further underlined during the Ministerial Forum EU/Western Balkans on Justice and Home Affairs held in Zagreb in November 2008.

As a response to these political priorities the following strategic choices have been made: Support enhanced cooperation in prosecution and investigation on criminal matters; Develop efficient communication procedures and mechanisms to exchange information and transfer criminal proceedings; Enhance mutual assistance in penal matters, protection of witness of serious crime; Support harmonisation and approximation of judicial systems and legal frameworks towards EU standards and the *acquis*; Facilitate networking as well as the sharing of best practices and lessons learned in the region; Establish harmonised guidelines and protocols for the sharing of relevant information across borders thus building upon the achievements made by national projects and other regional initiatives.

Expected Results

More effective regional and international cooperation in fighting organised crimes perpetrated across the IPA beneficiaries, including war crimes; Improved cooperation and networking between regional police and judiciary authorities; Decreased level of criminal activities in the IPA beneficiaries leading to improved security and public order; Improved cooperation and exchange of information between IPA beneficiaries as well as between IPA beneficiaries and European and international networks.

2.3.1.3.4 Disaster Risk Reduction

Objectives

Reduce vulnerability of IPA beneficiaries, in line with the Hyogo Framework for Action 2005-2015⁹ and prepare them for integration in the EU Civil Protection Mechanism.

Strategic Choices

South-East Europe is prone to natural disasters, such as earthquakes, floods and forest fires, which transcend borders and thereby overwhelm the ability of a single country to cope. At present regional cooperation does not exist to the extent necessary to prepare for and to address effectively such disasters. Having a pragmatic preparedness and response framework is imperative to ensuring standardisation in language, equipment, warning systems and border-crossing protocols.

The World Bank, together with the UN International Strategy for Disaster Reduction, has developed a Disaster Risk Mitigation and Adaptation Framework for South Eastern Europe which proposes two phases of intervention: Phase I Non-Structural Measures and Phase II Structural Investments. In addition, the Stability Pact has established a "Disaster Preparedness and Prevention Initiative" which could play a key role of coordinating body in the regional activities undertaken by the different organisations in the region.

As a response to this the following strategic choices have been made: Support to the regional activities recommended under Phase I - Non-Structural Measures in the Disaster Risk Mitigation and Adaptation Framework for South Eastern Europe; Development of the civil protection capacities of the IPA beneficiaries by bringing them closer to the Community Civil Protection Mechanism¹⁰ including preparedness actions such as training, exercises and exchange of experts, as well as allowing them to take part in the actions developed in the same field within the framework of the Union for the Mediterranean.

Expected Results

Mitigated impact of natural disasters and improved response to crises; Enhanced capacity and skills in managing Civil Protection; Improved technical coordination of civil protection at regional level.

2.3.1.3.5 Interim Civilian Administrations

Objectives

Facilitate the smooth operation of the Office of the High Representative (OHR) in Bosnia and Herzegovina.

Strategic Choices

On 22 May 2000, the Council adopted Regulation No (EC) 1080/2000 on support for the United Nations Interim Mission in Kosovo (UNMIK), the Office of the High Representative in Bosnia and Herzegovina (OHR) and the Stability Pact for South-Eastern Europe (SP).

The Office of the High Representative (OHR) is an *ad hoc* international institution responsible for overseeing implementation of civilian aspects of the accord ending the war in

⁹ The World Conference on Disaster Reduction held in Kobe, Hyogo, Japan, 18 to 22 January 2005 adopted the Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.

¹⁰ The Community Civil Protection Mechanism was established in 2001 to facilitate the mobilisation of support and assistance from Member States in the event of major emergencies.

Bosnia and Herzegovina. The mandate of the High Representative is to oversee all civilian aspects of the implementation of the Peace Agreement for Bosnia and Herzegovina.

Since the creation of the OHR in 1996, the EC has contributed to the operational costs of OHR by providing 50.6% of its budget which eventually increased to 53%. EC assistance to the OHR over the years has amounted to around EUR 80 million. The trend in the OHR has been a year-by-year reduction in staffing which is in line with the overall expectation that developments in Bosnia and Herzegovina will lead to the eventual phasing out of the OHR. An EU presence will, however, be continued through the office of an EU Special Representative, which will continue to be financed under the Common Foreign and Security Policy budget. A liquidation team will remain in place for a short period beyond the end of the OHR mandate, to ensure the finalisation of the administrative and financial activities of the organisation.

Expected Results

Improved stability in Bosnia and Herzegovina.

2.3.1.3.6 Civil Society Dialogue and Development

Objectives

Strengthen civil society organisations and their role in the political process; Increase civil society organisations capacity to develop cross-border projects and networks; Strengthen social partnerships to underpin reform; Familiarise civil society representatives and opinion leaders with EU affairs; Develop best practice cooperation models and standards; Develop sustainable relations between civil society organisations in the IPA beneficiaries as well as in the EU.

Strategic choices

EC support for civil and political rights in the IPA beneficiaries has hitherto mainly focused on inter-ethnic relations, poverty reduction, environmental protection, social development and equal opportunities. Support has also been provided for dialogue projects with the EU and between the IPA beneficiaries.

Although IPA beneficiaries are gradually adopting legislation and strategies more favourable to civil society development, civil society remains weak. Local NGOs require training to adapt to present conditions, to strengthen their capacities and to participate in the European integration process. It is also necessary to encourage the freedom of association, to put in place regulatory frameworks and public incentives for the development of civil society organisations, and to guarantee a supportive legal environment for civil society activities.

The European Commission Communication on the Enlargement Strategy and Main Challenges 2007-2008 introduced a revised strategy for the development of civil society in the IPA beneficiaries, to be called the "Civil Society Facility" (CSF). The CSF focuses on three types of activity: (1) Support to local civic initiatives and capacity-building, increasing the abilities and visibility of civil society organisations at a national level; (2) "People 2 People" programmes support visits to EU institutions and bodies to exchange experiences, know-how and good practices between IPA beneficiaries and EU civil society organisations; (3) Partnership actions implemented by IPA beneficiary and EU civil society organisations to encourage the transfer of knowledge, establish networks and implement innovative trans-national projects. The CSF is financed under both the IPA Multi-beneficiary- and the IPA national programmes.

Therefore the strategic choices for this MIPD are to provide horizontal support to the CSF through technical assistance offices in the IPA beneficiaries, “People 2 People” visitor programmes and partnership actions.

CSF support will complement that, already being given under the European Initiative for Democracy and Human Rights (EIDHR). The EIDHR focuses on strengthening the role of civil society in promoting *human rights* and *democratic reform*, in supporting *conflict prevention* and in consolidating *political participation and representation*.

Expected results

Local civil society organisations capacities to mobilise, advocate, manage and maintain networks are improved; Increased cooperation and transfer of knowledge between businesses, trade unions and professional organisations in the IPA beneficiaries and between corresponding EU-level organisations.

