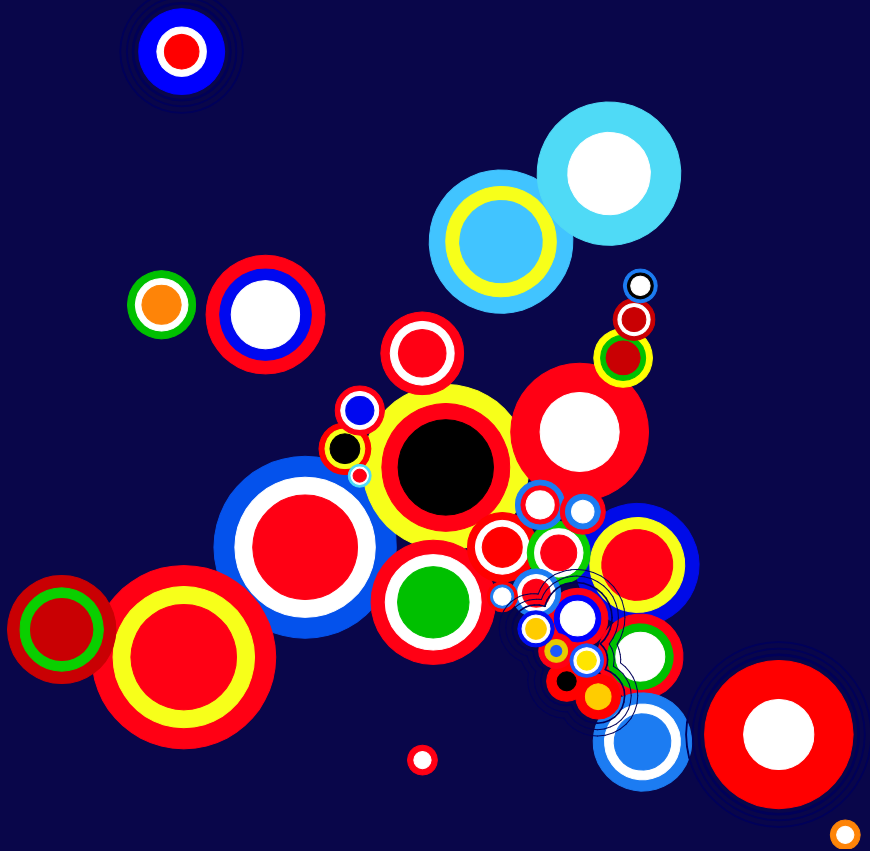




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020



a QUICK GUIDE
to IPA II programming

v.1.1

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INTRODUCTION

This **Quick Guide to IPA II programming** serves as a digest of the **IPA II Programming Guide**, which is a comprehensive set of guidance documents and tools.

The IPA II Programming Guide

The purpose of the PROGRAMMING GUIDE is to complement the regulatory framework and other relevant references on aspects related to programming of pre-accession assistance. It focuses on the preparation and approval stages of IPA II programmes and therefore leaves out aspects related to strategic planning of assistance or implementation, the latter in particular being dealt with by other forms of guidance.

- It is an ALL-INCLUSIVE Programming Guide: all aspects without any distinction related to programming of financial assistance are covered, including specific guidance on the sector approach; the preparation of Country Action Programmes, but also Rural Development Programmes; etc.
- It is a Programming Guide FOR ALL: all relevant stakeholders with a role to play in programming financial assistance can have access to the guide, i.e. not only the European Commission and EU Delegations, but also the Beneficiaries¹, as well as to a lesser extent the wider donor community (e.g. Member States, International Organisations, etc.).
- It is a DYNAMIC Programming Guide: it aims to be a user-friendly toolbox, updated regularly for real use.

The [IPA II Programming Guide](#) is an online tool. An ECAS login is required for access.

The Quick Guide to IPA II Programming

This QUICK GUIDE focuses on some of the essential elements to be aware of before embarking on programming of financial assistance, i.e. programme architecture, tools and tasks, and in particular:

- SCOPE of programming and DEFINITIONS: overview of the basic terminology related to financial assistance for the period 2014-2020 and the meaning of programming.
- PROGRAMMING PRINCIPLES: considerations on strategic aspects such as the move towards the sector approach and the need for a clear intervention logic, as well as other cross-cutting principles.
- TYPES OF PROGRAMMES and the related DOCUMENTS: outline of the main programmes on offer and how these materialise.
- PROGRAMMING OPTIONS: guidance on the range of Actions and Programmes available and how these relate to one another.
- PROGRAMMING TASKS: clarifications on roles and responsibilities.
- PROGRAMME LIFECYCLE: overview of the sequencing of steps from initiation to adoption.

¹ As per the list in Annex I to the IPA II Regulation.

ACRONYMS

AGRI	European Commission's Directorate-General Agriculture and Rural Development
CBC	Cross-Border Cooperation
CI	Commission Implementing Decision
CIR	Common Rules for the Implementation of the Union's Instruments for External Action
CSP	Country Strategy Paper
EMPL	EC's Directorate-General Employment, Social Affairs and Inclusion
FA	Financing Agreement
FP	Financing Proposal
FR	Financial Regulation
FwA	Framework Agreement
IMDA	Indirect Management Delegation Agreement
ISC	Inter-Service Consultation
ISP	Indicative Strategy Paper
MCSP	Multi-Country Strategy Paper
NEAR	EC's Directorate-General for Neighbourhood and Enlargement Negotiations
NIPAC	National IPA Coordinator
REGIO	EC's Directorate-General Regional and Urban Policy

THE FINANCIAL ASSISTANCE FRAMEWORK

The Regulatory Framework

The regulatory framework consists of a main piece of specific legislation, the **Instrument for Pre-accession Assistance Regulation** (IPA II) along with two additional acts, the **Common Rules and Procedures for the Implementation of the Union's Instruments for financing External Action** (referred to below as Common Implementing Regulation - CIR) and the **Financial Regulation** (FR).

Based on this legal framework, the European Commission and the Beneficiaries of pre-accession assistance shall conclude **Framework Agreements**, in order to set out and agree on the rules for co-operation concerning financial assistance. Planning of financial assistance is spelled out in the indicative **Strategy Papers**, representing the European Commission's strategy for the use of EU funds for each IPA II Beneficiary.

This comprehensive set of references fits into the broader context of the basic *Enlargement Policy* documents, in particular the annual enlargement package of the European Commission.

The IPA II Regulation

With a view to future accessions, the EU will continue to offer Beneficiaries technical and financial assistance to foster growth and sustainability. The **IPA II Regulation** [No 231/2014 – 11.03.2014] lays down the main legislative framework for the new *Instrument for Pre-accession Assistance*.

Under IPA II, financial assistance is available to candidate countries and to potential candidates, irrespective of their status, and shall be implemented by addressing the overriding objective of accession and a number of specific objectives. Strategic planning takes the form of comprehensive strategies covering the entire period with a mid-term review.

Annexes to the IPA II Regulation include 1) the list of Beneficiaries, 2) the thematic priorities for assistance and 3) the thematic priorities for assistance for territorial cooperation.

The **IPA II Implementing Regulation** [No 447/2014 – 11.03.2014] serve to complete the legal framework for IPA II by introducing specific rules establishing uniform conditions in particular as regards management and control systems under indirect management by the IPA II Beneficiaries; financial management; monitoring, evaluation and reporting; transparency and visibility; cross-border cooperation, as well as agriculture and rural development

The Common Implementing Regulation for External Action

In the broader context of the EU External Action instruments, the **Common Implementing Regulation** (CIR) [No 236/2014 – 02.05.2014] is a set of simplified and harmonised implementing rules and procedures applicable to IPA II, as well as to the other three geographic instruments (DCI, ENI, and PI) and to the thematic instruments of EU External Action (IfS, EIDHR, and INSC).

Of particular relevance for programming are the provisions on the types and format of (Action) Programmes and measures, the types of financing (Financing Methods), as well protection of the financial interests of the EU, evaluation and committees.

The Financial Regulation and its Rules of Application

The **Financial Regulation** (FR) [No 966/2012 – 25.10.2012] is the main point of reference for the principles and procedures governing the establishment and implementation of the EU budget and the control of the European Union's finances. The FR (applicable since 1st January 2013) is supplemented by **Rules of Application** (RAP) [No 12068/2014 – 29.10.2012]. The RAP contains more detailed and technical rules, which are essential for the day-to-day implementation of the FR.

Of particular relevance for programming are the provisions on the essential elements of a Financing Decision (objectives, results, total amount etc.) and the essential elements of an Action (for grants, for procurement, for financial instruments, etc.).

The Strategy Papers

The indicative **Country Strategy Papers** (CSP) and the indicative **Multi-Country Strategy Paper** (MCSP) are the overarching strategic planning documents from which priorities and objectives of individual programmes derive. The indicative Strategy Papers (ISP) are Implementing Acts (Art. 291 TFEU) adopted by the European Commission following the opinion of the IPA II Committee.

The role of the Country Strategy Papers is to set the frame for financial assistance over the period 2014-2020, to prepare the ground for Action Programmes, to identify priorities and sequencing for the reforms and investments and to ensure a coherent and consistent approach in line with the enlargement agenda.

Similarly, a Multi-Country Strategy Paper defines priorities and conditions for achievement at regional level for multi-beneficiary programmes and for territorial cooperation programmes.

Other important documents of reference include the countries' national plans and sectorial strategies where they are compatible with the pre-accession objectives (see section on the Sector Approach).

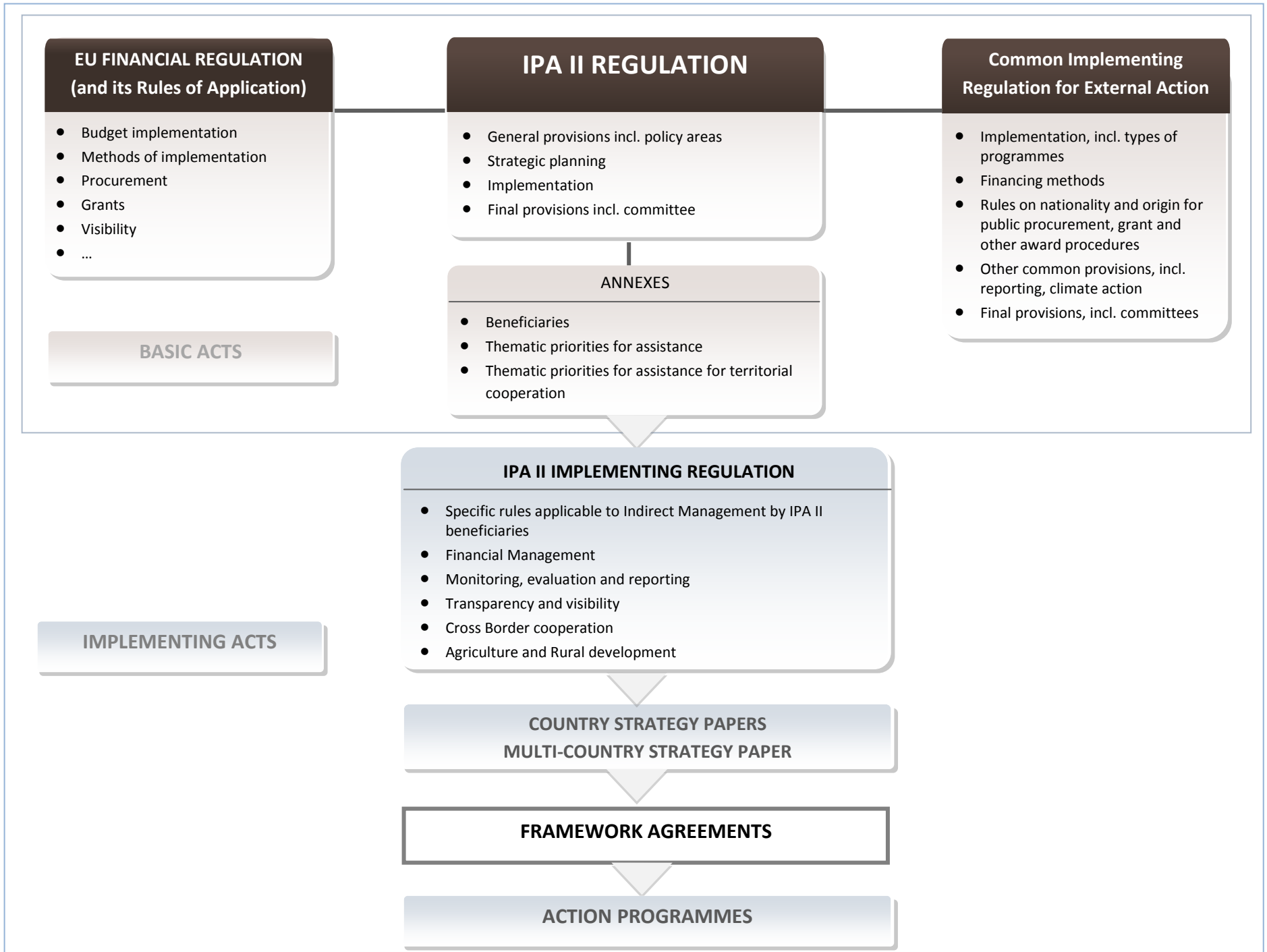
The Framework Agreements (and Financing Agreements)

The European Commission and each IPA II Beneficiary shall conclude a **Framework Agreement** (FA) for the entire programming period. The FA sets out specific provisions for the management, control, supervision, monitoring, evaluation, reporting and audit of financial assistance. The FA also transposes into the legal order of the Beneficiary the relevant provisions of the Union's regulatory framework.

IPA II assistance can only be granted to the Beneficiary after the Framework Agreement has entered into force.

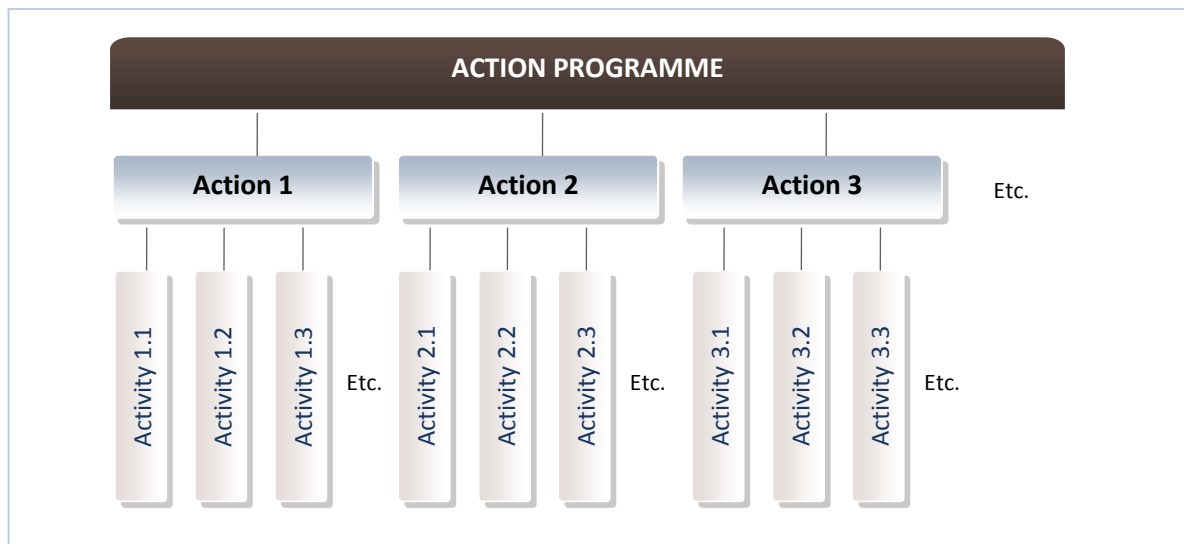
The Framework Agreement shall apply to all Financing Agreements.

The European Commission and each Beneficiary shall conclude **Financing Agreements**. Financing Agreements shall further detail, inter alia, the terms on which the IPA II assistance shall be managed, including the applicable methods of implementation, aid intensities, implementation deadlines, as well as rules on the eligibility of expenditure. Under indirect management by an IPA II Beneficiary, the Financing Agreement shall include the required provisions of Article 40 of Delegated Regulation (EU) No 1268/2012.



PROGRAMMING ESSENTIALS

PROGRAMMING: DEFINITIONS AND SCOPE



ACTION PROGRAMME > ACTIONS > ACTIVITIES

(Action) Programmes

The Common Implementing Regulation for External Action (CIR) provides that Financing Decisions adopted by the European Commission are to be in the form of **ACTION PROGRAMMES**. These translate the priorities and objectives identified in the indicative Country Strategy Papers or the indicative Multi-Country Strategy Paper into specific interventions, i.e. how these objectives are going to be achieved via **Actions**.

The CIR also provides a description of the main elements to be provided in each Action Programme: *Action Programmes shall specify for each action the objectives pursued, the expected results and main activities, methods of implementation, budget and indicative timetable, any associated support measures and performance monitoring arrangements.* These provisions apply to IPA II in their entirety as one of the instruments for External Action.

In order to be implemented, each Action Programme must therefore be subject to a **Commission implementing Decision** (Art. 291 TFEU) to be adopted by the European Commission following the opinion of the IPA II Examination Committee (i.e. EU Member States). An adopted IPA II Action Programme is therefore the final output of the programming exercise.

(ACTION) PROGRAMME

A **set of Actions** for EU financial assistance defined by clearly identified objectives and expected results, as well as implementation arrangements and other related conditions for execution, adopted through a **Commission implementing Decision**.

Actions

An **Action Programme** is made up of **ACTIONS**. In the programming context of IPA II (and with reference to the term 'Action' as used by the Financial Regulation), an Action should be described at the **highest possible level of breakdown** where it makes sense to define **one single objective** and the **expected result** of that action.

In a spirit of simplification and in order to align the terminology of IPA II programming with the Common Implementing Rules for External Action and the Financial Regulation, the term "**Action**" (whether a Sector Support Action or a Stand-alone Action) shall be used as a generic term to describe the sub-level of

Action Programmes. There might also be cases where an individual Action Programme is made up of one single Action, particularly where an Action (and therefore the entire Action Programme) focuses on a defined sector (e.g. through Budget Support).

ACTION

A **coherent set of co-ordinated activities** undertaken to meet a defined objective of a geographic and/or sectorial scope, which have an estimated total cost to which the EU approves a maximum contribution, as well as implementation schedule and performance parameters.

Activities

An **Action** is made up of **ACTIVITIES**. The **types of Activities** are determined by the needs identified and, as a consequence, the expected results. They represent a key element of the **Intervention Logic**. These may include capacity-building, consultancy, studies, support to infrastructure, supply of equipment, etc.

The choice of Activities is also determined by the **types of financing** (e.g. procurement, grant, etc.). An

Activity may be implemented via one single type of financing or several types.

ACTIVITY

A **component of an Action** which can be clearly identified by its costs and EU contribution, as well as type of financing (e.g. procurement, grant, etc.).

[> MORE ABOUT ...](#)

OTHER TERMS

The Common Implementing Rules for External Action also provide for the following types of interventions (and terminology) alongside Action Programmes: **Individual Measures** (which can be adopted outside the action-programme framework); **Special Measures** (which can be adopted in the event of unforeseen and duly justified cases); **Support Measures** (types of expenditure that represent support to the implementation of financial assistance, e.g. audit, monitoring, evaluation, communication).

The terms "**Measure**" and "**Operation**" are also used to designate the main level of breakdown for **Rural Development Programmes**, which mirror the provisions of the European Agricultural Fund for Rural Development (EAFRD). The EAFRD regulation defines a "Measure" as "a set of operations contributing to one or more of the Union priorities for rural development", an "operation" being "a project, group of projects, contract, or arrangement or other action selected according to criteria for the Rural Development Programme concerned and implemented by one or more beneficiaries allowing achievement of one or more of the Union priorities for rural development". "**Operation**" also refers to a project, contract or group of projects selected for IPA II support in the context of **territorial cooperation**.

