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10th October  
Info-day “Eastern Serbia towards the EU”
Regional Development Agency Eastern Serbia (RARIS) held an info-day on which they presented the project “Eastern Serbia on its path towards the EU”. Info-day was held at the Agricultural School in Bukovo, near Negotin. It was attended by the large number of secondary school students and their teachers from this part of Eastern Serbia. Read more...

11th October  
The sixth session of the European Integration Committee
The European Integration Committee of the National Assembly considered and gave a positive opinion on the proposals of negotiating positions of the Republic of Serbia for Chapter 25 (Science and Research) and Chapter 26 (Education and Culture). The session was closed to the public. Read more...

13th October  
Novi Sad - European Capital of Culture in 2021
Novi Sad has been named the European Capital of Culture for 2021. Besides Novi Sad, European Capital of Culture for this year will be the Romanian city of Timisoara, and they will be joined by one of the three Greek cities (Elefsina, Kalamata and Rhodes) as the third one, on which a decision will be made in November. Read more...

13-14 October  
The meeting of Serbia and Montenegro EU accession negotiating teams for Chapter 19
The two-day meeting of Serbia and Montenegro EU accession negotiating teams was held in Herceg Novi, organised by the Ministry of Foreign Affairs and European Integration of Montenegro and Konrad Adenauer Foundation. The event was an opportunity to share experiences in conducting accession negotiations, through consideration of the current situation in the individual negotiation chapters, the challenges faced by the teams of the two countries, the presentation of lessons learned and best practices, as well as the upcoming obligations on the path to full membership in the EU. Read more...

19th October  
The seventh session of the European Integration Committee
Members of the European Integration Committee of the National Assembly discussed the report on the negotiations on the Republic of Serbia’s accession to European Union during the presidency of the Kingdom of the Netherlands from January to June 2016. Also, on this occasion, the Committee members discussed the report on the negotiations on the accession of Serbia to the European Union for the period July/September 2016. Read more...

Publisher: Belgrade Open School (BOS)  
5/16 Masarikova, 11000 Belgrade, Serbia  
www.bos.rs  
Editors: Danijela Božović, Mirko Popović, Tamara Branković, Tamara Skrozza and Srđan Đurović  
Authors: Danijela Božović and Tamara Branković  
Translation into English: Andrijana Jovičić

The publishing of the electronic newsletter “Let’s Speak about the Negotiations” is supported by the Open Society Foundation in Serbia. The annual work of BOS is supported by the European Union within the Europe for Citizens programme. The views presented in this newsletter do not necessarily represent the views of the Open Society Foundation or the European Union. The stated information is the sole responsibility of the Belgrade Open School. The views and information in copyrighted texts and interviews are the sole responsibility of the authors themselves and/or the interviewees.
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PUBLIC PROCUREMENT IN THE PROCESS OF EU ACCESSION NEGOTIATIONS

When analysing the list of 35 negotiation chapters, there is one that always causes a lot of attention, both among citizens and among professionals dealing with it in their work. It is Chapter 5, which relates to public procurement. The reason for this is simple - it is about meeting the public needs and public expenditure, and in this regard about the expenditure of usually extremely large sums of money from the budget or other public funds.

Public procurement is not only one of the foundations on which the EU internal market rests, but also the foundation of system integrity and accountability, which is essential for the consolidation of the rule of law and functioning of democracy. Therefore, this chapter is closely related to the Chapter 23 (Judiciary and Fundamental Rights), in the segment relating to the fight against corruption.

There is no need to explain particularly that the quality regulation of public procurement is important for all of us, because this is where citizens' money is spent, either the money we pay as taxpayers, or the money we give by paying various utility and other bills. However, this chapter is extremely important for the European Union, because if procurement is not correctly implemented - bidders from other EU countries do not have a chance.

Public procurement in the EU represents an important market. According to European Commission the total value of public procurement has been estimated to account for around 16% of the EU gross domestic product. In Serbia, according to the Public Procurement Office, the share of public procurement in gross domestic product in 2015 amounted to 8.93%.

The general principles governing this area originate from the Treaty and the jurisprudence of the European Court of Justice, by the principles of transparency, equal treatment, free competition and non-discrimination. These principles apply to all procurement procedures, including those that do not fall within the scope of EU directives on procurement and procurement that is below the EU threshold or is not subject to it (such as concessions on services or public-private partnerships), respectively.

The principle of transparency is particularly important. Public procurement procedures must be properly published, and all purchasers must make the annual procurement plan, which contains information such as the subject of procurement, estimated value, type of procedure, the planned commencement of the procedure and the like.

Under the EU rules all relevant information of all contracts must be published. Entering the EU the control over public procurement procedures will become even more stringent. Not only will the processes of greater value be published in the Official Journal of the European Union but the foreign bidders will be largely coming on our market. They can do that even today, but with a little more bureaucratic complications. Finally, a much tougher market competition in the field of public procurement will result in a lower price for the public contracting authority.

