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Directorate-General Enlargement

D - Financial Instruments and Regional Programmes

D1 - Financial Instruments & Contracts

The Head of Unit

### **IPA PROGRAMMING GUIDE**

#### **VOLUME I** (*Volume II compiles annexes 1 to 3*)

#### **FOR COMPONENTS I (TRANSITION ASSISTANCE AND INSTITUTION BUILDING) AND II (CROSS BORDER CO-OPERATION)**

**Ver. 2008**

This document is designed to give guidance to ELARG Country Co-ordinators, and to those involved in planning and project preparation in the Candidate and Potential Candidate Countries, hereinafter referred to as "beneficiary countries" (Croatia, Turkey, the Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo acc. to UNSCR 1244.) on how to programme under IPA component I – Transition Assistance and Institution Building component and component II – Cross border co-operation. It mainly builds upon practices gained from experience with Phare and CARDS. Any proposal to divert from these guidelines should be addressed, with supporting arguments, to the Financial Instrument & Contracts Unit (D1) of DG ELARG. Any agreed divergences from these guidelines should also be explicitly set out in the relevant Financing Proposal and project fiche. Any queries related to this Guide should be addressed to the Financial Instrument & Contracts Unit.

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## I. INTRODUCTION

The IPA is the key tool of the Commission's pre-accession assistance strategy for the 2007-2013 period. The purpose of IPA is to support countries in their transition from potential candidates to candidate countries and through to membership of the European Union. IPA will help these countries meet the Accession Criteria (fulfil the political, economic and *acquis*-related criteria for membership, building up their administrative and judicial capacity) and prepare for the programming, management and implementation of EU Cohesion, Structural and Rural development Funds after accession.

For this purpose, IPA consists of five components. The **Transition Assistance and Institution Building component** (IPA-I) is essentially *acquis-related and institution building* in case of Candidate Countries but fulfils the role of a *catch-all component* for the Potential Candidate Countries. The **Cross-Border Co-operation component** (IPA-II) applies to border regions between all beneficiary countries and between them and Member States. The **Regional, Human Resources and Rural Development components** (IPA III, IV and V), under which assistance to Candidate Countries accredited for the management of all aid in a decentralised implementation system is provided in such a way as to prepare them for managing EU Cohesion, Structural and Rural development funds.

IPA assistance may also be used to cover the costs of actions linked to the administration and management, follow-up, control, audit and evaluation and in particular studies, meetings, information, publicity, informatics, technical assistance and administrative support for the purposes of actions managed by the Delegations.

The Commission aims to address the major challenges identified in the pre-accession process, by:

- setting a coherent, flexible and strategic framework for pre-accession assistance;
- promoting overall co-ordination across the five IPA Components, while recognising the specificities of the individual Components;
- Streamlining programming and delivery, by making them clearer and more focussed, hence improving the bridge to EU funds after accession, while ensuring the necessary continuity between past and future pre-accession instruments.

Therefore the policy and programming framework for delivering pre-accession assistance under the IPA consists of:

- a multi-annual indicative financial framework (MIFF);
- multi annual indicative planning documents (MIPDs) per country.

Moreover for Component I:

- Yearly national programmes and regional/horizontal programmes and facilities,

and, for Component II:

- Multi-annual cross-border programmes.

## 1.1. Overall Programming

The yearly enlargement package sets the overall strategic framework for the pre-accession process within which the IPA must operate (Accession Partnerships or European Partnerships and Stability and Association Agreements, Progress Reports, Strategy Paper presented each autumn by the Commission to the Council and the Parliament). The Multi-annual Indicative Financial Framework (MIFF) is also part of this package and translates the priorities defined within the political framework into financial terms for countries and components.

At the strategic planning level, Multi-annual Indicative Planning Documents (MIPDs) are established for each beneficiary country by the European Commission in close consultation with the countries concerned, covering all IPA components applicable to the country.

The country MIPD set out priorities to be supported within each component, with indicative financial allocations in line with the MIFF over the period concerned for the main areas of intervention.

These priorities should be derived from a consolidated operational assessment over the period concerned of the challenges, needs and relative importance of the priorities translated from the European and Accession Partnerships, National Programme for the Adoption of the *Acquis*, Enlargement Package/Progress Reports, negotiation framework, Stabilisation and Association Agreements as well as the country's national plans and sectoral strategies where they are compatible with the pre-accession objectives.

Finally, at the programming level, national authorities establish specific programmes by country and by component (for the cross-border component: joint programmes between two or more beneficiary countries and between them and neighbouring Member States)<sup>1</sup>. Regional and horizontal programmes are also foreseen, which are proposed by the Commission.

