



**Regional  
Housing  
Programme**

# **RHP FUND ANNUAL REPORT 2012**



**CEB**

COUNCIL OF EUROPE DEVELOPMENT BANK

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# 1. Background

## 1.1. The Regional Housing Programme

The "Joint Regional Programme on Durable Solutions for Refugees and Displaced Persons" (the "Regional Housing Programme" or the "RHP") is a joint initiative of Bosnia and Herzegovina, Croatia, Montenegro and Serbia (each a "Partner Country" and together the "Partner Countries").

The aim of this regional initiative, which is an integral part of the "Sarajevo Process on refugees and displaced persons" (the "Sarajevo Process") initiated in 2005, re-launched in March 2010 at the Belgrade conference, and to which the Partner Countries have re-committed themselves with the November 2011 Belgrade Declaration, is to contribute towards resolving the protracted displacement situation of the most vulnerable refugees and displaced persons (DPs) following the 1991-1995 conflicts on the territory of former Yugoslavia, including internally displaced persons (IDPs) in Montenegro from 1999, by, inter alia, providing them with durable housing solutions.

The RHP aims to benefit close to 74,000 people or 27,000 households and its cost is estimated to be approximately € 584 million over a five-year period. It will comprise four country housing projects, one in each Partner Country each of which will be implemented by the relevant Partner Country in several sub-projects and in several phases (each a "Country Housing Project").

The regional initiative, as part of the overall Sarajevo process, is endorsed by the international community, including the European Union represented by the European Commission (the "Commission"), the United States of America ("USA"), the Council of Europe Development Bank ("CEB"), the United Nations High Commissioner for Refugees ("UNHCR") and the Organization for Security and Cooperation in Europe ("OSCE")<sup>1</sup>.



Donors' Conference held on 24 April 2012 in Sarajevo, Bosnia and Herzegovina

<sup>1</sup> Throughout this document, all references to OSCE are understood to be in line with its country specific mandates and within existing capacities

## 1.2. Role of the CEB

### 1.2.1. Three functions

The CEB's role within the framework of the RHP is threefold:

- in its capacity as Fund Manager, the CEB is responsible for managing the fund, named Regional Housing Programme Fund ("RHP Fund"), which holds contributions from Donors in favour of the RHP. This role mainly entails managing the contributions received from Donors, providing administrative support to the RHP Fund's governance bodies and reporting on activities undertaken
- in its capacity as Finance Institution, the CEB assists the Partner Countries in preparing and implementing their Country Housing Projects, including pre-appraising grant requests, disbursing grants as well as monitoring the implementation of Country Housing Projects and the use of grants disbursed from RHP Fund resources to the Partner Countries (the "Grants"). As part of this role, the CEB also supervises the technical assistance, funded by the Commission, that will be provided to the Partner Countries by a consultant throughout the lifetime of the RHP (the "Technical Assistance")
- in its capacity as RHP Secretariat, the CEB facilitates coordination between the Partner Countries, the Donors, other international stakeholders and itself, during RHP preparation and implementation phases. This role entails providing administrative support to the RHP and the RHP Fund organs as well as ensuring that the RHP receives appropriate visibility.

### 1.2.2. CEB RHP Team

To carry out the above-mentioned functions, CEB assembled a dedicated RHP team consisting of eight staff, which became fully operational in November 2012. This team comprises the following functions:

#### RHP Secretariat

RHP Coordinator  
Secretariat Manager  
Programme Assistant

#### Finance Institution

Programme Manager  
Technical Programme Manager  
Procurement Manager  
Monitoring Manager

#### RHP Fund

Fund Manager

## 2. Activities carried out and results achieved

During 2012, all RHP stakeholders, and the CEB in particular, worked together on three main issues:

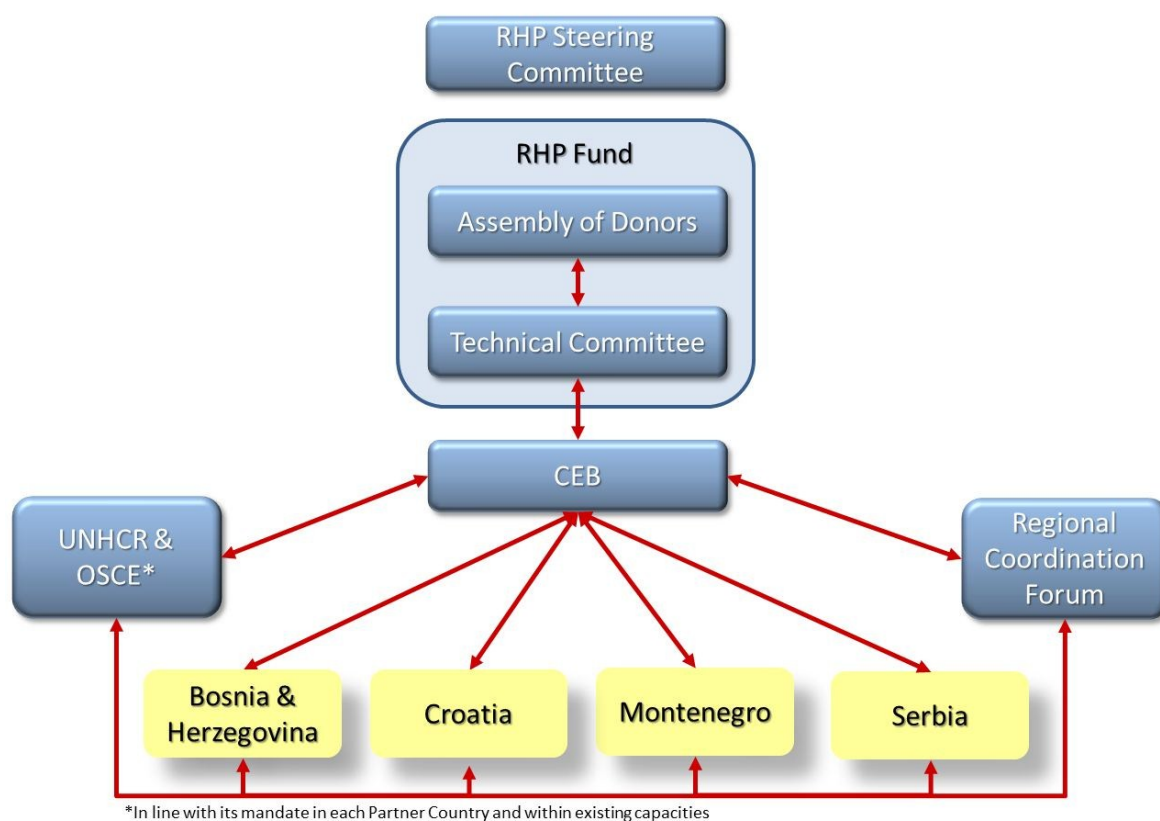
- setting up an effective governance structure for the RHP and the RHP Fund
- raising a substantial amount of funding for the RHP
- preparing Country Housing Projects.