2.3.2. Address the Economic Criteria

2.3.2.1. Competitiveness of the economies

Objectives

Raise the competitiveness of the Western Balkan economies and Turkey; Increase rates of employment; Develop formal employment; Reduce the current account imbalances in the long term.

Strategic Choices

Economic and social developments in the Western Balkans and Turkey represent a strategic European-wide interest as they contribute to the political stabilisation of the region and of Europe as a whole. The development of a full-functioning market economy capable of resisting global competitive pressure is a pre-condition for EU Membership.

Although there has been steady economic growth in the region over the past years, two particularly concerning risk factors which impact market stability remain. Further efforts need to be made by the region with respect to (i) the relatively high unemployment levels and (ii) the large current account deficits. These two risk factors can only be addressed if policy makers assign resources and thoughts to dedicated strategies, action plans and projects to improve the competitiveness of the economies. Clear objectives should be included to increase overall productivity levels as well as to improve the export capacities of businesses. It is expected that economic growth will stagnate in Europe and globally in the coming years economic reforms focusing on competitiveness are of growing importance.

Businesses, in particular, small and medium sized enterprises (SME), are at the heart of the Western Balkans' and Turkish economies. Enterprises develop on the basis of their human and financial resources. The successful use of these resources depends on the successful interaction between businesses (including investors, financial intermediaries), educational and vocational training institutions, research and development institutions, infrastructure providers, governments and business support structures. While on a cost basis Western Balkans businesses are competitive today, a recent study conducted by the OECD¹¹ noted that long term competitiveness requires the region's governments to make significant efforts together to tackle the following challenges:

¹¹ Study carried out by the OECD Investment Compact for South East Europe under the EC financed CARDS project "Defining and Strengthening Sector Specific Source of Competitiveness in the Western Balkans"

- i. **Human Capital Development:** A major human capital reform is needed to address urgently the increasing gap between existing skills and skills required by the market. This includes also addressing means to increase labour market flexibility and to promote entrepreneurial thinking at all levels of the education system.
- ii. **Research and Innovation:** Businesses will not be competitive in the long term based on cost only. They need to move further up the value chain and to offer specialised, high quality and high value-add services and products. Strong links between businesses, academia (education, research and development) and policy makers are necessary to actively channel innovation efforts.
- iii. **Access to Finance for modernisation of SME technologies and equipment:** Businesses need improved access to finance through financial intermediaries, foreign direct investors and capital markets.
- iv. **Access to Markets:** Businesses require better access to external markets. A major step for the liberalisation of trade flows took place through the signature and ratification of Central European Freed Trade Agreement (CEFTA) 2006. Efforts must now focus on implementation of the agreement by all signatory parties. The major issues on the agenda of CEFTA include the further reduction of non-tariff barriers to trade, the harmonisation of norms and standards, the protection of intellectual property rights and patents.

Investing in infrastructure at a regional level (see Section 2.3.2.2. Cooperation with International Financial Institutions) and strengthening business support services (see Section 2.3.1.3.9 Civil Society Dialogue and Development) are other important challenges. Under the IPA Multi-beneficiary Programme the EC will support governments' efforts to strengthen their competitiveness through a four-pillar Regional Competitiveness Programme:

- i. **Human Capital Development:** Support regional policy makers to develop and implement actions to match the supply of skills with market demand and enhance overall skills in the region. Support an entrepreneurial culture and learning process within the region.
- ii. **Research and Innovation:** Stimulate research cooperation across IPA beneficiaries and with EU Member State partners to channel innovation¹². Create stronger links with the education and business sectors. Support the development of regional competitive clusters. Support the creation of sector specific regional working groups to maintain the reform momentum.

Particular emphasis should be placed on facilitating cooperation between the already established EU research facilities and the IPA beneficiaries.

- iii. **Promote access to finance for the upgrading and modernization of SME technologies and equipment:** Under IPA and previous programmes, European Community support has been provided to strengthen in particular the capacity of financial intermediaries to provide finance to small and micro enterprises in the framework of the European Fund for South East Europe (see Chapter 2.3.2.2. Cooperation with IFIs). This support will continue. A gap needs to be filled with regards to demand for finance

¹² Support would be based on the Joint Action Plan endorsed by the Beneficiaries (SEE-ERA.NET White Paper); With respect to Turkey, an Action Plan on Research established at the beginning of 2007 will serve as a basis to identify the strengths and weaknesses of Turkey's research capacity and regularly monitor its cooperation with EU research partners

from SMEs. A new financial instrument, eventually in cooperation with an IFI, shall aim to:

- Increase SMEs demand for finance through tailor-made technical assistance;
 - Promote and accelerate the implementation of innovative EU compliant investments among SMEs through special financial incentives which would reduce the cost of financing for SMEs;
 - Increase awareness among SMEs of investment financing options;
- iv. Access to Markets: Promote the implementation of the CEFTA 2006: The EC will continue to co-finance the technical and administrative work of the CEFTA Secretariat established in Brussels until September 2011. In parallel, technical assistance will be made available to the CEFTA parties including advice and guidance on the development of regional norms and procedures, strengthening the links between efforts on regional trade and investment generation policies, regional seminars and training programmes as well as development of regional networks.

Continued support will be provided to the development of quality infrastructure (see Chapter 2.3.3.1. Free Movement of Goods) and the protection of patents and intellectual property rights (See Chapter 2.3.3.2. Intellectual and Industrial Property Policy). The above mentioned measures are proposed at regional level as further regional economic integration will better prepare the economies of the Western Balkans for the European Single Market and increase their appeal as a destination for investment and trade.

Expected Results

- i. Human Capital Development: Functioning and sustainable coordination network among IPA beneficiaries dealing with competitiveness including all relevant stakeholders from the region; A tool to analyse sector specific skills gaps made available; Regional sector specific analyses of the impact of labour market regulations and hiring charges with recommendation for change; Regional consultation mechanisms and structures to encourage the sustainability of human capital development reform; Integration of entrepreneurial learning in the education and vocational training systems; Steering regional policies in the field of entrepreneurial learning through regional conferences, annual workshops and national workshops; Greater awareness and stronger involvement of the business community in promoting entrepreneurial learning.
- ii. Research and Innovation: Increased research cooperation across the IPA beneficiaries and with EU partners focused on areas that are most likely to channel innovation; Increased awareness of the importance of research to support competitiveness; Better integration of IPA beneficiaries into the European Research Area.
- Improved access to modern technologies and production methods; Regional structure/institute/group representing the different regional competitive clusters addressing related legal and administrative matters established; Regional cluster implemented as a pilot project; Regional sector specific working groups operating under the umbrella of the regional centre for competitiveness and the Regional Cooperation Council established;
- iii. Access to Finance: Increased number of EU compliant investments; Increased capacity of SMEs to prepare projects for external financing; Improved awareness among SMEs on financing opportunities;

- iv. Access to Markets: Established CEFTA Secretariat supporting CEFTA structures¹³; Progress made in the implementation of CEFTA; Strengthened trade-related organisations. For quality infrastructure, patents and intellectual property rights the expected results are presented in the respective chapters 2.3.3.1. and 2.3.3.2.

