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COMMISSION DECISION

of 2009

on a Multi-annual Indicative Planning Document (MIPD) 2009-2011 for Kosovo (under UNSCR 1244/99)¹

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)², 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 candidates. Article 6 (1) of that Regulation requires that the assistance shall be provided on the basis of multi-annual indicative planning documents, established in close consultation with the national authorities. On 14 August 2008, the Commission adopted the MIPD 2008-2010 for Kosovo under UNSCR 1244/99.
- (2) In accordance with Article 6 (3) of Regulation (EC) No 1085/2006 assistance for countries listed in Annex II to that Regulation shall be based on the European Partnerships and cover the priorities and overall strategy resulting from a regular analysis of the situation in the beneficiary and on which preparation for further integration into the European Union must concentrate.
- (3) Kosovo³ is listed in Annex II to Regulation (EC) No 1085/2006.
- (4) On 18 February 2008, the Council adopted the European Partnership with Serbia including Kosovo⁴.
- (5) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006⁵.

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

² OJ L 210, 31.7.2006, p.82.

³ Under UNSCR 1244/99.

⁴ Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 (OJ L80, 19.3.2008, p.46–70).

⁵ Recalling the Council Conclusions of 18 February 2008, Member States declare that the adoption of the MIPD 2009-2011 for Kosovo (under UNSCR 1244/99) does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

HAS DECIDED AS FOLLOWS:

Sole article

The Multi-annual Indicative Planning Document (MIPD) for the years 2009-2011 for Kosovo under UNSCR 1244/99 attached to the present Decision is hereby adopted.

Done at Brussels,

For the Commission
Member of the Commission

Instrument for Pre-Accession Assistance (IPA)

**MULTI-ANNUAL INDICATIVE PLANNING DOCUMENT
(MIPD)**

KOSOVO (UNDER UNSCR 1244/99)⁶

2009-2011

⁶ United Nations Security Council Resolution 1244 of 10 June 1999.

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Executive Summary

Along with the rest of the region, Kosovo⁷ is embracing the European agenda, underpinned by the EU policy for the Western Balkans, the Stabilisation and Association Process (SAP). At the meeting of the European Council on 19/20 June 2008, the EU recalled its willingness to assist the economic and political development of Kosovo through a clear European perspective, in line with the European perspective of the region. Therefore, the major challenges for Kosovo which should be addressed by the Multi-annual Indicative Planning Document (MIPD) are:

Political Criteria: Within the framework of the political criteria, EC assistance should complement the comprehensive EU intervention in Kosovo, including the objectives of the EUSR and the EULEX mission. EC assistance under this heading should focus in particular on institution-building, including support for public administration and civil service reforms, the development of civil society, the protection of Serb and other minorities including their cultural heritage and promotion of the rule of law in Kosovo.

Economic Criteria: EC assistance should furthermore be used to support the development of Kosovo's economy and for improving the socio-economic environment of all communities in a sustainable way. This should require measures that can catalyse investment by the international financial institutions (IFIs) and the private sector, taking due account of the limitations which the status issue imposes on such investment. At the same time, more efforts should be devoted to helping the authorities develop a reform agenda which promotes fiscal sustainability, good governance of public expenditure, and sound financial management. Relevant macro-economic analyses and sector strategies to underpin these actions are currently under development or revision, notably as concerns transport, energy and education.

European Standards: In addition to the above, EC assistance should continue to support Kosovo's European vocation and its integration into the Western Balkans region as a whole. Guided by European Partnership priorities, a gradual approximation to the *acquis* in specific sectors, increased attention to the rule of law in the wider sense, and preparations for Kosovo's participation in Community programmes should be some salient features.

The indicative funding available for the period 2009-2011 amounts to EUR 242.1 million. The allocation for 2008-2010 was EUR 358.1⁸ million, which constituted a considerable increase due to the additional allocation of EUR 120 million to the IPA 2008 annual programme within the framework of the July 2008 Donors' Conference.

⁷ Under UNSCR 1244/99.

⁸ As part of a wider mobilisation of new funds to support the stability and development of Kosovo, the IPA funding for Kosovo was increased by EUR 100 million (an additional EUR 60 million in 2008 and a further EUR 40 million in 2009). Furthermore, EUR 60 million originally intended for macro-financial assistance in Kosovo in 2008 was also transferred to Kosovo's 2008 IPA envelope. The figure here includes these additional amounts.

IPA allocations for Kosovo 2009-2011 (in EUR million) earmarked in the MIFF:

Component	2009	2010	2011	2009-2011
<i>Transition Assistance and Institution-building</i>	103.3	64.5	65.8	233.6
<i>Cross-border Cooperation</i>	2.8 ⁹	2.8	2.9	8.5
Total	106.1	67.3	68.7	242.1

Section 1

Assessment of past and ongoing assistance

1.1 INTRODUCTION

The MIPD 2009-2011 is the key strategic planning document for assistance to Kosovo under the Instrument for Pre-Accession Assistance¹⁰ (IPA). It identifies the major areas of intervention and main planning priorities for the subsequent development of annual assistance programmes and follows the Multi-Annual Indicative Financial Framework (MIFF), which indicatively allocates funds per beneficiary and per component. The MIPD covers, on a rolling basis, three years of the planning period 2007-2013. The present MIPD builds on the MIPD 2008-2010 and previous EC assistance (CARDS 1998-2006, IPA 2007 and 2008), which addressed the most pressing reconstruction needs in Kosovo and has increasingly been focused on institution-building in recent years. While the European Partnership priorities, based on the Commission's 2008 enlargement strategy paper and the 2007 Progress Report, remain unchanged and only minor adjustments to the strategic objectives should therefore be proposed, important international and domestic political developments relating to Kosovo's status need to be taken into account for the MIPD to retain its relevance.

Significant developments have taken place in 2008, including Kosovo's declaration of independence of 17 February, the coming into force of the Constitution of Kosovo on 15 June and the reconfiguration of the international presence in Kosovo, as decided by the UNSG in June. At the same time, UNSCR 1244/1999 continues to apply.

In June 2008, the European Council reconfirmed that the EU remains committed to playing a leading role in ensuring the stability of Kosovo, also through EULEX, the EUSR and its contribution to an international civilian office as part of the international presence. It also recalled its willingness to assist the economic and political development of Kosovo through a clear European perspective, in line with the European perspective of the region.

Kosovo is embracing the European agenda and is determined to move closer to Europe. Almost all instruments under the Stabilisation and Association Process (SAP) are open to Kosovo. The SAP Tracking Mechanism (STM) provides a high level forum for policy and technical dialogue, complemented by technical sectoral workshops. The Commission's annual

⁹ Conditions are not in place for IPA Component II to support joint cross-border programmes between Kosovo and neighbouring countries. 2009 Component II funds will thus be transferred to Component I.

¹⁰ Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

Progress Report has become an important monitoring tool to assess Kosovo's progress on an annual basis.