### 2.1. Setting up an effective governance structure

In 2012, the CEB, in cooperation with other RHP stakeholders, set up an effective governance and coordination structure for the RHP and the RHP Fund. This structure is meant to foster three principles that are key to the success of the RHP:

- high stakeholder ownership
- strong operational coordination
- close Donor oversight

This structure is presented in the following chart:



#### 2.1.1. RHP Steering Committee

At the top of this governance and coordination structure is the RHP Steering Committee. The RHP Steering Committee has been set up to ensure that all RHP stakeholders have ownership of the Programme and coordinate closely with one another.

The RHP Steering Committee is composed of one representative of:

- each Donor
- each Partner Country
- the UNHCR
- the OSCE Secretariat
- the RHP Secretariat.

As the high coordinating body of the RHP, the RHP Steering Committee has both strategic and supervision tasks:

- Strategic tasks:
  - provide strategic guidance and coordinate activities under the RHP
  - review the effectiveness and the sustainability of the activities financed with the RHP Fund's resources.
- Supervision tasks:
  - oversee the RHP Fund's operations and the progress of the RHP.

The RHP Steering Committee has the same chairing arrangements as the Assembly of Donors (see below). The RHP Steering Committee meets at least twice a year and held its inaugural meeting on 30 November 2012 in Paris. During this meeting, it was agreed that the RHP Steering Committee meetings would take place back to back with Assembly of Donors meetings. RHP Steering Committee meetings will be held before the Assembly of Donors meetings so that the Assembly of Donors may discuss any issue raised by the RHP Steering Committee.



The 1<sup>st</sup> meeting of the RHP Steering Committee, held in Paris on 30 November 2012

### 2.1.2. Assembly of Donors

Within this overall governance and coordination structure, a specific governance scheme has also been set up for the RHP Fund to enable Donors to closely oversee the use of their contributions. The specific governance scheme of the RHP Fund comprises two bodies.

The first body is the Assembly of Donors of the RHP Fund, which is the RHP Fund's supreme organ. The Assembly of Donors is composed of:

- one representative of each Donor
- the CEB in its capacity as Fund Manager, having non-voting status.

The Assembly of Donors has the following main responsibilities:

- approve the grant requests submitted by the Technical Committee and decide on other grant-related issues
- approve the annual financial statements of the RHP Fund
- monitor the payment of contributions to the RHP Fund as well as RHP Fund financial flows.



The Assembly of Donors is chaired on a permanent basis by the Commission and by another Donor on an annual rotation basis. The Assembly of Donors meets at least twice a year and held its first meeting on 30 November 2012 in Paris. During this meeting, Donors unanimously elected the USA as co-chair for the year 2012-2013.

### 2.1.3. Technical Committee

The second body of the governance scheme of the RHP Fund is the Technical Committee. The Technical Committee is composed of one representative of:

- each Donor that has contributed at least EUR 5 million to the RHP Fund
- the Commission
- the CEB in its capacity as RHP Secretariat.

The role of the Technical Committee is to:

- screen and assess any Partner Country request for Grants ("Grant Request")
- submit Grant Requests for approval to the Assembly of Donors
- prepare Grant Request Assessment Criteria
- discuss implementation related issues, especially related to the progress of the RHP .

The EUR 5 million contribution threshold ensures that the Technical Committee remains operational by limiting the number of its members. The Technical Committee met for the first time on 26 October 2012 in Paris and meets a minimum of twice a year.

### 2.1.4. Regional Coordination Forum

To further ensure close coordination between all RHP operational stakeholders, an operational coordination organ, named the Regional Coordination Forum, has also been set up.

The Regional Coordination Forum is composed of one representative of:

- each Partner Country
- the Commission
- the UNHCR
- the OSCE Secretariat
- the CEB in its capacity as RHP Secretariat.

The Regional Coordination Forum is tasked with facilitating coordination in respect of issues related to the Sarajevo process in general, and to operational issues related to RHP preparation and implementation in particular.

The Terms of Reference of the Regional Coordination Forum will be adopted at the first meeting of the RCF, which will be held on 18 January 2013 in Podgorica, Montenegro. The Regional Coordination Forum formalizes the operational cooperation which has been taking place among the Partner Countries, international stakeholders and the CEB since the Belgrade Conference held in March 2010 and which is key to the success of the RHP.