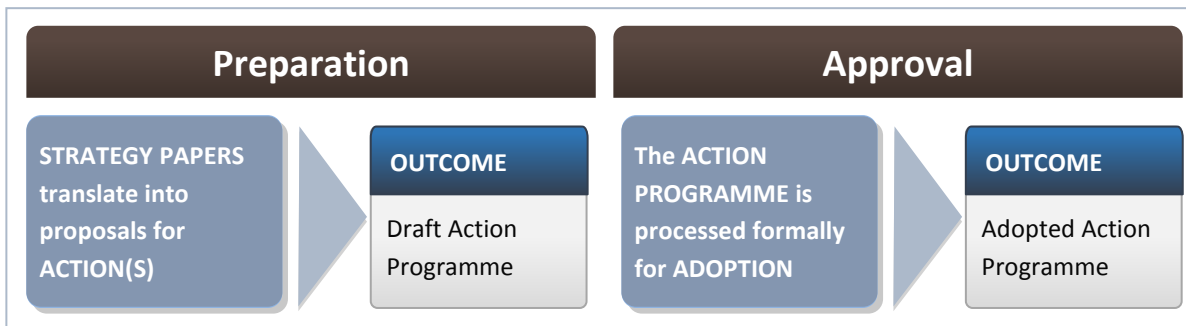
Programming

PROGRAMMING creates the link between strategy and implementation.

In the context of IPA II, programming **translates the priorities identified in the indicative Country Strategy Papers and the indicative Multi-Country Strategy Paper** (which describe in broad terms how Beneficiaries will use financial assistance to address the political priorities of the Enlargement Strategy and the reform efforts under different Sectors) and, where appropriate, other Sector policy or planning documents, **into Actions** to be carried out on the ground. Actions must therefore be consistent with the objectives and conditions for achievement identified in the Strategy Papers.

Programming can be defined as a phase within the wider Programme lifecycle aiming at **designing the delivery of financial assistance for a given Action or set of Actions**. To put it simply, programming is divided into two broad phases: **preparation** (Strategies translate into proposals for Actions, i.e. consolidated in the form of a draft Action Programme) and **approval** (the draft Action Programme is processed formally until it is adopted by the European Commission).

The final outcome of programming is a **Commission implementing Decision adopting the (Action) Programme**.



IPA PROGRAMMING

[> MORE ABOUT ...](#)

PRINCIPLES FOR SOUND PROGRAMMING

Under IPA II (2014-2020), the delivery of financial assistance is intended to be simpler, more strategic, more flexible as well as more efficient and effective compared to IPA (2007-2013). The intervention logic, ownership and impact of IPA II will be strengthened by focussing assistance on the achievement of sector policy objectives and results which are relevant for accession. Sector-focused programming will imply ongoing coordination with the wider donor community to ensure consistency of assistance. Compliance with horizontal policies and obligations will be yet another determining quality factor of IPA II Programmes.

Harmonising Programmes with Strategies

The starting point of programming is the indicative Country Strategy Paper (or Multi-Country Strategy Paper). This high-level planning document adopted by the European Commission states the IPA II priorities for each Beneficiary for the period of the Multiannual Financial Framework 2014-2020. The objectives of Action Programmes to be funded by IPA II shall therefore be consistent with those agreed at the level of the Strategy Papers and their design also shall be in line with the directions for assistance outlined in these multi-annual planning documents for each of the priority sectors.

Another key reference to be taken into account in the initial programming steps is the Enlargement Strategy, i.e. the European Commission's package setting the framework for the pre-accession process within which IPA II must operate. In view of the enhanced Sector Approach for all Beneficiaries, national plans or sectorial strategies (where compatible with pre-accession objectives) are to be employed as key instruments to support the programming exercise.

[> MORE ABOUT ...](#)

The Sector Approach - a central guideline for programming

The Sector Approach is both a key cross-cutting principle and a strategic target for programming of IPA II. Beneficiaries should therefore adopt a Sector Approach when designing their Actions whenever possible.

A flexible line will be taken, based on the assumption that IPA II assistance will be delivered as a mix of Sector Support Actions and Stand-alone Actions. However, it is expected that the proportion of assistance delivered by means of Stand-alone Actions will progressively decrease as the Beneficiaries improve the quality of their sector policies and strategies.

[> MORE ABOUT ...](#)

Good planning equals good programming

Programming will consider each priority Sector as defined in the Strategy Paper. A key consideration is to avoid support to the Sector in its entirety, but rather to concentrate only on those priorities which are linked to the enlargement agenda.

To achieve this, a precondition for successful programming is proper planning of financial assistance with a mid-term to long-term perspective based on a logical sequencing of steps leading to the anticipated reforms.

Whilst the Strategy Paper provides a broader view of the funding needed, more detailed planning of assistance by Beneficiaries over the years is essential, whereby planned Actions deemed to be mature enough for IPA II support will feed into Action Programmes. A more operational tool such as a Sector Planning Document will fulfil this purpose.

[> MORE ABOUT ...](#)

Robust intervention logic - the cornerstone of a quality programme

Concentration of available funds on the achievement of a limited number of Sector results and meaningful SMART indicators based on reliable sources of information are at the heart of effective financial assistance.

A more strategic and result-oriented programme requires a solid intervention logic with clear target-setting and realistic milestones in order to achieve financial assistance with a lasting impact.

Programmes need to be implemented and consequently, progress needs to be accurately monitored: performance measurement is a requirement to be anticipated as early as the programming stage and not later.

[> MORE ABOUT ...](#)

Simplified, ownership-based delivery

Delivery of financial assistance, based on more ownership and simplification, is another key objective and principle of IPA II programmes.

The progressive introduction of the Sector Approach will mean a lower number of stand-alone interventions and therefore fewer contracts. If conditions allow, the Sector Approach could also entail the use of Sector Budget Support, again reducing the administrative burden compared to more traditional project support.

The methods of implementation provided for by the new Financial Regulation (e.g. delegation of budget implementation tasks) are yet other options to be considered in this perspective. Flexibility of procedures will also be used for budget allocations (including the possibility of easier reallocations within programmes, in particular at the level of each Action).

All these options must be reflected in the early stages of programme design and justified accordingly, as they will determine implementation efficiency.

[> MORE ABOUT ...](#)

Donor coordination – the key provision for more consistent assistance

Better programming also relies on increased cooperation with other donors, international and financial institutions at strategic level, agreeing on policy priorities and a clearer share of roles and interventions.

Improved coordination with the donor community is a key condition enabling (co-)financing of agreed Sector Support Actions contributing to the policy objectives, thus moving away from purely grant-financed projects and instead increasing the share of assistance through support at Sector level.

[> MORE ABOUT ...](#)

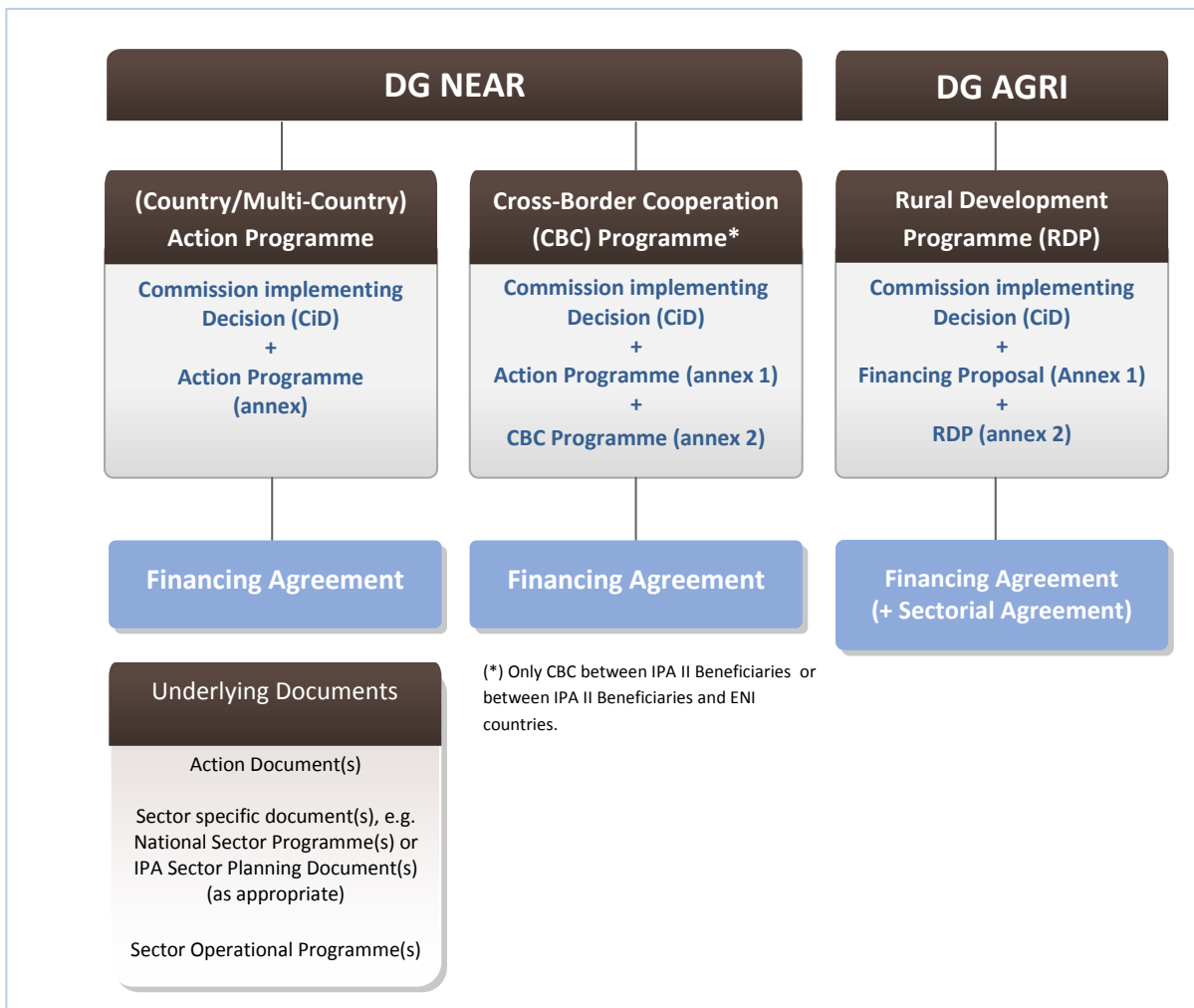
Compliance with cross-cutting principles and obligations

How IPA II Programmes will address horizontal principles (monitoring and evaluation, but also risk management, fraud prevention, control, visibility and transparency, etc.) or obligations (contribution to combating climate change or to improving gender balance, involvement of minorities and vulnerable groups as well as engagement with civil society and other non-state actors) must be clearly thought out in the programming phase and justified in relevant Programme documents.

[> MORE ABOUT ...](#)

PROGRAMME TYPES AND RELEVANT DOCUMENTS

The main programmes supported by IPA II are the Country and Multi-Country Action Programmes. Assistance for cross-border cooperation and rural development are other important forms of assistance. Specific horizontal programmes support interventions for audit, communication, evaluation, among others.



MAIN PROGRAMMES AND DOCUMENTS

Country and Multi-Country Action Programmes

Programme scope

Country Action Programmes are the main vehicles for addressing specific country needs in priority Sectors, as identified in the indicative Country Strategy Papers. Therefore, the bulk of the assistance to IPA II Beneficiaries is channelled through the Country Action Programmes, which are prepared on the basis of proposals (in the form of Action Documents based, as appropriate, on Sector specific documents) from the Beneficiary themselves. These must be consistent with the overarching priorities set out in the Country Strategy Papers, i.e. Actions as defined in the Country Action Programmes must derive from the **sector priorities** described in the Strategy Papers, for which the necessary administrative, political and economic

reforms should be supported for the given Sectors. They should (either fully or in part) follow the Sector Approach when the relevant requirements are satisfied.

Multi-Country Action Programmes are designed to complement the Country Action Programmes. Areas of assistance (also described in the form of Action Documents) will only be addressed through the Multi-Country Action Programmes where there is a clear need for regional cooperation or horizontal action, e.g. tackling cross-border problems, reaching efficiency by establishing harmonised approaches or facilitating networks of experts. When drawing up such programmes, due account shall therefore be taken of the **coherence with Country Action Programmes**.

Programme documents

Proposals for financial assistance are, in the first instance, itemised in **Action Documents** both for Country and Multi-Country Programmes. Where appropriate, Action Documents will summarise planned interventions (either fully or in part) highlighted in the existing Sector specific documents, i.e. **Country Sector Programmes** owned by the Beneficiaries (in the case of fully-fledged Sector Support) or **Sector Planning Documents** specifically designed in the context of IPA II.

Draft Action Documents are the basis for consultation among all stakeholders during the preparation period and their final versions used for the drafting of the **Action Programme** itself (to become an annex to the **Commission implementing Decision**).

The Action Programme then becomes an annex to the **Financing Agreement** between the European Commission and the IPA II Beneficiary in the case of a Country Action Programme. No Financing Agreement is concluded in the case of a mainstream Multi-Country Programme.

The **Sector Operational Programme** is yet another document to be used for multi-annual programmes with split commitments (along the lines of programmes supported under IPA I Components III and IV). It covers implementation from three to seven years. When capital investments are involved (in the environment, energy, transport sectors), the programme includes an indicative list of Major Projects, which are subject to specific subsequent approval procedures.

[> MORE ABOUT ...](#)

Cross-Border Cooperation Programmes (CBC)

Programme scope

Cross-Border Cooperation is the most common form of Territorial Cooperation as defined by the European Regional Policy. Its aim (particularly in the case of the Western Balkans) is to promote good neighbourly relations, foster EU integration and promote socio-economic development in border areas between countries through joint local and regional initiatives combining both external aid and economic and social cohesion objectives.

CBC Programmes between IPA II Beneficiaries must be consistent with the overarching thematic priorities set out in the indicative Country Strategy Papers and the relevant section on territorial cooperation in the indicative Multi-Country Strategy Paper.

Other Territorial Cooperation Programmes relevant to IPA II Beneficiaries include the Cross-Border Cooperation Programmes between IPA II Beneficiaries and Member States, the ERDF²-funded Transnational and Interregional Cooperation Programmes, Cross-Border Cooperation between IPA II Beneficiaries and ENI³ countries and other ENI Cross-Border Cooperation Programmes (mainly Sea Basin programmes).

² ERDF = European Regional Development Fund

³ ENI = European Neighbourhood Instrument

Programme documents

Proposals for financial assistance in the area of territorial cooperation are based on the priorities identified in the indicative **Country Strategy Papers** and the indicative **Multi-Country Strategy Paper** and are in the first instance itemised in a joint **Cross-Border Cooperation Programme**, which sets out up to four thematic priorities for assistance for each border area for the entire programming period 2014-2020.

The Cross-Border Cooperation Programmes are the main basis for the drafting of **Action Programmes** (to become an annex to the **Commission implementing Decision**), which will highlight the priorities for funding and trigger commitments for up to 3 years.

The Financing Decision becomes an annex to the **Financing Agreement** between the European Commission and the participating IPA II Beneficiaries.

[> MORE ABOUT ...](#)

Rural Development Programmes

Programme scope

Rural Development Programmes (RDPs) represent the most formalised type of IPA II support in the area of rural development. The aim of these programmes is to implement the strategic priorities for rural development set out in Country Strategy Papers, through a set of measures defined in the Framework Agreement.

Programme documents

A single Rural Development Programme drawn up at national level should be submitted by IPA II Beneficiaries. The programme is prepared by the relevant authorities designated by the Beneficiary and is submitted to the European Commission after consulting the appropriated interested parties.

Before putting together a Rural Development Programme, a **National Rural Development Strategy** must be in place and analyses of the main sectors of agriculture must be carried out. Once drafting of the programme has advanced, **ex-ante evaluation** of the programme must be conducted.

A **Financing Agreement** and a **Sectorial Agreement** are concluded concerning the Rural Development Programme after its adoption.

[> MORE ABOUT ...](#)

PROGRAMMING OPTIONS

Flexibility in structuring Action Programmes is one of the founding rules of programming under IPA II. In principle, all types of Actions (sector-focused or stand-alone) may co-exist in one single Programme.

In terms of management, the degree of suitability further determines the architecture of the programme and the consequences this may also have on possible future amendments to be carried out for the Action Programme.

Overall, the architecture of an Action Programme will actually depend on:

- the **number and types of Actions** included in the Action Programme, mainly consisting of a choice between Sector Support Actions and Stand-alone Actions (in particular in the case of a Country Action Programme);
- the **types of Programmes**, mainly consisting of a choice between an annual and a multi-annual Programme.

Options for Actions

In the context of Country Action Programmes in particular, a choice needs to be made between **Sector Support Actions and Stand-alone Actions**, the former being the target for financial assistance in the coming years.

Sector Support Actions

The shape and the content of the Action Programmes will differ from one Beneficiary to another and will depend on the level of readiness to embrace the Sector Approach⁴. **Sector Support Actions** can be developed in two different ways according to this degree of maturity, and the following **two Options** accordingly:

- A **fully-fledged Sector Support Action (OPTION 1)** aiming at supporting a Sector on the basis of a **Beneficiary-owned (national) Sector Programme** (either fully or in part) which fulfils the essential criteria for adopting the Sector Approach (existence of a national sector policy/strategy; institutional leadership and capacity; relevant sector donor coordination; sector budget and medium-term expenditure; performance monitoring framework).

Comparison with IPA I: this is an innovation and corresponds to no other type of intervention under IPA I.

- A **Sector Support oriented Action (OPTION 2)** aiming at supporting a given Sector, for which the conditions for the Sector Approach are not yet in place, whilst helping the Beneficiary proceed gradually to the preparation of Option 1 (fully-fledged Sector Support) Actions. The Actions deemed to be ready for support under IPA (i.e. with a clear intervention logic) and therefore feeding into Action Programmes will be based on a **Sector Planning Document** made up of two parts, i.e. Part I on Sector Profile (i.e. overview of the Sector and assessment of the Sector Approach) and Part II on Sector Support (i.e. how IPA II will address priorities for the Sector with a mid-term to longer-term perspective): this document is to be

⁴ The Sector Approach assessment should have been carried out already in the context of the preparation of the Country Strategy Papers (preliminary assessment). If not, it must be performed before programming starts. The development of the Sector Approach is an iterative process to be led through the entire programming cycle.

developed by the Beneficiary in close collaboration with the EU Delegation and updated over the years to be used as a programming reference for successive Action Programmes. In the case of multi-annual programmes with split commitments, the **Sector Operational Programme** may serve the purpose of both the Sector Planning Document and the Action Document.

Comparison with IPA I: this would reflect the methodology used under IPA I with the introduction of “Sector Fiches”, with the difference that it would be based on a living document with a multi-annual perspective and shared between the Beneficiary and the Commission/EU Delegation only.

Ultimately, the Sector Approach remains a central guideline for programming financial assistance under IPA II and the preparation of fully-fledged Sector Support Actions should ideally be the ultimate objective for all Beneficiaries through a progressive transition from Option 2 to Option 1.

Stand-alone Actions

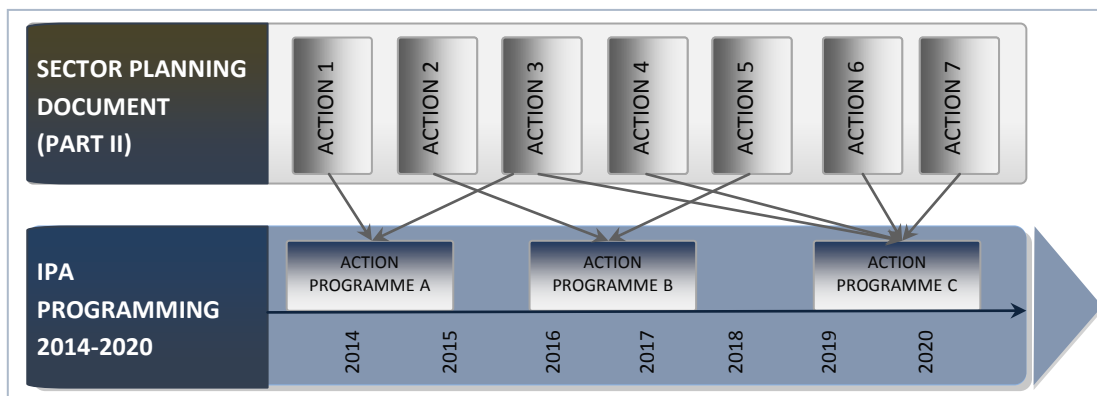
Applying or going towards the Sector Approach may not always be needed. This is where **Stand-alone Actions** come into play:

- A **Stand-alone Action** (OPTION 3) would be an Action for which the Sector Approach is neither appropriate nor necessary in the context of preparation for accession (e.g. technical support on some specific parts of the EU *acquis*) or a horizontal or ad hoc intervention (e.g. programme preparation facility; contribution to an EU programme or agency; etc.).