EC assistance is an integral part of fostering Kosovo's participation in the SAP. Plenary meetings of the STM were held in November 2007, in May and December 2008. In the framework of the enhanced STM structures established in March 2007, sectoral STM meetings have been held in the areas of Innovation and Research Policy, Internal Market, Good Governance, Economy, Infrastructure and Agriculture.

The European Partnership¹¹ lists priorities to be addressed by Kosovo's authorities in the short and medium term. The Council adopted a revised European Partnership for Kosovo in February 2008. Kosovo approved its European Partnership Action Plan (EPAP) in July 2008. Following the Commission's Enlargement Strategy Paper of November 2008 and the Council Conclusions of December 2008, the Commission will present a study in autumn 2009.

In April 2008, the government adopted the Plan for European Integration 2008-2010, which aims to improve inter-governmental coordination and communication. The relevant institutional structures were set up in September. Further to its commitment at the July Donors' Conference, the government established an Agency for Coordination of Development and European Integration in October.

The MIPD has been the subject of wide consultation during its preparation. The Kosovo authorities were consulted as well as the EULEX mission and the EUSR, other donors and international financing institutions. Comments received have been taken into account. In addition, meetings were held in Pristina, to which all EU Member States present were invited, and during which its priorities were presented so as to ensure complementarity with Member States' bilateral assistance plans and to avoid any duplication. Kosovo-based local and international civil society organisations were given a draft of this MIPD and an opportunity to comment on its content.

1.2 OVERVIEW OF PAST AND ONGOING ASSISTANCE AND OF LESSONS LEARNED

1.2.1 Overview of past and ongoing EC assistance

EC assistance to Kosovo has been provided since 1998 under a variety of instruments including regular technical assistance, humanitarian aid, exceptional financial support and financing to Pillar IV of UNMIK. The CARDS programme was the main financial instrument for Kosovo since 2000 until it was replaced by IPA in 2007. The European Commission's Liaison Office (ECLO) in Pristina is responsible for the deconcentrated centralised management of IPA and remaining programmes under CARDS.

To date, EC assistance amounts to over EUR 2.3 billion. This includes the financing of the EULEX mission and the EUSR and international civilian office.

¹¹ Council Decision 2008/213/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2006/56/EC (OJ L 80, 19.3.2008, pp. 46-70).

EC support for Kosovo 1999-2008 (in EUR million)

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

More detailed data on 2000-2006 CARDS, 2007 and 2008 IPA support by priority area is included in Annex 2.

In the post-conflict phase, an urgent physical infrastructure and stabilisation programme was initiated. This included the reconstruction of over 16,000 houses, the rehabilitation of water and sanitation systems, the irrigation of over 10,000 hectares of farm land, the repair of over 400 km of road and 16 bridges, the completion of municipal infrastructure projects, and the construction of six regional landfills to EU standards and Kosovo's first waste-water treatment plant. However, there is still a significant need for infrastructure support in Kosovo.

Major investments supported the rehabilitation of Kosovo's dilapidated energy sector. EC funds have supported emergency electricity imports and the large-scale over-haul of the Kosovo B power plant, the coalmines, transmission systems, distribution networks, and district heating plants. EC assistance also targeted management and capacity building in the energy sector as well as Kosovo's participation in the Energy Community Treaty. However, the outstanding investment needs would be much larger and require private investment, as would be the need to support sound corporate management to ensure the viability and sustainability of the sector.

EC assistance has gradually evolved to reflect and support Kosovo's participation in the SAP and to fulfil European Partnership priorities. In partnership with the government, EU Member States, IFIs and other donors, ongoing assistance focuses on the strengthening of the rule of law, building the technical skills and capacity of the Kosovo authorities to formulate and implement coherent policy reforms, strategies and EU-compatible legislation and to fulfil their expanding mandates. Economic development and creating sustainable jobs for Kosovo's communities and supporting the return and durable integration of minorities have been other priority areas for support.

Kosovo has also benefited from the CARDS and IPA regional programmes to support actions of common interest for the Western Balkan region, for example in the fields of customs and taxation, transport, trade (e.g. through the implementation of CEFTA and regional trade integration), private enterprises, infrastructure, institution-building, higher education (e.g. Tempus, Erasmus Mundus), youth (the Youth in Action Western Balkans) and cross-border cooperation. However, Kosovo's possibilities and capacities to fully participate in regional programmes were limited hitherto.

The IPA Annual Programmes for 2007 and 2008 aim to provide assistance to strengthen administrative capacity at all levels, enhance the rule of law, human rights and good governance, improve socio-economic conditions for all communities, and develop regional cooperation. By the end of 2008, more than 50% of IPA 2007 funds were contracted and implementation started. More detail on contracting and disbursement rates is included in Annex 3.

The Commission's Liaison Office in Kosovo is staffed and fully operational as of 2008 so as to carry out its responsibilities under centralised programme management (notably tendering and contracting) in line with the relevant articles of the Financial Regulation and Implementation Rules. The Office will also ensure the proper management of CARDS projects transferred from the (now closed) European Agency for Reconstruction.

1.2.2 Overview of past and ongoing multilateral and bilateral assistance

A number of EU Member States, IFIs, other organisations and bilateral donors are active in Kosovo. It should be noted, however, that IFI involvement in Kosovo is limited, for reasons related to the Kosovo status issue. An outline of the current main actors by area of intervention is listed below. Close coordination and division of tasks with other donors should be ensured during the IPA programming phase.

- *Institution-building* (including public administration reform, public finance, local government): DFID/UK, Sida/Sweden, France, Germany, Switzerland, Council of Europe, OSCE, UNDP, IMF, USAID.
- *Rule of law and the security sector*: DFID/UK, France, Germany, Switzerland, OSCE, IOM, OHCHR, UNICEF, USAID, US Department of Justice.
- *Returns and minorities*: Germany, Italy, Spain, the Netherlands, Sweden, Council of Europe, UNHCR, UNDP, IOM, USAID, Norway, the UK, Denmark.
- *Economic development* (including rural development and job creation): Sida/Sweden, KfW/Germany, GTZ/Germany, DFID/UK, EIB, EBRD, IMF, the World Bank, FAO, UNDP, USAID, Norway, Switzerland, Denmark, Italy, Luxembourg.
- *Infrastructure sectors* (including energy, environment, and transport): Sida/Sweden, the Netherlands, KfW/Germany, GTZ/Germany, Switzerland, EBRD, World Bank, UN Habitat, USAID.
- *Social sectors* (including health, education, civil society): DFID/UK, Sida/Sweden, Germany, Austria, Finland, World Bank, Soros Foundation, the Council of Europe, Denmark, Italy, Luxembourg, USAID.
- *Cross-border cooperation*: OSCE, East-West Institute, Sida/Sweden, DFID/UK.