IPA operates in the beneficiary countries set out in Annex I (candidate countries)<sup>2</sup> and Annex II (potential candidate countries)<sup>3</sup> of the IPA Regulation. Both Potential

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<sup>1</sup> With a strong support of Commission services / EAR in particular in the case of the PCCs with the clear focus on assisting them to gradually taking on more responsibility as with the CCs

<sup>2</sup> Croatia, Turkey, the Republic of Macedonia



Candidate Countries (PCCs) and Candidate Countries (CCs) receive assistance through Components I and II of the IPA. Additionally, Candidate Countries also receive assistance by means of Components III, IV and V..

This differentiation with regards to the components is a consequence of the time horizon for accession. Components III, IV and V are “pre-cursors” to internal Community instruments and therefore require a high degree of administrative capacity. Potential Candidate Countries can benefit from measures similar in nature to those under IPA Components III, IV and V, but this is to be implemented through Component I without the need, for them, to establish the structures required under components III, IV and V.

### **Timing**

The Commission prepares a **Multi-annual Indicative Financial Framework (MIFF)** in year N-2, which sets out the indicative breakdown of the IPA financial envelope by country and Component. This indicative framework determines the proposals in the Preliminary Draft Budget in year N-1. The MIFF is established for a three year rolling period, is reviewed annually and submitted annually to the European Council and Parliament as part of the autumn enlargement package.

Based on the multi-annual indicative financial framework, a **Multi-annual Indicative Planning Document (MIPD)** covering all relevant components is prepared for each country in year N-1. The MIPD sets out the multi-annual strategic environment against which the amounts in the MIFF are to be programmed. It is the cornerstone of IPA’s harmonized approach.

The MIPD, like the MIFF, is established for a three year rolling period, with annual reviews maintaining a stable strategic approach. The MIPD is submitted annually to the *IPA Committee* for opinion.

As to Component I *Transition Assistance and Institution Building*, the **annual national programmes** and the **regional/horizontal programmes**, all of which developing in more detail the main intervention areas of the MIPD, are also presented to the IPA Committee for opinion.

As to Component II *Cross-border Co-operation*, the multi-annual cross-border programmes, both those for CBC at borders with Member States and those for CBC at borders among candidate/potential candidate countries, are presented to the IPA Committee for opinion.

The IPA Committee therefore fulfils the role of coordinating committee for all IPA components, as well as being the management committee for the Transition Assistance and Institution Building component and the Cross-Border Co-operation component. The programmes for the other components are dealt with according to the provisions of article 14 of the IPA Regulation (EC) No 1085/2006.

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<sup>3</sup> Albania, Bosnia and Herzegovina, Montenegro, Serbia including Kosovo acc. to UNSCR 1244.

## 1.2. Transition Assistance and Institution Building Component (TAIB Component)

As set down in Regulation (EC) No 1085/2006, the TAIB component shall in principle cover all institution building actions or measures related to the *acquis communautaire* and the investments related thereto, as well as actions supporting beneficiary countries to comply with the criteria defined by the Copenhagen European Council of June 1993.

The TAIB component applies to both potential candidate countries and candidate countries.

In general, the TAIB component assists countries in building up their administrative and judicial capacity. The TAIB component also helps countries fulfil the political, economic and *acquis*-related criteria for membership (the Accession Criteria). Institution building measures and the investments associated with these measures are available to all beneficiary countries.

The TAIB component also allows all beneficiary countries to participate in Community Programmes and to prepare for participation in Community Agencies, which form an important aspect of the *acquis communautaire*. Moreover, the participation in Community Programmes and preparation for Community Agencies before accession can be considered as an institution building measure *sui generis*, because it is conducive to the establishment of administrative structures enabling the population of the beneficiary country to start reaping the full benefit of these Programmes and Agencies on accession.

For **potential candidate countries**, the assistance under the TAIB Component aims to foster stabilisation, reconstruction and reconciliation and promote economic and social development throughout the Western Balkans (mirroring the CARDS objectives). This Component also supports institution building (both “soft”, in terms of know-how, and “hard”, in terms of physical investment) to strengthen the Copenhagen political criteria, enhance administrative and judicial capacity and selectively promote alignment with the *acquis*.

As components III, IV and V remain reserved for candidate countries, it is important to note that for the potential candidate countries under this Transition Assistance and Institution Building component, *access to measures of a similar nature to those under components III, IV and V may be offered*. This includes support to prepare for implementation of components III to V at the acquisition of candidate status, including strategic programming capabilities. The ELARG country team will therefore strive to ensure that measures proposed under component I for potential candidate countries and which could be continued under components III to V once the candidate status is granted, are decided and implemented in close consultation with the relevant DGs.

The assistance to potential candidate countries will be designed to bring them closer to candidate status and ultimately to membership. Particular emphasis will be laid on key requirements such as meeting the Copenhagen political criteria, promoting civil society development and dialogue and pursuing public administration reform. Moreover, if the country is to be prepared for candidate-country-status under IPA,

particular effort should be devoted to establishing the necessary financial, accounting and audit systems. While decentralisation is an objective for all beneficiary countries, for candidate countries it is a pre-condition for benefiting of Components III, IV and V. Potential candidate countries should therefore be encouraged to seek accreditation for decentralised management as soon as possible, in compliance with the requirements for decentralised management provided in the IPA Implementing Regulation.