Comparison with IPA I: this corresponds roughly to a Project or any horizontal measure under Component I of IPA I.

THE SECTOR PLANNING DOCUMENT

Good planning of financial assistance is key to efficient programming, all the more so in the context of Sector Support. The introduction of a **Sector Planning Document** aims to fulfil this purpose. The preparation of such a document will be a key step of the planning and programming process, particularly in the context of intermediary Sector Support Actions. Actions (or part of them) identified for future IPA II support will progressively feed into Action Programmes when deemed to be structured enough.



PLANNING AND PROGRAMMING SECTOR SUPPORT ACTIONS

The **Sector Planning Document** is made up of two parts:

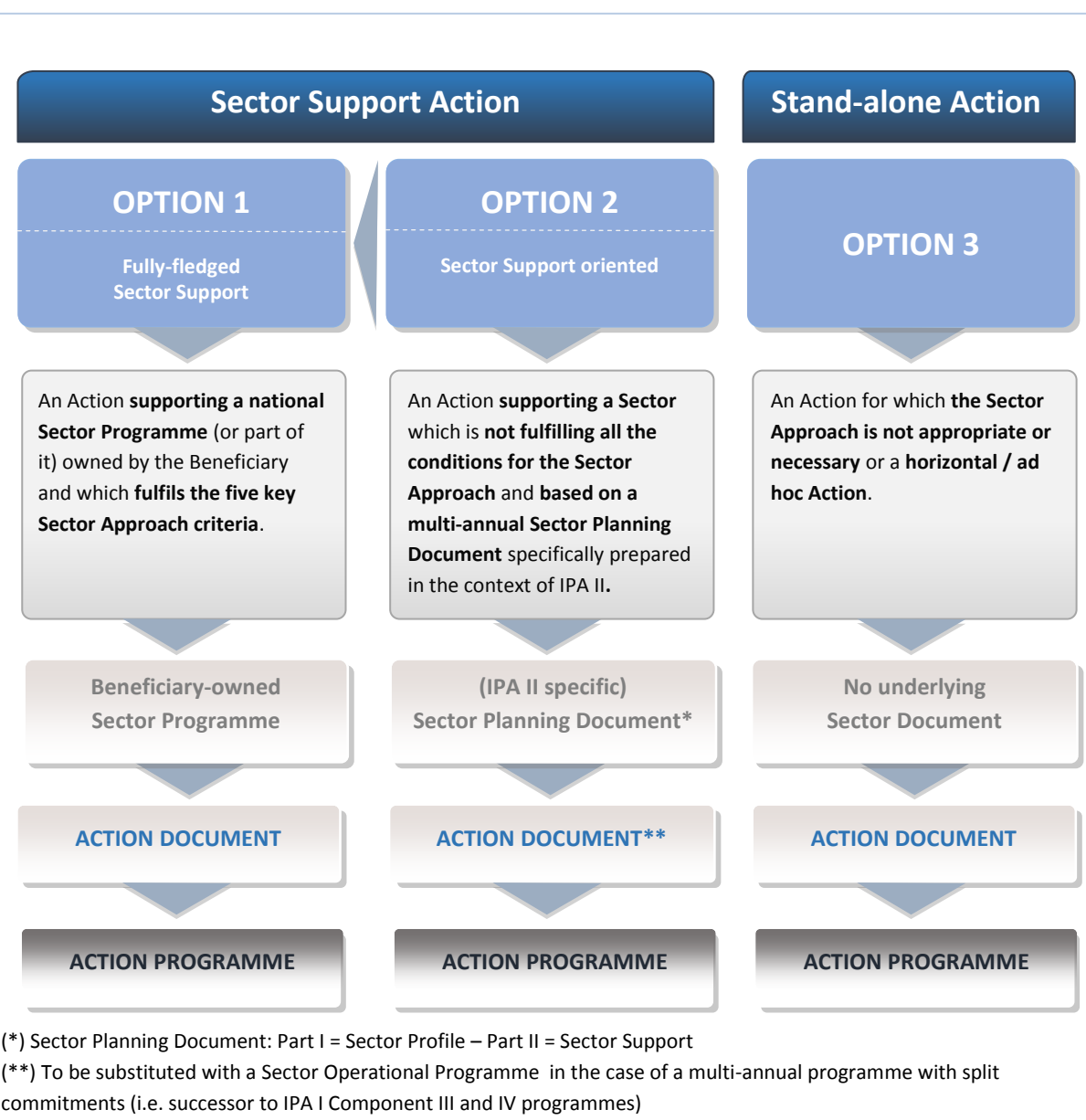
- **Part I** provides an analysis of the sector and highlights the sector maturity in accordance with the Sector Approach criteria, and therefore serves as a basis to judge the Beneficiary's compliance with these criteria, as well as readiness for fully-fledged Sector Support Actions (i.e. Option 1);
- **Part II** provides a multi-annual implementation framework, including detailed intervention logic, to be used as a basis for the preparation of the IPA II Actions.

The Sector Planning Document is prepared by the Beneficiaries with the collaboration of the EU delegation. It is a live document, or of a working nature, and is updated over the years. Preparing and updating a Sector Planning Document slightly precedes the launch of programming. The selected Actions are summarised in Action Documents.

The level at which it is used is flexible, i.e. at the level of an entire Primary Sector (structure of sector breakdown used in indicative Country Strategy Papers) or a Secondary Sector, depending on the purpose, size of the country, etc.

The Sector Planning Document will also be used to gradually address those missing elements of the Sector Approach, which have been identified to need further development (e.g. medium-term budgeting; donor coordination; etc.)

Once a given Sector has reached a degree of maturity and readiness in relation to the Sector Approach assessment criteria, the use of the Sector Planning Document may not be needed anymore. From that point in time, IPA support would aim at supporting a fully-fledged national Sector Programme (or part of it) set up and owned by the Beneficiary, the scope of which would be wider than that of a Sector Planning Document.



Options for Programmes

Whatever the choice of Options of Actions, support to a specific Sector can be provided through **annual programmes** or **multi-annual programmes**. In the former case, different consecutive Action Programmes are prepared; i.e. part of the assistance to a given Sector is provided in year 1 (e.g. Country Action Programme 2014) and the remainder in year 3 (e.g. Country Action Programme 2016) and year 5 (e.g. Country Action Programme 2018) - this will involve 3 Financing Agreements.

In the context of IPA II, a choice needs to be made between 3 Options of Programmes i.e. **annual programmes**, **combined annual programmes** and **multi-annual programmes with split commitments**.

- **Single annual programmes (OPTION 1)** involve programming actions one year at a time using the **allocation of one budgetary year**.

Comparison with IPA I: This first option was used for Component I under IPA I, the only change being the extension of the deadline for operational implementation to 6 years from the Conclusion of the Financing Agreement.

The other two Options are used to support Actions for longer periods **with allocations of up to three or up to seven budgetary years**. Therefore, the size of the programme allocation is proportionally larger than for annual programming. Since it is not possible to book the total programme allocation to the budget at once, there are two ways of breaking the total programme allocation into yearly allocations:

- **Combined annual programmes (OPTION 2):** the programme allocation is the summary of three separate annual programmes with separate annual budgetary commitments and separate annual Financing Agreements; this option is reserved for repetitive action only.

Comparison with IPA I: This second option was used for Component II (CBC) of IPA I with allocations for up to 2 years instead of 3 years.

- **Multi-annual programmes with split commitments (OPTION 3):** the programme allocation is considered as one legal and budgetary commitment, which according to the principle of annuality of the budget must be split into annual instalments over up to seven years; these are called “split commitments”.

Comparison with IPA I: This third option is based on the system of the EU Structural Funds and were also used for Components III, IV and V under IPA I.

While both Option 2 and Option 3 will work with a long-term strategic view and larger allocations, there is a difference in implementation. Combined annual programmes will follow the implementation timelines of three annual programmes as provided for under Article 189(2) FR with N+1 and d+3 rule⁵.

Multi-annual programmes with split commitments, however, work with one deadline: the automatic de-commitment of unused parts of the split commitments at 31/12/N+X as provided for under Article 189(3) FR and the relevant sector specific rules.

The actions programmed will, in all cases, be implemented over several years (time necessary for concluding a Financing Agreement, contracting, operational implementation, payments, audit, closure) irrespective of whether they are financed under annual or multi-annual programmes.

Multiannual programmes with split commitments will continue to be the norm for **Rural Development Programmes** managed by DG Agriculture and Rural Development. They are also used for **Sector Operational Programmes** (along the lines of IPA I Components III and IV) now managed by DG Neighbourhood and Enlargement Negotiations.

⁵ “N” is the year of budgetary commitment and “d” the date of conclusion of the Financing Agreement.

OPTION 1	OPTION 2	OPTION 3
SINGLE ANNUAL PROGRAMME	COMBINED ANNUAL PROGRAMME	MULTI-ANNUAL PROGRAMME WITH SPLIT COMMITMENTS
1 YEAR	3 YEARS MAXIMUM	7 YEARS MAXIMUM
<p>Commission Decision</p> <p>Financing Decision covering an allocation for one year.</p>	<p>Commission Decision</p> <p>Financing Decision covering an allocation for up to three years with suspension clause. For repetitive actions and no mixing of funds between the years.</p>	<p>Commission Decision</p> <p>Financing Decision covering an allocation for an initial (maximum) three years with suspension clause. Amendment of Decision to add allocations for consecutive years' budget allocation at least twice.</p>
<p>Budgetary Commitment</p> <p>One budgetary commitment in year N.</p>	<p>Budgetary Commitment</p> <p>Annual budgetary commitments in years N, N+1 and N+2 (three).</p>	<p>Budgetary Commitment</p> <p>The budgetary commitment is broken down into seven instalments, one for each year (through amendments to original commitment).</p>
<p>Types of Actions</p> <p>Any type of Action and in particular: Stand-alone Actions; CBC Actions; Actions which include a limited number of well defined infrastructure contracts; etc.</p>	<p>Types of Actions</p> <p>Actions programmed over three or more years and which can be broken down into repetitive activities for each year; CBC Actions; Actions covering the contribution to investment schemes in multi-country programmes; etc.</p>	<p>Types of Actions</p> <p>Actions in the field of transport, environment and regional competitiveness, which need to be implemented mainly through large infrastructure projects, whose final identification and sequence cannot be defined at the stage of the Financing Decision; (Repetitive) grant schemes in the field of employment</p>

OPTIONS FOR PROGRAMMES

[> MORE ABOUT ...](#)

PROGRAMMING TASKS

Responsibilities at the level of the European Commission

General arrangements

For the programming period 2014-2020, **DG Neighbourhood and Enlargement Negotiations** (DG NEAR) is responsible for overall programming and implementation of IPA II funds for all Enlargement Countries.

Actions under indirect management are implemented according to DG NEAR's rules and structures, except for the policy area "Agriculture and Rural Development", for which **DG Agriculture and Rural Development** (DG AGRI) will continue its programme management role under indirect management (IPARD) along the same lines as for the period 2007-2013.

Responsibilities for Country and Multi-Country Actions Programmes

- Programming of assistance in the context of **Country Action Programmes** is the responsibility of the relevant **EU Delegations and Country (geographical) Units of DG NEAR**.
- Programming of assistance in the context of **Multi-Country Action Programmes** is the responsibility of the **Regional Cooperation & Programmes Unit of DG NEAR**, in close collaboration with the relevant **Country/geographical Units and EU Delegations**.

[> MORE ABOUT ...](#)

Responsibilities for Cross-Border Cooperation Programmes

- **DG Neighbourhood and Enlargement Negotiations** (DG NEAR) is responsible for programming IPA CBC programmes among IPA II Beneficiaries and between IPA II Beneficiaries and ENI Beneficiary Countries (together with EU Delegations), as well as ENI CBC Programmes. The **'Financial Assistance: Policy and Strategy' Unit** is responsible for overall coordination within the Commission of the IPA CBC programmes among IPA II Beneficiaries and between IPA II Beneficiaries and ENI Beneficiary Countries, and the **'Regional Programmes Neighbourhood East' Unit** is responsible for the coordination of ENI CBC programmes.
- **DG Regional and Urban Policy** (DG REGIO) is responsible for coordination of programming of Cross-Border Programmes between IPA II Beneficiaries and Member States, as well as Transnational and Interregional Cooperation Programmes involving IPA II Beneficiaries.

[> MORE ABOUT ...](#)

Responsibilities at the level of the Beneficiaries

The **National IPA Coordinator (NIPAC)** oversees the programming of financial assistance. S(he) is the State representative **responsible for overall coordination of financial assistance from IPA programmes** (either in direct or indirect management). The NIPAC ensures there is a close connection between the overall accession

process and utilisation of EU financial assistance and bears the responsibility for monitoring programmes. The NIPAC is also responsible for reporting on the overall implementation of the financial assistance

In the context of programming assistance for Sector Support in particular, tasks can be shared with the Lead Ministry (for the given sector) and other line ministries.

Consultation and coordination

For Country and Multi-Country Action Programmes in particular, **formal and informal consultation** shall be organised under the leadership of DG NEAR and/or the relevant EU Delegations. To this end, regular and timely communication with Beneficiaries to facilitate their involvement, and therefore improve their ownership, shall be ensured. Detailed programming plans, including timelines and draft documents shall be circulated and shared.

Country Action Programmes

Country Action Programmes are based on proposals prepared by the **relevant authorities of the IPA II Beneficiaries** under the supervision of the **NIPACs**. When drawing up Country Action Programmes, care must be taken to ensure consistency and complementarity with the EU Enlargement Strategy, the Beneficiaries' national Sector Programmes and other Sector references and with the actions of other **international donors** (including EU Member States) and in full compliance with the Country Strategy Papers, in particular through exchanges of relevant information during the different phases of the programming cycle.

The establishment of dedicated **Sector Working Groups** can also provide an effective operational mechanism for sector strategic planning and programming. They assist in structuring consultation with all institutions involved in sector management and provide an inclusive dialogue forum with all other relevant stakeholders.

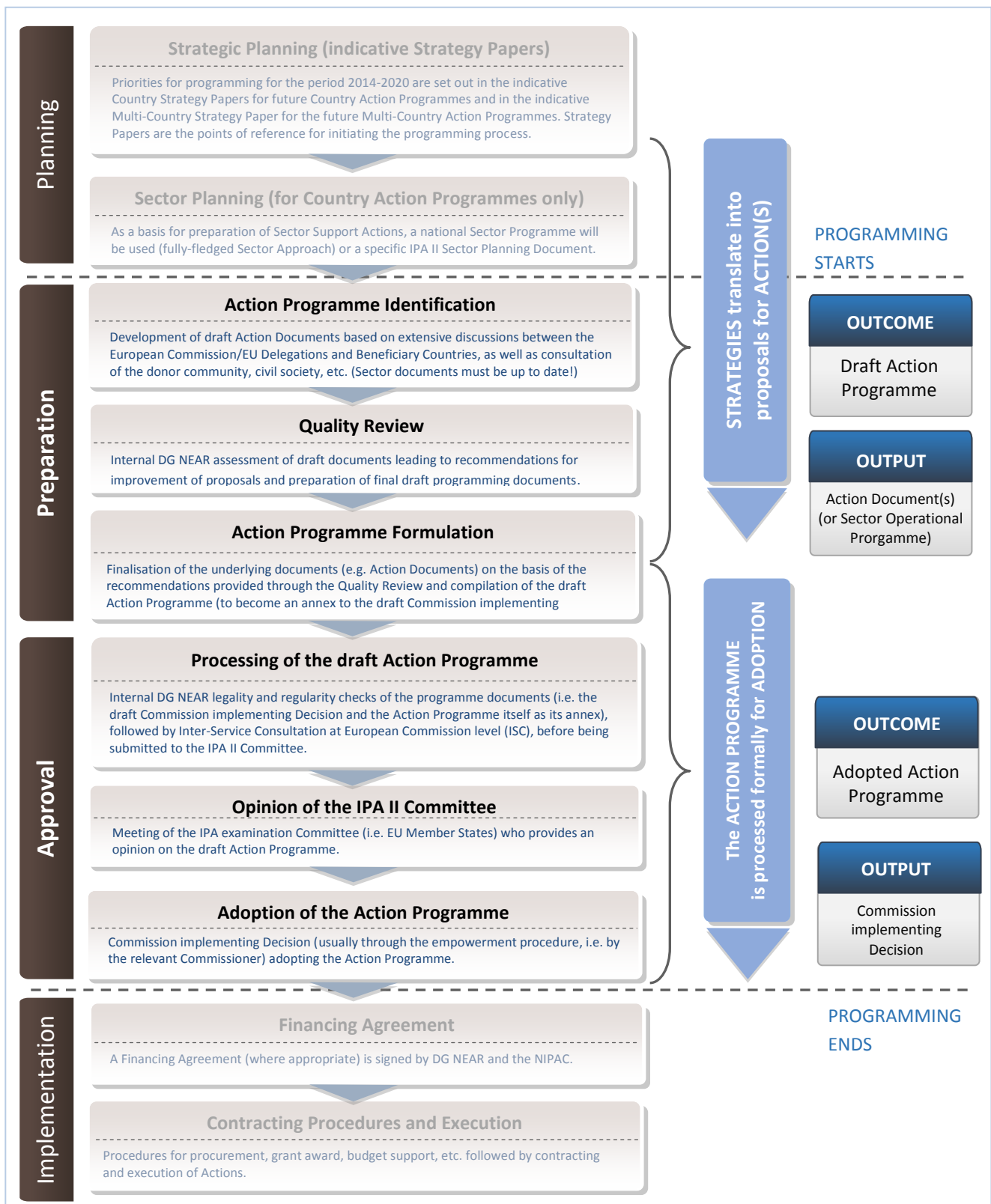
Consultation with **other stakeholders** in the relevant sectors must also be organised, as well as more generally with civil society organisations (engagement with civil society being an essential cross-cutting obligations of IPA II programming) and other non-state actors, as appropriate.

Multi-Country Action Programmes

Similarly, **programming multi-country IPA II assistance** is based on close consultation with **Beneficiaries**, the **donor community** and in collaboration with the **Regional Cooperation Council**.

Multi-Country coordination meetings take place regularly throughout the year either in Brussels or in the Enlargement Region and allow for discussion on the status of current and future programming, as well as implementation.

PROGRAMME LIFECYCLE



IPA II PROGRAMME LIFECYCLE

Before programming - Planning

The starting point of any programming exercise under IPA II is the indicative **Country Strategy Paper** or the indicative **Multi-Country Strategy Paper**. The goal of programming in the specific context of IPA II is to translate objectives for the priority sectors identified in the Strategy Papers into specific Actions (to be gathered in an Action Programme). Actions must therefore be consistent with the objectives and conditions for achievement identified in the Strategy Papers.

In the context of Sector Support, an existing **National Sector Programme** owned by the IPA II Beneficiary or a specific **Sector Planning Document** developed specifically in the perspective of IPA II assistance may also be used as the starting point for the programming exercise. Interventions identified as suitable for IPA support in this sector document will be translated into specific Sector Support Actions.

Programming – Programme preparation

Action Programme identification

The preparation of the Action Programme starts with the initial identification of needs and definition of objectives, in line with the priorities of the indicative Country/Multi-Country Strategy Papers. Directions for the annual programming exercise are first agreed (on the basis of outline notes highlighting key sector priorities and implementation arrangements in broad terms) by DG NEAR's management and then endorsed by the Commissioner for Neighbourhood Policy and Enlargement Negotiations.

In the case of Country Action Programmes, IPA II Beneficiaries **compile draft Action Documents** (which are the main underlying documents for the Action Programmes – or if applicable Sector Operational Programmes) under the supervision of the EU delegations. In particular, the **intervention logic** is defined for each planned Action in terms of objectives and results, including their performance indicators. At that stage, a rough intervention plan should also be prepared, including a tentative budget, a description of implementation arrangements (i.e. types of financing, methods of implementation).