2.3.2.2. Cooperation with International Financial Institutions

The development of a functioning market economy and a capacity to withstand competitive pressure requires the development of a functioning financial sector capable of acting as a vehicle for economic growth and the development of competitive businesses, in particular, small and medium enterprises (SMEs). Financing a wide range of infrastructure investment needs is also a pre-requisite for sustainable socio-economic development and stability in the region. International Financial Institutions have been instrumental in providing access to finance to IPA beneficiaries and have allowed them to start carry out necessary investments. At the same time the IPA beneficiaries have been obliged to adopt prudent fiscal and monetary policies to maintain economic growth. Today this leads to a situation where investment needs are still high while the IPA beneficiaries` capacities to incur an ever increasing external debt are moving towards a ceiling. Non-repayable grants both from the EC and from other donors including the Member States combined with International Financial Institutions loans have become a crucial resource for private sector development, investments in energy efficiency, and infrastructure remediation and upgrading without overburdening the IPA beneficiaries with excessive debts.

Objectives

- *Strand I: Private sector development:* Strengthen the capacity of the financial sector to make finance available to economic actors in the long term and to effectively play their role as financial intermediaries contributing to the reduction of the size of the informal economy; Facilitate investments in micro, small and medium-sized enterprises; Strengthen the capacity of the IPA beneficiaries to prepare bankable projects (see also Section 2.3.2.1 Competitiveness of the economies).
- *Strand II: Energy efficiency:* Assist the IPA beneficiaries to promote investments in energy efficiency and renewable energy sources in order to improve the energy performance of the building and industry sectors offering opportunities for the highest savings in energy and reduction in CO₂ emissions.
- *Strand III: Promotion of infrastructure investments:* Support the development and upgrading of transport, environment, and energy infrastructure and in the social field, so as to contribute to the creation of conditions favourable to sustainable development in the region as well as in the IPA beneficiaries; Support preparation of projects that may be financed by grants and/or loans provided by the IPA beneficiaries, the IFIs, IPA resources, and/or other sponsors/donors.

Strategic Choices

- *Strand I - Private sector development:* On the supply side, EU assistance to promote access to finance for micro and small-sized enterprises has been channelled to the region in the past through numerous individual agreements with various International Financial Institutions. In 2005 a regional multi-donor initiative was inaugurated entitled the European Fund for South East Europe (EFSE). This initiative has led to the consolidation of the numerous micro-credit agreements throughout the region

¹³ CEFTA Structures are: CEFTA Chair, CEFTA Joint Committee (Ministerial Level), CEFTA Sub-Committees;

into one single instrument, it has provided sustainability to previous funding and it has led to management efficiency gains. The most striking feature of EFSE is the fact that the risk-cover of the EC and Member State contributions aims to attract private capital to invest in micro-lending. EFSE has so far been rolled out successfully. Hence, the EC plans to continue supporting EFSE between 2008 and 2010. On the demand side, it is the roll-out of a new SME instrument to stimulate and support investment needs is envisaged.

- *Strand II – Energy efficiency:* The Multi-beneficiary MIPD will promote investments in energy efficiency and renewable energy in the SME, housing and public sectors by capitalising on actions supported by the National programmes, which aim at (i) Increasing public awareness regarding energy efficiency and the potential for energy savings; (ii) Implementing legislation with regards to the Directive on energy performance of building¹⁴, and the energy end-use efficiency and energy services¹⁵ (including renewable energy). (see also Section 2.3.2.1 Competitiveness of the economies)

Furthermore, the promotion of energy efficiency investments meets the recommendation of the European Commission Green Paper on Energy Efficiency¹⁶ encouraging International Financial Institutions to provide long-term funding to finance energy efficiency investments.

The regional approach to deal with Energy Efficiency is an efficient way of coordinating the EU actions with the Energy Community organised on a regional basis.

- *Strand III – Promotion of infrastructure investments:* Adequate infrastructure networks and services in the transport, energy, environment and social sectors are crucial in ensuring sustained socio-economic development and stability in the region. Insufficient financial resources and lack of experience in preparing projects suitable for consideration by International Financial Institutions and other donors for financing are among the key factors hindering improvements in infrastructure. Adequate investment in infrastructure is essential to ensure that many indispensable services such as water and sanitation, heating, energy provision, transport, health and education are widely available and living conditions are improved. For these investments, access to finance is essential.

A multi-sector multi-beneficiary Infrastructure Projects Facility which will support Beneficiary institutions at national, regional and municipal levels will facilitate the preparation and implementation of infrastructure investment projects financed by International Financial Institutions and or other donors. This Facility will aid cooperation and coordination with International Financial Institutions, attain economies of scale through the availability of the necessary technical expertise to prepare and support infrastructure investment projects, facilitate networking and exchange of know-how among IPA beneficiaries, and leverage International Financial Institutions loans that complement national IPA grants.

Expected results

¹⁴ Directive 2002/91/EC of the European Parliament and of the Council of 16 December 2002

¹⁵ Directive 2006/32/EC of the European Parliament and of the Council on energy end-use efficiency and energy services of 5 April 2006

¹⁶ Doing more with less: Green Paper on energy efficiency. COM(2005) 265 final of 22 June 2005

- *Strand I – Private sector development:* Increased capacity of the financial sector to develop and provide new financial products to economic actors, in particular to micro-enterprises; Increased number of very small, small and medium-sized businesses; Increased levels of productivity and employment of micro and small enterprises as a consequence of better access to finance and innovative investments; Increased compliance of SME investments with *acquis* and standards.
- *Strand II – Energy Efficiency:* Increased number of investments, in particular, energy efficient investments due to better access to finance from private and public sector bodies; Reduction of CO₂ emission per unit of gross domestic product; Reduction of energy intensity and pollution in the country in line with Kyoto targets; Accelerated implementation of the *acquis* in national legislation.
- *Strand III – Promotion of infrastructure investments:* Increased number of transport, environment, energy and social infrastructure projects with high investment potential; Increased synergies between grants and loan financing of infrastructure investments; Improved capacities of Beneficiary institutions to prepare and implement infrastructure investment projects.

2.3.2.3. Education and Youth

Objectives

– *Education*

Support the development and the quality of the higher education systems through balanced cooperation between local higher education institutions and those of the EU Member States; Enable mutual enrichment and better understanding between the EU Member States and the IPA beneficiaries through the exchange of academic staff and students at all levels and through the provision of postgraduate studies to highly qualified students in EU universities.