For **candidate countries**, the TAIB component mainly supports institution building activities (including investments in regulatory infrastructure) which will prepare candidate countries for taking on the obligations of membership and assist them in the adoption of the *acquis* communautaire. Regional, social and rural development are implemented through Components III, IV and V, designed to help preparing candidate countries for managing EU Funds after accession. Candidate countries nevertheless remain eligible for support in the field of reconstruction and stabilisation if required. However, all overlap with assistance provided under Component III, IV and V must be avoided.

The TAIB component support to candidate countries differs from assistance to potential candidates in that there is less emphasis on stabilisation and transition and that it aims for full adoption and implementation of the *acquis* rather than a progressive alignment.

For candidate countries, the economic and social cohesion assistance, previously supported under Phare, is replaced by specific preparation for managing EU funds after accession. This is to be done through Components III, IV and V once the necessary decentralised management systems have been put in place. In the event that those systems are not in place, measures similar in nature may be funded under component I, as with the potential candidate countries, together with support to facilitate the introduction of decentralised management systems. Again, the closest co-ordination with the relevant services (DG REGIO, EMPL and AGRI) will be sought by ELARG country teams in this respect.

### **1.3. Cross-Border Co-operation Component (CBC Component)**

The Cross-Border Co-operation component applies to both candidate and potential candidate countries. It encompasses two strands:

- cross-border co-operation at borders between Member States and candidate/potential candidate countries (i.e. EU external borders);
- cross-border co-operation among candidate/potential candidate countries (i.e. essentially Western Balkan “internal” borders).

The **main aim** of the CBC component is to promote good neighbourly relations, strengthening co-operation in border areas between countries through joint local and regional initiatives combining both external aid and economic and social cohesion

objectives. In particular, the co-operation shall pursue one or more of the following broad objectives:

- (a) promoting sustainable economic and social development in the border areas;
- (b) working together to address common challenges (e.g. environment, natural and cultural heritage, public health, prevention of and fight against organised crime, etc.);
- (c) ensuring efficient and secure borders;
- (d) promoting joint small scale actions involving local actors from the border regions.

This component also aims to prepare candidate and potential candidate countries to implement the Structural Funds Territorial Co-operation objective upon accession ("learning by doing"). In this respect, building on the experience gained under the Phare CBC and the Neighbourhood Programmes, the implementing rules of the IPA CBC component are mirroring those of the Territorial Co-operation objective (former INTERREG).

**For CBC at borders with Member States**, the Commission is delivering on the commitments taken in the Communication COM(2003) 393 of 1 July 2003 ("Paving the way for a new neighbourhood instrument") and reiterated in the Financial Perspectives' Communications. Cross-border co-operation between Member States and candidate/potential candidate countries will be carried out under a single financial instrument: IPA. This is a radical improvement compared to the previous dichotomy where two different instruments (INTERREG on EU side of the border and CARDS or Phare CBC on the other side) struggled to operate in a coordinated manner.

Key aspects of the new approach are as follows:

- **single legal base:** the IPA regulatory framework applies to both sides of the border, on MS territory and on candidate/potential candidate countries territory. The implementing rules closely mirror those of the Structural Funds' Territorial Co-operation objective<sup>4</sup>. As a result, the participating Member States will be facing very similar rules for CBC at their EU internal and external borders;
- **single budget**, with funds coming from the ERDF and IPA, which can be used on either side of the border according to the "common benefit" principle<sup>5</sup>.

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<sup>4</sup> In this respect, the IPA Implementing Regulation had to include most of the detailed provisions governing cross-border co-operation programmes under Structural Funds.

<sup>5</sup> In CBC programmes with Member States implemented under "integrated approach" (i.e. in shared management with a single Managing Authority), ERDF and IPA funds are pooled in a single pot of money (i.e. no breakdown of funds per country, single financial table included in the programme)

- **single management structures.** Under the "integrated approach", i.e. when the conditions for implementing the entire programme under shared management provisions are met, CBC programmes at borders with the EU will be implemented under the responsibility of a single Managing Authority located in one of the Member State participating in the programme
- when conditions for implementing the entire programme in shared management are not – yet – met (cf. Art. 114, 155, 116 IPA IR), **transitional arrangements** can apply (Art. 99 IPA IR).

Cross-border programmes with Member States implemented under "integrated approach" (i.e. in shared management with a single Managing Authority responsible for the entire programme) fall under the sole responsibility of DG REGIO. Programmes implemented under the "transitional approach" fall under the responsibility of both DG ELARG (together with EC Delegations/EAR) and DG REGIO, each one for the part of funds allocated to, respectively, the participating candidate/potential candidate country(ies) and the participating Member State(s).