Regular coordination meetings with EU Member States and other donors present in Kosovo are called and chaired by the ECLO. As mentioned above, the government set up the Agency for Coordination of Development and European Integration in October.

The main bilateral cooperation partners of the European Commission are Germany, Switzerland, Norway, Sweden/Sida, the Netherlands, UK/DFID and USAID. Germany is supporting the development of infrastructure (especially energy and water supplies), promotion of the economy and employment, advising on the restructuring of administrative structures in the education and vocational training area and the improvement of the general economic climate. UK support is structured under four themes of stability, jobs and growth, accountable governance, and rule of law. The overall approach is to assist Kosovo develop its own sector programmes. UK funds assist improvements in public administration, public financial management, policy development and policy coordination. Sweden/Sida is financing the "Study of the Education Sector in Kosovo" initiative, which should lead to further intervention in the sector by all relevant donors, including the EC. UNDP projects in support of local development and the return of Roma to the northern part of Kosovo complement

relevant projects included under IPA 2007 covering the whole territory of Kosovo. The World Bank has supported activities in the energy, education and health sectors.

In July 2008, the European Commission organised a successful Donors' Conference in support of Kosovo's socio-economic development, which saw the participation of representatives from 37 countries and 16 international organisations, who pledged a total of over EUR 1.2 billion. The meeting confirmed the continued international commitment to Kosovo and agreed the principles for donor coordination presented at the conference. The participants urged the authorities to establish, before the end of the year, a coherent coordination framework that fully takes account of Kosovo's European integration ambitions.

1.2.3 Lessons learned

Experience as summarised in Commission evaluation reports suggests that IPA assistance needs to consider the following **lessons learned**:

- EC assistance must be **directly linked to Kosovo's development and action plans set within a clear European perspective, in line with the European perspective of the region**, e.g. the Action Plan for the implementation of the European Partnership priorities and Kosovo's Medium-Term Expenditure Framework (MTEF), including relevant sectoral strategies and plans when available.
- A precondition for efficient assistance is **co-ordination**, requiring increased efforts of Kosovo's institutions to articulate a link between their development needs and EC assistance, efficient donor consultation and improved cooperation within the government, under the auspices of Kosovo's IPA coordinator, who is yet to be formally appointed. The Agency for Coordination of Development and European Integration should become fully operational as soon as possible, delivering against the principles for aid coordination agreed at the July 2008 Donors' Conference. Kosovo's Action Plan for the implementation of the European Partnership should be updated in light of the 2008 Progress Report and specify the priority areas where IPA assistance can be used and how it would match financing from other donors and Kosovo's budget.
- A number of factors support an allocation of a significant proportion of the future EC assistance to **infrastructure investments**: (1) a plenitude of donors already offer "soft" technical assistance in Kosovo (training), (2) the expected economic downturn which increases the importance of capital investments, and (3) the often very insufficient buildings and equipment (e.g. in courts).
- Increased **local ownership** of EC assistance to Kosovo is essential for its effective targeting and for achieving the agreed results in line with EU standards. Therefore, the **planning** and **project preparation** capacity of Kosovo's authorities has to be improved.
- As Kosovo moves closer to Europe and alignment with European standards becomes increasingly important, the **administrative and financial implications of *acquis* approximation**, for the Kosovo administration must be considered. The administration's **absorption capacity** must be taken into account when designing programmes in order to allow maximum benefit of assistance provided, including its capacity to develop internal evaluation mechanisms for institutional capacity assessment.

- Proper **monitoring** of programmes and projects, both by the beneficiaries and the Commission, is a key requirement in order to guarantee the desired results or adapt the activities to the rapidly developing environment.

Section 2

Pre-accession assistance strategy for the period 2009-2011

2.1 INTRODUCTION

In drafting this MIPD, Kosovo's general strengths, weaknesses, opportunities and threats have been considered.

EC assistance should be drawing on Kosovo's *strengths*: its young population, its motivation to further integration into the region and the European Union. The basic regulatory framework for the establishment of a market economy is in place, privatisation has progressed and a successful Kosovo Donors' Conference was held in July 2008. Among the *weaknesses* that must be considered are the need to fully provide all communities with the same opportunities, deficits in the respect for the rule of law, the continuing deficiencies of institutional capacity, high unemployment, insufficient infrastructures, and a weak educational sector.

Kosovo must seize the *opportunities* such as natural resources with a potential for domestic and foreign direct investment, its young population and the willingness of the European Union and the international donor community to provide financial assistance as well as facilitating regional and cross-border cooperation in the context of its European perspective and full access to the European market. However, corruption and organised crime are *threats* to the realisation of the aims of EC assistance, which need to be taken seriously.

The Medium-Term Expenditure Framework (MTEF), presented at the Donors' Conference, includes a long-term vision, a macroeconomic framework 2008-2014, sector policies, priority projects and an action plan. This package of documents should be kept updated and used by the authorities as a basis for further planning and programming.

The European Commission organised a Donor Coordination Conference in October 2008 where the Commission and EU 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 Multi-annual Indicative Planning Documents 2009-2011 could become a strategic instrument for donor coordination and that the consultation on the MIPDs 2009-2011 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 consultation will be reported at the next donor conference scheduled for April 2009 in Albania.

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

Over the reference period, a further and much more substantial transfer of competences to the authorities should occur. This may entail the creation of institutions that currently do not exist and setting up new administrative structures, or enhancing existing ones. Kosovo has yet to build up an administration that can match the requirements which will come with increased responsibilities. At the same time, institution-building challenges in the wider context require urgent attention, including the rule of law, a competent and professional public administration, and the fight against corruption. Furthermore, attention will be paid to the respect for human rights and the protection of minorities, including their cultural heritage. In that context, more emphasis will be put on the Ljubjana process implementation, the new phase of the European Commission and Council of Europe joint action for cultural heritage in the Balkans.

Despite general improvements in economic regulatory frameworks, the economy's structural performance remains difficult. Poverty remains widespread and strong growth will be needed to alleviate it. Macroeconomic stability has yet to be achieved, mainly due to the fragile fiscal policy and performance and Kosovo's unsustainable external position. The informal economy is large and unemployment remains high. These features dampen private sector development, competitiveness and export capacities.

Developing and implementing sector policies in line with European standards and requirements is a demanding effort that requires a committed and strong administration. Kosovo's current capacities need to be further enhanced to develop and implement those policies. Kosovo is also striving to ensure that it will be able to fulfil the requirements of the Stabilisation and Association Process, and realise its European perspective, alongside the rest of the Western Balkans.

As a reflection of the above, the key objectives of pre-accession assistance form the three overarching sub-components of this MIPD:

- EC assistance should accompany the realisation of political requirements and be used to support Kosovo to develop into a stable, modern, democratic and multi-ethnic society endowed with a qualified and accountable public administration.
- EC assistance should enhance Kosovo's socio-economic development, including regional development in a sustainable way.
- EC assistance should support and accompany Kosovo's European vocation as a regionally integrated part of the whole Western Balkans region, to engage in good neighbourly relations, and to continue to participate in regional cooperation, including cross-border cooperation, in consistency with the principles of EU policy towards the region.