Prior to the Regional Coordination Forum being established, several working groups, chaired by different Partner Countries and steered by the UNHCR in coordination with the Commission, were set up to solve different pending issues related to the Sarajevo Process and the RHP. Six Working Groups comprising all Partner Country were created: “Public Information and Outreach”; “Data Exchange”; “Drafting of Joint Declaration”; “Civil Status/Documentation”, “Regional Programme Preparation” and “Fund Management Mechanism”. The latter two working groups were combined in the fall of 2011 to form one single Working Group on “Fund Management” (or the “Alpha Working Group”). In addition, there are two bi-lateral working groups between Serbia and Croatia: “Pensions and Convalidation” as well as “Data Exchange”.

The Partner Countries and the international stakeholders held regular Technical Coordination Meetings to monitor the progress of the working groups and RHP preparatory work. Altogether six Technical Coordination Meetings were held between mid-2011 and March 2012.

This close coordination resulted in the “Joint Declaration” which was signed by the Foreign Ministers of all Partner Countries at the Ministerial Conference held in Belgrade in November 2011.

Further to this Ministerial Conference, four Progress Meetings were held in the region from March to December 2012, to continue monitoring the progress of the working groups and RHP preparatory work.

#### 2.1.5. International stakeholders

A number of international stakeholders, i.e. the Commission, the USA, the UNHCR and the OSCE have been providing strong support to Partner Countries in setting up the RHP from the outset of the initiative. By playing a key role in the governance and coordination structure, they contribute to close Donor oversight and strong operational coordination.

The Commission and the USA monitor closely the progress of the RHP, in particular within the framework of the Technical Committee. The UNHCR and the OSCE have been tasked with helping to identify beneficiaries, monitoring their selection and ensuring that they receive adequate protection. As such, those institutions will play a crucial role in ensuring that the RHP effectively provides sustainable housing solutions to those refugees and displaced persons most in need. Finally, the Commission, the UNHCR and the OSCE also facilitate operational coordination between all stakeholders by participating in the Regional Coordination Forum.

### 2.2. Raising substantial funding for the RHP

In 2012, all RHP stakeholders, and CEB in particular, also worked closely together to raise a substantial amount of funds from the international community for the RHP. By year-end 2012, funds held in the RHP Fund totalled EUR 15.6 million and this amount should substantially increase in the coming year.

#### 2.2.1. EUR 261 million pledged

To raise funds for the RHP, an international Donors’ Conference was held in Sarajevo, Bosnia and Herzegovina on 24 April 2012. During this conference, the Commission, the USA, Germany, Italy, Norway, Switzerland, Denmark, Turkey, Luxembourg, Cyprus, Romania, the Slovak Republic, the Czech Republic, Hungary and the former United Nations High Commissioner for Refugees, Ms Sadako Ogata, pledged contributions for the Regional Housing Programme.

On this occasion, the international community pledged EUR 261 million in support of the Regional Housing Programme, of which EUR 230 million were pledged by the Commission and EUR 31 million by other Donors.



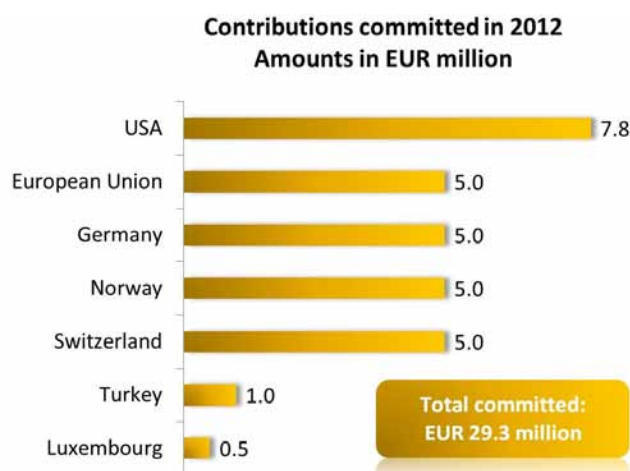
### 2.2.2. RHP Fund set up

Meanwhile, the CEB, in coordination with the Donors, set up the RHP Fund. The RHP Fund's governance structure and the conditions applicable to its resources are defined in the General Conditions of the RHP Fund ("General Conditions").

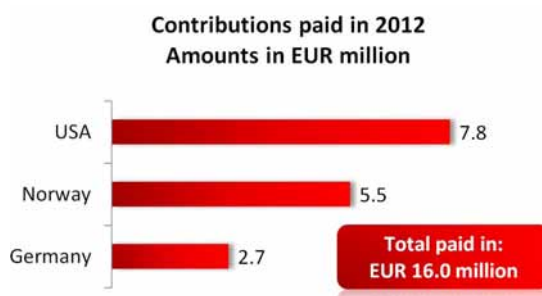
### 2.2.3. Contributions committed and paid in

To become a Donor to the RHP Fund, a country or an institution signs an Adherence Agreement (AA), by which it adheres to the General Conditions of the RHP Fund, and a Contribution Agreement (CA), by which it pledges to contribute to the RHP Fund a specific amount.

By year-end 2012, seven Donors had signed their Adherence Agreement and their Contribution Agreement. Funds committed by these Donors amounted to a total of EUR 29.3 million.



By the end of the year 2012, three of these seven Donors had paid into the RHP Fund a total of EUR 16.0 million. Norway paid in more than it had pledged, i.e. EUR 5.5 million instead of EUR 5.0 million, due to a favourable exchange rate.