The procedure slightly differs in the case of Multi-Country Programmes, the Action Documents being prepared by DG NEAR in most cases, but in close collaboration with IPA II Beneficiaries, including the Regional Cooperation Council.

Whatever the type of Action Programme, this initiation phase involves **extensive consultation** between the European Commission, EU Delegations, the IPA II Beneficiaries and the wider donor community (including Member States), as well as civil society and other non-state stakeholders. Early co-ordination with other donors is important to ensure consistency and co-financing, and to exclude possible double financing.

Quality review

The Action Documents (and, if relevant, any other document) prepared during the initiation phase are submitted at an early stage for quality review. The internal quality review mechanism for programming is organised **at the level of each individual Directorate of DG NEAR**, and is chaired by the Director.

The objective of this assessment is to support the programming process, by ensuring that the draft underlying documents are consistent with the high level strategic planning documents (i.e. indicative Country/Multi-Country Strategy Papers) and in line with the enlargement agenda, as well as by providing recommendations for the work ahead. On the basis of these recommendations, the preparation of programme documents will then move on to the formulation phase.

Action Programme formulation

The Formulation Phase mainly consists of finalising the Action Documents (or other underlying programme documents) using the recommendations provided in the context of the Quality Review, and compiling the draft Action Programme and the draft Commission implementing Decision, of which the former will be an annex.

[> MORE ABOUT ...](#)

Programming – Programme approval

The pivotal event in the processing of draft Action Programmes is the meeting of the IPA II Committee. Before reaching this milestone, a number of steps need to be performed within the Commission and DG NEAR in particular.

Processing of the draft Action Programme (EC internal procedures)

Once the draft programme documents are put together, NEAR prepares the commitment file and carries out **financial, legality and regularity checks** with the indicative allocation of the budget, checks against the provisions of the Financial Regulation and its Rules of Application, the IPA Regulation and comments on budgetary aspects of the draft Commission implementing Decision and its annex (i.e. the Action Programme itself).

The draft Commission implementing Decision and its annex are then submitted for consultation to other European Commission departments, including DG Budget, the Legal Service, the Secretariat-General, among others, as part of a formal **Inter-Service Consultation (ISC)**.

IPA II Committee

The IPA II Examination Committee is made up of representatives of the EU Member States and meets regularly in Brussels. Its role is to provide an **opinion on the draft Action Programme** prepared by the Commission (underlying Action Documents are also submitted to the IPA II Committee, for information only, as they are not subject to formal opinion or decision).

All IPA II programmes, as well as amendments to IPA programmes adopted in the period 2006-2013, are submitted for opinion to **one single committee**, the IPA II Committee, whatever the coordinating Directorate-General of the Commission.

Further to the meeting of the Committee, programme documents are updated in the event that requests for change have been made by the Member States and accepted by the Commission.

Adoption of the Financing Decision

Soon after the meeting of the IPA Committee, the Commission implementing Decision and its Annex (i.e. the Action Programme) are circulated internally for final checks until its **adoption**, which usually follows the empowerment procedure (i.e. by the relevant Commissioner on behalf of the Commissioners).

Beyond programming – Implementation

Once the Action Programme is adopted, the relevant **Financing Agreement(s)** is/are signed by DG NEAR and the Beneficiary(ies) via its National IPA Coordinator. Some programmes are not necessarily followed by a Financing Agreement (e.g. mainstream Multi-Country Action Programmes; support measures such as Communication, Audit or Evaluation Programmes, etc.), in which case a notification of the adoption is sent to the Beneficiary(ies).

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)

The first step in the **implementation** phase consists of planning and carrying out the PRE-CONTRACTING tasks, i.e. preparation of documents and events for procurement (services, supplies, works) and grant award (either through calls for proposals or direct award), as well as the tasks for any other types of financing (e.g. budget support). CONTRACTING represents the actual start of implementation and sets more precise conditions for execution of financial assistance. EXECUTION involves carrying out Activities as stated in the Action Programme and according to contract conditions (this also includes regular monitoring and control to be performed by the Commission and EU Delegations).

NOTE: The lifecycle described in this section is mainly relevant for Country and Multi-Country Actions Programmes dealt with by DG NEAR. There are a number of variances regarding the sequence for CBC programmes. Programming of Rural Development Programmes, which are the responsibility of DG Agriculture and Rural Development yet follow a slightly different procedure.

MORE ABOUT ...

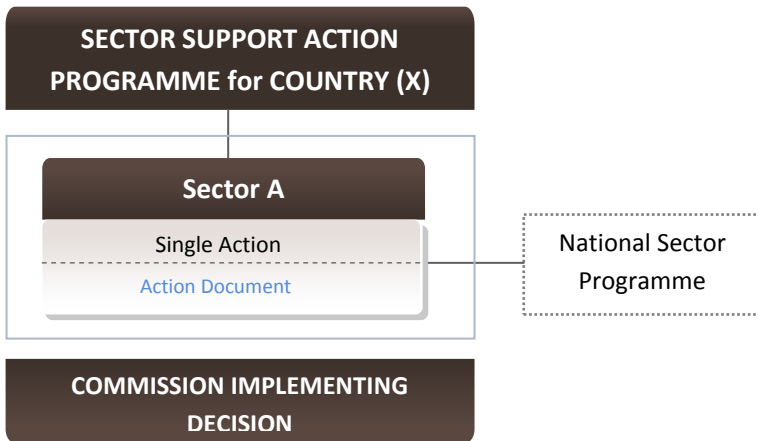
ACTION PROGRAMME STRUCTURE (*)

(*) for Country Action Programmes mainly

A Country Action Programme may be made up of **one Action only** (rare) or **several Actions**. It may also be a mix of several Sector Support Actions (including some related to the same Sector) or one Sector Support Action only and one or several Stand-alone Actions. Below are some examples of possible "combinations".

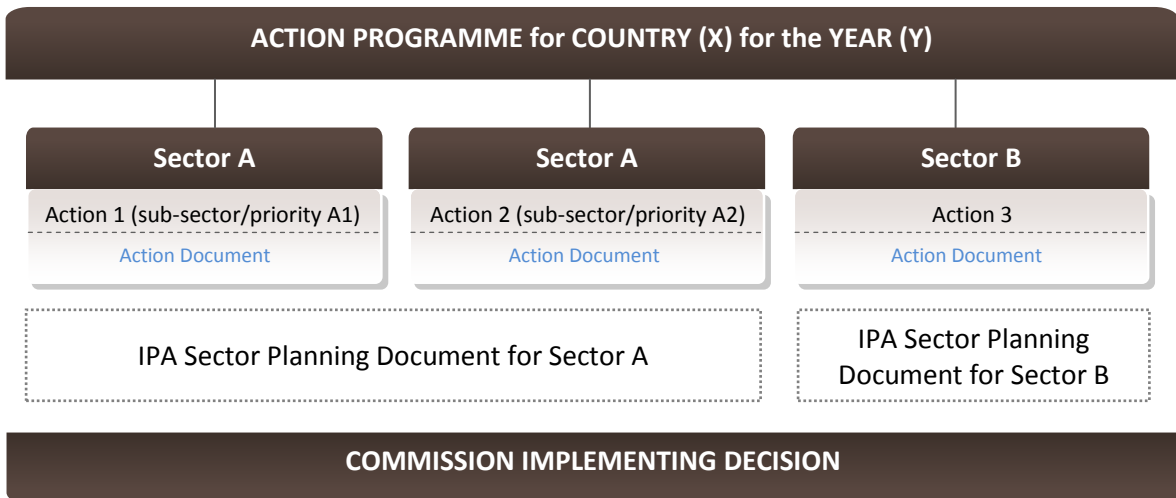
EXAMPLE 1 (includes ONE SINGLE OPTION 1 ACTION)

A Country Action Programme aiming at supporting a specific Sector and involving one single fully-fledged Sector Support Action (OPTION 1 ACTION)



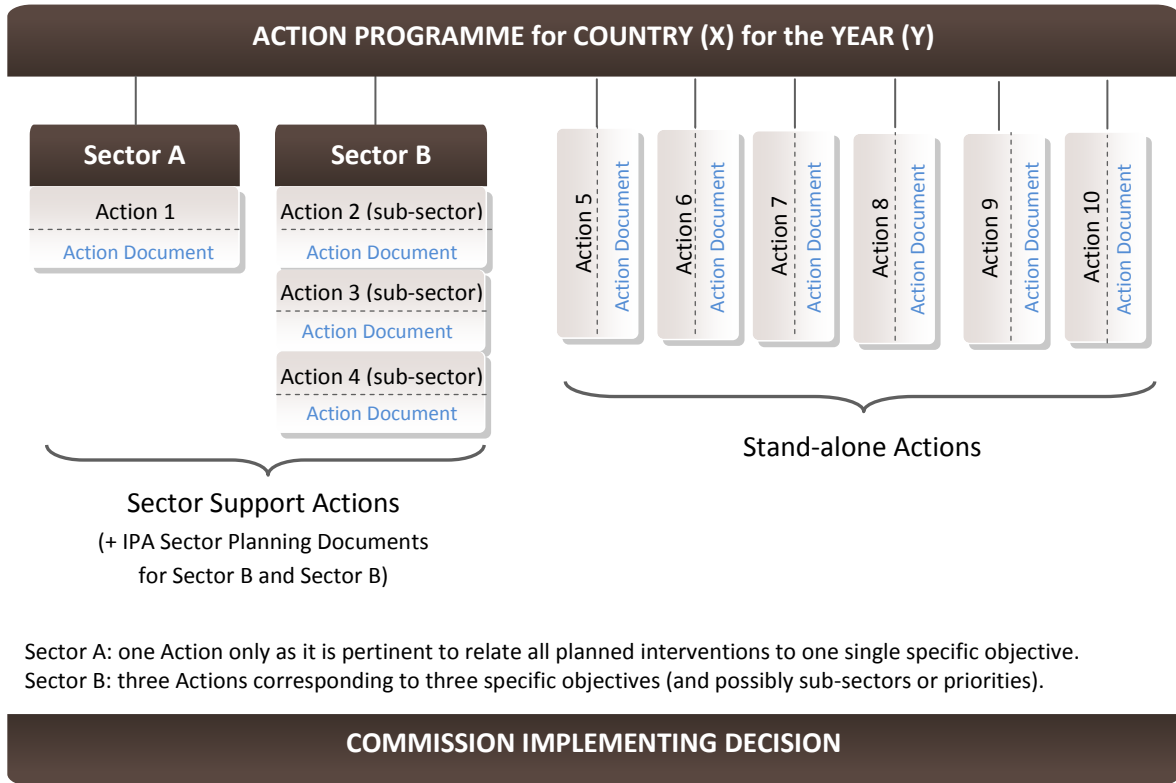
EXAMPLE 2 (includes OPTION 2 ACTIONS ONLY)

A Country Action Programme aiming at supporting two specific sectors and involving three different Sector Support Actions (e.g. each corresponding to a sub-sector or a different priority depending on where the objective of the Action is set, in the case of Sector A)



EXAMPLE 3 (includes a MIX OF OPTION 2, OPTION 3 and OPTION 4 ACTIONS)

A Country Action Programme aiming at supporting a mix of Sector Support Actions (for Sector B, each corresponding to a sub-sector – or a priority) and Stand-alone Actions.



Sector A: one Action only as it is pertinent to relate all planned interventions to one single specific objective.
 Sector B: three Actions corresponding to three specific objectives (and possibly sub-sectors or priorities).

THE INTERVENTION LOGIC

Under IPA II, financial assistance is **aligned on the political enlargement agenda**. In this context, financial assistance needs to be programmed following a strategic and coherent approach, tailored to the specific needs and capacities of the Beneficiaries country/ies and focused on key priorities which are relevant for the path to accession.

In line with this more strategic approach, financial assistance under IPA II moves away from financing a series of not necessarily inter-connected projects to the co-financing of more comprehensive reform agendas. It is largely based on the **Sector Approach**, being much more **result-oriented**, which calls for systematic utilisation of **performance indicators**. More result-oriented financial assistance is based on **more robust intervention logics**.

The Logical Framework Approach

The **intervention logic** is the backbone of a robust Action aiming at fulfilling strategic results and therefore building a solid intervention logic should be the primary objective of programming IPA Actions (in the context of a Sector Support Action, an exercise to be already carried out as part of the Sector Planning Document).

The preparation of an Action is to follow the **Logical Framework Approach (LFA)**, a key analytical and management tool for project/action formulation. This approach is based on the development first of the **Logical**

Framework Matrix (LFM or Logframe) in which an Action is defined in terms of a **hierarchy of objectives (inputs, activities, results, specific objective and overall objective)** plus a set of defined **assumptions** and a framework for **monitoring and evaluating achievements (indicators and sources of verification)**. This approach presupposes an active participation and collaboration of key stakeholders, i.e. all organisations affected by the Action. This is to ensure a high degree of ownership and a high quality Action.

Action Description	Indicators	Source of Verification	Assumptions
Overall Objective – The Action’s contribution to sector /policy objectives (impact). As far as possible the Overall Objective should be stated in the Country Strategy Paper and/or the overarching sector specific documents, or at least be clearly linked to an objective specified in one of these documents.	How the Overall Objective is to be measured including Quantity, Quality, Time. As far as possible, the indicator(s) should reflect that/those of the Strategy Paper.	How the information will be collected, when and by whom	
Specific Objective – This is the single central objective of the Action in terms of sustainable benefits to be delivered to the Action’s beneficiaries.	How the Specific Objective is to be measured including Quantity, Quality, Time. Outcome indicators.	as above	If the Specific Objective is achieved, what assumptions must hold true to achieve the Overall Objective
Results – Tangible products or services delivered by the project	How the Results are to be measured including Quantity, Quality, Time	as above	If Results are achieved, what assumptions must hold true to achieve the Specific Objective
Activities – Tasks that have to be undertaken to deliver the desired results			If Activities are completed, what assumptions must hold true to deliver the Results

THE LOGICAL FRAMEWORK MATRIX FOR AN ACTION

Within this initial stage, good preparation of a Logframe for each individual Action is key, the **Logframe being the centrepiece of the Action description**, i.e. in the Action Document, itself summarising the planned Action(s) itemised in a Sector Planning Document, in the case of Sector Support.

A common problem with the application of the Logical Framework Approach is that it is undertaken separately from the preparation of the other required programme documents, i.e. as an afterthought. This often results in inconsistency between the contents of the Logframe matrix and the description of the Action contained in the narrative of the main documents. The application of the LFA must come first, and then provide a base source of information for completing the required programming documents.

With IPA II, there will be a change in the way the Logical Framework Approach is carried out, and the way structuring the intervention logic is organised. Under IPA I, the Logical Framework Matrix (summarising the hierarchy of objectives) was an annex of the Project Fiche or Sector Fiche (and often filled in at the end of the

programming process by copying and pasting the narrative of the fiche). With IPA II, the **Logframe will be the central piece of the Action Document** (successor to the Project Fiche and Sector Fiche) and not an annex anymore, whilst the narrative will be reduced to the bare essentials and to those elements bringing useful additions to the information included in the Logframe.

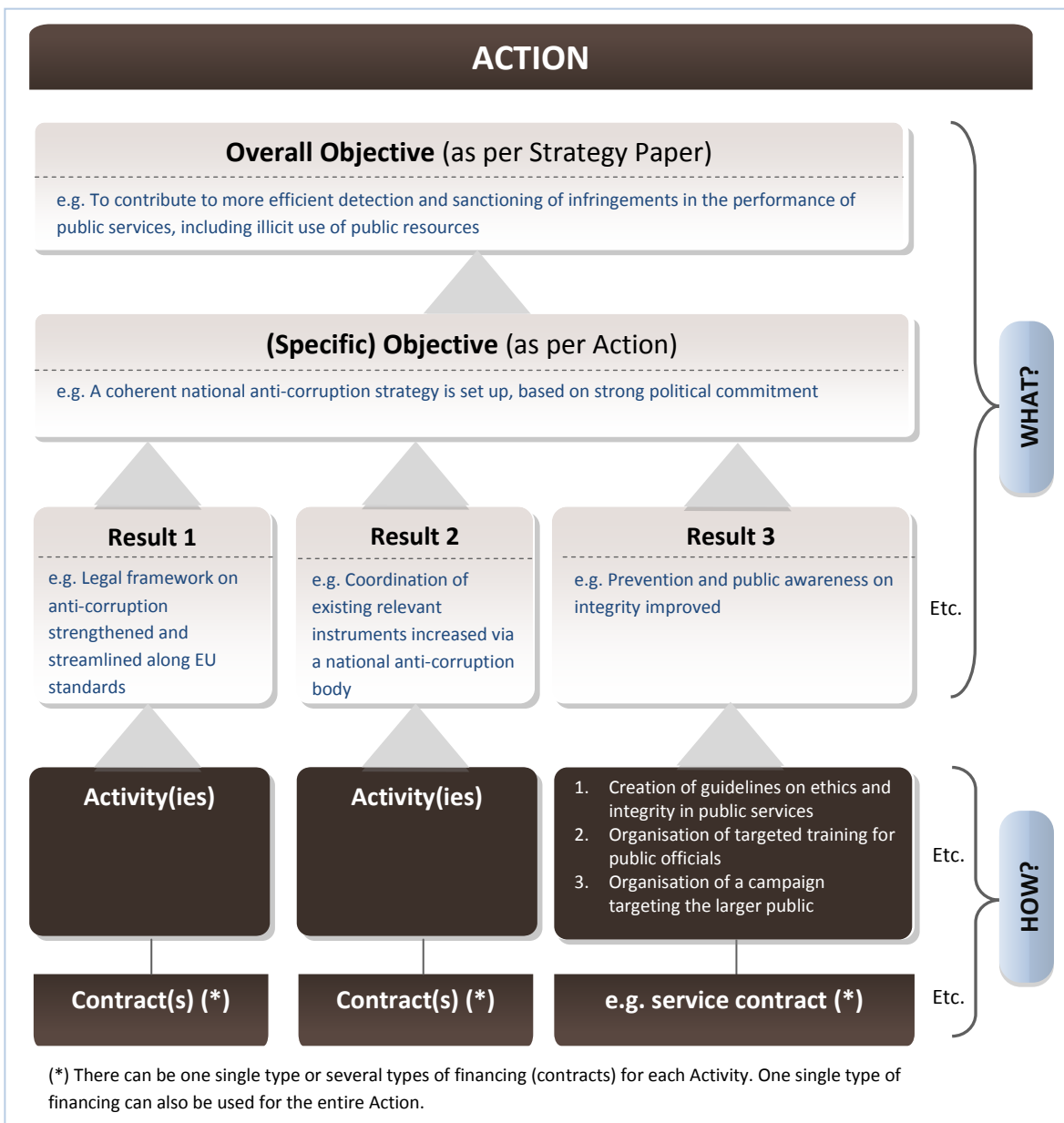
It is also important to take into account the **linkages between the intervention logics** in the case of Sector Support, in particular the intervention logic of the Country/Multi-Country Strategy Paper (M/CSP) and that of the Sector Programme or IPA Sector Plan, if available. M/CSP specific objectives should ideally be at the same level as the overall objectives of the Sector Programme/Plan, whilst CSP results would be at the level of the specific objectives of the Sector Programme/Plan. The same logic would apply to the linkage between the Sector Programme/Plan and the individual Actions, according to the principle of the interlocking or nested Logical Framework. However, this principle is not always straightforward and clear-cut: it should therefore not be considered as a rule set in stone.



INTERLOCKING LOGFRAME FOR AN IPA SECTOR SUPPORT ACTION

The breakdown of an Action and the hierarchy of objectives are clarified via the **Intervention Logic** (and the Logical Framework) which itemises the objective (one per Action), the expected results and the activities. The Logical Framework is the centrepiece of the Action Document.

The example below highlights how activities will achieve results and therefore fulfil the objective of an Action (in this case on public administration reform), itself contributing to attain an overall objective at strategic level.



HIERARCHY OF OBJECTIVES FOR AN ACTION

Indicators

The purpose of using performance **indicators**, especially in a period of tightening budgets and search of efficiency, is to give to all interested stakeholders the possibility of verifying if, and to which extent, by means of Programme/Action implementation, the expected results and impact are going to be (or have been) achieved and provide therefore evidence to support a possible change.