In 2015, a report on public procurement was submitted by the 5,065 contracting authorities. The registered value of public procurement at that time amounted to 354.9 billion dinars. The share of public procurement in GDP was 8.93%. Three major categories of contracting authorities (national public enterprises, city and municipal administration, health and social protection) have implemented almost 70% of the total value of public procurement.

The pace of negotiations in Chapter 5

On the basis of the Screening Report made by the European Commission in early February 2015, it was assessed that Serbia has reached a sufficient level of alignment with the EU acquis, as well as that the negotiations in the framework of negotiating Chapter 5 (Public Procurement) can be opened. A key challenge in the coming period is to strengthen the capacity to implement and control the enforcement of the law in this area at all levels. When it comes to achieving full compliance of legal regulations, it is advised that the Republic of Serbia should closely track the latest changes in European legislation in the field of concessions and public procurement, which were adopted in April 2014.

EU Council urged Serbia to deliver negotiating position within the Chapter of Public Procurement on 29 April 2015. Upon
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receiving the request, the drafting of Negotiating position began. The document has been drawn up in accordance with the instructions for making the negotiating positions, as well as in accordance with the Resolution of the Government which directs and co-ordinates the work of state administration in the process of developing negotiating positions.

In accordance with the Decision on the establishment of a Coordination Body for the Process of Accession of the Republic of Serbia to the European Union, representatives of all bodies, as defined by the decision, have been included as well as the members of the negotiating group. Based on the submitted notices of the bodies, the Public Procurement Office has produced a Draft Negotiating Position.

Conclusion on adoption of Negotiation Position Proposal for Chapter 5 (Public Procurement) was adopted at the session of the Government on 25 February 2016.

After positive opinion of the competent committees of the National Assembly on the Negotiation Position Proposal for Chapter 5 (Public Procurement), the Government of the Republic of Serbia adopted the Conclusion at the session held on

Montenegro has opened the Public Procurement Negotiating Chapter in December 2013 and it is still underway. Negotiations with Croatia in Chapter 5 lasted quite long, about a year and a half, which is quite long if we keep in mind that Croatia, at the beginning of the negotiations, had a largely harmonised system of public procurement with the acquis. However, the EU was interested in how much and in which way Croatia in practice enforced the Law on Public Procurement, how much procedures were transparent, and in particular how the system of protection against irregularities functioned.

WHAT IS THE BENEFIT FOR SERBIA?

- Access to public procurement in the EU under equal terms
- Transparency and decrease of corruption
- Cost cuts and simplification of the process using the E-procurement
- Availability of public procurement for medium-sized and small businesses

Improving the public procurement system is a precondition for economic growth. This improvement is primarily contained in the adherence to the basic principles, offering mutual professional assistance and education in the public procurement field, with the special focus on prevention of corruption in the public procurement system and the use of E-procurement. The reform of EU directives on public procurement foresee a more intensive use of public procurement as an instrument for promoting sustainable development. This will be done through the introduction of a responsibility to respect very highly set social and environmental criteria, as well as through increasing the accessibility of the public procurement process to the small and medium enterprises. After finalising the EU accession negotiations, the businesses in Serbia will be provided access to EU public procurement according to the rules applicable in the Union and under the terms equally favourable as those applied to EU businesses. (The brochure “Negotiation Chapters – 35 Steps towards the European Union”, EU Info Centre and the Negotiating Team for leading the Serbian EU accession negotiations)
TRANSPARENCY OF PUBLIC PROCUREMENT PROCEDURES IS VERY IMPORTANT
Hana Hukić, President of the Republic Commission for Protection of Rights in Public Procurement Procedures

About the current process of EU accession negotiations in Chapter 5, the next steps and plans, as well as challenges in public procurement procedures, Ms Hana Hukić, President of the Republic Commission for Protection of Rights in Public Procurement Procedures, speaks for the Newsletter “Let’s Speak about Negotiations”.

BOS: In June, Serbia handed the negotiating position for Chapter 5 (Public Procurement) to the European Commission. There is currently a discussion on the draft EU common positions, and representatives of the Union are announcing that Serbia is technically ready to open this chapter in the accession negotiations. What is the further dynamics and when do you expect that it will be really opened?

Hana Hukić: It has been announced that Chapter 5 will be opened immediately after the opening of chapters 23 and 24, which were opened in July 2016. Chapter 5 has no the opening benchmark and the European Commission recognised the progress in this area. Therefore, a question of opening Chapter 5 is now a matter of political momentum in relations between Serbia and the EU. One thing is certain - this chapter will be opened in the very next cycle, perhaps even by the end of 2016, if the political conditions are met.

BOS: As stated in the Screening Report for Chapter 5, Serbia’s public procurement system is broadly in line with the acquis. Strengthening the capacity for the implementation and enforcement of the law at all levels was emphasised as a key challenge. How will Serbia respond to these challenges in the future, bearing in mind the existing ban on employment in the public sector?