#### 2.2.4. Amount held in the RHP Fund

At year-end 2012, funds held in the RHP Fund amounted to EUR 15.6 million. The difference between the amount of paid-in contributions and the amount held in the RHP Fund is due to the management fee received by the CEB and the remuneration on RHP Fund resources.

The General Conditions of the RHP Fund provide that un-earmarked contributions are preferred. However, they also offer the possibility for a Donor to earmark its contribution for a specific Country Housing Project or a group of Country Housing Projects.

The United States decided that its contribution could be used to fund Country Housing Projects in the four Partner Countries. Norway earmarked its contributions for Country Housing Projects in Bosnia and Herzegovina, Montenegro and Serbia. Germany earmarked its contribution for the Country Housing Project in Bosnia and Herzegovina.

To account for this, the CEB opened three separate RHP Fund accounts:

- the first account, named "RHP Fund regional account", holds funds that can be used to finance the four Country Housing Projects. This account held at year-end 2012 EUR 7.6 million
- the second account, named "RHP Fund sub-regional account", holds funds that can be used to finance Country Housing Projects in Bosnia and Herzegovina, Montenegro and Serbia. This account held at year-end 2012 EUR 5.3 million.
- the third account, named "RHP Fund country account – BiH", holds funds that can be used to finance Bosnia and Herzegovina's Country Housing Project. This account held at year-end 2012 EUR 2.6 million.

#### 2.2.5. Outlook for 2013

It is expected that in 2013 more Donors will sign their Adherence Agreement and their Contribution Agreement and / or pay all or part of their contribution into the RHP Fund. In particular, the Commission earmarked additional funds for the RHP through the Commission Implementing Decision of 17 December 2012 adopting the Regional Housing Programme (Sarajevo Process) 2<sup>nd</sup> phase under the IPA – Transition Assistance and Institution Building Component for the years 2012-2013. With this decision, the Commission earmarked for the RHP a maximum amount of EUR 74.7 million from its 2012 budget and a maximum amount of EUR 27.5 million from its 2013 budget. These funds will be used to provide grants to the Country Housing Projects. The funds will also include implementation support provided to the Partner Countries.

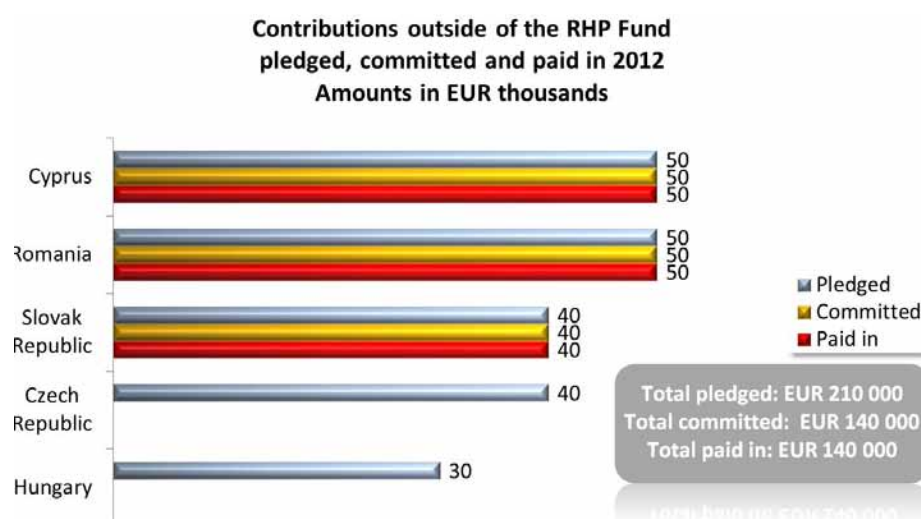
## 2.2.6. Contributions outside of the RHP Fund

To ensure an efficient representation of Donors within the RHP Fund, only Donors who contribute at least EUR 250 000 may channel their contributions through the RHP Fund. Those countries who pledged less than EUR 250 000 during the Donors' Conference in Sarajevo, i.e. Cyprus, Romania, the Slovak Republic, the Czech Republic and Hungary, were invited to channel their contributions directly through the CEB. Their contributions will be used by the CEB to pay RHP-related expenses, such as RHP-related events or publications. To channel its contribution through the CEB, a country signs a Contribution Agreement by which it pledges to contribute to the RHP a specific amount.

In total, Cyprus, Romania, the Slovak Republic, the Czech Republic and Hungary pledged EUR 210 000 in favour of the RHP. By year-end 2012, three of these countries had signed their Contribution Agreement and paid their contribution, for a total amount of EUR 140 000.

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The table below shows the amount pledged, and where applicable, committed and paid in by each country at year-end 2012.



## 2.3. Preparing Country Housing Projects

In 2012, the Partner Countries worked, with the support of the CEB and other stakeholders, on setting up implementation structures and preparing Country Housing Projects that are in line with international best practices. By the end of the year, the Partner Countries were drafting their Country Feasibility Reports, while preparing a first wave of sub-projects.

### 2.3.1. Technical Assistance

In 2012, the Partner Countries began receiving the first phase of Technical Assistance for drafting their Country Feasibility Reports. The Partner Countries will continue to receive extensive Technical Assistance throughout the implementation of the RHP. This Technical Assistance will enable the Partner Countries to address institutional capacity constraints while leaving them firmly in charge of implementing their Country Housing Projects. The Technical Assistance is financed by the Commission through a bilateral contribution agreement with the CEB. It is provided by consultants and supervised by the CEB.