For **CBC at borders between candidate/potential candidate countries**, the challenge is to initiate – virtually from scratch – cross-border co-operation at Western Balkans internal borders. National authorities will require a great deal of assistance in this respect. The CARDS Cross Border Institution Building (CBIB) project (CARDS regional programme 2003) is already providing support to national authorities to establish the necessary structures and to prepare cross-border programmes under IPA. Moreover, the CARDS regional programmes 2005 and 2006 provide additional funds – allocated on a country basis – to assist WB countries in the start up of the programmes (technical assistance, administrative and operational costs, ...).

CBC programmes among candidate/potential candidate countries fall under the sole responsibility of DG ELARG (together with EC Delegations/EAR).

**In addition to the two cross-border strands** described above, IPA component II can financially support, where appropriate, the participation of candidate/potential candidate countries in ERDF transnational co-operation programmes<sup>6</sup> (e.g. the successor of the CADSES 2000–06 programme) and in ENPI multilateral sea-basins programmes (the latter concerns Turkey only).

Those programmes will essentially be implemented through single call for proposals covering all eligible territory. IPA funds will finance the participation of the partners from the candidate/potential candidate countries in the in the joint projects selected through the call for proposals.

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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.

<sup>6</sup> Under the Structural Fund Territorial Co-operation objective – transnational co-operation strand. The participation of candidate/potential candidate countries in the ERDF interregional co-operation programme could also be arranged in an *ad-hoc* basis.

As far as the **ERDF transnational programmes** are concerned, the participation of candidate/potential candidate countries in the programme is decided by the participating Member States (i.e. Member States "invite" the candidate/potential candidate country(ies) to participate). There are two ERDF transnational programmes which potentially concern the candidate/potential candidate countries:

- the ERDF **South–East Europe** transnational programme, where the entire territory of the Western Balkan countries is entitled to participate. The most western NUTS II areas of Turkey should also be included in the programme. The Hungarian Managing Authority of the programme has written to Turkey inviting them to participate;
- the ERDF **Mediterranean** transnational programme, where the coastal areas of Turkey and, potentially, those of the Western Balkans could be entitled to participate. Participating Member States have still to take a decision in this respect.

Concerning the **ENPI sea basins programmes**, they cover the coastal areas (at NUTS II level) of both ENP countries and Member States. Turkey is entitled to participate in two of them: the ENPI Black Sea programme and the ENPI Mediterranean programme, where the NUTS II coastal areas of Turkey, respectively along the Black Sea and along the Mediterranean Sea, are eligible. Western Balkan countries are not geographically covered by ENPI sea basins programmes.

## **II. Inventory of reference documents**

- IPA Framework Regulation – Council Regulation (EC) No 1085/2006 of 17 July 2006 (see Volume II – Annex 1)
- Communication (COM(2007) 689 of 6 November 2007) from the Commission to the Council and the European Parliament on IPA MIFF 2009-2011 (see Volume II – Annex 2)
- IPA Implementing Regulation – Commission Regulation (EC) No 718/2007 of 12 June 2007 (see Volume II – Annex 3)

## III. The General IPA framework

### 3.1. Political and financial framework

IPA assistance helps candidate and potential candidate countries to meet the Accession Criteria (fulfil the political, economic and acquis-related criteria for membership, building up their administrative and judicial capacity) and prepare for the programming, management and implementation of EU Cohesion, Structural and Rural development Funds after accession.

IPA assistance has to be seen against the background of the development of relations between the Union and the beneficiaries, both candidate and potential candidate countries, which share the prospect of ultimate EU membership.

General relations to Western Balkans' potential candidate countries (PCCs) and candidate countries (CCs) are governed by the Stabilisation and Association Agreements, or the perspective of their conclusion. In the case of Turkey, and due to longer history of approximation, the corresponding general framework is set by the association agreement and the customs union.