All IPA activities programmed for Kosovo will be closely co-ordinated with other EC/EU sponsored activities, including IPA multi-beneficiary programmes such as TAIEX, Tempus, Erasmus Mundus, the Seventh Research Framework Programme (FP7) and Youth in Action, and actions funded outside of IPA, including the EIDHR, the Stability Instrument and Macro-Financial Assistance. The Kosovo MIPD will finance Nuclear Safety and Tempus activities

programmed under the Multi-Beneficiary MIPD 2009-2011¹². Activities to be financed under Components I and II should generate additionality, complementarity and have catalytic effects in particular in relation to socio-economic development. The same applies to any actions to be financed under IPA's forthcoming facilities to finance the promotion of dialogue and civil society development, and infrastructure investment.

There are certain key issues which shall be reflected as horizontal objectives in all activities programmed under IPA. The major **cross-cutting issues** to be tackled in Kosovo are (see Annex 4 for more detail):

- Civil society
- Environment
- Equal opportunities and non discrimination of minority and vulnerable groups as well as equality between men and women
- Good governance

2.2.2 Strategic choices for IPA Assistance during the period 2009-2011

For 2009-2011, the strategic choices are reflected in the following three axes:

Axis 1: Political Criteria

The Kosovo authorities should be assisted by the international community (EUSR/International Civilian Representative, EU rule of law mission EULEX, and donors). Kosovo needs to further develop its capacities in order to establish a multi-ethnic, democratic society firmly anchored in the rule of law and respecting and protecting the rights of the Serb and other minorities, and protecting religious and cultural heritage. EC assistance should focus on achieving this aim.

As a result, the focus under this axis should be on the fulfilment of the EU's political criteria and consolidation of Kosovo's institutional, administrative and judicial set-up, including the fight against corruption, civil service reform, the protection of the Serb and other minorities and the promotion of civil society activities.

Axis 2: Economic Criteria

Sustainable stability can only be achieved if Kosovo's economy develops and offers opportunities to all communities. Support for economic growth should be another key objective for EC assistance. Major infrastructure investment needs persist, which need to be matched with enhanced corporate governance of public utilities to ensure the sound and efficient administration of taxpayers' money. Investment should go hand-in-hand with a rigorous reform agenda that ensures fiscal discipline and macro-economic stability. Furthermore, assistance should aim to mitigate the effect of the global financial crisis on Kosovo.

¹² Other programmes, including the Civil Society Facility, Erasmus Mundus and Youth in action will be financed on the regional budget line.

The focus under this axis should be on wider socio-economic issues, including fiscal and financial management, auditing and accounting procedures, improvement of the investment climate and of business competitiveness, trade opportunities, development of the energy sector, environment, transport, agriculture and rural development, designing a research policy and reforming education and employment frameworks.

Axis 3: European Standards

Kosovo's authorities have made the European agenda their priority. The Thessaloniki agenda applies as much to Kosovo as it does to the rest of the region. In order to realise these ambitions, Kosovo's authorities are in the process of strengthening EU integration structures, including those which enable cross-border cooperation with neighbouring communities. Borders and boundaries should not act as an impediment to the development of good neighbourly relations which are for the benefit of all the people in the region. At the same time, they should also be well-secured to constitute an obstacle for cross-border organised crime activities.

The focus under this axis should be on capacity building and the approximation of legislation and flanking measures in the context of European standards as identified in the European Partnership. These include internal market issues, freedom, security and justice issues, food safety, veterinary and phyto-sanitary domains, agriculture and rural development, statistics, media and electronic communication and the preparation for the participation in regional initiatives and Community programmes.

2.3 MULTI-ANNUAL PLANNING BY COMPONENT

2.3.1 Component I - Transition assistance and institution-building

2.3.1.1 Objectives and choices

Axis 1: Political Criteria

Kosovo's institutions need to speed up the implementation of the Public Administration Reform Strategy and Action Plan. Kosovo's governance structures still require institution-building and infrastructure support at all levels, which should acquire additional importance in the light of their responsibilities to ensure the multi-ethnic society with respect of the rule of law. At the same time, there is a need to set-up a professional, unbiased and answerable public administration, able to prepare for the future implementation of the *acquis communautaire*.

Another important challenge for the Kosovo institutions will be to effectively implement and enforce a coherent and inter-connected body of EU compatible legislation, whilst fully taking into account the budgetary and resource implications on the government expenditure. The issue of decentralisation and strengthening local governance will require particular attention as a development aim to enhance the delivery of services to the population at large. The preparation of a housing and population census should be pursued to provide much needed statistical data in support of decentralisation issues and public and economic policy development.

Meanwhile, the rule of law has yet to firmly take hold in Kosovo, both in the public mind and in the newly created structures, such as the Ministries of Justice and Interior, the Kosovo Judicial Council, and in the municipalities. The judiciary remains weak and struggles to deal

with important backlogs, while operating under difficult conditions. Within the framework of preparations for the Donors' Conference in July 2008, the Commission has commissioned a comprehensive sector paper on the rule of law, including a needs assessment and cost estimate.

The strategic framework on communities and returns launched in July 2005 identifies three priority areas: the promotion of safety and freedom of movement, the creation of sustainable conditions for returns, and the enhancement of institutional support for returns. In June 2006, the Republic of Serbia, UNMIK and the PISG signed a protocol on returns, reiterating the parties' commitment to a sustainable returns process. In 2007, the Government adopted both the strategy for the readmission of asylum seekers and the reintegration strategy. In 2008, Kosovo established an Office for Communities and the Consultative Council for Communities. The challenge is now to ensure that the conditions and representation in public institutions of all minority communities living in Kosovo provide assurances for the return of IDPs and refugees to take place.

Civil society in general has yet to find a way of more meaningfully contributing to, and be heard in, the questions and issues important to the wider public.

On the basis the above, the following priorities, which were first set for the MIPD 2007-2009, have been maintained for axis 1:

- Improving **the performance of Kosovo's public administration** and pursuing the civil service reform should be priorities of EC assistance, so as to create an effective and professional public administration at all levels which is able to design and implement a coherent and interconnected body of legislation and to provide efficient public services across Kosovo in a transparent and accountable manner.
- Advancing **the reform of local self-government** as part of the decentralisation process, including the improvement of managerial competencies, service delivery and dialogue with citizens, as well as support to municipal, inter-municipal and cross-border projects and implementation of the poverty reduction measures at local level.
- Consolidating **the rule of law** by strengthening the judicial system and supporting police reform and the fight against corruption and organised crime, in close cooperation with the ESDP mission, to ensure a coordinated and mutually reinforcing approach.
- Promoting **human rights and the protection of the Serb and other minorities**, IDP and refugee return, and the creation of a climate of inter-ethnic tolerance in order to foster sustainable returns and protect the Serb and other minorities already living in Kosovo, including the conditions for growth and sustainable development of all communities as well as the preservation of and access to cultural and religious heritage of non majority communities.
- Contributing to the consolidation of **civil society** and the public media through mainstreaming civil society issues in all programmes and complementing support from other EC assistance instruments (i.e. EIDHR) with a clear message that solid social dialogue constitutes a condition for an effective partnership and good governance.