## First stage of Technical Assistance

During the first stage of Technical Assistance, which took place between the fall of 2011 and May 2012, a consultant consortium named COWI-IPF2, which had been appointed by the Commission, drafted a Pre-Feasibility Report. The purpose of this Pre-Feasibility Report was to assess a number of pivotal elements in the pre-implementation phase of the RHP. The report focussed in particular on two main issues: implementation structures and costs per housing solutions.

The COWI-IPF2 consortium also drafted documentation on the RHP, i.e. a Programme Brief Report, a Brochure and a Prospectus. The purpose of these documents was to provide information to potential Donors on the RHP prior to the Donors' Conference of April 2012.

## Second stage of Technical Assistance

The tender process for the second stage of Technical Assistance was launched by the CEB on 1 March 2012<sup>2</sup>. Seven consulting companies were shortlisted after the pre-qualification, and following the evaluation of offers, a contract for the second stage of Technical Assistance was awarded to a consortium led by Eptisa (consortium leader) and which also includes GIZ and Danish Refugee Council (the "Consultant"). The contract was signed on 5 November 2012.

The activities under the second stage of Technical Assistance are divided into two successive phases:

- **Phase A:** Assist each Partner Country in the preparation of a Country Housing Project Feasibility Report ("Country Feasibility Report") (estimated duration: 4 months)
- **Phase B:** Assist each Partner Country in the implementation of its Country Housing Project (estimated duration: 44 months).

### Phase A

During Phase A, which began on 5 November 2012 and is scheduled to end in March/April 2013, each Partner Country will draft its Country Feasibility Report with the support of the Consultant.

The CEB developed the rationale and content of the Country Feasibility Reports. They are designed to outline the Country Housing Projects and their implementation frameworks in detail, as well as to identify the specific technical assistance needs of each Partner Country's implementation structures. A copy of each Country Feasibility Report will be provided to the Donors.

The Country Feasibility Reports should create a solid basis for project implementation, as they shall cover, amongst other, the following aspects :

- Institutional Set-up
- Legal Context
- Scope, Standards and Schedule
- Management
- Monitoring
- Procurement.

<sup>2</sup> Call for Expression of Interest: Regional Housing Programme in Four Western Balkan Countries (BiH, HR, MNE, SRB) – Technical Assistance for Formulating the Feasibility Reports and for Implementing the Country Housing Projects. Reference OJEU 2012/S 42-068939

## Phase B

Provided that the deliverables of Phase A are satisfactory, the Consultant will continue its assignment. During Phase B, the Partner Countries will receive support from the Consultant for the implementation of their respective Country Housing Projects. In particular, the Consultant will develop a Country Housing Project Implementation Manual for use by each Partner Country, in which standard implementation arrangements, procedures and control systems will be described and templates provided, with dedicated chapters for financial management and audit, procurement and contract administration as well as monitoring and periodic reporting.

The Technical Assistance provided under Phase B is foreseen to start just after Phase A is finalized. It should be front-loaded and decrease over the years so that by the end of year 4, each Partner Country implementing structure can function without external Technical Assistance.

### 2.3.2. Legal Framework between the CEB and Partner Countries

The CEB drafted a Framework Agreement to be entered into between each Partner Country and the CEB. The purpose of this Framework Agreement is to create a contractual relationship and to agree on the legal framework to implement the Country Housing Projects with the support of Grants.

As an umbrella argument at Country Housing Project level, the Framework Agreement covers, amongst other, compliance with the General Conditions and with the CEB's general framework of rules and procedures for project financing; procurement aspects; environmental policy issues; guidelines for implementing arrangements; visibility issues; information requirements, etc.

Each Partner Country is to formalize the Framework Agreement in accordance with its laws and procedures which, depending on the Partner Country, may or may not require parliamentary ratification process.

Once the Assembly of Donors has approved a Grant with respect to a sub-project, a Grant Agreement at sub-project level will be entered into between the relevant Partner Country and the CEB. This Grant Agreement will contain details of the sub-project and specify among other things, reporting requirements as well as detailing conditions precedent for disbursement. The approved Grant amount shall be disbursed in instalments, according to progress of works.

In preparing the legal framework for CHP implementation and the set-up of the implementation structures within each Partner Country, special emphasis is put on ensuring that the systems put in place within each Partner Country will guarantee an adequate control environment. To monitor the correct use of Donor funds, the CEB is in the process of preparing a framework for monitoring the physical and the financial progress of each sub-project. A well-defined monitoring framework will allow to keep track of how the sub-projects are progressing in terms of expenditure, resource use, implementation of activities, delivery of results and the management of risks. Monitoring will be complemented by regular financial audits aiming to verify whether resources provided by the RHP Fund are, in all material respects, used in conformity with the applicable framework.

### 2.3.3. Tools to guide Country Housing Project preparation

In 2012, the CEB, in close consultation with all RHP stakeholders, also began developing tools that will:

- guide Partner Countries in preparing and implementing their Country Housing Projects
- serve for the Technical Committee and the Assembly of Donors as benchmarks in the sub-project assessment and approval process
- monitor RHP progress.

These tools, which are to be finalised in early 2013, are:

- the sub-Project Application Form, which is the form that Partner Countries will use to submit a Grant Request to the Assembly of Donors. It contains a detailed description of the sub-project, including the UNHCR and the OSCE 's assessment
- the Grant Request Assessment Criteria which sets criteria that sub-projects should comply with in order to be considered substantially mature for financing. The Grant Request Assessment Criteria serves as a guiding tool for Partner Countries to prepare sub-projects and as an assessment tool for the Technical Committee to evaluate sub-project applications. In addition, the Grant Request Assessment Criteria complements the RHP's legal framework (based on CEB's Loan Policy and other governing documents) that will form the basis for the implementation of Partner Countries' Country Housing Projects. The Grant Request Assessment Criteria is a flexible document that may need to be modified over the course of RHP implementation.