It was announced that the ban on public sector employment would be terminated during 2017. Strengthening the capacity is possible by more efficient internal organisation of bodies, as well as by the purposeful use of EU external expert donor assistance and other international organisations. In this regard, the Republic Commission is extensively carrying out activities aimed precisely at strengthening the existing capacity.

BOS: The issue of public procurement is the issue of competition. Based on the report of the Public Procurement Office for the first half of 2016, the intensity of competition has been at its lowest level for the past four years, amounting to 2.5 bids per concluded contract deals. What are the main reasons for the low average number of bids? What does discourage bidders from participating in public procurement procedures?

It is the assumption that there is a bid-rigging on the one hand, while on the other hand the competition affects the overall economic environment. Therefore, the role of the Republic Commission as a factor of confidence in the public procurement system is important, based on its competence as an independent appeal body, but also important is the role of other state bodies and institutions.

BOS: Based on numerous studies, confidence in the public procurement system in the Republic of Serbia has been violated because the competent national authorities untimely apply their legal powers. How long does the procedure for protection of rights of bidders in public procurement procedures last? What are the most common reasons for filing the complaint?

The legal time limit is 20 days and may be extended for 15 days. Complaints may be filed against the tender documentation, and the reasons are different - from the issue of amending the bid to challenging the locus standi, and because of incorrect technical assessment of bids by the contracting authorities.

When it comes to the content of the tender documentation, complaints are often related to discriminatory additional requirements. In addition, the reason for filing the complaint may be discriminatory additional requirements that are not in accordance with the Law on Public Procurement.

BOS: Chapter 5 is closely related to the Chapter 23 (Judiciary and Fundamental Rights), in the segment relating to the fight against corruption. In Serbia, public procurement, according to the estimates of international institutions, is one of the main strongholds of corruption and lack of transparency, and ultimately the great loss of public money. What are the problems you face in the enforcement of the Public Procurement Law? What mechanisms for compliance are not used sufficiently?

Very often we see a lack of information and ignorance of regulations both in certain contracting authorities and the bidders. First of all, transparency of the procurement process is very important, i.e. all information must be made available to participants in the proceedings, except for those that are business secrets. Also, the mechanism for timely and accurate procurement planning by the contracting authorities might be more appropriately used because errors in planning often result in errors in the process, for example. Setting unrealistic estimated value of procurement often leads to problems in the process. In addition, purchasers compose tender documents in a vague and contradictory way which often leads to making request for the protection of rights. The mechanism of internal audit could also be used more effectively.
The area of public procurement is very complex and dynamic, which requires a continuous process of education—primarily of persons working on the implementation of public procurement procedures.

BOS: In how many cases in the last five years have the purchasers cancelled the tender/suspended the proceedings or cancelled the contract conclusion due to corrupt practices? What are the most common reasons for these procedures?

This data is not available to the Republic Commission. Republic Commission is responsible for the process of protecting the rights of bidders and public interest and, in principle, deals with formal and essential validity of tenders in the public procurement procedure, based on the submitted complaints/requests for protection of rights.

BOS: How many procedures of public procurement have been cancelled in Serbia because of a conflict of interest?

In 2015, a decision on the request for protection of rights was made, in connection with the existence of a conflict of interest and that process was cancelled in its entirety. Also, in 2015, five proposals for concluding the contract under Article 30 of the Law on Public Procurement were submitted by the contracting authorities, four of which were accepted and one was rejected.

BOS: According to the report of the State Audit Institution, most of irregularities were found in the implementation of public procurement in 2015, and the value of purchases that had not been legally enforced was about 8.4 billion. How do we ever give importance to internal audit as a control mechanism in public procurement?

Too little, really little. This mechanism, which is very important, is somewhat in the shadow of the external audit conducted by the State Audit Institution. This control mechanism within the contracting authority must be strengthened through the establishment of adequate personnel capacities, but also through support for the implementation of delegated competencies.

BOS: Based on the above-mentioned report most irregularities were in public procurement in local self-governments. In which way do Serbian municipalities and cities organise public procurement procedures?

We have a wide range of organisational solutions when it comes to local self-government units. Some local self-governments, for example, Pancevo and Belgrade, have established the Public Procurement Agency, others conduct procurement within the unit/department for financial affairs. I think that a lot of savings can be achieved by centralisation of procurement at the local level. Also, the local level must be involved in various forms of education and training that are delivered at the central level, because often ignorance rather than bad intentions cause irregularities.

BOS: How do you see the present role of civil society in establishing an efficient system of public procurement and accountability in the spending of public funds? What do you see as the key challenges in the functioning of the institutions of civil control? How to enable greater involvement of civil society in decision-making and management control of public funds?

Civil society organisations (CSOs) are now an important corrective factor of the executive branch of government in Serbia. Their contribution in the field of public procurement is increasing, especially in the context of the fight against corruption in public procurement, given that the Law on Public Procurement is also considered an anti-corruption legal act or regulation. CSOs can be of great help, especially when it comes to monitoring the implementation of the law, given that the expertise and analytical skills of their staff can focus on particular segments of the law and carry out qualitatively valuable conclusions. The advantage of CSOs, compared to the national authorities in this context, is their flexibility and operability, as well as the independence of the executive authority, which gives them great freedom of action and research.