For the Commission, as for many public institutions, monitoring and evaluation play a key role in providing the necessary evidence. Monitoring, in particular, should produce robust and reliable data that can be aggregated

across countries. An emphasis on a clear articulation of policy objectives is crucial to implement a results oriented policy and moving away from a predominant focus on the absorption of funding.

Performance indicators are used to assess the **progress against clearly defined objectives**. Targets are set in the course of programming with a view to **achieving the specific objectives** of the financial assistance.

The interest of putting in place an effective and consistent system of monitoring and evaluation by

defining the relevant indicators is to provide the European Commission and the other donors the possibility of **checking to which extent the process is evolving as expected**, i.e. which factors/problems are intervening that need to be addressed in order to increase the likelihood to achieve the **expected outcomes**. This system of indicators will also serve for **accountability**, to give the possibility to the policy makers, but also to the public at large, to apprehend to which extent the policy/intervention is working (has worked) and therefore to advocate for possible changes and or design of different policies/interventions in the future, while keeping in mind that neither the outputs, nor (even less) the results/outcomes will materialise before a certain time (the time to finalise the procurement stage, to implement the activities, and then to start seeing the outputs taking shape).

Indicators can be **built at different levels and for different purposes**. Their relevance is very much dependent on their intended use. Indicators can be categorised according to different elements: **stage of the action/project cycle** (input, process, output, outcome and impact/context), according to the **nature of the indicator** (macro, programme, sector, project/intervention) and according to the **dimension one wants to look at** (relevance, efficiency, effectiveness, impact, sustainability).

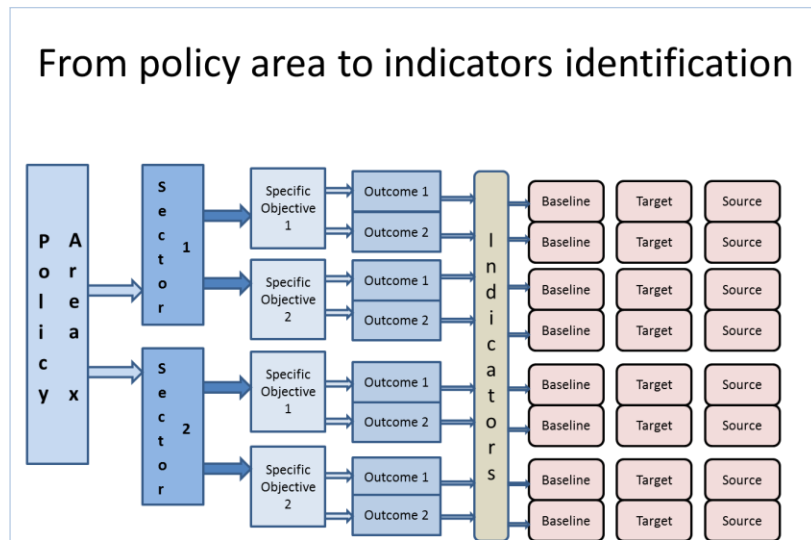
To be relevant, indicators should satisfy certain **characteristics**, which can be summarised as the following:

- **relevant**: they address the issue at stake and reflect the effect of a specific policy;
- **measurable**: they can be produced and represent a statistically validated measure of change;
- **unambiguous**: their interpretation of the direction of change is shared by everybody;
- **practical**: cheap and easy to collect on a regular basis and understand;
- **realistic**: achievable within the expected time frame.

Whatever the level, and definitely with respect to the first level policy/strategy/instrument level, the choice of the indicators will be to a large extent driven by political or data availability concerns but will have to reflect a consultative process and reflect the national policies.

In the context of an IPA II Sector Support Action, **outcome indicators** are especially relevant for monitoring performance, very much depending on their scope and size. Very tailor-made and modest outcome indicators

can be considered at Action level (i.e. at the level of the Specific Objective). They indicate a change that has taken place also thanks to IPA assistance, but which is not the automatic effect of our intervention and of the output possibly generated. Identifying suitable outcome indicators and setting their targets may be very challenging, since their identification needs to reflect the strategy set out, the target population, the scope and the amount of the intervention, the availability of baseline value, the realism of targets set out in terms of value and time.



Possible **sources of information** for building indicators are:

- country/region-wide statistics;
- (sub)national registers/administrative sources;
- data collected as an integral part of project implementation;
- ad hoc surveys.

Countrywide or even regional statistics are often too broad to consider in view of the limited scope (in terms of area covered and amount) of the interventions. Administrative sources can be relevant, but not for all issues, and they might be non-exhaustive and not up-to-date. Collection of data does not always work very effectively, and making the data available at central level and aggregated is often problematic. Ad hoc surveys, though very telling, can be expensive, time consuming or provide statistically irrelevant indications. These elements lead to recommend a smart **selection of few indicators only, to be agreed and defined in a participative process with experts and stakeholders**.

It should be pointed out that the extent to which the change taking place to be attributed to IPA interventions can only be assessed on the basis of ex post evaluation underpinned by solid evidence coming from impact evaluation at Action/Programme level.

THE SECTOR APPROACH

Introduction

A number of evaluations on the 'Transition Assistance and Institution Building' Component of IPA were carried out by the European Commission over the period 2007-2010, which highlighted the frequent lack of strategic focus of the project-based programming approach and concluded that this was weakening the prospects for achieving any planned impact. Three key reasons were more particularly referred to:

- IPA Component I programmes were composed of stand-alone projects prepared annually with the result that a wide range of different government policies were targeted each year and projects rarely addressed the same policy objectives in successive years (i.e. they lacked continuity and were poorly sequenced to meet policy objectives);
- most projects addressed specific problems and were prepared by small groups of specialists within

government institutions; this often resulted in poor institutional ownership because little attempt had been made to involve a broader community of experts and highlight the relevance of projects with national policy agendas;

- the objectives formulated by IPA I planning and programming documents were often too general to assess either the results or the impact of individual projects by means of evidence-based indicators.

On the basis of these findings, a Sector Approach was progressively introduced in the programming of financial assistance in 2012 and 2013.

Generally, it is expected that programmes will progressively move from project-types of assistance to sector-based assistance, with fewer *ad hoc* non-related actions and more funding provided through support to a given Sector(s) based on the Sector Approach.

Definitions

Sector

A '**Sector**' can be defined as a clearly delimited area of public policy addressing a set of fairly homogeneous challenges, by using dedicated resources (staff and budget) under the authority of a competent member of the government.

Sector Approach

The '**Sector Approach**' is defined as a process which aims to broaden government and national ownership over public sector policy and decisions on resource allocation within the Sector, thereby increasing the coherence between sector policy, government spending and the achievement of results.

Sector Approach characteristics include:

- national leadership; the Sector Approach promotes the national ownership by supporting a government owned policy and strategy
- single budgetary framework;
- functional sector/donor coordination.

On a practical level, working with a Sector Approach means defining a coherent set of actions, which will transform a given Sector and bring it up to European standards. It involves an analysis of the conditions in that particular Sector, the needs for changes, the actions required to bring about these changes, the sequencing of the actions, the actors and the tools. It could include adoption of the *acquis*, works, institution building activities, etc.

National Sector Programme

As a result of following a Sector Approach, a government progressively develops a (**national**) **Sector Programme**. National Sector Programmes are based on the following elements: 1) sector policy and strategy; 2) institutional setting and capacities; 3) functional sector/donor coordination framework; 4) sector budget and medium term expenditure; and 5) performance monitoring framework.

There are two other elements related to the overall context influencing performance of a Sector Programme: 6) macroeconomic framework; 7) public financial management

Objectives

The objective of programming for the period 2014-2020 is to **strengthen the intervention logic, ownership and impact of IPA** by focussing assistance on the achievement of national sector policy objectives and results which are relevant for accession.

The shift toward a Sector Approach is politically very relevant, as budget constraints faced by Member States and IFIs make the case for a **more efficient, sustainable and results oriented pre-accession assistance**: a strategy-based approach to programming based on the countries' needs and strengths can contribute to more effective and results driven pre-accession aid. Moreover, while ensuring **greater ownership of national authorities** over the programmes, the Sector Approach maximises the potential for **complementarity and leverage between different modes of support**, and help rationalise it through an appropriate division of labour.

To be more precise, a Sector Approach:

- promotes/reinforces sector policy dialogue and structural reforms, while empowering national authorities and enabling tighter links between Enlargement policy objectives and financial assistance;
- allows to move towards more targeted and focused assistance (i.e. get away from the "Christmas tree" approach) - by adopting a Sector Approach we can

lever large scale reforms and achieve more ambitious policy outcomes and better value for money than through isolated projects;

- aim at granting better focus on prioritising and sequencing, based on serious needs assessment and risk analysis;
- allows to better demonstrate the impact and results of limited financial resources (added value of IPA) – i.e. in a world of scarce resources, we need to concentrate assistance where we have an added value and where we can reach greater results and impact.
- helps build the capacities at national level for the 5 pillars underpinning the Sector Approach: a) policy development and strategic planning i.e. ability to set medium to long term priorities consistent with EU integration objectives to achieve smart, sustainable and inclusive growth; b) ensuring that line ministries have the administrative capacity to lead and efficiently implement policies and programmes; c) improving public financial management and national budgeting systems (including a closer link between activity and budget planning by developing medium-term budget frameworks); d) improving monitoring and evaluation capacity plus encouraging a focus on results based programming; e) strengthening capacity to manage donors.

Rules and principles

The situation varies from one IPA II Beneficiary to another and it is obvious that it will not be possible to deliver financial assistance in all of them solely by means of interventions based on the Sector Approach, and this for the following two main reasons:

- **not all key accession-relevant Sectors are deemed to meet the minimum requirements** for the successful adoption of a Sector Approach at a given time and may still need to be further developed by the IPA II Beneficiary authorities;
- the Sector Approach is **neither appropriate nor necessary for all areas of accession preparation**, e.g. some of the more specialised parts of the *acquis* require narrow technical support which can be delivered by means of stand-alone actions.

Sector identification

The **first step** for the IPA II Beneficiary is to **identify which Sectors/Sub-Sectors are suitable for a Sector Approach**.

The European Commission has defined a **list of the Sectors** to be used for planning (i.e. Country and Multi-Country Strategy Papers) and programming (Action Programmes):

The following Sectors have been agreed as the overarching Sectors under which priorities for IPA interventions should be defined in the Country (and Multi-Country) Strategy Sectors.

THE 9 SECTORS DEFINED FOR STRATEGY PAPERS

1. DEMOCRACY AND GOVERNANCE
2. RULE OF LAW AND FUNDAMENTAL RIGHTS
3. ENVIRONMENT AND CLIMATE ACTION
4. TRANSPORT
5. ENERGY
6. COMPETITIVENESS AND INNOVATION
7. EDUCATION, EMPLOYMENT AND SOCIAL POLICIES
8. AGRICULTURE AND RURAL DEVELOPMENT
9. CROSS-BORDER COOPERATION (CBC) AND REGIONAL COOPERATION

The aim of the Sector list is to ensure a harmonised and consistent approach for reporting purposes mainly. This list of broad primary or level 1 Sectors (which roughly

correspond to the objectives of IPA II and which are used for categorising the key priorities in Strategy Papers) is also broken down into more specific secondary or level 2 Sectors (the purpose of which is to determine reporting tags for Action Programmes).

Since the conditions vary so widely both across and within Beneficiary Countries, there is no top-down authoritative definition of Sector. For example within the level 1 Sector "Rule of Law and fundamental Rights", a Sector Approach may be developed at a lower level, e.g. justice and home affairs or only for one of these two areas.

All the selected Sectors should have relevance for EU accession and/or socio-economic development. This entails that the Sector policy objectives for one given IPA II Beneficiary should address specific political and/or legal and/or administrative reforms that have been identified in past Progress Reports as being necessary for national compliance with the Copenhagen criteria.

Sector assessment

The **next step** in order to **determine the Beneficiary's readiness to adopt a Sector Approach for IPA programming** is the **Sector Assessment**. Sector assessment is a crucial exercise to be carried out in the very early stages of the planning and programming process, either at the moment of the preparation of the Country Strategy Paper (preliminary) or just before the preparation of the Action Programmes. It is also a continuous process which needs to be carried out all through the programming cycle, as the development of Sector Approaches is an iterative process.

SECTOR ASSESSMENT CRITERIA:

The analysis of the Sector through the 'Sector Approach assessment criteria' will also determine the level of preparedness of the Sector, ranging from a Sector where all the 7 assessment criteria are met to a Sector where only the key criteria are met (or in process of being met).

Five key criteria need to be assessed:

1. Well-defined **national sector policies/ strategies**;
2. **Institutional setting, leadership and capacity** for implementation of the sector strategy; Ideally there should be a lead Ministry
3. **Sector and donor coordination**;
4. **Mid-term budgetary perspectives** for sector policy implementation based on sector budget analysis and realistic sector allocations in **Mid-Term Expenditure Frameworks** (MTEFs);
5. Monitoring of sector policy implementation and in particular the development of **Performance Assessment Frameworks** (PAFs).

Two additional criteria related to the overall context influencing the sector programmes should also be considered, particularly (although not only) in cases

where Budget Support will be the chosen financing method. These are:

6. **Public finance management** system⁶ (efficiency, effectiveness, transparency) in place or under implementation;
7. Existing and projected **macro-economic framework** in which sector policies will be implemented.

OVERALL ASSESSMENT:

Negative assessments for some or all of the key criteria **do not necessarily prevent the adoption of a Sector Approach**. On the contrary, they should be seen as indications of the areas where further work and capacity building are required.

The intention is to use the analyses of the criteria to make an overall assessment of the maturity of the priority Sectors which have been selected for IPA support on the basis of Enlargement Progress Reports, national reference documents and needs analyses carried out for the Country Strategy Papers.

This assessment of Sector maturity also provides an **essential basis for the targeting of necessary technical assistance and capacity building activities**.

However, and keeping in mind that a one-fits-all solution is not possible and that a case by case approach needs to be taken, the **following criteria are considered to be the basic elements to decide whether a Sector is on its way towards the Sector Approach**:

- The existence of a **national sector policy and strategy and a medium term budget** or a commitment by government to either update or refine these;
- A **lead institution/ministry** responsible for the Sector/Sub-Sector;
- The existence of a **functional sector coordination framework** or a commitment by government that steps are going to be taken towards its development.

HOW TO GO ABOUT IT?

An initial assessment of the readiness for introducing the Sector Approach in all the Sectors selected for assistance, on the basis of the assessment criteria, should have been ideally carried out **when preparing the Country Strategy Paper**. The level of detail of such an assessment will differ depending on the specific circumstances in the different countries.

Before the start of the programming phase, a sector assessment (prepared on the basis of the Sector Planning

⁶ The development of an efficient, effective and transparent PFM framework should be a priority for every country irrespective on whether the assistance is provided through Sector Budget Support or not. However in the context of these guidelines, PFM is just analysed as an additional assessment criteria.

Document) should either to be carried out from the outset or be updated on the basis of the initial assessment performed in the context of the preparation of the Country Strategy Papers. This should take into account changes in the Sector, e.g. further development of sector strategies, increased leadership in donor coordination, developments in the mid-term expenditure frameworks, etc.

The analysis of the Sector through the ‘**Sector Approach assessment criteria**’ will also determine the level of preparedness of the Sector, ranging from a Sector where all the essential assessment criteria are met to a Sector where only some criteria are met (or in process of being met). This is a pre-requisite to decide how the Sector is going to be supported:

- If the **Sector is ready for the Sector Approach** (where all the five first criteria are met), funding will be provided in the form of "**fully-fledged**" **Sector Support Actions (i.e. Action Option 1)**. In this case the **national Sector Programme** will be directly supported by the IPA funds.
- If the Sector is **partially ready** (where the essential criteria are either in process of being met) **for the Sector Approach** or **not even ready for it** (but aims at fulfilling a key Sector objective of the Strategy Paper), funding will be provided in the form of **Sector Support oriented Actions (i.e. Action Option 2)** along the lines of what was done under Component I of IPA I with Sector Fiches (a **Sector Planning Document** should serve as the operational tool for planning IPA Actions). In this case, consideration should be given to what type of institution building activities should be implemented in order to help the Beneficiary in continuously improving and/or developing all the Sector criteria, with the aim of developing a fully-fledged Sector Approach.
- If the **Sector Approach is not necessary or needed**, **Stand-alone Actions (i.e. Action Option 3)** apply.

Assessment Criteria	Key Questions
1. Sector policy and strategy	<ul style="list-style-type: none"> • Does the country have a sector/sub-sector policy? • Is it supported by a sector strategy? What is its legal status? • Are the sector policies underpinned by national policies for socioeconomic development and for meeting EU accession requirements? • Is the sector policy linked to the country's accession agenda? • Is the sector policy authored and endorsed by domestic actors, including Civil Society Organisations (CSOs)? • Is there enough political support and stakeholder involvement at the national level to ensure ownership and future sustainability? • Are policy objectives coherent with national development objectives? • Are the objectives sufficiently SMART and are they accompanied by indicators? • Is sector planning linked to resource allocation and also does it take into account decentralisation processes? • Does the strategy include proper sequencing of actions to implement it? • Does the strategy embrace all international commitments that the country has taken? <p>If the answer is predominantly "no", further work on the sector policy and strategy is needed before a sector approach can provide real added value. However, a perfect sector policy is not required, rather a policy that establishes the basic principles, objectives and strategies for the sector.</p>
2. Institutional setting and capacity assessment	<ul style="list-style-type: none"> • What is the institutional setting and context including the degree of decentralisation of public powers and resources? • Has the sector been defined with institutional coherence in mind? • Is there a lead Ministry in the Sector? If not, are there inter-institutional agreements in place which give clear lines of communication and clear responsibilities in terms of overall targets and indicators to be achieved through the Sector Support Action/ Programme? • What is the capacity of key sector organisations and critical stakeholders (including CSOs)? • Have workload analyses of the institutions been carried out? • What is the level of beneficiary's ownership of the assessment process and its willingness to improve its capacity?

Assessment Criteria	Key Questions
	<ul style="list-style-type: none"> • Does the beneficiary require capacity building and, if so, are there options for harmonisation with other donors' interventions? • If support to capacity building (training plan) is considered, how and when will a needs assessment be carried out during the preparation of the Sector Support Programme? • Is there a system in place to reward high performing staff? • Are the internal coordination and communication systems effective? Are there effective IT tools? • Is the internal audit function in the institution effective? • Are principles of transparency and accountability respected? <p>Based on the analysis, recommendations should be made to the Government to improve its institutional and human resource capacity.</p>
<p>3. Sector and donor coordination</p>	<ul style="list-style-type: none"> • Do appropriate coordination mechanisms exist within the responsible government institutions? • Are there coordination mechanisms between the government and non-state actors? • Are there functional donor coordination arrangements in place (e.g. including terms of reference)? • Is there an up-to-date database of donor assistance? • Is the coordination effective and inclusive, i.e. allowing for the participation of social partners, CSOs, the private sector, think tanks, etc.? • Is there sector leadership and willingness of government to take the lead in donor coordination or does the government show potential to develop a leadership role effectively in the short term? • Is there a mechanism allowing for a consultative regular update of the sector strategy? • What is the frequency of the consultation activities, including meetings of sector fora/working groups, etc.? Are these properly minuted? • Is there regular reporting on the implementation of the strategy to sector stakeholders? <p>Depending on the assessment, recommendations should be made to the government to strengthen government-led coordination.</p>
<p>4. Sector Budget Analysis</p>	<ul style="list-style-type: none"> • Can the sector budget be easily identified in the state budget? • What is the nature and scope of the sector budget? • Does the budget fairly reflect the sector policies and objectives? • What type of budget classification system is in use? • What is the overall level of sector financing? • Is the share of the sector within total government expenditures increasing? • Is the budget department involved in the definition of policy measures? <p>If a sector MTEF is in place, key assessment questions include:</p> <ul style="list-style-type: none"> • Is it consistent with declared policies and the national budget/overall MTEF of the country? • Is it approved at a political level or is it largely a technical document? • If a sector MTEF is foreseen by the government how can its elaboration be supported by means of the Sector Support Programme? • If an MTEF is already in preparation, has a coherent and broad sector development plan with appropriate financing framework at sector and national level been defined/decided at a political level and is it considered feasible and consistent with the national/overall MTEF? • If a Sector MTEF is not in place, are appropriate sector allocations secured and properly stated in the general budget? • Is there an on-going process leading to the setting up of Sector MTEF? <p>Based on the analysis, recommendations should be made to the Government.</p>
<p>5. Sector monitoring</p>	<ul style="list-style-type: none"> • Does a national monitoring system based on performance criteria exist and/or is its development foreseen during implementation?