#### 2.3.4. Preparation of a first wave of sub-projects

Initially, the first wave of Grant Requests was scheduled to be submitted to the Technical Committee and the Assembly of Donors during the second half of 2013, once the Partner Countries had elaborated their Country Feasibility Reports, set up their implementing structures, and once Technical Assistance would be providing capacity building to the implementing structures.

However, all RHP stakeholders were eager to see the implementation of the Country Housing Projects begin as soon as possible to maintain the momentum of the RHP. Thus, a decision was taken by the Partner Countries and all international stakeholders to start with the preparation of a first wave of sub-projects without delay. This will enable Partner Countries to present Grant Requests to the Assembly of Donors in April 2013 and to start the implementation of the sub-projects during late summer 2013 provided that a satisfactory framework is in place.

This decision was taken in full awareness of the fact that, at the time that the Grant Request will be submitted, neither the implementation structures of the Partner Countries nor the legal framework will be fully in place.

To address this issue, the CEB organized a series of missions to each Partner Country in the last months of 2012. The CEB suggested to the Partner Countries that, considering that their implementation structures are not yet fully in place, the first wave of sub-projects should be well prepared, mature, and easy to implement.

Following this advice, the Partner Countries have started to prepare a series of small and easy-to-implement sub-projects. These first sub-projects include reconstruction of damaged homes, provision of prefabricated houses, building of new apartment blocks and distribution of building material.

In any case, the implementation of these sub-projects will start only when the legal framework is in place, all necessary Partner Country implementation structures are finalized and the conditions precedent for the signing of a Grant Agreement and for disbursement of the first tranche are met.

This first wave of sub-projects will be followed by a more ambitious second wave once the implementation structures of the Partner Countries are consolidated.

## 2.4. Visibility

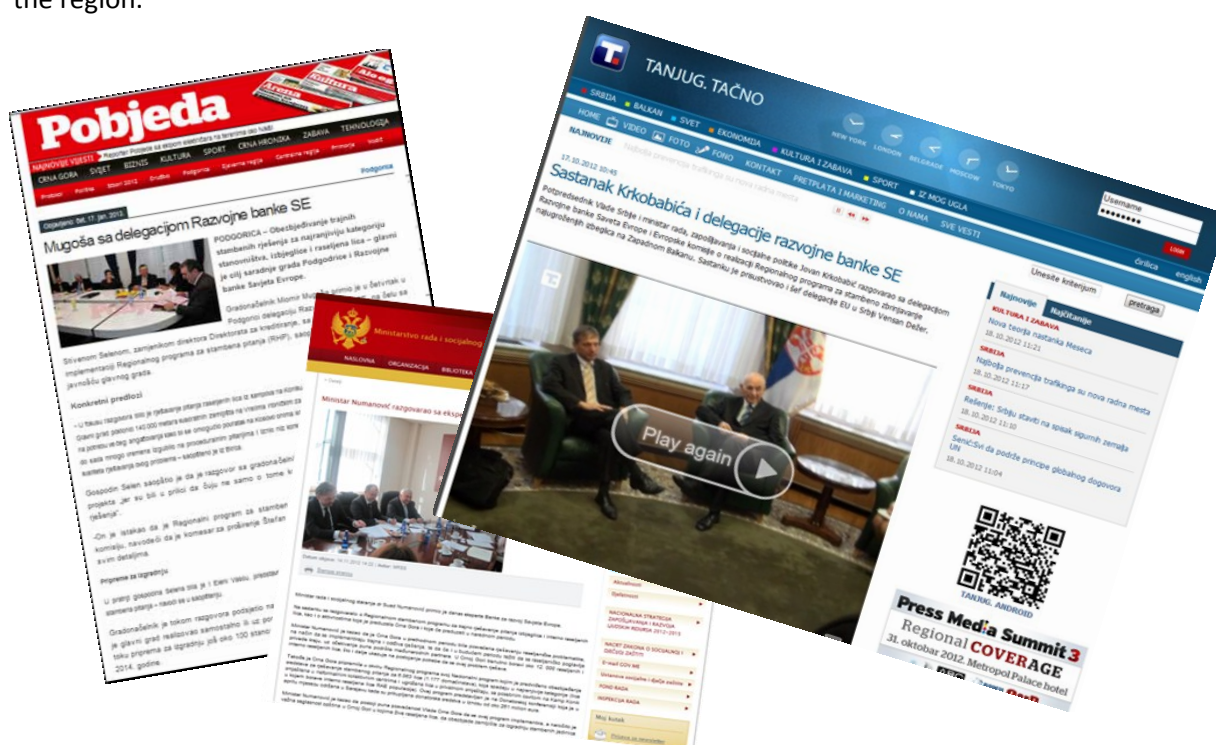
The process of developing a RHP communication strategy started in 2012 and should be finalized in the first half of 2013. The overall objective is to raise RHP awareness in the region as well as among the donor community and to demonstrate that RHP is effective in promoting regional cooperation. Furthermore, the communication strategy will encompass transparent access to timely information on RHP activities, status of disbursement of funds and overall RHP project pipeline.