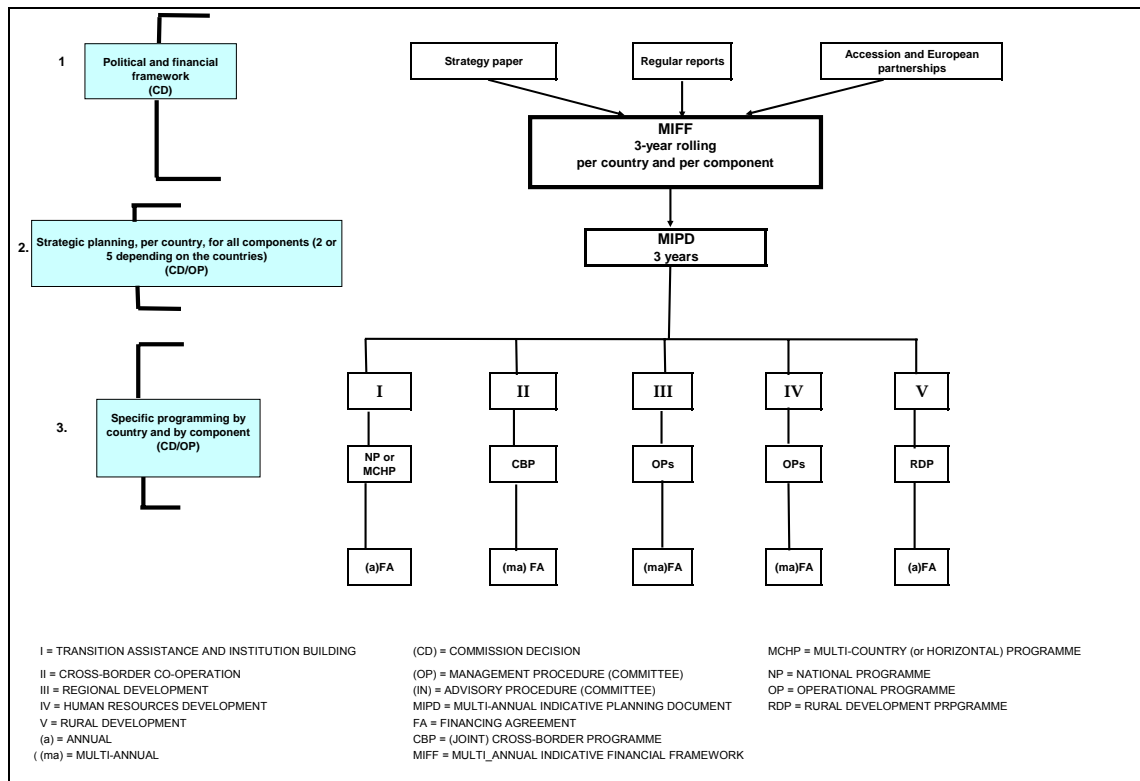
The basic policy documents for setting up the priorities for programming IPA, however, are the European Partnerships (for PCCs) and Accession Partnerships (for CCs), which present the Commission's overall enlargement policy, as well as the annual Progress Reports. IPA will allow flexibility in order to respond to possible new priorities identified in annual Progress Reports of the Commission. Any update of the priorities of assistance shall be determined in view of the Progress Reports in particular and Strategy Paper contained in the annual Enlargement package.

The **Multi-annual Indicative Planning Document** (MIPD) is the strategic document for IPA. It is established for a three-year rolling period, with annual reviews. It follows the **Multi-annual Indicative Financial Framework** (MIFF) which indicatively allocates funds per beneficiary country and per component. It draws on the pre-established IPA components.

**The priorities set out in the MIPD serve as a basis for the programming of the relevant components.**

IPA aims at creating lasting capabilities. Thus, the transfer of experiences and know-how should, in case of conflicting targets, ultimately take precedence over the creation of physical goods. In order to deliver this strategic aim, IPA requires close involvement of beneficiary countries' governments throughout the implementation process, starting at the stage of multi-annual planning.





### 3.1.1. Accession Partnerships and European Partnerships

The **Accession Partnerships** concluded by the Council for each of the candidate countries (CCs) combine in one document the priorities for each sector in transposing Community law (the *acquis*), the priorities for aid provided by the European Community and the conditions for granting the financing. They are intended to assist the applicant country authorities in their efforts to comply with the accession criteria and set out in detail the priorities for each country in preparing for accession, in particular implementing the Community *acquis*.

For the potential candidate countries (PCCs) of the Western Balkans, "**European Partnerships**" are drawn up which are modelled on the Accession Partnerships. They guide the reforms in the potential candidate countries by indicating concrete priority actions needed to achieve progress.

Both, the Accession Partnerships and the European Partnerships set out short-term and medium-term priorities. Partner countries are expected to adopt these priorities as their own, by developing an action plan and a timetable for transposing them into national law. This national strategy document is referred to as National Programme for the Adoption of the Acquis (NPAA, for CCs) or National Action Plan (for PCCs), but may be called differently in each case. The partnerships thus form the basis for programming pre-accession assistance from Community funds. The Partnerships are regularly up-dated in order to adjust priorities to the countries' specific needs and stages of preparation.

### **3.1.2. Strategy Paper**

The strategy paper presents the Commission's overall enlargement policy for the candidate countries and the potential candidate countries in a single, annually published document.

For each country, the strategy paper highlights the main features of progress made, identifies priorities for each period and contains recommendations for further development of our enlargement strategy and the Stabilisation and Association Process.

### **3.1.3. Progress Reports**

The Commission regularly submits to the Council reports on the progress made by candidate and potential candidate countries on their road towards the EU, including implementation and enforcement of EU standards. These reports are aimed at allowing for decisions to be taken on further steps.