Axis 2: Economic Criteria

After a period of relatively high growth fuelled by the post crisis construction boom, remittance income and donor money influx, Kosovo's economy went through a period of stagnating development and negative growth rates. In recent years growth has picked up. Nevertheless, unemployment stands at around 40% with limited absorption capacity of job seekers by the labour market. Employment prospects for the young are particularly bleak; 37,000 school leavers enter the job market every year and face major difficulties to find employment and poverty is still widespread. Direct support to vulnerable groups such as women, youth and minorities and mainstreaming their participation in existing Kosovo and donor initiatives is needed.

Kosovo's education system is over-stretched and under resourced. Significant policy-making and capital investment deficits are apparent. The challenge will be to enhance the quality of the educational system and ensure that qualifications provided to the extremely young population of Kosovo correspond to labour market needs and contribute to the knowledge society. In June 2008, a report on a sector-wide approach in the education sector has been endorsed by international partners and the Ministry of Education, and an education strategy paper has been developed within the framework of preparations for the Donors' Conference.

Minorities remain marginal to the services of employment administration. Kosovo Serb communities do not cooperate with the authorities on policy and service delivery and parallel structures continue to be a challenge.

The informal ("grey") sector of the economy is fuelled by weaknesses in tax and expenditure policies, as well as in law enforcement. This ultimately hampers the economic and social development. Transforming informal activities into formal ones is a key objective concerning the effectiveness of implementation of reforms as well as of the *acquis* and the impact of EC support.

Nevertheless, Kosovo has a few success stories: monetary stability, the customs services are efficient providing for 60% of budget revenues, and corporate restructuring has resumed after a standstill over most of 2008.

The Ministry of Trade and Industry's *private sector development strategy* aims to reduce unemployment and improve the competitiveness of the Kosovo economy through a number of reform measures to attract local and foreign investment, stimulate the SME sector, to implement the CEFTA (Central European Free Trade Agreement) and increase the export base.

Kosovo's deficient basic infrastructure hampers its development, particularly in the energy sector where power cuts occur frequently. Opening the new lignite mine is critical to ensure a continuous power supply beyond 2009. The *Energy Strategy Paper 2005-2015* sets out a road-map for the further development of the sector and Kosovo's integration into the regional energy market. However, Kosovo's energy problems are not limited to infrastructure only. 1/3 of power produced is stolen, a further 1/3 is unpaid, resulting in a grossly-inflated power demand and the utility requiring budgetary transfers to survive. An energy sector paper was prepared for the Donors' Conference.

Investment in the transport sector from the consolidated budget does not suffice to guarantee the maintenance of Kosovo's existing transport network, let alone building new networks. Major investment is necessary but projects need appropriate justification on economic and

environmental grounds, as well as sound preparation. The government has approved an Environment Protection Strategy and Spatial Plan. The implementation of these strategies will also require support including for research in the sector. A transport sector paper has been prepared for the Donors' Conference.

Despite its potential, Kosovo's agriculture remains under-exploited and key challenges such as poor infrastructure, unresolved property rights, small farm size, lack of farm competitiveness, and poor access to commercial credit, inefficient quality control mechanisms, failure to prepare and enforce environmental and local development plans and low levels of education need to be tackled. A medium-term and integrated *agriculture and rural development plan for 2007-2013* has been developed by the Ministry for Agriculture, Forestry and Rural Development and will be updated in the course of 2009. It follows EC Guidelines, and is aligning Kosovo with the current EU agriculture and rural development strategy.

Financial management at the central level (Treasury) has improved but remains weaker at other levels of Kosovo's administration. Overall, the necessary structures of financial control have been strengthened but still need some improvement. Kosovo's administration has to improve its revenue raising capacities to contribute to the Kosovo consolidated budget, particularly in relation to tax collection.

On the basis the above, the following priorities, which were set for the MIPD 2007-2009, have been maintained for axis 2:

- Enhancing Kosovo's **investment climate and support to small and medium sized enterprises** through a continued implementation of the European Charter for Small Enterprises, favourable legislative and policy framework, enhancing corporate governance and access to specialised support and services, including investment and import/export promotion.
- Enhancing **sound financial management and control** at central and local level in order to ensure transparency, efficiency, sustainability and better control of public finances, including the development of a modern public procurement framework and related legislation and institutions.
- Improving **budget and fiscal policy-making and management**, enhancing control and collection capacity of the tax and customs administration and contribute to prudent fiscal policies, including addressing the budgetary and resource implications of EU approximation measures to the budget.
- Improving **good governance of public utilities and developing infrastructures** in order to promote business related activities and enhance the quality of public goods and services. The areas of energy, transport, environment, education and health, information technology and the digitalisation of television have to be developed as cornerstones of future economic growth.
- Undertaking **a functional review of the health system** in Kosovo and supporting the implementation of its recommendations to enhance service delivery and financing, and developing a gender-sensitive health strategy with a view to improving national preparedness to human health threats and developing systems for health monitoring and diseases surveillance.

- Improving **the quality of the education and training systems** in line with European standards and Kosovo's social, economic and population needs. Provide technical assistance and investment support for education, including vocational education and training. Kosovo's participation in the Seventh Research Framework Programme (FP7) and training of scientists are also considered in order to improve Kosovo's research capacity.
- Developing **active labour market and social inclusion measures** in order to combat unemployment and adjust to changes in the economy, and continue the mainstreaming of entrepreneurship education.
- Promoting **agriculture and rural development** through support to the rural economy and the livelihood of the rural population, in line with priority measures identified in Kosovo's Agriculture and Rural Development Plan 2007-2013, gradually aligned with measures established for EC pre-accession assistance for agriculture and rural development.
- Supporting Kosovo's **implementation of the Central European Free Trade Agreement (CEFTA)**.

Axis 3: European Standards

The European agenda has been declared the main agenda by Kosovo's authorities. Kosovo is an integral part of the EU's policy framework for the Western Balkans, and it is part of the Stabilisation and Association Process (SAP). Kosovo's administration engages in a regular political and technical dialogue with the Commission in the framework of the SAP Tracking Mechanism, the forum where the Commission and Kosovo's authorities discuss and assess progress in relation to the European agenda. Kosovo is also benefiting from the regional initiatives which are launched under the SAP.