– *Youth*

Strengthen democracy in the Western Balkans; Facilitate the integration and active participation of young people in society; Develop youth organisations and the voluntary sector through cooperation between local NGOs, youth organisations and youth workers and those of the EU Member States, and through youth exchanges, networking and voluntary service.

Strategic choices

– *Education*¹⁷

In the Communications on the Western Balkans of January 2006 and March 2008 as well as the Enlargement Strategy and Main Challenges 2008-2009, the European Commission has committed itself to a further increase in the number of scholarships available to students from the Western Balkans. IPA Multi-beneficiary assistance will therefore continue to support the Erasmus Mundus programme as well as the Tempus programme.

The Erasmus Mundus Programme focuses on cooperation and mobility with a view to improving European higher education and to promoting intercultural

¹⁷ In view of the economies of scale to be attained in programming interventions in these areas, the Tempus Programme is included in the Multi-beneficiary MIPD but will be financed from the National budgets.

understanding. Two components of the programme will be supported: *the Western Balkans - Turkey Window* which will provide for scholarships earmarked for graduate students to follow high-quality Erasmus Mundus joint programmes at European universities¹⁸ and the *Erasmus Mundus External Cooperation Window for the Western Balkans* which will enable the exchange of academic staff and students at all levels in the framework of EU-Western Balkans higher education institution partnerships.

The Tempus programme involves cooperation between higher education institutions in EU Member States and the Western Balkans. It has supported the modernisation efforts in higher education in the Western Balkans and will continue to provide assistance for the implementation of the Bologna Process and other reforms of higher education in the Western Balkans, provided that they do not participate in the Lifelong Learning programme¹⁹.

– *Youth*

Non-formal education and youth intercultural exchanges play an important role in creating an area of peace, stability, prosperity and freedom. The Commission Communication on the Western Balkans of January 2006 mentioned that the Commission would create new opportunities under the established Youth Programme. In 2007, the 'Youth in Action' programme replaced the Youth programme and a new 'Western Balkan Window' was established to allow more projects submitted by organisations from the Western Balkans to be supported. The Youth in Action programme supports projects leading to improved intercultural dialogue and tolerance among young people, social inclusion of disadvantaged youngsters, as well as the strengthening of youth NGOs and the development of civil society. IPA Multi-beneficiary assistance will be provided through the Western Balkans Window which will further expand the actions of the European Commission in the fields of non-formal education and youth, and will achieve the objectives set in the Commission Communication on the Western Balkans of January 2006 and March 2008.

Expected results

– *Education*

Improved university administration; Greater regional cooperation between IPA beneficiaries universities and with the EU Member States; Increased mobility of students and academic staff across the IPA beneficiaries and with the EU Member States; Better intercultural understanding; Regular and continuing dialogue and partnerships on political and expert levels across the IPA beneficiaries and with the EU Member States.

– *Youth*

Increased number of youth exchanges, partnerships established and contacts made between youth NGOs in the Western Balkans and in the EU, through the Youth in Action Programme.

¹⁸ In addition to those proposed to graduate students and academic staff from all countries in the world - including the Western Balkans and Turkey - under the general scholarship scheme funded from the Erasmus Mundus budget.

¹⁹ Turkey is not concerned as it is already participating fully in the Lifelong Learning programme.

2.3.3. *Ability to assume the obligations of Membership and approximation to European Standards*

2.3.3.1. Free movement of goods

Objectives

Strengthen cooperation between quality infrastructure bodies to enable them to implement the CEFTA 2006 and to increase the attractiveness of the region as a destination for foreign direct investment; Harmonise the quality infrastructure sector in line with EU standards; Allow IPA beneficiaries to better exploit the generous Autonomous Trade Measures (ATMs) granted to the region by the EU.

Strategic choices

Regional and horizontal projects implemented by the European Committee for Standardisation (Comité Européen de Normalisation (CEN)) under the CARDS Regional programmes well as the Phare Multi-Country programme in the area of quality infrastructure have assisted the IPA beneficiaries to develop their technical and institutional capacities. By working together, IPA beneficiaries pool their expertise, share knowledge, resources and facilities in a variety of fields including technical regulations, standardisation, accreditation, testing-certification-inspection, metrology and market surveillance.

Further efforts are needed however, to align legislation and procedures in quality infrastructure with EU standards and best practices. As there are limited resources available to deliver technical assistance as well as a limited absorption capacity by the IPA beneficiaries, assistance through the IPA Multi-beneficiary programme will promote coordinated and harmonised actions and methodologies which will maximise the use of the limited resources, facilitate implementation and achieve economies of scale.

The IPA Multi-beneficiary programme will not only complement existing and planned activities under the national programmes but will also focus on fostering regional cooperation by for example, aligned country sector assessments, sharing of facilities, participation in international proficiency testing leading to accreditation of in-country laboratories and exchange of information (e.g. translation of European Standards, setting-up of a regional standards database).

Expected results

Improved capabilities of quality infrastructure bodies to provide high-level services to industry in their own and neighbouring countries and territories; Strengthened mutual confidence and cooperation between the IPA beneficiaries as well as with the EU in the area of quality infrastructure; Improved institutional development as a precondition for international agreements and mutual recognition.

2.3.3.2. Intellectual and industrial property policy

Objectives

Support the intellectual and industrial property authorities to harmonise and enforce processes and systems in the areas of intellectual and industrial property rights.

Strategic choices

The Regional Industrial Property Rights Project implemented by the European Patent Organisation (EPO) under the CARDS Regional programme as well as the Phare Multi-country programmes for Industrial and Intellectual Property Rights have assisted the IPA beneficiaries to develop technical capacities. However, in order to complement the obligations

assumed by the IPA beneficiaries under CEFTA 2006 and where relevant, their SAA and WTO obligations, further support through the IPA Multi-beneficiary programme is needed to facilitate alignment with EU standards and to prepare National IPA beneficiaries for full membership in the European Patent Organisation (EPO).

Expected results

National IPA beneficiaries prepared for alignment to European Standards and full membership of the EPO. Enforcement mechanisms further strengthened.

2.3.3.3. Food safety, veterinary and phyto-sanitary policy

Objectives

Eradicate animal diseases in the Western Balkans, in particular those diseases that remain a threat to EU Member States.

Strategic choices

In order to effectively and efficiently eradicate important animal diseases such as rabies and classical swine fever in the Western Balkans, a regionally harmonised implementation of animal disease control strategies should be implemented. The eradication of such diseases should minimise the risk posed to EU Member States and support IPA beneficiaries' efforts to export live animals as well as animal products to EU Member States.

The need to develop a Multi-beneficiary programme in this area is warranted not only by ensuring a harmonised approach but also in the benefits to be attained through the sharing of information, best practices and lessons learned between IPA beneficiaries and between the IPA beneficiaries and EU Member States.

Expected results

Cooperation between the veterinary authorities of the region; Established animal disease eradication contingency plans developed for the Western Balkans.