CSOs can often better articulate recommendations, ideas or criticism of citizens and the media, and in principle are not subject to political pressure from the establishment. CSOs can also be useful transmission between national authorities and international organisations.

Interview prepared by Danijela Božović

**“FOSTERING OF PROTECTION OF RIGHTS IN PUBLIC PROCUREMENT PROCEDURES IN THE REPUBLIC OF SERBIA”**

Having in mind the significance of protection of rights in public procurement procedures, as extremely important segment of public procurement, the Republic Commission for Protection of Rights in Public Procurement Procedures has realised a project “Fostering of Protection of Rights in Public Procurement Procedures in Republic of Serbia”. The project was supported and financed by the European Union, aimed at strengthening the capacities of the Republic Commission, getting familiar with European practice in the field of public procurement and further harmonisation with the EU acquis.

Realised project is extremely important for harmonisation with EU directives, particularly bearing in mind that the protection of rights of bidders and public interest is an important sub-chapter within Negotiating Chapter 5, whose opening is expected by the end of 2016. The project had three components: 1) harmonisation of legal framework in the field of public procurement with the EU Directives and European Court of Justice case law; 2) education of the employees of Republic Commission aimed at efficient realisation of the work activities, bearing in mind the advanced practice and experience of the administration of EU member states; and 3) getting general and expert public familiar with the authorities of Republic Commission and raising the awareness on the importance of its decisions.
Representatives of the European Economic and Social Committee (EESC) and representatives of social partners and civil society organisations in the Republic of Serbia held the third meeting of the Joint Consultative Committee (JCC) in Belgrade, 7 October 2016.

Besides the current state of play in EU-Serbia relations and the accession process, main topics of the 3rd JCC meeting were Chapter 24 (Justice, Freedom & Security), with a focus on migration, Chapter 20 (Enterprise and Industrial Policy), with a focus on promoting entrepreneurship, followed by economic and social impact of industrial pollution and climate change, as well as basic principles of Decent Work Agenda of the International Labour Organisation.

"The Government of Serbia look at the civil society and employers as partners, but sometimes we disagree on certain issues and proposals because our starting points are different, but the outcome is the same - to live better in Serbia", said Mr Nenad Ivanisić, State Secretary of the Ministry of Labour, Employment, Veteran and Social Affairs, at the opening of the meeting.

He invited representatives of non-governmental organisations and employers to continue to solve problems together, because, as he explained, the European integration is a path Serbia has opted for and it is primarily a state of mind of the whole nation in order to live better in Serbia. "There is no such a problem that something is yours and not ours and ours that is not yours. All these are common problems, and I think that the solutions, as well as the problems must certainly always be shared", said Mr Ivanisić.

The head of the Serbian Negotiating Team, Ms Tanja Miščević pointed out that there always were and would be problems in the process of European integration due to the fact that it implied internal reforms in Serbia, which had been burdened with the additional obligation - the normalisation of relations with Pristina.

"One of the important issues of reforms is the inclusion of the whole society in the process of European integration, because it is not a process that should be carried out only by the Government of Serbia and its negotiating team. Therefore, in this process, immeasurably important role belongs to the broad civil society, not only to non-governmental organisations but also to trade unions, chambers of commerce and trade associations, as well as institutes and universities", Ms Tanja Miščević noted.

Within Chapter 24, the importance of a unified migration policy at EU level and establishing a common asylum system has been pointed out. The problems faced by Serbia and countries of the so-called Balkan Route point at the necessity and the urgency of solving the migrant crisis - especially bearing in mind that the waves of migration will not stop. In fact, we should expect new refugees and economic migrants fleeing from war zones or looking for a better life.

The economic and social impact of industrial policy and climate change is indisputable. Chapter 27 (Environment and climate change) is one of the most demanding chapters. It is unacceptable that there is very little investment in the protection of water, and pollution is high. What is also significant is so-called green employment, which the Government did not put among their priorities.

Bearing in mind that there is a long time ahead to adapt to the standards and much greater investment in the very accession process and providing concrete answers to the questions in the field of negotiation, it has been proposed that for the next meeting of the Joint Consultative Committee Chapter 25 (Science and Research), Chapter 26 (Education and culture) and Chapter 27 (Environment and climate change) should be discussed.

After the meeting a Joint Declaration was adopted.
ACCESSION TO THE EU AND THE NEED FOR ANALYTICAL SUPPORT

Having in mind the overarching nature of the EU integration process, it is obvious that a systematic strategic and analytic support is a conditio sine quo none of successful accession and reforms. Analytical support function should aim at detecting, well in advance, potential problems that country could face within the process of EU accession negotiations.