The responsibilities of the former Agency for European Integration have been extended to also cover donor coordination. The newly established Agency for Coordination of Development and European Integration is an executive government agency under the direct responsibility of the Deputy Prime Minister. This development further underlines the government's commitment to the EU.

Kosovo has made progress to approximate its legislation and policies with European standards. However, the effective implementation and enforcement of legislation has not always been ensured. More efforts are needed to create an administrative environment that will ensure further approximation to European standards. Throughout the administration, the capacity to develop and implement sector strategies is weak and needs to be further strengthened. The creation of an adequate framework for personal data protection needs to be ensured, as well.

Kosovo's institutions will have to further develop their capacity in relation to home affairs. While general policing capacities are relatively well developed, specific issues such as the fight against organised crime and terrorism, anti-trafficking and border control need to be further strengthened.

While the Agency for Coordination of Development and European Integration is being strengthened, EU integration cells in ministries have to be created and/or strengthened, also in view of preparing for future participation in community programmes and agencies.

European integration is a long-term perspective for Kosovo. As a result, the following priorities, which were set for the MIPD 2007-2009, have been maintained for axis 3:

- Supporting the development of sectoral strategies and policies compatible with **European standards** in order to build up a sustainable Kosovo with a clear European perspective, in line with the European perspective of the region. The priority sectors for support are internal market, statistics, financial sector regulation and public procurement, personal data protection and the protection of intellectual property rights as well as food safety, veterinary and phyto-sanitary standards, transport, energy and the environment, media, electronic communications and information society. In order to facilitate the compliance with these objectives, a commensurate increase of support to research cooperation is envisaged.
- Enhancing Kosovo's capacities in areas related to **home affairs** and notably to policies related to civil registration, travel documents, visa, border control, asylum and migration, money laundering, drug trafficking, and the fight against organised crime and terrorism. Where relevant, this shall be done in close cooperation with the ESDP mission.
- Supporting preparations for the **establishment of agencies and institutions** required for the implementation and enforcement of European sectoral policies including mechanisms for the verification of EU compatibility of government policies and draft laws.
- Supporting Kosovo to participate in **regional initiatives**, including support to establish and/or enhance the necessary structures, legal basis and requirements (e.g. in the areas of safety, security and air traffic management) for Kosovo's full participation in the Energy Community Treaty and the South East European Transport Observatory with a particular focus on the development of a comprehensive energy and transport strategy, the European Common Aviation Area Agreement and adoption of the relevant single European sky *acquis* in the framework of the Implementation of the Single European sky In South-East Europe (ISIS) initiative.
- Preparing Kosovo to participate in **Community Programmes and Agencies**, including support to establish and/or enhance the necessary structures with a view to an eventual participation.
- Assisting with the aim to support the alignment to the agricultural *acquis*, to increase economic growth by developing agriculture and rural development sector and institution and capacity building with the aim to prepare the sector to absorb pre-accession funds as well as support to increase the competitiveness of agriculture and agro-food chain.

2.3.1.2 Expected results by the end of the covered period and measurable indicators

The following results are expected from activities to be supported under the above headings:

Axis 1: Political Criteria

- Good governance confirmed by inter alia an increased number of corruption cases detected and successfully prosecuted, an increase in the quality of policy

formulation/legislation drafted (as measured by a reduction in the time spent on its adoption, international expert opinion) and the effects of its implementation (as measured by legislation-specific benchmarks), at all levels;

- An increased percentage in relevant parts of the *acquis* adopted and implemented to standard;
- Civil service reform providing for transparent procedures on recruitment, transfer, appraisal, promotion, conduct and dismissal;
- Improved respect of fundamental rights and freedoms, and improved quality and availability of basic public services to all communities, as measured by a citizens' satisfaction survey;
- A population and housing census carried out in line with internationally accepted standards;
- An increased number of criminal cases detected, prosecuted and judged, confirming a strengthened judicial system resulting from the further development of legal education and training, particularly for judges, prosecutors and administrative personnel, a reduced backlog of pending criminal cases resulting from a more efficient management of courts, prosecutor's offices and judiciary processes;
- An increased number of property rights-related cases resolved in compliance with relevant internationally accepted laws and practices, improved access to property records held by the Kosovo Cadastral Agency and municipal cadastral offices as measured by relevant surveys;
- Improved living conditions for minority communities and their non-discriminatory participation in society, as measured by birth/death-, housing-, schooling-, (un)employment rates;
- Increased participation by civil society representatives in policy formulation and social consultation, establishment of an impartial public broadcaster servicing all communities in Kosovo.

Axis 2: Economic Criteria

- An increase in FDI and local investment resulting from import/export promotion measures, enhanced trade facilitation, a more favourable legislative and policy framework, and targeted support measures;
- Further implementing the European Charter for Small Enterprises, and notably facilitating the interaction between companies and government, promoting exports, enhancing the SME policy capabilities in the Ministry of Trade and Industry and the consolidation/dialogue with the business community;
- Internationally recognised accountancy and management standards adhered to and implemented, resulting in enhanced efficiency and transparency of public expenditure;

- An increase in volume and speed of collection of revenues confirming improved fiscal policy-making and implementation ensuring budget sustainability;
- An improvement of the security of energy supply through strengthening the transmission network, both internally and in Kosovo's connections to neighbouring countries. This will also help reduce power cuts internally. Assisting Kosovo's participation in regional co-operation mechanisms (the Energy Community Treaty). Also support to the development of renewable energy resources and improving energy efficiency in Kosovo;
- An increased number of infrastructure projects ready for tendering, confirming improved capacity to strategically plan and deliver infrastructure development and maintenance, including compliance with Environmental Impact Assessment-related regulations, coupled with an increased efficiency of capital spending;
- Main road and rail network stabilised and road safety improved, as measured by percentage of the main network repairs/upgrades carried out and number of fatalities/injuries reduced;
- A comprehensive strategy for the health sector drafted, agreed at the political level and implementation started;
- Improved quality of education and training systems, as measured by percentage of persons enrolled, successfully completing courses and finding appropriate employment;
- Design of an integrated research policy has started with some improvements in national research capacity and research cooperation opportunities with the EU, measured by participation of Kosovo's research institutions in EU cooperation projects;
- Active labour market and social inclusion measures drafted and agreed at the political level and included in the relevant strategies and plans, development of national monitoring and performance management systems started;
- Higher contribution from the agriculture and rural development sector to economic growth; increased access for farmers to credits. Quality of statistical data improved, in particular as regards information on rural areas, agricultural statistics and price statistics. Agricultural census having been carried out and land cadastre improved.