### **3.1.4. Multi-annual Indicative Financial Framework (MIFF)**

The multi-annual indicative financial framework presents an indicative breakdown of the total envelope dedicated to assistance under IPA, by country and by component for a three year rolling period.

This means that the MIFF is reviewed annually while maintaining a three year planning horizon<sup>7</sup>, taking due account of the legal commitments concluded on a multi-annual basis in accordance Financing Agreements. The criteria used for the allocation of funds appear in the initial MIFF and reviews thereof.

The multi annual indicative financial framework is established and presented annually to the Council and European Parliament, in accordance with Article 5 of IPA Regulation (EC) N° 1085/2006.

On 8 November 2006, the Commission issued a Communication to the Council and the European Parliament on the IPA MIFF 2008-2010 that is appended to this Guide (see Annex 2).

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<sup>7</sup> The review could include adjustments but only to the allocations within a given year. The total annual IPA envelope cannot be amended.

### **3.1.5. Framework Agreements between the Commission and the beneficiary countries**

The Commission and the beneficiary country shall conclude a framework agreement, in order to set out and agree on the rules for co-operation concerning EC financial assistance to the beneficiary country. The framework agreement shall lay down, in particular, the provisions concerning:

- (a) the general rules for Community financial assistance;
- (b) the establishment of the structures and authorities needed for management and any other relevant specific bodies;
- (c) the common responsibilities of the aforementioned structures, authorities and bodies;
- (d) control requirements and conditions for:
  - (i) the accreditation and the monitoring of the accreditation of the national authorising officer by the competent accrediting officer;
  - (ii) the accreditation and the monitoring of the accreditation of the operating structure by the national authorising officer;
  - (iii) the conferral of management by the Commission;
- (e) the establishment of an annual statement of assurance by the national authorising officer;
- (f) procurement rules;
- (g) the closure of programmes;
- (h) the definitions of irregularity and fraud; the obligation of the beneficiary country to take appropriate preventive measures against active and passive corruption, anti-fraud measures and corrective actions; the rules for recovery of funds in case of irregularity or fraud;
- (i) recoveries and financial corrections and adjustments;
- (j) the rules for supervision, control and audit by the Commission and the European Court of Auditors;
- (k) the rules on taxes, customs duties and other fiscal charges;
- (l) information and publicity requirements.

A template of Framework Agreement is attached to this Guide (see Annex 5).

By way of derogation where no framework agreement is concluded or where the framework agreement in force concluded under Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999, (EC) No 2500/2001 or (EC) No 2666/2000 does not lay down the minimum provisions as above listed, the missing provisions shall be set down in the financing agreements.

### **3.1.6. Financing Agreements between the Commission and the beneficiary countries**

The Commission decisions adopting multi-annual or annual programmes shall meet the requirements necessary to constitute financing decisions in accordance with Article 75(2) of Regulation (EC, Euratom ) No 1605/2002.

Where required by the financing decision, the Commission and the beneficiary country concerned shall conclude a financing agreement. Financing agreements may be concluded on an annual or multi-annual basis.

Each programme forms an integral part of the financing agreement.

Financing agreements shall lay down:

- (a) provisions by which the beneficiary country accepts the assistance of the Community and agrees to the rules and procedures concerning disbursement related to such assistance.
- (b) the terms on which the assistance is managed, including the relevant methods and responsibilities for implementing the annual or multi-annual programme and/or operations
- (c) provisions relating to the establishment, by the beneficiary country, of a roadmap to achieve decentralisation without *ex-ante* controls by the Commission.

Templates of Financing Agreements under centralised and decentralised managements are attached to this Guide (see Annexes 6 and 7).

## **3.2. Strategic planning**

### **Multi-annual Indicative Planning Document (MIPD):**

- The MIPD is the key strategic planning document within the IPA three-stage programming process. It follows the Multi-annual Indicative Financial Framework (MIFF) – where funds are indicatively allocated per country and per component (as well as to a regional and horizontal envelope) – and precedes the programme documents – where the major areas of interventions and main priorities outlined in the MIPD are translated by the recipient countries into detailed priorities,

measures and operations. There is one MIPD per IPA beneficiary country identifying the major areas of interventions and main priorities for each of components applicable to the country. There is also be a separate MIPD to cover the multi beneficiary programmes under component I.

- The MIPD represents the Commission's view of major areas of interventions and main priorities that the beneficiary country is expected to develop in detail in the programming documents. In doing so, the MIPD shall ensure the first step of the necessary coherence between components.
- The MIPD is based on the allocation of funds per component for the relevant country (or on the regional/horizontal envelope) established in the MIFF. As in the case of the MIFF, the MIPD has a three-year horizon and is subject to annual review.
- The MIPD shall be based on the needs, challenges and priorities identified in the accession partnership, the National Programme for the Adoption of the Acquis (NPAA), the enlargement package (regular reports) the negotiations framework, the conclusions of the European Council and the strategic papers of the Commission. It should also take account of the priorities set out in the national strategies where they are compatible with the pre-accession objectives. The MIPD shall translate the above needs, challenges and priorities – i.e. those which require pre-accession financial assistance – into major areas of interventions and main priorities through the relevant component. Given the multiplicity of documents/instruments used to formulate the needs, challenges and priorities incorporated in the MIPD, coherence with the beneficiary country's *own* needs, challenges and priorities must be assured via consultations with the national authorities.