Assessment Criteria	Key Questions
system	<ul style="list-style-type: none"> • How does the Performance Assessment Framework (PAF) link to the IPA II monitoring system? • What are the options foreseen to support its development/consolidation? • Are there clearly designed indicators to measure sector progress? • Is there an existing IT tool to gather sector statistical data? • Is there a specific unit/department responsible for performance management? • Is there a standard methodology for reporting and monitoring within the public administration? • Is there a mechanism in place allowing for a continuous adjustment of policies based on their performance? <p>Based on the analysis, recommendations should be made to the Government, for example if there is no PAF, that IPA II should support the development /consolidation of a performance assessment framework.</p>
6. Public Financial Management (PFM)	<ul style="list-style-type: none"> • Is there a public financial management reform programme in place or about to be implemented? • Is there an updated, overall public financial management review (like the Public Expenditure and Financial Accountability – PEFA review and/or past/on-going projects/programmes)? • What are the PFM mechanisms in place for the sector? • Based on information available (from the government, DG ECFIN and DG Budget, SIGMA, Bretton Woods Institutions and where available PEFA reviews), what are the possible areas where support could be considered? • How do the remaining weaknesses affect the sector policy and what recommendations can be made to improve the situation?
7. Macro-economic context	<ul style="list-style-type: none"> • Do the macroeconomic fundamentals look like and what are the medium-term perspectives? • What measures can be supported to improve the beneficiary's macroeconomic policy? • How do these measures influence the beneficiaries' sector policy?
Overall Assessment	<ul style="list-style-type: none"> • Are the priority sectors for IPA II assessed as being satisfactory on the three key criteria for a sector approach? • Can the problems revealed by negative assessments be addressed with domestic /IPA /other donor resources (e.g. as part of programme preparation for 2014)? • Can the problems revealed by negative assessments be mitigated by the time of the 2014–2020 mid-term review?

TERRITORIAL COOPERATION PROGRAMMES

Overview

The **overall objective of territorial cooperation** is to bring European citizens closer together, helping to solve common problems, facilitating the sharing of ideas and assets, and encouraging strategic work towards common goals through joint actions. Territorial cooperation is broken down into three strands:

- **Transnational Cooperation**, the aim of which is to foster meaningful work between regions from several EU Member States (within the framework of large pre-determined transnational cooperation areas) on matters such as communication corridors, flood management, international business and research linkages, and the development of more viable and sustainable markets;
- **Interregional Cooperation**, which aims to build networks to develop good practice and facilitate the exchange and transfer of experience by successful regions;
- **Cross-Border Cooperation** (the most common form of Territorial Cooperation), which aims (particularly in the case of the Western Balkans) to promote good neighbourly relations, foster EU

integration and promote socio-economic development in border areas between countries through joint local and regional initiatives combining both external aid and economic and social cohesion objectives.

Regarding IPA, Territorial Cooperation Programmes include the IPA **Cross-Border Cooperation (CBC)** programmes (i.e. CBC programmes between IPA countries and Member States, between IPA countries themselves and between IPA and ENI countries) and the participation of IPA countries in **ERDF-funded** (i.e. part of the EU Regional Policy) **Transnational and Interregional Cooperation Programmes** and **ENI Cross-Border Cooperation Programmes** - mainly participation in **Sea Basin** programmes (part of the EU Neighbourhood Policy).

European Territorial Cooperation is part of the EU Regional Policy and has been supported since the only 1990's in Member States via the European Regional Development Fund (ERDF).

Types of Programmes

Territorial Cooperation includes five types of Programmes:

1. **Cross-border Co-operation (CBC) at borders between Member States and IPA Beneficiaries:**

The rules for implementation of these CBC Programmes are spelled out in the IPA II Regulation; i.e. **the IPA II regulatory framework applies to both sides of the border**, on Member States' territory and on Enlargement countries' territory - but closely mirrors the ERDF Territorial Cooperation objective.

IPA II CBC Programmes with Member States are implemented in **shared management** with a **single Managing Authority** which is always located in one of the Member States involved. ERDF and IPA funds are pooled in a single pot of money (i.e. no breakdown of funds per country and a single financial table included in the programme), which can be spent to finance projects with a distinct

cross-border value on either side of the border for the common benefit of the participating countries.

These programmes are managed by DG REGIO.

2. **IPA Cross-border Co-operation (CBC) between IPA II Beneficiaries:**

These programmes primarily aim at **promoting good neighbourly relations confidence building and reconciliation** (at Western Balkans' internal borders). While doing so, the CBC Programmes also contribute to the economic, social and territorial development of (often marginal) border areas and increase the capacity of local authorities and local civil society organisations to implement projects. The intensification and the consolidation of the dialogue between bordering regions constitutes a fundamental aspect of this type of CBC Programmes, as they help in establishing institutional relationships between local administrations and other relevant local or regional stakeholders.

Contrary to IPA I, these programmes are managed by a **single contracting authority**, either the EU Delegation (i.e. in direct management) or the IPA II Beneficiary to which budget implementation tasks have been entrusted (i.e. in indirect management). Likewise, there is only **one allocation per programme**.

These programmes are managed by DG NEAR.

3. **IPA Cross-Border Co-operation (CBC) at borders between IPA II Beneficiaries and countries under the European Neighbourhood Instrument (ENI):**

These programmes have the same objectives and follow the same rules as the programmes between IPA II Beneficiaries, with one single contracting authority, which is located at the level of an IPA II Beneficiary itself, either the EU Delegation (i.e. direct management) or the IPA II Beneficiary to which budget implementation tasks have been entrusted (i.e. in indirect management).

ENI funds and IPA II funds are pulled together in a single pot of money (i.e. no breakdown of funds per country) and implemented according to IPA II rules.

These programmes are managed by DG NEAR.

4. **ERDF Transnational and Interregional Co-operation Programmes and ENI multilateral Sea Basin programmes:**

In addition to the three cross-border strands described above, IPA II can financially support, where appropriate, the participation of Enlargement

countries in **ERDF Transnational and Interregional Cooperation Programmes**.

The participation of IPA II Beneficiaries is decided by the participating Member States; i.e. Member States "invite" the IPA II Beneficiary/ies to participate.

In these programmes, IPA II allocations are transferred to DG REGIO, pooled together with ERDF funds and managed according to REGIO rules (ETC Regulation). These Programmes are therefore implemented in **shared management** with a single Managing Authority which is always located in one of the Member States involved in the programme.

These programmes are managed by DG REGIO.

5. **ENI CBC programmes:**

IPA II can financially support, where appropriate, the participation of Enlargement countries in **ENI Cross-Border Cooperation Programmes** such as **Sea Basin Programmes**. These programmes aim at promoting economic and social development in the border areas, addressing common challenges (environment, public health, safety and security) and setting up better conditions for persons, goods and capital mobility.

The rules for programming and implementing these types of programmes are spelled out in the ENI Regulation, and the ENI CBC Implementing Rules (EU No 897/2014 of 18 August 2014). IPA II allocations (or ERDF allocations) are pooled together with ENI allocations and implemented in **shared management**.

These programmes are managed by DG NEAR.

Forms of assistance

Call for proposals

IPA Cross-Border Programmes are essentially implemented through call for proposals (grant schemes) within the thematic priorities selected in the CBC multiannual programme. The programmes finance joint operations which have been selected through a single call for proposals covering the whole eligible area. In contrast to IPA I, and in order to achieve better results and impact, the Calls for proposals in the programmes between IPA II Beneficiaries and IPA II and ENI Beneficiaries under IPA II will be more focused in terms of themes (e.g. tourism, SMEs, agriculture), as well as regards the target groups (e.g. call for proposals specifically for NGOs, or regional authorities).

Strategic projects

IPA II Beneficiaries may also identify larger investments ('strategic projects'), when they have a clear cross-border

value. Strategic projects can also be soft-support projects, i.e. not necessarily being based on infrastructure – for example joint river information systems, Danube-related projects coordinating ferries/shipping etc. Strategic projects can be: 1) pre-identified during the programming phase and included in the multi-annual programme or 2) selected in the framework of Call for proposals, i.e. Calls for strategic projects.

Technical assistance

A specific budget allocation (10% of the total programme allocation) is included in each cooperation programme for technical assistance. That amount is devoted to cover certain costs such as staff costs for joint structures, JTSs' and antennas' running costs, training of grant beneficiaries, visibility events, awareness-raising etc. It also covers the costs of monitoring, evaluation, information and control activities related to the implementation of the programme.

Thematic priorities for territorial cooperation

0	Technical Assistance	Preparatory, management, monitoring, evaluation, information, communication, networking, complaint resolution, control and audit activities.
1	Promoting employment, labour mobility and Social Inclusion	Promoting the integration of cross-border labour markets, including cross-border mobility, joint local employment initiatives and joint training, gender equality, equal opportunities and social inclusion across-borders. Infrastructure for public employment services. Social and cultural inclusion including gender equality and integration of immigrants and vulnerable groups.
2	Protecting the environment and promoting climate change adaptation and risk prevention	Promoting climate change adaptation and mitigation. Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness. Environmental protection, promoting sustainable use of natural resources, resource efficiency and supporting the shift towards a low-carbon economy in all sectors promoting the production and distribution of renewable energy sources .
3	Promoting sustainable transport and improving public infrastructures	Reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities as well as public health facilities.
4	Encouraging tourism and cultural heritage	Developing collaboration, capacity and joint use of infrastructures in the tourism sector, encouraging entrepreneurship. Cultural cooperation, protection and enhancement of Historical Heritage.
5	Investing in youth and education	Investing in education, including skills and lifelong learning, by developing and implementing joint education and training schemes and infrastructure. Supporting youth activities including kids festivals, sports tournaments, culture and music festivals and events.
6	Promoting local and regional governance, planning and administrative capacity building.	Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions through, inter alia, joint small scale actions involving local actors. Strengthening institutional capacity and the efficiency of public administrations and public services related to implementation of the EU funds.
7	Enhancing competitiveness, business and SME development, trade and investment.	Encouraging entrepreneurship, in particular, the development of small and medium-sized enterprises, development of local cross-border markets and internationalisation.
8	Strengthening research, technological development, innovation and ICT	Strengthening research, technological development and innovation and enhancing access to and use and quality of ICT. Promoting the sharing of human resources and facilities for research and technology development.

TERRITORIAL COOPERATION PROGRAMMES RELEVANT FOR IPA II BENEFICIARIES (2014-2020)

IPA II CROSS-BORDER COOPERATION PROGRAMMES BETWEEN IPA II BENEFICIARIES AND MEMBER STATES:

- Croatia – Bosnia and Herzegovina – Montenegro
- Croatia – Serbia
- Hungary – Serbia
- Romania – Serbia
- Bulgaria – Serbia
- Bulgaria – the former Yugoslav Republic of Macedonia
- Bulgaria – Turkey
- Greece - the former Yugoslav Republic of Macedonia
- Greece – Albania
- Italy – Albania – Montenegro
- Greece – Turkey
- Cyprus – Turkey.

IPA II CROSS-BORDER COOPERATION PROGRAMMES BETWEEN IPA II BENEFICIARIES:

- Serbia - Bosnia and Herzegovina
- Serbia – Montenegro
- Montenegro – Kosovo
- Montenegro – Albania
- the former Yugoslav Republic of Macedonia –Albania
- Kosovo – the former Yugoslav Republic of Macedonia
- Albania – Kosovo
- Bosnia and Herzegovina – Montenegro
- Serbia – Kosovo
- the former Yugoslav Republic of Macedonia – Serbia.

IPA II CROSS-BORDER COOPERATION PROGRAMME BETWEEN IPA II BENEFICIARIES AND ENI COUNTRIES:

- Turkey- Georgia.

ERDF TRANSNATIONAL COOPERATION PROGRAMMES TO WHICH IPA II BENEFICIARIES ARE ELIGIBLE:

- *"Danube"*: only those Enlargement countries participating in the Danube macro-regional strategy, i.e. Bosnia and Herzegovina, Montenegro and Serbia
- *"Adriatic-Ionian"* (previously called "South East Gateway"): only those Enlargement countries participating in the Adriatic-Ionian macro-regional strategy i.e. Albania, Bosnia and Herzegovina, Montenegro and Serbia
- *"Balkan-Mediterranean"*: Albania, the former Yugoslav Republic of Macedonia
- *"Mediterranean"*: Albania, Bosnia and Herzegovina and Montenegro.

ENI CBC PROGRAMMES TO WHICH IPA II BENEFICIARIES ARE ELIGIBLE:

- ENI Black Sea Programme: only Turkey is territorially eligible to this programme
- ENI Mediterranean: only Turkey is territorially eligible to this programme.

PROGRAMME OPTIONS

The following table sets out some of the key considerations and implications of the choice between the three principal options in terms of the programme structure.

	OPTION 1 Annual Programme	OPTION 2 Combined annual Programme (max. 3 years)	OPTION 3 Multiannual Programme with split commitments (max. 7 years) ⁷
PROGRAMMING			
Type of actions	This option is the rule and can be used for any type of action, but in particular also for: Stand-alone Actions; Actions planned for more than one year and broken down into Actions and Activities for each year; CBC; Actions which include a limited number of well-defined infrastructure contracts (since facilitations provided in new FR) ...	Actions planned over three or more years and which can be broken down into repetitive actions/activities for each year (e.g. yearly operating grant to the OHR); CBC; Actions covering the contribution to investment schemes under multi country programmes (e.g. Western Balkan Investment Fund, Regional Housing Programme, etc.) ...	Actions in the field of transport, environment and regional competitiveness, which need to be implemented mainly through large infrastructure projects, whose final identification and sequence cannot be defined at the stage of the Financing Decision; (Repetitive) grant schemes in the field of employment ...
PROGRAMME ARCHITECTURE			
Financing Decision (FD)	Financing Decision covering an allocation for one year .	Financing Decision covering an allocation for up to three years with suspension clause .	Financing Decision covering an allocation for an initial (maximum) three years with suspension clause . Amendment of Financing Decision to add allocations for consecutive years' budget allocation at least twice. Possibly: Commission Decisions for selection of certain infrastructure projects (major projects) per year.
Action Programme (Annex to FD)	Action Programme covering Actions programmed for one year or Action Programme covering Actions programmed for more than one year and broken down into annual priorities (=selected Actions).	Action Programme covering Actions programmed for three or more years and broken down into priorities for a maximum of three years. For these priorities (selected Actions), it must be clearly identified whether they are financed from year N, N+1 or N+2.	Action Programme covering Actions programmed for up to seven years without earmarking of Actions by year.

⁷ The use of this option at DG Enlargement level is yet to be confirmed.

	OPTION 1 Annual Programme	OPTION 2 Combined annual Programme (max. 3 years)	OPTION 3 Multiannual Programme with split commitments (max. 7 years) ⁷
Budgetary commitment	One budgetary commitment in year N.	Annual budgetary commitments in N, N+1 and N+2 (three).	The budgetary commitment is broken down into seven instalments, one for each year (through amendments to original commitment).
Financing Agreement	One Financing Agreement.	Financing Agreements to be concluded for each year or two amendments to original Financing Agreement.	Financing Agreements to be signed covering allocations as specified in the Financing Decision (maximum initial allocation of three years) with suspension clause. Amendments to Financing Agreement to add allocations for consecutive years' budget allocation at least twice. Possibly: Amendment to Financing Agreement if change in final budget allocation after approval of the budgetary authority.
CRIS⁸ Decisions	One CRIS Decision	Three CRIS Decisions	One CRIS Decision to be amended each year (to be confirmed)
Relevant legal framework	Article 189(2) FR Article 2 CIR	Article 189(2) FR Article 6(3) CIR	Article 189(3) FR Article 16 IPA RAP Article 6(3) CIR
Possible methods of implementation	Direct and Indirect	Direct and Indirect	Only Indirect
IMPLEMENTATION TIMELINE			
Deadline for conclusion of Financing Agreement (and IMDA⁹)	N+1	N+1 counted from the year of creation of <u>each</u> yearly commitment	None
Deadline for conclusion of procurement contracts and grant agreements	d+3 from conclusion of Financing Agreement	d+3 from conclusion of <u>each</u> Financing Agreement	None
Deadline for operational implementation¹⁰	6 years from conclusion of Financing Agreement	6 years from conclusion of <u>each</u> Financing Agreement	None
Deadline for automatic	None	None	Each yearly split commitment

⁸ CRIS is the EC local computer system used for encoding of key data at (IPA) Financing Decision level, as well as at contract level.

⁹ IMDA = Indirect Management Delegation Agreement.

¹⁰ Operational implementation = maximum duration of the activities of the IMDAs, procurement contracts and grant agreements.

	<u>OPTION 1</u> Annual Programme	<u>OPTION 2</u> Combined annual Programme (max. 3 years)	<u>OPTION 3</u> Multiannual Programme with split commitments (max. 7 years) ⁷
de-commitment			must be spent within five years of its validation (N+5). The last split commitment (2020) must be spent within six years of its validation (N+6).
Deadline for implementing Financing Agreement(s) (=De-commitment of funds and Programme Closure)	10-12 years from conclusion of Financing Agreement	10-12 years from conclusion of each Financing Agreement	Under IPA I Regulation, the final date for eligibility of expenditure was set at the deadline for the automatic de-commitment of the last split commitment. Final acceptance of accounts and Programme Closure was set one year after. Note: IPA II provisions to be updated accordingly.
FLEXIBILITY			
Reallocations between yearly allocations	Not applicable	Not possible!	Possible since funds are not earmarked by year!
Possibility of pooling funds	Not applicable	It is not possible to pool funds from Financing Agreements from different years to jointly finance actions, projects or contracts, even if those Financing Agreements are covered by one single Financing Decision. ¹¹	The entire programme funds can be used to finance the actions identified in the Financing Decision subject to the availability of the yearly allocations and the conclusion of the Financing Agreements. Funds are not earmarked by year but by action.
Non substantial changes -> reallocation of funds	Reallocations between actions up to 20% of total programme allocation (limit 10 MEUR)	Reallocations between actions of the same year up to 20% of the amount of the yearly allocation (limit 10 MEUR)	Reallocation between actions up to 20% (limit 10 MEUR) – actions are not linked to yearly budgetary commitments!
Non substantial changes -> time extensions	Extension of operational implementation	Extension of operational implementation	No extension of automatic de-commitment deadline possible.
GENERAL CONSIDERATIONS			
Absorption capacity	Smaller yearly allocations spread over a variety of actions – less burden for national authorities to absorb	Yearly allocations spread over more limited number of targeted actions – but since yearly allocations, depending on the actions should not really be a problem.	Larger multi-annual allocations focusing on few defined areas – much bigger absorption capacity required.

¹¹ The different yearly allocations are subject to different deadlines, a fact which makes it almost impossible to match the operational requirements of the contract with the legal restrictions on the commitments. Exception: CBC to a limited extent, where funds are pooled from two years to finance one grant scheme; Contribution to financial schemes under Multi-Country Programmes.

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)

	<u>OPTION 1</u> Annual Programme	<u>OPTION 2</u> Combined annual Programme (max. 3 years)	<u>OPTION 3</u> Multiannual Programme with split commitments (max. 7 years) ⁷
Homogeneity/ Diversity of actions	Large number of very different actions with possibility of addressing changing needs.	Attempt to scale down the fields of intervention to a limited number of sectors and actions will have to be repetitive.	Concentration on one policy area for which a limited number of actions are targeting the development of the same field at a larger scale.