Axis 3: European Standards

- Strengthened and effective Agency for Coordination of Development and European Integration fully staffed and recognised as lead governmental body in the coordination of Kosovo's European approximation efforts;
- Fully integrated sectoral reform strategies drafted and agreed at the political level;
- A first set of measures to ensure alignment with internal market requirements taken, notably in the area of quality infrastructure, financial sector regulation, intellectual property rights (IPR) and public procurement;

- Statistics for national accounts prepared in line with internationally recognised standards, in line with the *acquis*;
- Measures to ensure alignment with agreed part of the veterinary and phyto-sanitary *acquis* taken and implemented;
- An increase in the number of cases of organised and financial crime detected prosecuted and judged, adoption of an action plan on integrated border management and signing integrated border management agreements with neighbouring countries, and relevant draft laws allowing for EU-compatible visa, asylum and migration policies drafted;
- An increase in the number of regional initiatives and in Community programmes and agencies in which Kosovo participates.
- Measures identified in Kosovo's Agriculture and Rural Development Plan 2007-2013 reviewed for consistency with pre-accession assistance provisions and preparation for its implementation started. Reinforced capacity of the national structures responsible for implementing rural development policies; advisory and extension services for farmers supported; improved sector analysis and strengthened civil society organisations in the area of agriculture and rural development.

2.3.1.3. Financial indications

The following table gives an overview of the overall indicative weighting that should be given to the axes outlined above. The programmes for the planning period 2009-2011 have to pay attention to the following:

- Supporting institution-building of Kosovo's authorities to ensure conformity with the respect of EU's political criteria.
- Economic development of Kosovo is vital to ensure social stability. Therefore, interventions under the socio-economic axis are relatively highly weighted.
- Financing opportunities are foreseen for fostering Kosovo's approximation to meet EU standards and further progress in the SAP.

Percentage range by Axis

Political Criteria	27-40
<i>of which Civil Society</i>	2-5
Economic Criteria	45-60
European Standards	8-15

2.3.2 Component II - Regional and cross-border cooperation

2.3.2.1 Programmes in which Kosovo is participating

Establishing cross-border cooperation is particularly important for the population of Kosovo and the wider region which previously relied on economic and personal cross-border links within the territory of the former Yugoslavia. Cross-border cooperation represents not only an opportunity for economic and social development but also provides for an important basis for reconciliation.

The aim of IPA assistance under Component II should be to develop local administrative and project management capacity in Kosovo's border regions and to identify a pipeline of local development projects. Development of cross-border cooperation is dependent on general capacity building activities of authorities responsible for regional policy.

As concerns existing arrangements, a protocol between Kosovo and the former Yugoslav Republic of Macedonia (FYROM) has been signed for cooperation in the fields of education, investment and tourism. Moreover, there are agreements with Albania (tourism) and Montenegro. Several municipalities in Kosovo are already engaging in cross-border cooperation with their neighbours. Examples include *Gjilan/Gnjilane* with the municipalities of Preševo/Presheva and Bujanovac/Bujanoc in Serbia; *Dragash/Dragaš* with Tetovo/Tetova and Gostivar in FYROM; *Gjakova/Djakovica* with Tropoja and Bajram Curr in Albania; and *Peje/Pec* with Plave and Rozhaje in Montenegro. The OSCE also facilitates cross-border cooperation.

Kosovo continues to participate in regional cooperation initiatives. It was involved in work on the Stability Pact and the process of its transition to a more regionally owned framework with the South East European Cooperation Process (SEECF) and the Regional Cooperation Council (RCC). Kosovo has yet to nominate a representative to the RCC. Kosovo also takes part in the South East Europe Transport Observatory (SEETO).

Previous regional EC assistance for cross-border cooperation from which Kosovo has benefited to some extent has targeted institution-building for cross-border cooperation programmes (CBIB project). The first CBIB activity in Kosovo was implemented in October 2007. Further technical assistance from CARDS and IPA to Kosovo's institutions is ongoing and more is foreseen for 2009.

In 2007-2009, the entire IPA allocation was used under Component I: Transition Assistance and Institution-building. Conditions in Kosovo were not in place for IPA Component II to support joint cross-border programmes between Kosovo and neighbouring countries. The start up of joint cross-border programmes with the partners in the neighbouring region that have agreed to cooperate with Kosovo will be assessed in the course of IPA 2010 programming.

2.3.2.2 Objectives and priorities, expected results by the end of the covered period and measurable indicators

The administrative capacity of Kosovo's institutions requires significant support in order to ensure that the conditions are ripe for the full participation of Kosovo's authorities, non-profit organisations and businesses in cross-border cooperation. Bearing in mind that cross-border

cooperation can only be successful if the parties involved are willing to engage in it, EC financed activities should only be implemented if and when parties show a clear interest, commitment and capacity to engage in cross-border cooperation activities. Programmes at border areas with the former Yugoslav Republic of Macedonia, Montenegro and Albania, should be considered for IPA cross-border assistance, which should focus on the following objectives:

- Addressing the institutional shortcomings (e.g. agencies for cross-border cooperation have to be created to coordinate the operators on the territory and assist them in project implementation);
- Developing the reference framework for CBC activities and developing the required CBC programming documents;
- Improving infrastructures in cross-border regions;
- Fostering reciprocal trust, cultural and socio-economic exchanges at local level;
- Supporting initiatives in the area of education.

It is expected that Kosovo's central and municipal institutions will become more acquainted and proficient in regional development planning in relation to cross-border cooperation and in particular to articulating joint cross-border needs and developing joint programming documents in cooperation with authorities across the border. In addition, the increased focus on cross-border cooperation should increase the border population's awareness of the economic, social and stabilising benefits that cross-border cooperation activities can generate. The means by which this should be achieved should be highly visible and necessary cross-border infrastructure projects and cooperation activities between local organisations from both sides of the border ("people-to-people" activities).

2.3.2.3 Indicative financial allocation per programme

The following table gives an overview of the overall indicative weighting that should be given to the different intervention areas outlined above.

Percentage range by intervention area

Cross-border cooperation capacity building ¹³	30 – 50
Border region with the former Yugoslav Republic of Macedonia	15 – 20
Border region with Montenegro	15 - 20
Border region with Albania	15 - 20

¹³ Including preparation for future participation in the relevant ERDF transnational programmes (e.g. the "South East Europe Programme", the successor of CADSES).