2.3.3.4. Transport

Objectives

Build public administration capacities to implement *acquis* and related strategies; Facilitate networking, the sharing of best practices and lessons learned between the IPA beneficiaries and with EU Member States; Promote the development of the core regional transport network; Support IPA beneficiaries efforts to implement fully the European Common Aviation Area Agreement.

Strategic choices

A Memorandum of Understanding for the Development of the South East Europe Regional Core Transport Network (MoU) was signed in 2004 by the IPA beneficiaries and the European Commission with the common objective of improving transport links within the region and with the neighbouring European countries in order to strengthen trade liberalisation and to facilitate the free movement of people and goods. In 2007 an addendum concerning a railway transport area to the MoU on the Development of the South East Europe Core Regional Transport Network was signed. The MoU focuses on the South East Europe Core Regional Transport Network that includes 5,866 km of roads, 4,264 km of rail, 1,181 km of inland waterways (the rivers Danube and Sava), 7 sea ports, 2 river ports and 11 airports in the Western Balkans. The MoU envisages close cooperation between the participants on the harmonisation of transport regulatory and administrative provisions with EU standards and technical standards in the SEE Region. Moreover, the multi-annual plan for the development

of the core regional transport network will prepare regional project proposals for investment in the transport sector. The IPA Multi-beneficiary Programme therefore supports the South East Europe Transport Observatory (SEETO) in its implementation of the MoU.

The European Common Aviation Area (ECAA) Agreement was signed on 20 December 2005 with all IPA beneficiaries as partners. It constitutes an important extension of the Single European Sky, and commits the signatories to modifying their national aviation safety, regulatory and security standards to comply with EU best practices. The Integration of South-East Europe in the Single European Sky (ISIS) support programme was launched in 2008 with the objective of implementing the Single European Sky regulations in the region. Further support to the relevant aviation authorities of the Western Balkans is foreseen. A Treaty establishing a Transport Community with the Western Balkan partner countries is planned to be signed in 2009. When appropriate, support could be given to assist the signatories in its implementation.

Expected results

Increased administrative capacity of civil servants and institutions in the transport sector; Legislation and practices in the transport sector aligned with the *acquis*.

2.3.3.5. Energy

Objectives

Support the operational costs of the Energy Community Secretariat.

Strategic choices

On 25 October 2005 the Treaty establishing the Energy Community²⁰ was signed by the European Community and the IPA beneficiaries with the exception of Turkey which achieved observer status on the 17 November 2006. The Energy Community aims to create a stable and regulatory South East European market capable of attracting investment, and to expedite the implementation of investments in the field of energy efficiency and renewable energy sources in compliance with the *acquis*.

In accordance with Article 73 of the Treaty establishing the Energy Community and its Annex IV, as modified by the Procedural Act No 2006/05 of the Ministerial Council of the Energy Community, the European Community must contribute 98.1% of the budget of the Energy Community. On 30 November 2007, the Council adopted the position that the European Community approve a budget of maximum EUR 2.94 million for 2009 (Council Decision with reference 10781/07 + COR1, COR2 and COR3)²¹, as the EC's share of the overall budget of the Energy Community.

Expected results

Full functioning of the Energy Community.

2.3.3.6. Customs and Taxation

Objectives

Assess the level of operational capacity of the Customs and Tax administrations in the IPA beneficiaries; Identify areas of improvement to be supported with technical and financial assistance from EU, Member States, etc; Support internal management of Western Balkan and Turkish Customs and Taxation administrations with their modernisation plans and their

²⁰ Council Decision 2006/500/EC of 29 May 2006 (OJ L 198, 20.7.2006, p. 15)

²¹ Council Decision with reference 10781/07 + COR1, COR2 and COR3

alignment to EU; Ensure that Customs and Taxation systems and documentation are planned and developed in accordance with the interconnectivity requirements of the EU.

Strategic choices

Candidate countries have to adopt the *acquis* and implement EU legislation, rules and procedures by the time of their accession. Certain issues may be better dealt with through regional or horizontal projects. Occasionally, it is necessary to verify at a regional level what stage both they and other IPA beneficiaries have reached, and to make comparative assessments.

Customs and fiscal blueprints are practical guidelines laying down the criteria based on EU best practice against which Customs and Taxation administrations are to measure their operational capacity. The blueprints provide a basis for plans to undertake customs and tax/fiscal reforms. They also ensure that any assistance provided is structured, consistent and properly targeted with measurable results.

It is now considered necessary to launch a regional blueprints project to assess all the Customs and Taxation administrations in the IPA beneficiaries in order to identify and evaluate any remaining shortfalls.

As regards interconnectivity, coordinated and specialised support managed by DG Taxation and the Customs Union will ensure that the technical and functional solutions adopted by IPA beneficiaries are in line with EU requirements.

Expected results

Improved operational capacity of Customs and Taxation administrations in line with the *acquis*; Identification of areas for improvement to be supported with technical and financial assistance; Adoption by candidate and potential candidate countries of the *acquis* and implementation of EU legislation, rules and procedures; Appropriate systems and documentation compliant with accession requirements developed.

2.3.3.7. Statistics

Objectives

Harmonise national statistical systems with the *acquis* and improve the availability, quality, comparability and timeliness of statistical data.

Strategic choices

Reliable and comparable statistics are indispensable for managing the association and accession processes with the IPA beneficiaries. Upgrading the national statistical systems in the IPA beneficiaries requires sustainable investments into the administrative capacity to produce statistics and the alignment of statistical procedures with the *acquis*. This concerns in particular key statistics on population, foreign trade, prices, national accounts, agriculture and rural development, industry, migration, energy, environment and labour market. The IPA Multi-beneficiary programme ensures coordination among the IPA beneficiaries, and the transfer of knowledge, the respect of common standards and the production of comparable statistics based on common approaches. It is complementary to the national IPA programmes which cover country-specific actions and the implementation of major statistics at national level. Both programmes are necessary to help achieve the objectives set out in the national development plans.

Expected results

Greater competence and awareness among IPA beneficiaries' officials on how to implement *acquis*; Improved quality of statistical data.

2.3.3.8. Justice, Freedom and Security: Integrated Border Management, Visa and Migration

Objectives

Implement regional and international agreements related to integrated border management effectively through the adoption of common standards and procedures; Improve the management of all aspects of migration flows in the region by regulating and facilitating legal migration and curbing illegal migration.

Strategic Choices

Efficient border management and border security are important priorities for the region and for Europe as a whole. Since the Tampere Programme of 1999, the management of the external borders has been one of the cornerstones of the progressive establishment of the European Union as an area of freedom, security and justice. The 2002 Commission Communication "Towards integrated management of the external borders of the Member States of the European Union" set out priorities for the development of integrated border management, focusing on a common body of legislation, and operational cooperation between EU Member States. The 2004 Hague Programme maps the development of a second generation of measures designed to strengthen management of the external borders.