In the same time, it should provide proposals how to address these problems. It should enable analytical studies and expert opinions that need to be prepared as a background for writing negotiation positions and other strategic or policy related documents.

Although some steps in the direction of structuring and managing the above described elements have been made, questions such as how the system should be institutionally embedded, what its tasks would be and which roles should belong to various institutions, still remain.

Who should provide this support, how the system will be institutionally embedded and what its task would be are the topics that were discussed at the conference “Analytical Support and Public Policy in the Process of Serbia’s Accession to the European Union”, organised by the German-Serbian development co-operation through programme Gesellschaft für Deutsche Internationale Zusammenarbeit (GIZ) GmbH and the National Convention on the EU in Belgrade on 21 October 2016. The speakers at the conference, among others, were Mr Andrej Horvat, representative of GIZ, Mr Žiga Turk, GIZ expert from Slovenia, Ms Tanja Milišević, Head of Negotiating Team for negotiations on Serbia’s accession to the European Union, Mr Viktor Nedović, Assistant Minister for international Co-operation and European Integration at the Ministry of Education, Science and Technological Development, Mr Vladimir Ateljević, advisor to the Minister without portfolio responsible for European integration, and Mr Jovan Zubović, Director of Institute of Economic Sciences.

Analytical support provides the basis for the coherence of many policies

Unlike goals and opinions, data and facts are not arbitrary, subjective and changeable category. Basing different levels of policy-making on evidence creates a common ground for various policies and contributes to their coherence. Ambitiously designed analytical support would be focused solely on issues outside the accession framework. Support should be provided to all processes of creating strategic policies that are inter-ministerial, of broader scope and impact than the workload of a single ministry.

Expert proposal for a system of analytical support in Serbia

By studying examples and best practices of the United Kingdom, France, Slovenia and Estonia, it was concluded that the issue of the lack of co-ordination of vertical structure could be resolved by using horizontal structure. Problem of overlapping and lack of co-ordination of horizontal structure is difficult to resolve. OECD recommends the creation of a strong government office/government centre, where all horizontal services or most of them are under one roof.

Three types of tasks: routine, special and strategic

Routine tasks include issues such as the preparation of the meeting of the Government, development of annual work plans, cross-checking and double-checking of legislation, public relations etc. This is the traditional centre of the Government which could be organised under the Secretary of State or may remain a set of offices and secretariats, such as the Office of the Prime Minister, Secretariat for Legislation, and the General Secretariat of the Government. Special tasks include projects that are short in duration and have high priorities/or inter-ministerial character. Special tasks include projects that are short in duration and have high priorities/or inter-ministerial character. Units for monitoring the results (delivery units) are an example of such units. Strategic tasks include: the process of joining the EU, the planning of national development, socio-economic reforms and analytical support. All of this is inter-connected. In the planning of national development, it is not only about the relevant negotiating chapters in the process of EU accession negotiations, but use of the EU funds and other foreign financial resources will be increased and will require joint co-ordination.

Analytical support is a natural part of the centre of Government

The policy analysis system must exist. It is essential that it be wisely institutionally embedded. Its natural place is within the centre of Government, which is defined as a set of horizontal institutions that serve to ensure the coherence of sectoral policies, as well as the management, monitoring and co-ordination of the work of ministries in accordance with the Government priorities. Analytical support system in Serbia would be the key element that would support all sectors in the strategic part of the Government. Its focus would be on the timely identification of needs for development of studies which would be conducted by external experts. Analytical support would come from experts from Serbian universities, institutes and civil society. Outsourcing the experts for performing analyses would provide the use of the existing expertise, boost the development of civil society and research community which is familiar with the European integration and supportive, and would also provide socially relevant research agenda.

Proposal of the Analytical support system in Serbia has been made in the framework of the project “Support to EU accession negotiations”, supported by the German Federal Government through the German-Serbian co-operation through development programme Gesellschaft für Deutsche Internationale Zusammenarbeit (GIZ) GmbH.
Coalition prEUgovor published the latest independent report on Serbia’s progress in the implementation of policies in the areas of judiciary and fundamental rights (Chapter 23) and freedom, security and justice (Chapter 24), and offered a number of recommendations for improvement in these chapters.

The report covers the period from May to October 2016, and in some areas the period from the beginning of the year, given that the time frame was more suitable for monitoring of individual processes.

Unfortunately, a number of recommendations are similar to the recommendations contained in the previous report of prEUgovor, for in certain areas, despite the positive self-assessment of the country, very little has been done. This was, inter alia, caused by early elections, which slowed down the reform process or even postponed it for a while.

This report covers specific issues in areas falling into the Political criteria, Chapters 23 and 24. As the public expressed concern about certain issues, such as the case of Savamala, these issues were also mentioned in this report. Having in mind the refugee crisis, one section is devoted to migration policy and the situation in this regard: the crisis that erupted in 2015 in the reporting period has been alleviated, but it seems that it is still far from completion.