FORMS AND TYPES OF IPA II PROGRAMMES – AN OVERVIEW

		TYPES OF ACTION PROGRAMMES								
		COUNTRY/MULTI-COUNTRY			TERRITORIAL COOPERATION				RURAL DEVELOPMENT	OTHER
		Country (1) Action Programme [DG NEAR]	Country (2) Sector Operational Programmes [DG NEAR]	Multi-Country [DG NEAR]	CBC IPA II Beneficiaries - Member States [DG REGIO]	CBC between IPA II beneficiaries [DG NEAR]	CBC PA II beneficiaries - ENI countries [DG NEAR]	Transnational and Interregional Cooperation [DG REGIO]	Rural Development Programmes [DG AGRI]	Horizontal (Support Measures) [DG NEAR]
FORMS OF ACTION PROGRAMMES	(single) ANNUAL [direct or indirect management]	✓		✓		✓	✓			✓
	MULTI-ANNUAL (1) (combined annual) [direct or indirect management]			(✓)		✓	✓			(✓)
	MULTI-ANNUAL (2) (with split commitments) [indirect or shared management]		✓ (IMngtBC)		✓ (ShMngt)			✓ (ShMngt)	✓ (IMngtBC)	

CBC = Cross-Border Cooperation

IMngtBC = Indirect management by IPA II beneficiaries

ShMngt = Shared management (Member States)

PROGRAMME DOCUMENTS

Country and Multi-Country Action Programmes

Document description

A **Country Action Programme** is adopted by the Commission on the basis of proposals from the IPA II Beneficiary, which take into account the principles and priorities set out in the indicative **Country Strategy Paper**. The preparation of the indicative **Multi-Country Action Programme** derives from the **Multi-Country Strategy Paper** and is prepared centrally by the Commission in close consultation with the Beneficiaries.

The starting point of the preparatory work for an Action Programme is the **Action Document**, which sets out the rationale of each individual Action, their specific objectives, planned activities and implementing arrangements (e.g. types of financing), among others. These are concise documents, which include a Logical Framework Matrix (Logframe) as the key section describing the intervention logic: particular attention must be paid to the preparation of the Logframe. The Action Document is not part of the Commission implementing Decision and should be used for reference only. In the case of Sector Support, a precondition is the existence of either a valuable **national Sector Programme**, which can be used as a reference for a Sector Support Action. If the Sector Support does not fulfil all the minimum criteria for a Sector Approach but still focuses interventions on a given sector in the context of a wider strategy aiming at moving towards fully-ledged Sector Support, a **Sector Planning Document** (IPA II specific) is to be developed before the start of the programming phase (i.e. a document shared between the Beneficiaries and the Commission highlighting the financial assistance priorities for the given sector, including details on sector assessment, key targets, cost estimations, etc.).

The **Action Programme** itself is prepared by the EU Delegation or the Commission on the basis of the Action Documents (or if applicable, Sector Operational Programmes), i.e. an Action Programme can be made up of several Actions. The draft Action Programme is submitted for opinion to the IPA Examination Committee (i.e. Member States). It describes the general background, nature, scope, objectives and implementation modes of actions proposed, as well as provides indications on the funding planned. The Action Programme then becomes an annex to the **Commission implementing Decision** (CiD).

The Commission implementing Decision (also called **Financing Decision** or FD) is a legal act of the European Commission (in this case an Implementing Act) adopting the Action Programme. The legal basis for the content of a

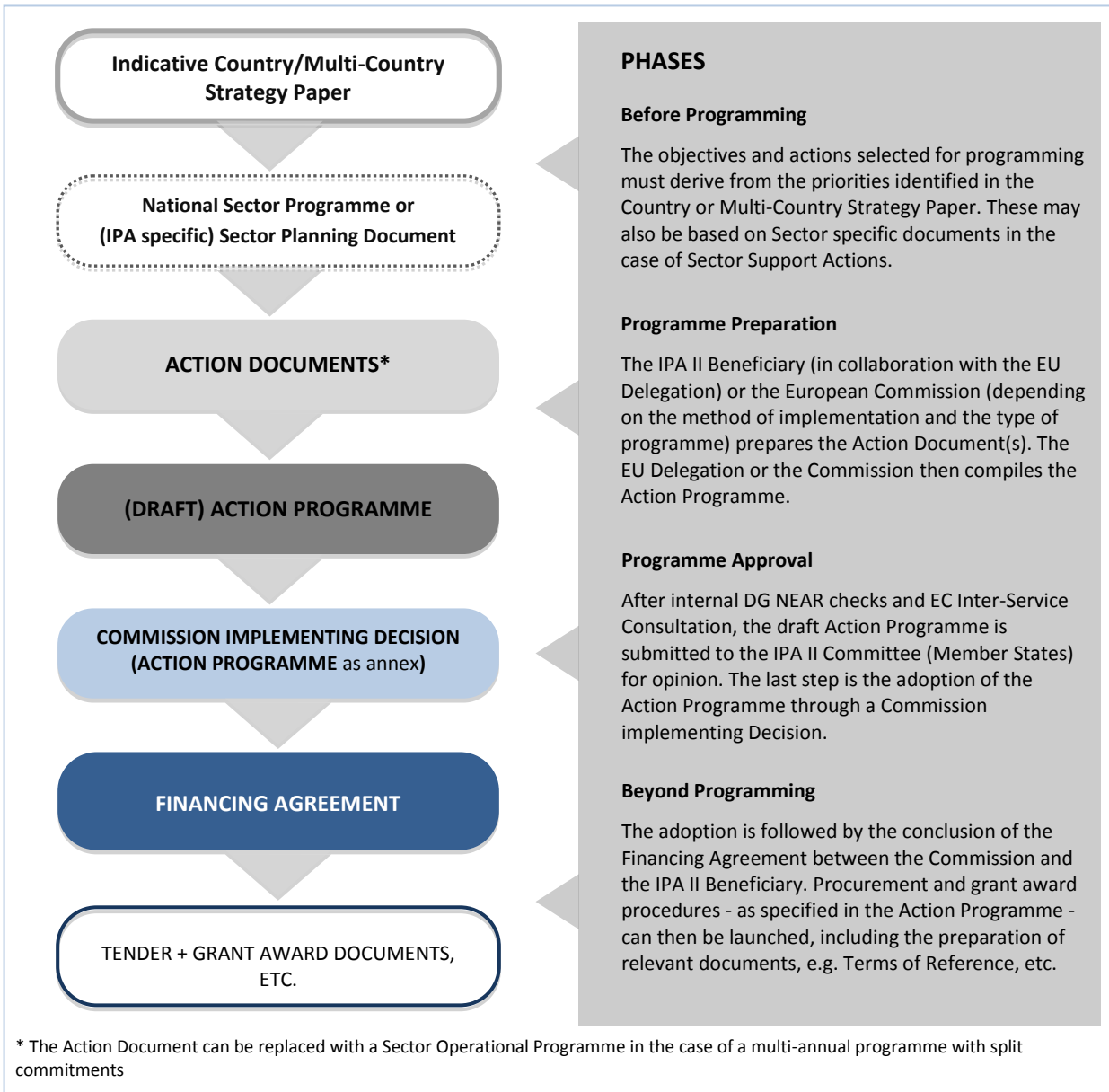
Financing Decision is Art. 84 Financial Regulation and Art. 94 Rules of Application.

The adoption of the Action Programme via a Commission Decision is followed by the conclusion of a **Financing Agreement** (FA) between the Commission and the IPA II Beneficiary both in the cases of direct and indirect management, where applicable - which must be indicated in the Commission Decision¹². The Financing Agreement, which is legally binding on the European Commission, is the act creating an obligation with regard to the Beneficiary concerned which results in expenditure being charged to the Budget. It states the amount in Euro of the EU contribution and the terms on which the assistance is managed, including the relevant methods and responsibilities for implementing it. The Action Programme (i.e. annex to the Commission implementing Decision) is appended to the Financing Agreement.

NOTE (relevant to the European Commission only): a **Budgetary Impact Statement** (BIS) is an additional supporting document prepared alongside the Financing Decision by the Commission. Although it does not form part of the Commission Decision or the Financing Agreement, this document serves to prove to the Commissioners that the funds available in the budget (in ABAC, the Commission' computer systems accounting and financial transactions) are sufficient to cover the planned actions included in the Financing Decision. However, an additional control over the availability of funds is exercised by a central service within DG NEAR in the situation where two or more programming units share the same budget line. This control serves to ensure that there is no possibility that the same funds are earmarked for use by different units before they are definitely booked against the budget, since this aspect is not visible in ABAC.

¹² Cases where a Financing Agreement is not necessary are those where the Commission implements directly actions funded by the administrative budget lines or, where it is deemed not necessary for those financed by a Multi-Country Programme. In the case where there is no Financing Agreement, the Financing Decision is simply notified to the national authorities.

Preparation sequence



Cross-Border Cooperation Programmes

Document description

CBC Programmes are adopted by the Commission for a period of seven years on the basis of principles and priorities set out in the relevant indicative **Country Strategy Papers** and the indicative **Multi-Country Strategy Paper**, the latter containing the overarching directions for CBC programming.

The starting point of the preparatory work for a CBC Programme is therefore the preparation of the **Cross-Border Cooperation (CBC) Programme** itself, which sets the thematic priorities for IPA interventions for the period 2014-2020. The selected thematic priorities are chosen by

the two IPA Beneficiaries participating in the CBC Programme and the Commission from the menu of eight priorities spelled out in Annex III of the IPA II Regulation. The CBC Programmes also include a specific budget allocation for Technical Assistance operations of up to 10% of the total amount allocated to the CBC Programme.

The CBC Programme includes an analysis of the CBC area and the identified needs on the basis of which the thematic priorities are selected. It also includes an indication of the key actions planned, including Technical Assistance, as well

as indicative financial allocations for the whole duration of the CBC programme.

The CBC Programme becomes an **Annex to each Commission implementing Decision** (it is actually adopted together with the first Action Programme and then still added as an annex for reference only to the following Action Programmes).

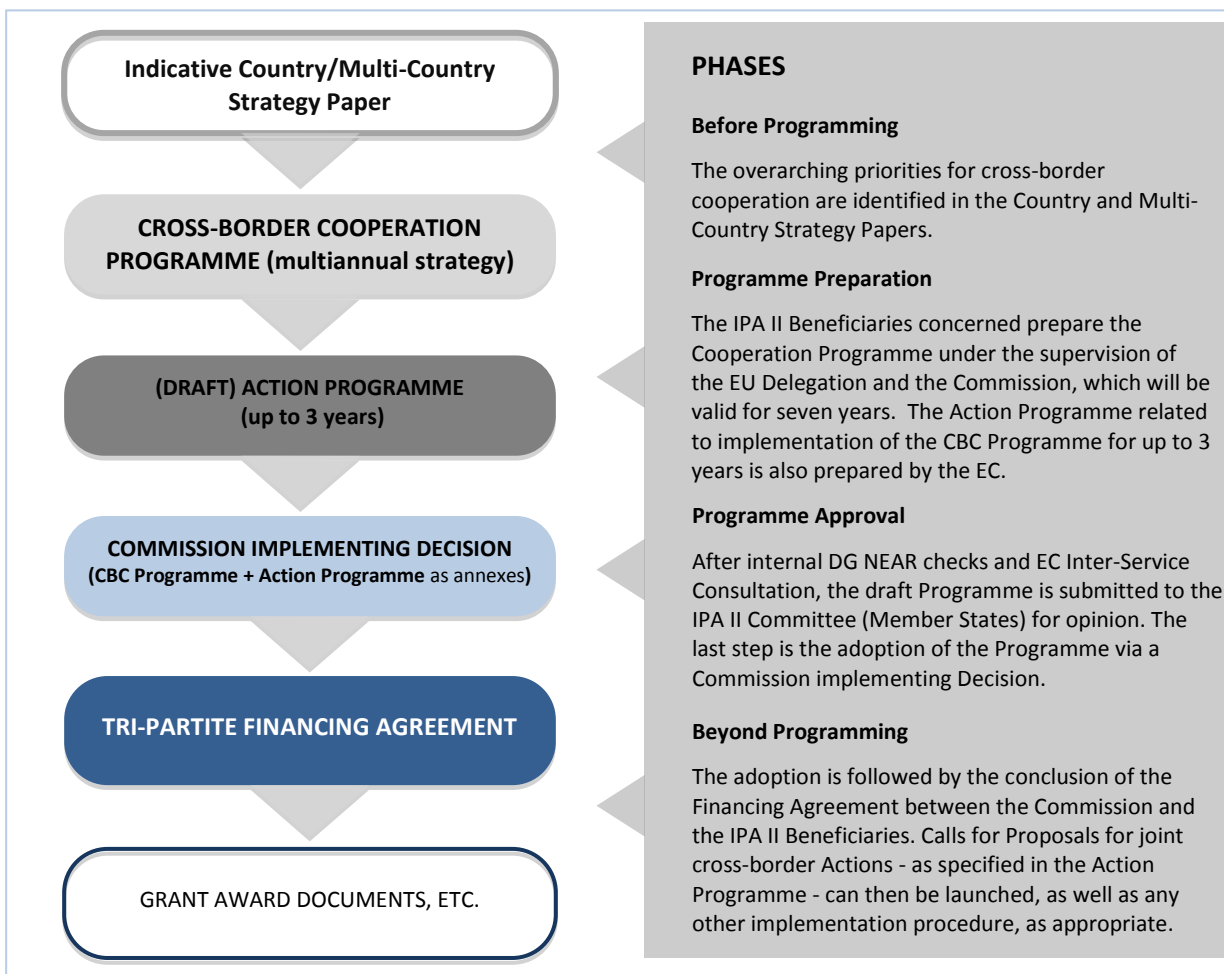
An **Action Programme** is prepared by the Commission on the basis of the information contained in the CBC Programmes to cover the implementation for up to 3 years; i.e. Annual CBC Action Programme if it covers one year or Combined Annual CBC Action Programme, if it covers more than one year. The Action Programme is submitted for opinion to the IPA II Examination Committee. It describes the general background, objectives and implementation arrangements for the actions proposed, as well as it indicates the funding planned for the relevant period. It also includes the essential elements of the action independently of the management mode. The Action Programme then becomes an **Annex to the Commission implementing Decision** (CiD), alongside the CBC Programme. The **Commission implementing Decision** (also called Financing Decision or FD) is a legal act of the European Commission (in this case an implementing Act) adopting the CBC Programme (1st Commission Implementing Decision) and the CBC Action Programme.

The adoption of a Commission Decision is followed by the signature of a **tri-partite Financing Agreement** (FA) between the Commission and the IPA II Beneficiaries both in the case of direct and indirect management, where applicable – which must be indicated in the Commission Decision.

The conclusion of the Financing Agreement constitutes the entrustment of budget implementation task in the programmes to be implemented in indirect management.

The CBC Programmes are also taken as the basis for the preparation of the **Support Measure** covering the Technical Assistance part of the CBC Programmes. To be noted that the 2014 Support Measure covered all the Technical Assistance allocations of the planned CBC Programmes for an amount equivalent to three year Technical Assistance allocations. The Support Measure provides clear indications on the amounts allocated to each CBC Programmes and includes information on the implementation arrangements (always direct management). The Support Measure is submitted for opinion to the IPA II Examination Committee. The Support Measure then becomes an **Annex to the Commission implementing Decision** (CiD). The CBC Technical Assistance Support Measure does not require the conclusion of a Financing Agreement.

Preparation sequence



Rural Development Programmes

The **Rural Development Programme** shall be prepared by the relevant authorities designated by the IPA II Beneficiary and shall be submitted to the Commission after consulting the appropriated interested parties.

Before putting together a **Rural Development Programme** (RDP), the **National Rural Development Strategy** must be in place and analyses of the main sectors of agriculture must be carried out. Once drafting of the Programme has advanced, *ex-ante* evaluation of the programme must be performed.

The adoption of the Programme is followed by the conclusion of a **Financing Agreement** and a **Sectorial Agreement**.

INSTRUCTIONS FOR PREPARATION OF RURAL DEVELOPMENT PROGRAMMES

Each rural development programme shall include:

- a) the findings of the *ex-ante* evaluation referred to in Article [XX];
 - b) an analysis of the situation in terms of strengths, weaknesses, opportunities and threats (hereinafter "SWOT") and identification of the needs that have to be addressed in the geographical area covered by the programme. The description will draw upon an in-depth analysis of the sectors concerned, involving independent expertise;
 - c) the main results of previous operations undertaken with Union and other bilateral and multilateral assistance, the financial resources deployed and the evaluation results available;
 - d) a description of the strategy for the achievement of the priorities and a selection of measures, including the target setting on the basis of common indicators referred to in Article [xxx];
 - e) a description of each of the measures selected from Article XX including:
 - i. the definition of final beneficiaries;
 - ii. the geographical scope,
 - iii. the eligibility criteria,
 - iv. monitoring indicators,
 - v. quantified target indicators.
 - f) a description of actions taken to ensure the availability of sufficient advisory and technical capacity for the proper implementation of the programme;
 - g) information on the complementarity with measures financed from the national policies, other policy areas of IPA and other donors as appropriate;
 - h) a financing plan, comprising of:
 - i. a table setting out the total IPA rural development contribution planned for each year. The planned annual IPA rural development contribution shall be compatible with the relevant provisions of the Country Strategy Paper;
 - ii. a table setting out for each measure indicative Union contribution planned and the applicable IPARD contribution as well as the national private and public contributions.
 - i) programme implementing arrangements, including:
 - i. the designation by the IPA II Beneficiary of the operating structure for the implementation of the programme, and, a summary description of the management and control structure;
 - ii. a description of the monitoring and evaluation procedures, as well as the composition of the Monitoring Committee;
 - iii. the provisions to ensure that the programme is publicised, including through the national rural network.
 - j) the results of consultations and provisions adopted for associating the relevant authorities and bodies as well the appropriate economic, social and environmental partners.
- The Rural Development Programme shall demonstrate that:
- a) the measures chosen follow logically from the findings of *ex ante* evaluation referred to in point 1(a) and the analysis referred to in point 1(b);
 - b) the allocation of financial resources to the measures of the programme is appropriate and adequate to achieve the targets established.