The European model for integrated border management is based on the principles of solidarity, mutual trust and co-responsibility between EU Member States, founded on full respect for human rights. From an enlargement perspective, where the external borders of the European Union will move towards the external border of the neighbouring IPA beneficiaries, the European Union's commitment and responsibilities within the Stabilisation and Association Process is to offer to the IPA beneficiaries a clear concept of integrated border management including the references, principles, standards and practices available to implement an efficient and effective border management system in all relevant fields, among IPA beneficiaries but also between the IPA beneficiaries and the EU Member States. EU Member States and the IPA beneficiaries should develop strategic and operational tools for an efficient and effective control of their borders and participate in joint operations in cooperation with the FRONTEX Agency²².

Migratory pressures including the prevention of persons seeking to enter the EU for illegitimate reasons are obvious challenges facing the Union and its policies on borders and visas. The fundamental challenges of migration management must be addressed through a comprehensive immigration policy. In December 2005, the European Council adopted the Global Approach to Migration that initially focused on Africa and the Mediterranean region.

In its Conclusions of December 2006, the European Council called on the Commission "to make proposals on enhanced dialogue and concrete measures" and to apply a uniform approach to the regions neighbouring the EU. In its Communication of 16 May 2007²³, the Commission put forward a series of recommendations aimed at achieving better governance of migration flows in the regions. Acknowledging the need for an intensified and more coordinated cooperation with these regions, the Council invited the Commission to consider these recommendations as priority measures. In addition, the Presidency Conclusions of 21-22 June 2007 called on Member States and the Commission to ensure that adequate human and financial resources were allocated to facilitate the timely implementation of the migration

²² Regulation (EC) No 2007/2004.

²³ COM(2007)247

policy in the region. Several priorities have already been taken on board by the Member States and by the Commission through the AENEAS Programme ("Thematic Cooperation Programme with Third Countries in the Development Aspects of Migration and Asylum"). Since the programme is no longer eligible for the Western Balkans, the IPA Multi-beneficiary Programme will support some of the measures identified as priorities for the Western Balkans.

Expected Results

Improved regional and cross-border cooperation in the field of integrated border management; Improved management of all aspects of migration flows in the region by regulating and facilitating legal migration and curbing illegal migration.

2.3.3.9. Environment

Objectives

Strengthen public administration capacities to implement EU legislation and related strategies, including climate change; Facilitate networking, the sharing of best practice and lessons learned between the IPA beneficiaries and with EU Member States.

Strategic choices

While the environmental *acquis* is being implemented, compliance with the *acquis* needs further enforcement, monitoring and investment. A new regional cooperation mechanism, the Regional Environmental Network for Accession (RENA) will be developed as a sequel to the Regional Environmental Reconstruction Programme. RENA will facilitate the transfer and exchange of experience on environmental matters in the pre-accession context in areas such as strategic planning and investment, climate change, cross-border cooperation and multilateral environmental agreements and will include the Environmental Compliance and Enforcement Network for Accession (ECENA).

The European Commission will continue its cooperation with other institutions and initiatives in the field of environmental management in the region.

Expected results

Improved capacities of civil servants and other relevant actors to transpose and implement the environmental *acquis*; Increased number of investments due to better project preparation and hence easier and quicker access to finance from private and public sector bodies; Increased awareness of environmental issues, including the exchange of best practices; Alignment of legislation in the environmental sector with the *acquis* and improved enforcement; Increased political and social dialogue on environmental issues; Increased cross-border cooperation; Development and implementation of the Regional Climate Change Action Plan.

2.3.3.10. Technical Assistance and Information Exchange (TAIEX)

Objectives

Further support IPA beneficiaries' administrations to develop their capacities in view of eventual EU Membership; align IPA beneficiaries' legislation with the EC *acquis*.

Strategic Choices

The use of the TAIEX instrument to support the process of transposing, implementing and enforcing the EU *acquis* in the IPA beneficiaries has been emphasised in the Communication on Enlargement Strategy and Main Challenges 2007-2008. Moreover, the recent ex-post evaluation of the Phare programme underlines the importance of TAIEX to support the accession process as it complements several other institution building instruments, including

Twinnings. In line with its mandate, the TAIEX instrument is well suited to intervene in all areas concerned by the 'Ability to assume the obligations of Membership'.

The TAIEX instrument has been conceived to develop and strengthen the IPA beneficiaries administrative capacities to transpose, implement and enforce the *acquis* and to foster the exchange of best practice among peers in all areas where reforms are required as part of the accession preparation process. Favouring the harmonisation of national legislations with the common standard represented by the *acquis*, not only Multi-beneficiary, but also single-beneficiary TAIEX activities will instil a regional dimension to the assistance provided. The approach is based on the axiom that certain national issues may benefit from being supported through Multi-Beneficiary programmes rather than multiple national programmes. This is the case of the TAIEX instrument where economies of scale, coherence and experience can be more effective and efficient in providing short-term technical assistance on the implementation of the *acquis*.

Expected Results

Improved capacities of IPA beneficiaries public administrations; Further alignment of Beneficiary legislation with the EU *acquis*; Greater competence and awareness among Beneficiary officials on how to implement EU *acquis*; Dissemination of updated information through the TAIEX website and databases.

2.3.3.11. Nuclear Safety and Radiation Protection ²⁴

Objectives

Enhance the technical competence and administrative capacity of the national radiation safety authorities and other relevant public organisations; Contribute to solving the most urgent radiological issues that confront the IPA beneficiaries.

Strategic choices

All IPA beneficiaries are facing radiological issues that are connected with the use of radionuclides for industrial and medical applications. The management of sealed radioactive sources, for example, dismantling of radioactive lightning rods, and the operation of centralised storage facilities for radioactive waste remain a key issue. Moreover management of radionuclides in hospitals requires investments and training of the personnel. In nearly all IPA beneficiaries, the prevention and combat of illicit trafficking of nuclear materials and radioactive sources need specific regulations, supply of equipment, training of the relevant state organisations and specific actions to make the support sustainable.

Radioactive contamination of the environment by depleted uranium as a legacy of the war in Bosnia and Herzegovina also requires assistance. Although the radiological consequences resulting from the existence of naturally occurring radioactive materials have not yet been fully assessed, appropriate regulatory actions are needed in some affected countries and territories. The installation and/or modernisation of early warning systems to detect possible radioactive contamination in the air are a prerequisite to improve radiation protection in several countries. Finally, doses delivered to patients from medical exposure are worth being assessed in a number of IPA beneficiaries. In Serbia and in Turkey, the operation, refurbishment and dismantling of nuclear research reactors constitute additional sources of

²⁴ Activities foreseen in the areas of nuclear safety and radiation protection are National in scope. However, in view of the economies of scale to be attained in programming interventions in these areas, they are included in the Multi-beneficiary MIPD but will be financed from the National budgets.

radiation risks that would require investment, in particular for the management of spent nuclear fuel and radioactive waste.