Another important aspect of communication is related to RHP final beneficiaries (refugees and IDPs) in order to raise their awareness of the RHP. This is done by the Partner Countries, in coordination with the UNHCR and the OSCE, especially through public information campaigns. The aim of this communication effort is to ensure that as many eligible final beneficiaries as possible will apply. This will also contribute to the transparency and fairness of the selection process, which is supervised by the UNHCR and the OSCE.

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During 2012, CEB communication efforts were dedicated to ensuring that appropriate visibility was given to RHP Donors, e.g. in presentations in bilateral meetings with Partner Country authorities or in other regional fora, informing RHP stakeholders about the Donors' support and their role within the RHP's governance structure as well as about the amount of pledged and paid in contributions.

In addition, the CEB regularly conducted a media monitoring exercise in all four Partner Countries by collecting weekly press clippings. The objective was to keep track of RHP's presence in the media in the region.



Press clippings from local media about the RHP

### **3. RHP work plan for 2013**

#### **3.1. Finalisation of RHP legal framework**

Depending on the outcome of the negotiations between the Partner Countries and the CEB, the signing of the Framework Agreement is foreseen to occur in April/May 2013. Once the Framework Agreement has formally entered into force in the Partner Country concerned and the relevant Grant Agreement has been signed and all sub-project specific conditions precedent to disbursement specified in the Grant Agreement have been met, the first tranche of the Grant may be disbursed to the Partner Country.

#### **3.2. Submission of first wave of sub-project Grant Requests**

In January 2013, the CEB will receive the first sub-project Grant Requests from the four Partner Countries. These Grant Request should total approximately EUR 7-8 million. The CEB will pre-appraise the Grant Requests received and will support Partner Countries, where necessary, to finalise their Grant Requests. The Grant Requests will be presented for approval to the Assembly of Donors in April 2013.

#### **3.3. Finalisation of Country Feasibility Reports – March/April 2013**

The deadline for the Partner Countries to submit the first draft of their Country Feasibility Reports is January 2013. Once the CEB receives the first Country Feasibility Report drafts, workshops will be organized in each Partner Country to discuss the main findings as well as to identify areas that need further strengthening. It is foreseen that the Country Feasibility Reports will be finalised by the beginning of April 2013.

#### **3.4. Provision of resident implementation support – April 2013 onwards**

Based on the information outlined in the Country Feasibility Reports about specific capacity needs in Partner Country implementation structures, the Consultant will define the nature and scope of resident implementation support to be provided to each Partner Country implementing structure.

This assistance will include training and transfer of knowledge in areas identified as most needed by Partner Countries, including financial management, procurement, contract administration and progress monitoring.

The Consultant will also provide support to each Partner Country implementation structure at all stages of the sub-projects. This includes:

- Preparation: design briefs, outline designs and cost plans
- Design: Concept designs, design development and technical designs
- Pre-construction: production information, tender documentation and tender actions
- Construction: mobilization and construction to practical completion including works supervision.



### **3.5. Establishment of Partner Country implementation structures – April to June 2013**

It is expected that all Partner Countries will have the necessary structures for RHP implementation in place, particularly a project implementation unit, by June 2013. To ensure that the project implementation units fulfill the minimum requirements for correctly using grants from the outset, the CEB will undertake a process of verification of project implementation units before summer 2013 and in any case before any grant tranche is disbursed. This process of verification of the project implementation units will entail a review of the systems, structures, policies and practices of the project implementation units.

### **3.6. Drafting of Country Housing Project Implementation Manual – April to July 2013**

The Consultant will develop a Country Housing Project Implementation Manual which will outline standard implementation arrangements, procedures and control systems and provide respective templates. The Implementation Manual will focus on the following areas:

- Project management
- Financial management and audit
- Technical management
- Contract management
- Reporting and monitoring.

It is foreseen that “sub-manuals” within this Implementation Manual will be developed for procurement, monitoring and visibility. The areas outlined above will build upon RHP common minimum standards and procedures while taking into account Partner Country national specificities.

### **3.7. Submission of second wave of sub-project Grant Requests – June 2013**

Partner Countries have been invited to submit their second wave of sub-project Grant Requests by 28 June 2013. The preparation of the second round of sub-project Grant Requests will take place in a more mature environment than the first wave. It is expected that all Partner Country implementation structures will be in place and that the Technical Assistance will be fully operational in all Partner Countries.

### **3.8. Start of implementation of first wave of sub-projects – Late summer 2013**

In Partner Countries where the legal framework is already in place and where the implementing structures provide an adequate control environment, the implementation of the first wave of sub-projects could start as early as late summer 2013. The CEB will closely monitor the implementation of sub-projects and will supervise the Technical Assistance provided to Partner Countries.

### **3.9. Organisation of RHP-related meetings (please see Annex 4.2 – RHP Meeting Calendar 2013)**

Ten meetings of the governance organs of the RHP and the RHP Fund are scheduled for 2013. It is foreseen that the Technical Committee meet four times, the Assembly of Donors meet four times and the RHP Steering Committee meet three times. The Regional Coordination Forum is expected to meet seven times in 2013.



## 4. Appendices

### 4.1. Audited statement of the RHP Fund January-December 2012



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#### **Council of Europe Development Bank (CEB)**

55, avenue Kléber  
75116 Paris

#### **Independent Auditors' Report**

We have audited the accompanying statements of movements on accounts No 001023291101/001023291102/001023291103 in the name of RHP Fund for the period from January 1, 2012 to December 31, 2012 of Council of Europe Development Bank (CEB) and the notes describing the basis of preparation and the general accounting principles used ("the Note")(together "the Statement"). The Statement has been prepared by management using the basis of preparation described in the Note.