Report on Progress of Serbia in Chapters 23 and 24 of the prEUgovor Coalition - October 2016 can be download HERE.

MEMBERS OF THE COALITION "PREUGOVOR" ARE:

Action Against Trafficking in Human Beings – Astra, Autonomous Women’s Center (AŽC), Belgrade Centre for Security Policy (BCBP), Centre for Investigative Reporting in Serbia (CINS), Center for Applied European Studies (CPES), Group 484 and Transparency Serbia (TS).

Coalition prEUgovor was formed in order to monitor implementation of policies related to the Accession Negotiations between Serbia and EU, with an emphasis on chapters 23 and 24. The mission of prEUgovor is to propose measures to improve the condition in the fields relevant for the negotiation process. In doing so, the Coalition aims to use the process of EU integration to help accomplish substantial progress in further democratisation of Serbian society.
The Government of the Republic of Serbia established the Council for the implementation of the Action Plan for Chapter 23 (Judiciary and fundamental rights) in December 2015, as a special working body of the Government for the expert support to the Negotiating Group for Chapter 23. The Council monitors the implementation of the activities contained in the Action Plan on a daily basis, anticipates and instigates early warning mechanism in case of delays and other problems in the implementation of the Action Plan and co-ordinates reporting processes.

The Council also submits monthly reports on the implementation of the Action Plan to the Head of the Negotiating team for negotiations for accession of the Republic of Serbia to European Union, President of the Negotiating Group on Chapter 23 and the Coordination Body Council.

The first official cycle of reporting was performed in the period from 9 to 27 May 2016. The Council organised public presentation of the summary of the First and Second report on the implementation of the Action Plan for Chapter 23 for the representatives of state institutions, civil society and international partners on July 1st 2016. The second reporting cycle was performed in the period from 1 to 20 September 2016.

Report no. 3/2016 on the implementation of the Action Plan for Chapter 23
Report no. 1−2/2016 on the implementation of the Action Plan for Chapter 23
Action Plan for Chapter 23

Reports of the Council for the implementation of the Action Plan for Chapter 23 include the following:
1. Detailed report on implementation of the activities due for reporting period;
2. Action plan for Chapter 23 with a special column including brief description of the status of implementation;
3. Statistical review of the status of implementation of the Action plan for Chapter 23 on several levels: implementation of the activities in the entire Chapter; implementation of the activities in each Subchapter; implementation of the activities per each institution.

The Western Balkans Fund (WBF), the Western Balkans have built a new bridge for regional and cross-border co-operation. This fund with headquarters in Tirana is based on the model and the principles of the International Visegrad Fund.

WBF was established by Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Macedonia and Serbia. The Fund's objective is strengthening the co-operation among member states, strengthening the relationships, successful integration into the European Union and the promotion of common values among citizens, civil society and regional institutions. In order to achieve these objectives, the Fund will support joint projects as the best way of bringing people together, sharing common experiences, knowing better the values, traditions and culture of these countries. Also, WBF will provide funding for projects of small and medium-sized enterprises, which aims to improve regional and cross-border co-operation and regional cohesion in the areas of education, environmental protection, human rights, culture, cross-border exchange and co-operation of young people. It is expected that the Western Balkans Fund release its first call for projects in early 2017.

National Assembly Committee for Foreign Affairs supported the proposal for ratification of the Agreement on the Establishment of Western Balkans Fund.

Photo: www.punetejashtme.gov.al
In June, High Representative of the Union for Foreign Affairs and Security Policy, Federica Mogherini, presented the Global Strategy of the Union for Foreign Affairs and Security Policy to the European Council. Work on the implementation of the Strategy is based on the plan for implementing the strategy of the High Representative and the EU Council’s conclusions of October 2016.

In her report, Mogherini says the EU CFSP was focused primarily on continuing the quest for solutions to the acute crises in the EU’s neighbourhood, whilst protecting and defending human rights, and on building and strengthening peace and stability globally, also through CFSP missions and operations. To the east, Russia’s violation of international law and the destabilisation of Ukraine, on top of protracted conflicts in the wider Black Sea region, have challenged the European security order at its core. To the south, efforts will continue to focus on bringing the conflict in Syria to a close. In addition to deepening regional instability and insecurity, the crisis in Syria also has an impact on the EU internally and is a major security risk, says Federica Mogherini.

In 2016, the EU’s attention was focused on addressing the following political stability and security factors: continuing to facilitate normalisation of relations between Kosovo* and Serbia, mitigating stability risks from political polarisation in Kosovo* and in the former Yugoslav Republic of Macedonia, fostering Bosnia and Herzegovina’s functional statehood and socio-economic development, consolidating Serbia’s EU orientation and further strengthening reform and the rule of law in Albania and Montenegro. The EU remains committed to the European perspective of the Western Balkans. The EU will also continue to stress, in the dialogue with the relevant Western Balkans countries, its expectations to further deepen co-operation on foreign policy issues and progressive alignment with the EU’s foreign policy positions (notably on issues where major common interests are at stake, such as restrictive measures).