Radiological issues in the IPA beneficiaries should be addressed with the view to eventually transposing the *acquis* in the nuclear domain, including the international conventions to which the European Community is a party. This transposition would require a number of legislative and regulatory actions and would affect current management practices of radionuclides and radioactive materials. This would require significant EU support in particular for those IPA beneficiaries envisaging the future construction and operation of nuclear power plants.

The recommendations of the 2003 European Security Strategy which considers that proliferation of weapons of mass destruction is potentially the greatest threat to our security are undoubtedly several of the priority activities to be implemented.

A combination of Multi-beneficiary and National projects would be effective to address the aforementioned issues in the areas of nuclear safety and radiation protection. Multi-beneficiary projects would identify in more detail the extent of the radiological problems as well as the gaps and deficiencies of the national safety authorities. Based on the results of these initial analyses, appropriate technical assistance projects would be defined to be implemented either regionally (for example, the prevention of illicit trafficking of nuclear materials in the Western Balkans) through the Multi-beneficiary programme or on a national basis. The Multi-beneficiary programme will build the capacities of the regulatory authorities through the development of common approaches for a number of radiological issues (for example, the management of sealed radioactive and orphan sources).

Expected results

Improved efficiency and effectiveness of relevant public administrations (radiation protection authorities, nuclear safety authorities and other publicly funded bodies); Greater competence and awareness among Beneficiary officials on how to implement EU *acquis*; Greater availability of instruments to combat illicit trafficking of nuclear materials and radiation sources; More early warning and efficient emergency systems in place; Reduction of the radiation risks for the members of the public; Further alignment of the management practices of radioactive materials with EU best practices in particular in the field of radioactive waste management and decommissioning; Better monitoring and cleaning up of contaminated territories with depleted uranium.

2.3.4. Information and Communication

Objectives

Provide clear and factual information to citizens in the IPA beneficiaries on EU enlargement and pre-accession assistance, with the aim of ensuring the necessary support for the reform process which is an essential precondition to accession; Strengthen the dialogue with stakeholders and establish a two-way communication about the EU and the enlargement process in IPA beneficiaries in order to increase understanding and visibility of the pre-accession assistance.

Strategic choices

The Enlargement Strategy Paper 2008-2009 outlines the possibilities that are opening up in the IPA beneficiaries on their progress towards accession to the EU, and also lists potential challenges ahead. There may be considerable developments in the region over the next period: Croatia may enter the last phase of accession negotiations, some of the current potential candidates may apply for membership and some of them may be granted candidate status. On the other hand, there are negative trends in the EU public perception of some IPA

beneficiaries and similar patterns may develop in others. All these factors represent communication challenges for the EU.

The EU Information and Communication strategies therefore should be well targeted and resourced. European Commission Delegations should operate with adequate funds to illustrate and demonstrate the EU's commitment for eventual EU membership of IPA beneficiaries. Furthermore, they should enable European Commission Delegations to increase their efforts in demonstrating the value of EU's pre-accession assistance. This should be done with concrete examples and "human interest stories", supported by active communication about the EU and its support for the IPA beneficiaries' progress on their path of reforms. The right information should reach the right audience, thus demanding the development of targeted and tailored tools.

The pre-accession assistance supports the IPA beneficiaries in their efforts to improve the life of their citizens. The EU Information and Communication strategies should build on this essential message and ensure sustainable public support for EU membership. In doing so, European Commission Delegations need to work with selected multipliers to expand outreach and communicate the local dimension of EU assistance.

Central coordination of the EU Information and Communication activities in the IPA beneficiaries is needed to ensure a coherent image of the EU, cross-border cooperation and assist European Commission Delegations by adding a European dimension to their actions.

Expected results

Increased visibility and understanding of the EU and its pre-accession assistance in the IPA beneficiaries; Strengthened regional ownership of the processes facilitating progress towards EU membership; Sustainable support for EU membership among the populations in the IPA beneficiaries.

2.3.5. Support activities

2.3.5.1. Audit, Evaluation and Monitoring

Audit provides the European Commission with assurance as to the legality and regularity of transactions financed through the assistance. This concerns compliance with the applicable legislation and rules and whether project funds have been used for their intended purpose. Assurance can also relate to sound financial management and the principles of economy, efficiency and effectiveness. Audits may also refer to the assessment of national management systems, particularly in the context of conferral of management.

Evaluation provides the European Commission with a judgement of interventions according to their results, impacts and needs that they aim to satisfy. Its purpose is to contribute to the design of interventions, assist in allocation of resources, improve the quality and report on the achievements of the interventions. The IPA assistance programmes will be evaluated according to the standard interim and ex post evaluation requirements, as laid down in the IPA Implementing Regulation.

Monitoring provides the European Commission with regular analytical assessments on implementation of programmes and projects, in particular on the relevance, effectiveness, efficiency, impact and sustainability of the assistance to the IPA beneficiaries. Furthermore it is a tool to ensure that programmes and projects remain on course to reach the set objectives, to obtain early feedback from project implementation to subsequent project design in advance of conclusions from possible ex-post evaluations. Monitoring serves as a support to reporting mechanisms to the Member States, the European Parliament and the Council.

**ANNEX 1: INDICATIVE ALLOCATION TO MAIN AREAS OF INTERVENTION FOR THE PERIOD
2009-2011**

AREAS OF INTERVENTION	PERCENTAGE RANGE
Addressing the Political Criteria (including Civil Society Dialogue)	25% - 30%
Addressing the Economic Criteria	38% - 44%
Ability to assume the obligations of Membership and approximation to European Standards	15% - 18%
Information and Communication	05% - 07%
Support Activities	04% - 07%

When adopting annual programmes, due account shall be taken of the progress made in the implementation of programmes of preceding years.

ANNEX 2: OVERVIEW OF EC MULTI-BENEFICIARY ASSISTANCE

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
CARDS	20.0	75.8	62.9	36.4	75.2	81.8				352.1
PHARE				7.5	69.65	150.3				227.45
IPA							109.0	151.4	157.6	418.0
TOTAL	20.0	75.8	62.9	43.9	144.85	232.1	109.0	151.4	157.6	997.55

Note:

The CARDS figures 2003-2006 include the figures for the Regional Programme and the Interim Civilian Administrations (UNMIK, OHR and the Stability Pact). CARDS 2004-2006 includes EUR15 million, EUR15 million and EUR11.9 million respectively for Cross-Border Cooperation. The CARDS 2006 also includes Information and Communication as well as Audit, Monitoring and Evaluation.

The Phare figures include those allocated to Multi-beneficiary programmes as well as finance facilities with the IFIs.