#### *Management's Responsibility for the Statement*

Management is responsible for the preparation of this Statement in accordance with the basis of preparation described in the Note, for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the Statement for the period from January 1, 2012 to December 31, 2012 is prepared, in all material respects, in accordance with the basis of preparation described in the Note.

#### *Basis of Preparation*

The Statement is prepared to provide information to the donors. As a result, the Statement may not be suitable for another purpose.

Paris La Défense, 8th April 2013

KPMG Audit  
*A division of KPMG S.A.*



Pascal Brouard  
*Partner*

Appendix to the Independent Auditor's report

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**Statement of movements on Accounts No 001023291101/ 001023291102/001023291103  
in the name of RHP Fund prepared for the period from January, 1<sup>st</sup> 2012 to December  
31, 2012.**

Statement of the RHP Fund from 01/01/2012 to 31/12/2012				
Amounts in EUR				
<b>RHP Fund regional account(n° 001023291101)</b>				
Reference / Desc.		Value	Debit	Credit
<b>Initial balance as at:</b>	<b>Sender/Receiver</b>	<b>01/11/2012</b>		<b>0</b>
Contribution United States of America	United States of America	02/11/2012		7 816 164
CEB management fee	paid to CEB	02/11/2012	195 404	
Remuneration of RHP Fund resources	paid to CEB	01/12/2012- 01/01/2013	2 853	
Total movements			198 257	7 816 164
<b>New balance as at:</b>		<b>31/12/2012</b>		<b>7 617 907</b>
<b>RHP Fund sub-regional account(n° 001023291102)</b>				
Reference / Desc.		Value	Debit	Credit
<b>Initial balance as at:</b>	<b>Sender/Receiver</b>	<b>01/11/2012</b>		<b>0</b>
Contribution Norway	Norway	16/11/2012		5 458 143
CEB management fee	paid to CEB	16/11/2012	136 454	
Remuneration of RHP Fund resources	paid to CEB	01/12/2012- 01/01/2013	1 535	
Total movements			137 988	5 458 143
<b>New balance as at:</b>		<b>31/12/2012</b>		<b>5 320 155</b>
<b>RHP Fund country account – BiH (n° 001023291103)</b>				
Reference / Desc.		Value	Debit	Credit
<b>Initial balance as at:</b>	<b>Sender/Receiver</b>	<b>01/12/2012</b>		<b>0</b>
Contribution Germany	Germany	20/12/2012- 28/12/2012		2 700 000
CEB management fee	paid to CEB	20/12/2012- 28/12/2012	67 500	
Remuneration of RHP Fund resources	paid to CEB	01/01/2013	175	
Total movements			67 675	2 700 000
<b>New balance as at:</b>		<b>31/12/2012</b>		<b>2 632 325</b>
<b>RHP Fund grand total at 31/12/2012</b>				<b>15 570 386</b>

Figures may not add up due to rounding of decimals.



## Notes to the statement

### ***Basis of Preparation***

The accompanying statement of movements on following RHP Fund accounts:

- RHP – Fund Regional Account (Account N° 001023291101)
- RHP – Fund Sub- Regional Account (Account N° 001023291102)
- RHP – Fund country account – BIH (Account N°001023291103)

for the period from January 1<sup>st</sup>, 2012 to December 31, 2012 is prepared in accordance with Articles 2 and 3 of the General Conditions of the Regional Housing Programme Fund (the “General Conditions”).

It shall be debited with:

- payments for providing support in the form of Grants;
- the Management Fee in accordance with Paragraph 3.6 of the General Conditions;
- the costs of the audit of the financial statements of the RHP Fund in accordance with Paragraph 3.8 (b) the General Conditions;
- the costs of recovery proceedings in accordance with Paragraph 3.4(c) of the General Conditions;
- other activities approved by the Assembly of Donors,

The terms of the Management Fee due to the CEB are provided in the Article 3.6 of the General Conditions. The CEB receives a management fee, corresponding to 2.5 per cent of the total amount of Contributions paid into the RHP Fund.

### ***General accounting principles used***

This statement is prepared on the cash receipts and disbursement basis. On this basis, revenues are recognized when received rather than earned and expenses are recognized when paid rather than when incurred.

## 4.2. Provisional calendar of RHP meetings in 2013

Date	Meeting	Place	Status
18 January	1 <sup>st</sup> Regional Coordination Forum	Podgorica	confirmed
5 March	2 <sup>nd</sup> Technical Committee	Paris	confirmed
14 March	2 <sup>nd</sup> Regional Coordination Forum	Zagreb	confirmed
8 April	2 <sup>nd</sup> Assembly of Donors	Paris	confirmed
25 April	3 <sup>rd</sup> Regional Coordination Forum	Belgrade	confirmed
10 June	3 <sup>rd</sup> Technical Committee	Paris	confirmed
18 June	4 <sup>th</sup> Regional Coordination Forum	Sarajevo	
12 July	3 <sup>rd</sup> Assembly of Donors / 2 <sup>nd</sup> Steering Committee	Belgrade	confirmed
10 September	5 <sup>th</sup> Regional Coordination Forum	Podgorica	
13 September	4 <sup>th</sup> Technical Committee	Paris	
8 October	4 <sup>th</sup> Assembly of Donors	Paris	
15 October	6 <sup>th</sup> Regional Coordination Forum	Zagreb	
8 November	5 <sup>th</sup> Technical Committee	Paris	
26 November	7 <sup>th</sup> Regional Coordination Forum	Belgrade	
5-6 December	5 <sup>th</sup> Assembly of Donors / 3 <sup>rd</sup> Steering Committee	Paris	





# Regional Housing Programme