“The EU encourages Serbia to take this positive momentum forward and to intensify legislative reforms and their effective implementation in the key areas of judicial reform, fight against corruption and organised crime, and freedom of expression and the media.” - Common Foreign and Security Policy Report

The normalisation process between Belgrade and Pristina (EU facilitated dialogue) must continue in good faith through 2016 and beyond, and all Dialogue agreements must be implement- ed by both sides. Meetings of the High-Level Dialogue between Pristina and Belgrade, facilitated by the High Representative, are expected to continue. Following elections in Serbia and Kosovo*, there is a new momentum in the process. Further progress in the implementation of all Dialogue agreements remains essential for advancing their European perspective.

In Kosovo*, although the opposition has lost its former unity, as reported in the Common Foreign and Security Policy Report, significant polarisation with potential for a recurrence of occasional violence from the opposition will be a continued risk in 2016. The mandate of the European Union Rule of Law Mission (EULEX) has been extended until June 2018. The Stabilisation and Association Agreement (SAA) between the EU and Kosovo* entered into force on 1 April 2016 and the first SA Council will be held before the end of 2016.

Kosovo* made significant progress in fulfilling the requirements of the visa liberalisation roadmap, which led to a formal proposal by the Commission in May 2016 to transfer Kosovo* to the Schengen visa-free list (on the understanding that by the day of the adoption of this proposal by the European Parliament and the Council, Kosovo* will have ratified the border/ boundary agreement with Montenegro and strengthened its track record in the fight against organised crime and corruption). The EU also recalls that the two remaining benchmarks must be met. The EU also recalls that a safeguard clause may apply in the event of non-respect of relevant conditions, just like for other beneficiaries of visa liberalisation.

The High Representative further stresses that following the opening of the first two negotiating chapters with Serbia concerning the rule of law (Chapter 23 - Judiciary and Fundamental Rights and Chapter 24 - Justice, Freedom and Security), should, inter alia, encourage the achievement of results in these areas. The EU encourages Serbia to take this positive momentum forward and to intensify legislative reforms and their effective implementation in the key areas of judicial reform, fight against corruption and organised crime, and freedom of expression and the media. Particular attention needs to be paid to the full respect of fundamental rights (including the protection of Roma as the most vulnerable group), as well as to the effective
implementation of legislation on the protection of national minorities. This, inter alia, relates to the area of education, use of minority languages, access to media and religious services in minority languages, and tackling discrimination on the basis of sexual orientation or gender identity.

After early general elections in April 2016, in which Prime Minister Vučić won a clear endorsement for the policy of pursuing EU integration, the new Government needs to focus on key reforms, according to the report. In addition, it will also be important that Serbia maintain a constructive attitude towards all its neighbours and remain positively engaged in regional co-operation initiatives. The EU will continue to call on Serbia to progressively align with the EU Common Foreign and Security policy in line with the Negotiating Framework.

Inclusive regional co-operation and good neighbourly relations will remain essential for the stability and the European perspective of the Western Balkans. Continued efforts to facilitate inclusiveness will remain necessary in 2016, especially regarding regional rule of law initiatives/fora. The 1st June South East Europe Co-operation Process Summit in Sofia and the 4 July 2016 Paris conference under the Berlin Process (Western Balkans Summit) discussed pressing political issues and advance transport and energy connectivity within the region and with the EU. The Paris conference also focused on youth initiatives, such as the Positive agenda for the youth of Western Balkans launched in 2015 within Brdo-Brioni process. The Regional Cooperation Council (RCC)’s 2017-2019 programme, which was endorsed in June 2016, will further emphasise fundamentals such as the rule of law, economic governance and public administration reform to ensure greater integration across Western Balkan and other RCC members.

The report also states that the EU will continue to support the initiatives and structures which reinforce inclusive regional co-operation in South Eastern Europe and the Western Balkans.

“It will also be important that Serbia maintain a constructive attitude towards all its neighbours and remain positively engaged in regional co-operation initiatives. The EU will continue to call on Serbia to progressively align with the EU Common Foreign and Security policy in line with the Negotiating Framework.” - Common Foreign and Security Policy Report

The EU has identified the Western Balkans as a priority region for external action on counter-terrorism. The European External Action Service (EEAS) and Commission services will enhance co-operation between EU agencies and relevant Western Balkan authorities on counter-terrorism/countering violent extremism, focusing on co-ordination efforts through the Western Balkan Counter-Terrorism Initiative initiated by Slovenia. The European External Action Service, Commission services and other stakeholders will prepare a 2017-19 regional assistance project on counter-terrorism, organised crime and border security under the Instrument for Pre-accession Assistance.

Integrated report is available here.

RECOMMENDED

Book of the Latvian Institute of International Affairs (Latvian Institute of International Affairs) dealing with the issue of Eurocepticism in Small EU Member States (Eurocepticism in Small EU Member States). Starting from the analysis of the situation in seven small states in the area of Northern, Western, Eastern and Southern Europe, which are presented in the individual chapters, the book’s editor, Karlis Bukovskis, provides a comparative overview and assessment of the situation and further developments.