Annex 1

Indicative allocations for main areas of intervention for the period 2009-2011

INDICATIVE ALLOCATIONS FOR MAIN AREAS OF INTERVENTION	
<i>Kosovo</i>	
Component I (Transition Assistance and Institution-building)	
Political Criteria	27 % - 40 %
of which Civil Society	2 % - 5 %
Economic Criteria	45% - 60 %
European Standards	8% - 15 %
Component II (Cross-border cooperation)	
Cross-border cooperation capacity building	30 % - 50 %
CBC with Albania	15 % - 20%
CBC with former Yugoslav Republic of Macedonia	15% - 20 %
CBC with Montenegro	15% - 20 %

Annex 2

Overview of EC assistance under CARDS and IPA

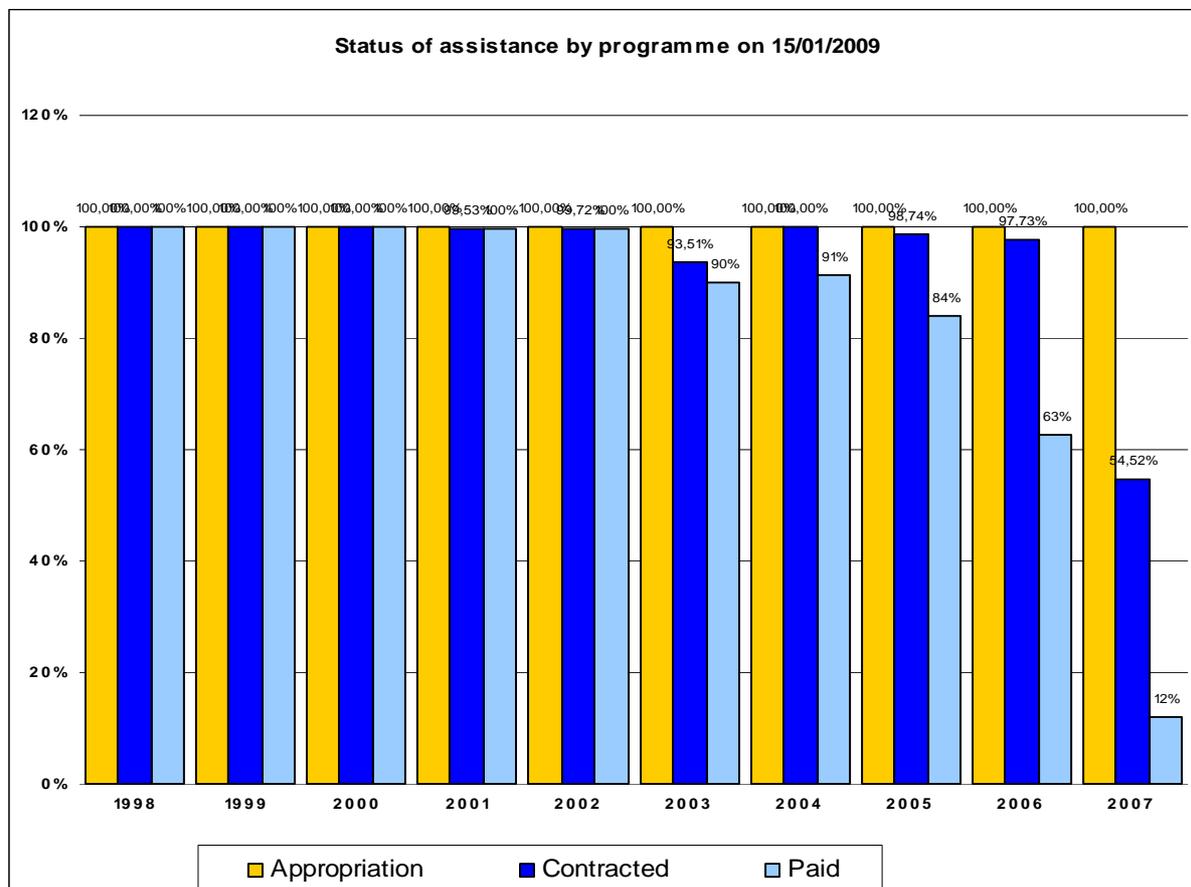
Priority Area	<i>Cumulated EC assistance during the period 2000-2007</i>	IPA 2008	TOTAL
<i>Political criteria¹⁴</i>	191.5	58	249.5
<i>Economic Criteria¹⁵</i>	847.1	105.1	952.2
<i>European Standards</i>	n/a	10.02	10.02
<i>Other (e.g. support activities)</i>	15.7	11.58	27.28
TOTAL	1054.3	184.7	1239

¹⁴ For assistance before 2007, the current distinction did not exist. This section includes the CARDS categories of Democratic Stabilisation, Good governance and Institution Building.

¹⁵ As above. this section includes the CARDS categories Economic and Social Development.

Annex 3

Contracting and disbursement rates under ongoing programmes



Annex 4

Cross-cutting issues

The major cross-cutting issues to be tackled in Kosovo are:

- **Civil society** (including employers' organisations, trade unions, professional organisations, as well as non-governmental organisations) plays a major role in transition societies. Ensuring that those groups' concerns are taken into account in the European development agenda and enhancing their policy dialogue with the administration and Kosovo's institutions will be mainstreamed within the EC assistance programmes.
- **Environmental considerations** will be duly reflected in all IPA-financed activities, in addition to specific actions dedicated to the environment, in particular as concerns environmental impact assessments. This is particularly relevant where there is potentially a high environmental impact, such as co-financing of investments and new legislation.
- **Equal opportunities and non discrimination of minority and vulnerable groups** (including children, disabled and elderly people) as well as equality between men and women will find consideration in all aspects of EC-funded activities, particularly in relation to public services, legislative matters and socio-economic support programmes.
- **Good governance** will be fostered through the introduction of monitoring, evaluation and control mechanisms. Awareness campaigns involving the wider public will constitute a way to contribute to the fight against corruption and to enhance civic responsibility in respect of payment for public services.

Annex 5

List of abbreviations

CADSES	Central European Adriatic Danubian South-Eastern European Space
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-Border Cooperation
CBIB	Cross-Border for Institution Building
CEFTA	Central European Free Trade Agreement
DFID/UK	Department for International Development/UK
ECLO	European Commission Liaison Office
ERDF	European Regional Development Fund
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
EPAP	European Partnership Action Plan
ESDP	European Security and Defence Policy
EULEX	European Union Rule of Law Mission in Kosovo
EUSR	European Union Special Representative
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FP7	Seventh Research Framework Programme
FYROM	Former Yugoslav Republic Of Macedonia
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IDPs	Internally Displaced Person
IFIs	International Financial Institutions
IMF	International Monetary Fund
IOM	International Organisation for Migration
IPA	Instrument for Pre-accession Assistance
IPR	Intellectual Property Rights
ISIS	Implementation of the Single European sky In South-East Europe
KfW	Kreditanstalt für Wiederaufbau
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
MTEF	Medium-Term Expenditure Framework
OHCHR	Office of the High Commissioner for Human Rights
OSCE	Organisation for Security and Cooperation in Europe
PISG	Provisional Institutions of Self-Government in Europe
RCC	Regional Cooperation Council
SAP	Stabilisation and Association Process
SEECF	South East Europe Cooperation Process
SEETO	South East Europe Transport Observatory
SME	Small and Medium-sized Enterprise(s)
STM	SAP Tracking Mechanism
TAIEX	Technical Assistance and Information Exchange Instrument
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Emergency Fund
UNMIK	United Nations Interim Administration Mission in Kosovo
UNSCR	United Nations Security Council Resolution
UNSG	United Nations Secretary-General
USAID	United States Agency for International Development