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)

SPECIFIC DOCUMENTS FOR IPA II COUNTRY ACTION PROGRAMMES

	Sector Planning Document	Sector Operational Document	Action Document	Action Programme
Scope	<p>Multi-annual planning document, including assessment of the readiness of the sector with regard to the sector approach, to be used for the preparation of a Sector oriented Action (Option 2).</p> <p>Not subject to a Commission Decision.</p>	<p>Underlying document to be used for the preparation of multi-annual programmes with split commitments (i.e. through indirect management by IPA II Beneficiaries) in sectors such as Environment, Transport, Education, employment and social policies, Regional competitiveness and innovation</p> <p>Provides details on each Action to become part of the Action Programme.</p> <p>Not subject to a Commission Decision.</p>	<p>Underlying document to be used for the preparation of the Action Programme.</p> <p>Provides details on each Action to become part of the Action Programme.</p> <p>Not subject to a Commission Decision.</p> <p>NB: The number of Action Documents does not necessarily correspond to the number of Actions identified in the Sector Planning Document deemed to be ready for IPA II support; i.e. Actions in the same sector can (should) be combined in a single "super" Sector Support Action Document.</p>	<p>Includes all IPA Actions to be subject to a Commission implementing Decision.</p> <p>Basis for a Financing Agreement between the Commission and the Beneficiary Country.</p>
Type	<p>A living/working tool developed specifically for IPA II Sector Support - to be updated regularly, as appropriate – and shared between the IPA II Beneficiary, the EU Delegation and EC Headquarters.</p>	<p>Document of an operational and reference nature and used for the same purpose as an Action Document.</p>	<p>Document of an operational and reference nature to be shared mainly between the IPA II Beneficiary, the EU Delegation and the Commission in the first instance, but also shared with the IPA II Committee and used for communication purposes (Action Documents are published on DG Enlargement’s website).</p>	<p>Implementing Act (annex to the Commission implementing Decision).</p>
Format	<p>Same template to be used for all Sectors.</p> <p>Part I: Sector Profile, i.e. overview of the Sector and Sector assessment (a Sector Approach Roadmap should be attached).</p> <p>Part II: Sector Support, i.e. sequencing of IPA II actions with a mid-term to longer-term perspective.</p> <p>NB: although Part I remains quite prescriptive in terms of structure and content, Part II is more flexible and can be adapted to the sector/country specificities.</p>	<p>Same template to be used for all programmes and adapted to the specificity of the IPA II Beneficiary accordingly.</p> <p>Based in part on the format (and substance) of a Sector Planning Document and the Operational Programmes used for Components III and IV under 'IPA I'.</p>	<p>Same template to be used for all Actions, either Sector Support or Stand-alone (with some slight variances).</p> <p>Concise and straightforward – i.e. to include only key elements needed for the implementation phase.</p>	<p>Same template to be used for all Action Programmes.</p> <p>Includes essential elements of a Financing Decision as defined by the Financial Regulation (objectives, results, total amount etc.) and the essential elements of an Action, including implementation modes (grants, procurement, financial instruments, etc.).</p>

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)

	Sector Planning Document	Sector Operational Document	Action Document	Action Programme
Content	<p>Rationale (issues/needs etc.) and overall objective for the sector (ideally SWOT analysis).</p> <p>Detailed sector assessment along the lines of the 7 criteria for the Sector Approach.</p> <p>Description of stakeholder involvement, including other donor interventions.</p> <p>Priorities for IPA II support, itemised per future interventions within a logical sequencing of steps , highlighting key milestones, targets and including indicators, as well as an indicative timeline</p> <p>Indicative cost estimation (including as far as possible allocation of IPA II funds, national budget, as well as IFIs and other donor contributions to the sector).</p> <p>Institutional arrangements for implementation, monitoring, etc.</p>	<p>Sector analysis, including SWOT.</p> <p>Detailed sector assessment along the lines of the 7 criteria for the Sector Approach (same as for the Sector Planning Document).</p> <p>Objectives of the IPA II sector support.</p> <p>Operational features of the programme (ref. 3 of the templates for Components III and IV of 'IPA I'). Includes an indicative list of major projects, as appropriate.</p> <p>Financial table detailed per Action and year incl. co-financing rates if applicable.</p> <p>Description of the consultation process.</p> <p>Implementation arrangements (incl. structures involved, monitoring and evaluation).</p>	<p>Rationale (needs, targets, etc.) – N.B.: for a Sector Support Action, this part will be a summary of any overarching Sector Document.</p> <p>Intervention logic, including a Logframe, which <u>is the centrepiece of the Action Document</u>, and not an annex anymore (as was the case with Project Fiches under 'IPA I').</p> <p>Details on implementation, in particular <i>activities, stakeholder involvement/roles and responsibilities (who does what)</i>, details on <i>methods of implementation and types of financing</i>.</p> <p>Details on monitoring and evaluation arrangements, in particular performance indicators.</p> <p>Other cross-cutting aspects, e.g. climate change, gender mainstreaming, etc.</p>	<p>Ref. for content of Financing Decisions: Art. 84 FR + Art. 94 RAP</p> <p>Overview of Sectors, including rationale, overview of past and on-going assistance (including from other donors).</p> <p>Description of each Action broken down into <i>objective/expected results, assumptions and conditions, implementation arrangements</i> including forms of indirect management as appropriate and <i>essential elements</i> (procurement, grant etc.) in the case of direct management.</p> <p>Overall indicative budget, including information on co-financing.</p> <p>Performance monitoring arrangements.</p>
Responsibilities	<p>Preparation by the IPA II Beneficiary authorities in collaboration with the European Commission/EU Delegation.</p>	<p>Preparation by the IPA II Beneficiary.</p> <p>Supervision and quality control by the EU Delegation and the EC.</p>	<p>Preparation by the IPA II Beneficiary.</p> <p>Supervision and quality control by the EU Delegation and the EC.</p>	<p>Preparation by the European Commission on the basis of the Action Documents.</p> <p>Consultation of all relevant EC departments as part of an Inter-Service Consultation (ISC).</p> <p>Submission to the IPA II Committee for opinion.</p> <p>Adoption by the European Commission.</p>
Circulation	<p>Circulation restricted to the IPA II Beneficiary and the relevant DG NEAR Unit and EU Delegation. Shared with the donor community on the ground.</p> <p>Wider circulation and publication to be agreed on a case-by-case basis.</p>	<p>Circulation to all relevant EC services as part of the Inter-Service Consultation for reference.</p> <p>Circulation to Member States in the context of the IPA II Committee, for information only.</p> <p>Annexed to the Financing Agreement.</p> <p>Publication on DG NEAR's website.</p>	<p>Circulation to all relevant EC services as part of the Inter-Service Consultation for reference.</p> <p>Circulation to Member States in the context of the IPA II Committee, for information only.</p> <p>May be subject to an exchange of letters with the IPA II Beneficiary (as appropriate).</p> <p>Publication on DG NEAR's website.</p>	<p>Circulation to all relevant EC services as part of the Inter-Service Consultation and to other EU institutions (Comitology Register).</p> <p>Circulation to Member States in the context of the IPA II Committee.</p> <p>Annexed to the Financing Agreement (annex) or subject to a letter of notification (e.g. Multi-Country Programme).</p> <p>Publication on DG NEAR's website.</p>

BUDGET SUPPORT

Budget Support is one among other types of financing available under IPA II. However, while under IPA I budget support was limited to "exceptional cases", the rules for IPA II allow for broader use of Budget Support, provided the eligibility criteria are fulfilled. Budget Support should be seen in the context of moving to a "Sector Approach" under IPA II, i.e. focusing on support for sector reform strategies rather than on financing individual projects. Budget Support would thus be provided as "sector budget support" to co-finance national sector reform agendas. The main potential benefits for Beneficiaries are:

- An increased impact of EU assistance by providing an incentive to implement reforms at sector level, rather than implementing isolated projects;
- Improved capacity building as the Beneficiary needs to meet certain conditions to qualify for Budget Support, in particular a stable macro-economic framework and sound public financial management;
- A clearer link between the political agenda, which requires sector reforms, and the financial assistance to support such reforms.

Rationale for Budget Support

What is Budget Support?

Budget support is a **financial assistance method**. It is a means of delivering better pre-accession assistance and achieving sustainable results. It involves **dialogue**, **financial transfers to the national treasury account** of the IPA II Beneficiary, **performance assessment** and **capacity development**, based on partnership and mutual accountability. Budget Support is delivered through **Sector Reform Contracts**.

Objectives of Sector Reform Contracts

The **objectives** of individual budget support programmes should be defined in line with two principles:

- **Consistency with EU enlargement policy:** the objectives should address the key enlargement challenges.

- **Alignment with beneficiary countries own policies,** priorities and objectives (and thus harmonised and coordinated with other aligned donors).

Arguments for Providing Budget Support

The key reasons for developing a budget support programme in pre-accession countries are:

- **Increased impact of EU assistance** by providing an incentive to implement reforms at sector level.
- **Increased ownership** and accountability of the Beneficiary through greater government control.
- **Improved capacity building** as the IPA II Beneficiary must meet the conditions to qualify for budget support.
- **Clearer link between the political agenda and the financial assistance.**

Design and Implementation of Budget Support

Political and Economic Accession Criteria and Budget Support

Adherence of Beneficiaries to the political criteria is taken into account when preparing Sector Reform Contracts. Particular care is warranted for sectors with a direct link to the political criteria and chapters 23 and 24. Where political criteria are not met, the EU will reassess its financial assistance to the Beneficiary, including sector budget support, and will focus the assistance towards meeting the criteria. When economic criteria are not yet met, the sector support and its preparatory steps aim to

help reaching the status of a functioning market economy, and improving the competitiveness of the economy.

Eligibility Criteria for Budget Support

Budget support programmes are subject to **four eligibility criteria:** 1) Sector (or national) policies and reforms, 2) Stability-oriented macro-economic framework, 3) Public financial management, and 4) Transparency and oversight of the budget.

These criteria need to be met both when a programme is approved, and at the time of each budget support

disbursement. The assessment of the eligibility criteria generally involves:

A) **Assessment, during programme preparation, of the relevance** (extent to which key constraints and weaknesses are being addressed by the government's strategy) **and credibility** (quality of the reform process in terms of track record, political commitment, institutional arrangements and capacity to design, implement, monitor and evaluate public policies) of the beneficiary country policy and strategy related to each eligibility criterion;

B) **Assessment, during implementation, of progress made in implementing the policy** and strategy and achieving the objectives;

The *satisfactory progress* should be based on a dynamic approach, looking at past and recent policy performance benchmarked against reform commitments.

Assessments should be reasonably short and analytical, providing a clearly argued and justified recommendation regarding eligibility. Three general points are relevant to the assessment of each criterion:

- Assessment of eligibility is put in the context of alignment with beneficiary countries' policies and cycles.
- Coordination with technical and financial cooperation partners.
- Decisions on eligibility for budget support and subsequent payment decisions will remain at the discretion of the Commission and in accordance with the applicable legal framework and guidelines.

Budget support can be provided only in a sector which has been identified in the Country Strategy Paper as a priority and which is endowed by an appropriate sector reform plan. Such plan must be linked to the enlargement agenda; it should be ambitious but with SMART targets.

Policy Dialogue

Policy dialogue is a core element of the budget support package, and a centrepiece for mutual accountability. It provides a framework for taking stock of the **implementation of the beneficiary country's policies** and reforms, as well as of donor commitments, and to assess progress on both sides on the basis of different information, criteria and indicators. Also, policy dialogue can be used as a forward-looking tool **to identify performance slippages** and to reach a common understanding with the authorities on corrective measures to meet policy objectives, and on refining the objectives and targets if necessary.

The policy dialogue should be complemented by the outcomes of the relevant **IPA Monitoring Committee** and **Sectorial Monitoring Committees meetings**, as well as **Stabilisation and Association Agreements Sectorial Sub-Committees**.

Risk Management Framework (RFM)

The Risk Management Framework for budget support operations focuses on the country systems and framework with a view of **identifying the risks** that may impede achieving the objectives of budget support.

The risk management framework is an internal assessment tool which allows, for each beneficiary country, to define the level of risk under **five risk categories** (political, macroeconomic, developmental, public financial management, and corruption/fraud) judged against **four risk ratings** (low, moderate, substantial, high). The assessment of risks is followed by identification of **mitigating measures**.

Risk Management Frameworks are updated annually (or more often where the need arises) in cooperation between relevant services, and are validated by the DG NEAR Financial Assistance Steering Committee. Matters raised under the RMF assessment feed into the policy dialogue with the Beneficiary.

Performance and Variable Tranche Design

Budget support presents a joint and public commitment based on the principle of "reforms done, money paid". Consequently, establishment of the **performance monitoring system** and related disbursement criteria are central for a budget support operation. **Base (or fixed) tranches** are linked to assessment of the four general **eligibility criteria**. **For performance (or variable) tranches**, in addition to the general criteria, **progress against indicators** agreed during the design phase is evaluated.

Variable tranches aim to **create incentives** for improved performance through partial payment for partial performance and **enhancing the credibility** of disbursement conditions by focusing on concrete and measurable performance indicators.

A balance needs to be struck between creating incentives and avoiding excessive unpredictability or volatility in disbursements. SRCs would typically cover commitments for a minimum of 3 years, and a variable tranche of about 40%.

The variable tranche indicators should be selected in agreement with the authorities and in co-ordination with other partners. The following principles apply:

- Coherence between the programme objectives, the diagnosis of the problem, and the selected indicators and targets.
- A combination of indicator types can be selected. Greater the willingness of the beneficiary country to be held accountable, stronger the confidence in the government's ability to deliver, and higher the quality of performance data, the more emphasis can be placed on outcome indicators.

- The number of indicators should be limited to a maximum of 8 per tranche to avoid a loss of policy focus.
- Indicators, targets, assessment methodology and sources of verification must be precisely and unambiguously defined during the programme preparation phase

Performance assessments should be an inclusive process led by the government, whereby performance results are subject to stakeholder consultations, are made publicly available, and feed into domestic accountability mechanisms.

In order to enhance predictability and respect the Beneficiary's budgetary and planning cycles, conditions, criteria, procedures and timing for disbursement should be clearly defined with and understood by the Beneficiary.

Domestic Revenue Mobilisation

Domestic revenue mobilisation forms a basis for sustainable and inclusive growth and good governance. Within budget support contracts, Domestic Revenue Mobilisation is assessed within the **macroeconomic** (fiscal policy) and **public financial management** (tax administration) **eligibility criteria**. This assessment provides an overview of the amount of tax revenues in relation to GDP, of the extent to which the country exploits its tax potential, and of the composition, level and relevance of the various taxes in the country and other sources of domestic revenues.

Accountability

Budget support provides opportunities to strengthen domestic accountability e.g. by:

- Strengthening the **openness, transparency, and accountability** of the budget process.
- Supporting a **participatory** budget support programme design, implementation and oversight.

Budget Support Intervention Logic and Programme Cycle

Whether to Provide Budget Support

The process for reaching this decision involves the following steps:

1. An **assessment of the IPA II Beneficiary's commitment to the reform agenda** in line with the country specific path to accession. The commitment to the Copenhagen political criteria is a pre-condition.
2. An **assessment of the eligibility against the four criteria**. This assessment will be done for all budget support contracts during the preparation phase for approval, and during the implementation.

- Integrating interventions to **support national legislative and oversight bodies and CSOs**.
- Increasing **transparency** by publishing sector strategy progress reports and performance reviews, and information on budget support Financing Agreements.

Fraud and Corruption

The **fight against fraud and corruption** is a key element under budget support operations, particularly (but not exclusively) when assessing the PFM eligibility criterion. Beneficiary countries need to demonstrate appropriate and effective institutional and regulatory framework for addressing fraud and corruption.

Capacity Development

Active engagement of all domestic stakeholders, and increasing the capacity of the public sector to deliver **effective** and **efficient** public services are at the heart of the budget support operations. Consequently, capacity of the implementing agencies and of the key stakeholders is assessed systematically for the design of accompanying capacity development interventions. Capacity development must be based on demand, ownership and commitment, be linked to results, and be provided through harmonised and aligned approaches.

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3. An **assessment of the risks** and whether these are likely to be outweighed by the mitigation measures and expected benefits during the preparation and implementation phases.

How Much Budget Support?

Decisions on how much budget support will be based on a qualitative assessment of the following elements:

- **Financing needs of the Beneficiary** assessed on the basis of the indicative Strategy Paper and/or the national/sector strategies.

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)

- Commitment of the Beneficiary to allocate **national budget resources in line with the enlargement strategy** and objectives.
- Effectiveness and added value that budget support will bring in **achieving the IPA II Beneficiary's policy objectives**.
- **Track record and absorption capacity of past disbursements.**

Each criterion may be judged as high, medium or low, allowing an overall structured approach, which includes the flexibility to define an appropriate mix of modalities that best fits the country context.

OTHER CROSS-CUTTING PRINCIPLES AND OBLIGATIONS

9

Engagement with Civil Society

Civil society development has been a reform priority in the EU agenda of enlargement for many years, especially in the democratisation and reconciliation process. An empowered civil society can play an important role in ensuring the principles of human dignity, freedom, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. It is also in itself a crucial component of any democracy. By articulating citizens' concerns, civil society organisations (CSOs) are active in the public arena and engage in initiatives which foster pluralism and further participatory democracy.

Evaluation of EU's support to civil society in the Western Balkans and Turkey has shown that support to civil society has contributed to the strengthening of democracy and reconciliation with special focus on fulfilling the Copenhagen criteria. Under IPA II, better results and impacts will have to be achieved, leading to an environment more conducive to civil society activities and building the capacity of CSOs as independent actors, also reaching small, rural and grass-roots organisations.

The **Common implementing Regulation for external action** (Recitals 15, 20; Art. 15) highlight the importance of the role of civil society in furthering the principles of democracy, as well as the importance of their involvement in the implementation process, including consultation with, and information to civil society organisations.

Support to civil society organisations including professional associations is also stipulated as a thematic priority in the **IPA II Regulation** (Annex II). Art. 5 (as well as recital 12) of the Regulation also highlights partnership with civil society organisations as a key programming rule, as well as support to strengthening their capacities as a policy objective.

Specific guidelines for EU support to civil society in enlargement countries 2014-2020 address the need for continued political and financial engagement with civil society in the EU agenda for enlargement. They build on DG NEAR's experience with the Civil Society Facility and other EU instruments for civil society support, and recognise that future EU support to civil society needs to be more strategic, effective and focused on results.

RELEVANCE FOR PROGRAMMING

Beyond direct financial support, civil society must be actively involved in the consultation process for any programming exercise, even if the programme is not specifically targeting financial assistance to civil society, i.e. by at least circulating draft action proposals to relevant organisations, or inviting them to consultation meetings.

In the context of the preparation of Country or Multi-Country Actions Programmes, ways in which this consultation has taken place may be summarised in Action Documents (section "Other cross-cutting issues").

Similarly, engagement with other non-state stakeholders (if relevant) may also be described in Action Documents.

Equal opportunities and gender mainstreaming

Candidate countries must fully embrace the fundamental principle of equality between women and men. Monitoring the transposition, implementation and enforcement of EU legislation in this area remains a priority of the enlargement process.

The **IPA II Regulation** (Recital 8; Art. 2; Annexes II and III) includes various provisions on equal opportunities and gender mainstreaming, including fight against discrimination based on sex. They are as such both a

specific objective and thematic priority for assistance under the Regulation.

Gender mainstreaming can be an approach to be used in programming financial assistance, i.e. it involves considering men's and women's needs and situations in the design, implementation, monitoring and evaluation of programmes. Effective mainstreaming can then be achieved through a limited number of strategic and prioritised interventions within the programme.

RELEVANCE FOR PROGRAMMING

Under IPA II, the gender perspective of programming documents will need to be better highlighted than under IPA I (i.e. not limited to general statements on non-discrimination). A way of improving this will be to include this perspective in the very early stages of the programming process (i.e. analysis of issues and design of strategy).

As far as possible, organisations with gender knowledge and expertise should be involved in the preparation phase, at least in the initial need identification and objective formulation steps.

Sex and age disaggregated data should also be considered both in the analyses and baseline as well as in the result framework (i.e. gender sensitive process and result indicators – quantitative as well as qualitative).

Equal opportunity for participation of men and women must be ensured in all aspects of programme preparation but also implementation. Ways in which this will be guaranteed must be clearly described in the Action Documents

Environment and climate change

In its **Communication ‘A budget for Europe 2020’ (COM 500/2011)**, the European Commission translated its ambition for a more sustainable future for all by proposing to make 20% of its overall budget ‘climate relevant’. The Communication also specifies that environment, notably biodiversity, should be mainstreamed in all development programmes.

According to the **Common implementing Regulation for external action** (Art. 14), the funding allocated to climate action and biodiversity shall be subject to an annual tracking system based on the OECD methodology ('Rio markers') and recorded within evaluations and biannual reports. In addition, an annual estimate of the overall

spending related to climate action and biodiversity shall be made on the basis of the adopted indicative programming documents.

The **IPA II Regulation** (Recital 10; Annex II – I; Annex III - b) stipulates that IPA II Beneficiaries should be better prepared to withstand global challenges, such as sustainable development and climate change, and already align with the Union's efforts and objectives to address these issues. It also indicates that Union assistance under the IPA II Regulation should contribute to the goal of reaching the climate related proportion of the Union budget to at least 20%.

RELEVANCE FOR PROGRAMMING

There are synergies between various components of environment and climate change and both aspects need proper attention during programming and implementation. Efforts are needed to ensure that climate change considerations in particular are part of country and multi-country policy dialogues with partner countries and are fully integrated in programme and action design. Details on how these principles will be applied need to be specified in Action Documents.

'Rio marking' of programmes and actions for climate change 'adaptation' and 'mitigation', biodiversity and desertification is now part of the European Commission's standard reporting to OECD/DAC and is an integral part of CRIS, the EC's IT system for External Action (whereby the objectives of the Actions for these four markers need to be tagged as 'main', 'significant' or 'not targeted'). This marking needs to be applied systematically in order to allow proper tracking, especially in view of monitoring the contribution of IPA II to the EU climate change objectives, as well as biodiversity objectives.

Minorities and vulnerable groups

The IPA II Regulation (Recital 3, Art. 2) refers to the promotion and protection of human rights and fundamental freedoms, including the rights of persons belonging to minorities, as a specific objective of financial assistance.

In this regard, minority concerns are integrated as cross-cutting issues in all activities planned under IPA II. However, despite statements regarding the need to apply a strengthened approach towards the mainstreaming of

cut-crossing issues in the EU's development policy, the inclusion of this commitment in financial assistance documents has often followed a 'copy-paste-approach' with the same formulations appearing over and over again in the relevant document without taking into account specific circumstances or national particularities. This aspect needs to be particularly looked into – and improved - when designing IPA II Actions.

RELEVANCE FOR PROGRAMMING

If relevant, programme documents (e.g. Action Documents, 'Other cross-cutting issues' section) should specify how the IPA II Action takes account of people belonging to minorities and vulnerable groups and how their involvement is supported.