Publication on EU Sustainable Urban Development shows some examples of good practice in sustainable urban development in the EU. More than two-thirds of the European population lives in cities, and this proportion continues to grow. New EU Urban Agenda is based on an integrated and place-based approach - where certain questions and problems are solved in the community where they appear - as a vision of future urban growth of the Union. Sustainable Urban Development will allow the maintenance of the EU’s competitiveness in a rapidly changing world, while preserving the high quality of life for citizens.
Financial services are of great importance for the good functioning of the EU internal market as one of the cornerstones of European integration. The most important objectives of the EU acquis in the field of financial services are to ensure financial stability and adequate protection of consumers, investors and policy holders. The acquis in the field of financial services include the following areas: banking, insurance, re-insurance, voluntary pension funds, capital markets and financial market infrastructures, rules for obtaining authorisation, operation and supervision of financial institutions and regulated markets. It also regulates the issues of protection of consumers of financial services, as well as the way of co-operation bodies responsible for supervision of the financial markets. Financial institutions can operate across the EU in line with the “Single passport” system which allows a financial institution to operate in any EU Member State without further authorisation requirements from the host country, and with the principle of “home country control” (the principle of control by the state in which the financial institution has its headquarters, which is achieved through the establishment of branches in other countries or by providing cross-border financial services). In order to protect the rights of investors it has been determined at EU level that the investor must provide clear and comprehensive information necessary for making investment decisions.

Banking
In the field of banks and financial conglomerates, the acquis sets out requirements for the authorisation, operation and prudential supervision of credit institutions, as well as requirements concerning the calculation of capital adequacy requirements applying to credit institutions and to investment firms. The acquis in this sector lays down the rules relating to the supplementary supervision of financial conglomerates, and determine the rules relating to the annual and consolidated accounts of banks and other financial institutions. It also harmonises certain provisions concerning the reorganisation and winding up of credit institutions with branches in more than one Member State. Special attention of regulators is directed towards introducing a single deposit guarantee scheme with compulsory participation of all banks in the system in its functioning.

Insurance and pension funds
In the area of insurance and pension funds, there are stipulated requirements concerning the authorisation, operation and supervision of life assurance and non-life insurance undertakings, as well as the reorganisation and liquidation of insurance companies with branches in more than one Member State. Specific provisions exist in the non-life sector for co-insurance, tourist assistance, credit insurance and legal expense insurance. The acquis lays down rules for the supplementary supervision of insurance groups, and includes a regulatory framework for reinsurance activities in the EU, in order to remove obstacles to the pursuit of reinsurance business, such as the obligation for the reinsurers to pledge assets. Also, there are prescribed rules for the annual and consolidated accounts of insurance companies.

Financial Market Infrastructure
In relation to financial market infrastructure, the directive on financial collateral arrangements aims to reduce and harmonise the formal requirements and procedures to create and enforce collateral across the EU. Part of the acquis also aims to reduce the systemic risk linked to the insolvency of a participant in payment and securities settlement systems.

Securities markets and investment services
The regulatory framework of the capital market includes rules relating to: Investment services and securities markets, establishment, operation and supervision of investment funds and regulated markets, the compensation scheme for investors, the publication of prospectuses, market abuse prohibitions etc. The rules of prospectuses reinforce the protection for investors by guaranteeing that all prospectuses, wherever in the EU they are issued, provide them with the clear and comprehensive information they need to make investment decisions.

Financial services
Membership in the EU will have a positive effect on financial market participants, as well as for citizens, entrepreneurs, investors and users of financial services, respectively. Innovation and offers of new types of services, and increasing competition will serve entrepreneurs and citizens, especially when it comes to the offer of banks, but also offer of products and services of non-banking financial institutions. In this regard, special attention is paid to ensuring the protection of service users and informing them on services provided by financial institutions, starting with the conclusion of the credit agreement, insurance or investments in capital markets. Also, the safety of depositors is provided with a unique deposit insurance scheme with compulsory participation of banks, which reinforces public confidence in the banking system and encourages the stability of the financial system as a whole.

WHAT IS THE BENEFIT FOR SERBIA?
• A stable and integrated financial system
• More diverse offer of services in the market
• The safety of users of financial services

Full harmonisation of legislation with the EU acquis and its proper implementation creates the preconditions for a high degree of stability of the financial system. At the same time, it has an impact on improving the position of financial market participants and users of financial services. Regulation of the issues of performing activities in this field enables more diverse service offer in the market. In this regard, a special segment is consumer protection, which is reflected in informing them on services provided by financial institutions, which, inter alia, includes services in the areas of insurance, loans or payment operations. (Brochure “The Negotiation Chapters – 35 steps towards EU”, EU information centre and the Negotiating Team for Accession of the Republic of Serbia to the European Union)
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