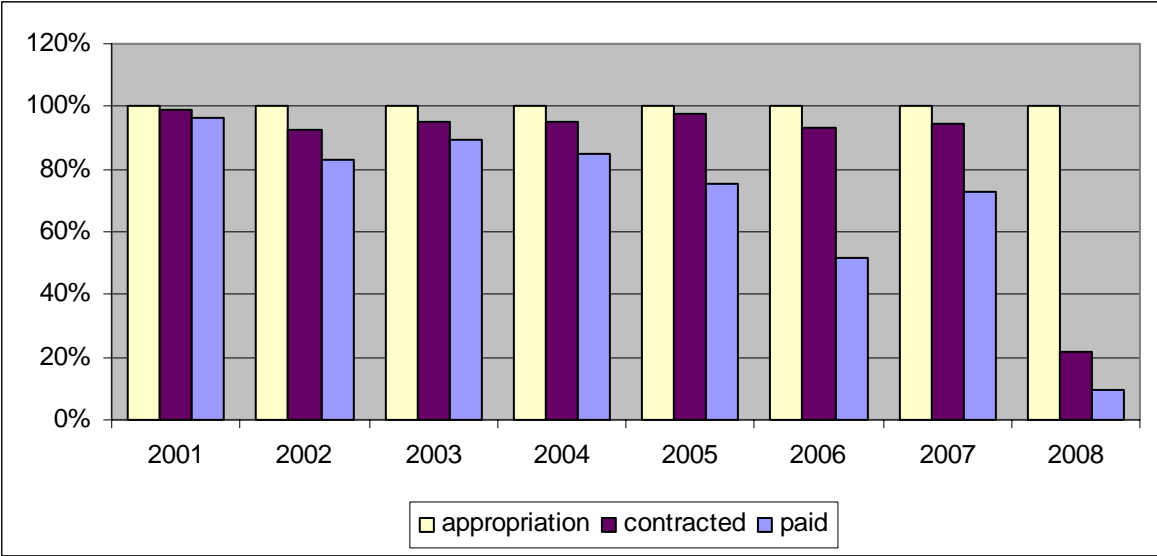
The IPA figures for 2007 and 2008 include Regional and Horizontal projects, TAIEX, Information and Communication, Audit, Monitoring, Evaluation and Interim Civilian Administrations (UNMIK, OHR, Stability Pact/RCC). The IPA figures 2009 are based on the approved budget.

Source of figures:

CARDS and Phare: Commission Decisions

IPA: Commission Decisions and the approved yearly budget

ANNEX 3: CONTRACTING AND DISBURSEMENT RATES UNDER ON-GOING PROGRAMMES



The rates provided in the above table are as of 15 February 2009.
 They are sourced from the Common Relex Information System (CRIS)

ANNEX 4: CROSS-CUTTING ISSUES

A number of cross-cutting themes will be integrated into the Multi-beneficiary IPA programme. The programming documents will identify the measures that will address these issues and the monitoring of the programme will report on the results achieved. The horizontal issues concerned are: (1) participation of civil society, (2) environmental protection, (3) equal opportunities and non-discrimination, (4) concerns of minority and vulnerable persons and (6) good governance.

The major cross-cutting issues to be tackled in this Multi-beneficiary MIPD are:

- **Civil Society** will also be supported by the European Initiative for Human Rights and Democracy. Civil Society is understood as defined in the Communication from the Commission on Civil Society Dialogue between EU and Candidate Countries (COM (2005) 290 final). This is understood to include amongst others: employers' organisations, trade unions and associations of local governments as well as non-governmental organisations. A justified balance will be kept between Western Balkans' Multi-beneficiary activities for civil society and specific activities under the National and EIDHR Programmes.
- **Environmental** considerations will be duly reflected in all IPA financed activities in addition to specific actions in particular as concerns Environmental Impact Assessments in line with the European Principles for Environment.
- **Equal opportunities and non-discrimination** will be respected as regards both gender and minorities at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- Furthermore the **concerns of minorities and vulnerable groups** will be reflected in all activities programmed under IPA, in particular when they concern public services, legislative matters and socio-economic development.
- Specific action instruments for the **good governance** with particular attention to **fight against corruption** will be incorporated on a horizontal basis.
- In line with the principles of 'Together for Health: A Strategic Approach for the EU 2008-2013'²⁵, **public health** considerations will be reflected in all activities programmed under IPA.

²⁵ COM(2007) 630 final, 23.10.2007

ANNEX 5: LIST OF ABBREVIATIONS

ATM	Autonomous Trade Measures
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-border cooperation
CEFTA	Central European Free Trade Agreement
CEN	Comité Européen de Normalisation (European Committee for Standardisation)
CSF	Civil Society Facility
DCP	Danube Cooperation Process
DFID/UK	UK Department for International Development
DIS	Decentralised Implementation System
EAR	European Agency for Reconstruction
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECAA	European Common Aviation Area
ECENA	Environmental Compliance and Enforcement Network for Accession
EEFF	Efficiency Finance Facility
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIDHR	European Initiative for Democracy and Human Rights
EPO	European Patent Organisation
EU	European Union
GTZ	Deutsche Gesellschaft für technische Zusammenarbeit
HSC	Horizontal Support to Coordination with the International Financial Institutions
IBM	Integrated Border Management
IFI	International Financial Institutions
IFI AG	International Financial Institutions Working Group
IMF	International Monetary Fund
IOM	International Organisation of Migration
IPA	Instrument of Pre-accession Assistance
IPR	Intellectual Property Rights
JLS	Justice, Liberty and Security
KfW	Kreditanstalt für Wiederaufbau
MED	Mediterranean Space (an ERDF programme)
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
MONSTAT	Statistical Office of Montenegro
MoU	Memorandum of Understanding
NGO	Non-Government Organisation
NIPAC	National IPA Coordinator
NPI	National Programme for Integration 2008-2012
OECD	Organisation for Economic Cooperation and Development
OHR	Office of the High Representative in Bosnia and Herzegovina
OCSE	Organisation for Security and Cooperation in Europe
Phare	Community aid to the countries of Central and Eastern Europe
SAA	Stabilisation and Association Agreement
SEE-FABA	South East European Functional Airspace Blocks Approach
SEES	South East European Space (an ERDF programme)
SEI	Secretariat for European Integration
TACTA	Technical Assistance for Customs and Tax Administration
TAM / BAS	Turn Around Management / Business Advisory Services Programmes (of EIB)
VET	Vocational Education and Training
RCC	Regional Cooperation Council
RENA	Regional Environmental Network for Accession
ReSPA	Regional School of Public Administration

Sap	Stabilisation and Association Process
SEECF	South East Europe Cooperation Process
SEEFABA	South East Europe Functional Airspace Block Approach
SEETO	South Eastern Europe Transport Observatory
Sida	Swedish International Development Agency
SME	Small and Medium-sized Enterprises
TAEIX	Technical Assistance Information Exchange Office
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMIK	United Nations Interim Mission in Kosovo
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organisation