#### *Setting up of the MIPD*

- The preparation of the country-based MIPDs as well as multi-beneficiary MIPD (\*) are under the responsibility of the relevant ELARG operational units, in close consultation with the beneficiary country (ies).
- For MIPDs for candidate countries, DGs REGIO, EMPL and AGRI provide their contribution for respectively components III, IV and V.
- ELARG (for components I and II), and REGIO, EMPL and AGRI (for the components III, IV and V of the MIPDs for candidate countries) shall seek the advice of relevant line DGs, as appropriate, prior to the formal inter-service consultation. ELARG ensures the overall coherence of the document.
- National authorities shall be consulted on the draft MIPD and very closely involved in its preparation (\*\*).
- Member States, IFIs and the other relevant stakeholders (civil society) shall also be locally consulted giving them sufficient time to provide their comments (see also section 7.8).

- In terms of formal consultation, the ELARG operational unit (\*\*\*) submits the draft MIPD to the NIPAC for comments prior to:
  - 1- The submission to the DG ELARG **Quality Support Group**, which scope is to contribute to the improvement of the quality of the MIPD through systematic screening, enhanced coherence and better coordination of programming;
  - 2- The launch of the Inter Service Consultation.
- MIPDs is then submitted to the IPA management committee for opinion and is adopted via individual Commission decisions through written procedure
- (\*) the multi-beneficiary MIPD is prepared under the responsibility of ELARG.D.3 with the input of all relevant ELARG services to cover the horizontal/regional programmes under component I.
- (\*\*\*) the NIPACs are be consulted on the multi-beneficiary MIPD at this stage.

### 3.3 Specific programming by country and component

#### 3.3.1. Annual and multi-annual programmes

- Depending of the component, annual or multi-annual programmes are drafted. Component I is implemented through annual programmes while the other components are implemented through multi-annual programmes.
- The programmes for Component I shall be drafted using the Project Fiches and the Financing Proposals templates shown in Annexes. Programmes for certain horizontal actions funded by the Multi Beneficiary MIPD, like evaluation, monitoring and audit do not need Project Fiches (for more detailed information on the programmes not needing Project Fiches, see section 5.1.2).
- The Financing Proposals are prepared by the Operational Unit concerned in DG ELARG in close cooperation with the EC Delegation, the National Authorities and the other DGs where relevant. The Head of Delegation needs to give his written explicit agreement to the *implementability* of those programmes where his staff intervenes. Under decentralised management the NAO should also give his explicit written agreement to the proposals submitted by the NIPAC to the Commission.

- Cross-border Programmes (component II), which shall in principle<sup>8</sup> be granted within the framework of multi-annual programmes, shall contain the information identified in Article 94 of the IPA Implementing Regulation and shall be jointly drawn up by the national authorities from both sides of the borders.
- Member States, IFIs and the other relevant stakeholders (civil society) shall be locally consulted giving them sufficient time to provide their comments (see also section 7.8).
- The Financing Proposals for Component I and the Cross-border Programmes for Component II are submitted to the QSG<sup>9</sup> before the Inter Service Consultation is launched. They are then sent to the IPA Committee for opinion and after to the Commission for approval (empowerment procedure).
- Once the programmes are adopted, they may need to be implemented by means of Financing Agreements, which represent an international agreement between the Commission (representing the EU) and the Beneficiary country. There are cases however where there is no need for a Financing Agreement, which are those where the Commission implements directly actions funded by the administrative budget lines or, in general, those financed by the Multi Beneficiary MIPD. In these cases the Commission needs to notify the NIPAC of the adoption of the programme.
- The programmes are then after implemented through contracts, grants and agreements signed either by the Commission (Headquarters or Delegations – centralised or joint management) or by the National Authorities (decentralised management or shared management<sup>10</sup>).

### **3.3.2. Administrative Support programmes**

Expenditure related to staff and to the related costs linked directly to the implementation of the programme (like missions, training, informatics and logistics) as well as other type of actions funded through administrative costs (technical assistance, studies) is neither subject to comitology nor to a financing decision<sup>11</sup>. The funds allocated to cover this type of costs are therefore approved by the Director General – or by his sub delegate - upon proposal submitted by the AOSD concerned at Director level. They need however to be framed by a Financing Proposal without a project fiche (see Annex 10 of this Guide: template of Commission Decision for IPA Administrative Support Programmes).

At the beginning of each year, the funds managed by ELARG need to be allocated between staff costs (including ancillary expenses), which are managed by ELARG.E.2 and other costs (technical assistance, TAC, studies), which are managed

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<sup>8</sup> See Article 91(1) of the IPA Implementing Rules.

<sup>9</sup> Except cross-border programmes with Member States.

<sup>10</sup> Please note that share management is only applicable for CBC programmes under the integrated approach, i.e. at borders between a beneficiary country and an EU Member State, which are the responsibility of REGIO.

<sup>11</sup> Note from DG Budget D(2007) 2508 dated 16 March 2007.

by ELARG.D.3. To this end, the units concerned will be informed by D1 of the "Administrative costs" allocated to ELARG on the basis of the MIFF for that year and in agreement with REGIO, AGRI and EMPL.

## **IV. General Implementation principles, structures and authorities for components I & II**

### **4.1 General implementation principles, structures and authorities for component I - Transition assistance and institution building component**

As mentioned in the previous chapter, the central point of IPA is to transfer know-how and experience to beneficiary countries, by enhancing ownership and responsibility of the implementation of assistance on the countries' side. During the lifetime of the instrument, it is therefore expected that decentralised management will become the norm also for potential candidate countries. However, as under CARDS, programmes for potential candidate countries will initially be managed on a centralised basis, with the clear focus on assisting countries to gradually taking on more responsibility and in progressing towards decentralised management.

For candidate countries, **decentralised management** is the norm, as now under Phare. However, centralised management may be used; this is in particular the case for regional and horizontal programmes, as well as technical assistance. Each country should therefore have specific strategies, action plans and timetables in place for moving towards more decentralisation, while at the same time preparing national authorities to take on board and have adequate capacity for the increased responsibilities related to this.

In principle, fully decentralised management, i.e. decentralised management with ex-post rather than ex-ante control (the equivalent of EDIS in Phare/ISPA terms), should be pursued wherever possible, dependent on the administrative capacities of individual recipient countries, and should be considered the ultimate objective.

#### **4.1.1. General implementation principles for component I**

##### **Centralised management:**

Centralised management can take the following forms:

- Centralised direct management in the form of implementation by the Commission services at Headquarters;



- Centralised de-concentrated (devolved) management in the form of implementation by the Commission Delegation in the beneficiary country;
- Centralised indirect management in the form of implementation through Community agencies, Community bodies, national/international public-sector bodies or bodies governed by private law with a public service mission, as defined in Article 54 of Regulation (EC) 1605/2002<sup>12</sup> (the Financial Regulation).

### **Decentralised management:**

Decentralised management by the beneficiary country (with or without ex-ante control over procurement and grant project selection, contracting and payments) must be preceded by an assessment by the Commission confirming that the beneficiary country is in a position to implement assistance in accordance with Article 53c of the Financial Regulation and meets the conditions set in Article 56(2) thereof.

For that purpose, the management and control systems in the beneficiary country shall fulfil at least the criteria set out in the Annex to the IPA Implementing Regulation and provide for effective controls for at least the standard list within that Annex.

In order to increase the responsibility of the beneficiary country in the process of taking over management powers, the national authorities shall accredit the structures and authorities set up in the framework of IPA before asking for a formal conferral of management responsibilities by the Commission. This national accreditation shall be made according to the criteria and list of areas laid down in the Annex to the IPA Implementing regulation.

### **Joint management:**

Joint management" is a specific form of management by international organisations, to which the Commission can have recourse in the following cases: wherever the Commission and the international organisation are bound by a long-term framework agreement laying down the administrative and financial arrangements for their cooperation; wherever the Commission and the international organisation elaborate a joint project or programme; where the funds of several donors are pooled and are not earmarked for specific items or categories of expenditures, that is to say, in the case of multi-donor actions.

The conditions governing joint management are set out in Article 53d of the Financial Regulation and 43 of Commission Regulation (EC, Euratom) No

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<sup>12</sup> OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation (hereafter: the Implementing Rules).

For joint management, the international organisation must fall into the categories enumerated in Article 43, paragraph 2, of the Implementing Rules. Two organisations are explicitly named under points b) and c): the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies.

Besides, for the purposes of Article 53d of the Financial Regulation, the European Investment Bank and the European Investment Fund are assimilated to international organisations.

The first category under point a) is more general. It refers to international public sector organisations set up by intergovernmental agreements, and specialized agencies set up by such organizations<sup>13</sup>.

If joint management is not appropriate or if the above conditions for its use are not fulfilled, then an international organisation can be financed by the Commission in the form of a grant. In such cases, the normal procedures for awarding grants shall apply Title VI of Part One of the FR and IR respectively.

#### **4.1.2 Structures and authorities for component I**

##### **In the event of decentralised management**

The beneficiary country shall put in place, in accordance with Article 21 of the IPA Implementing Regulation:

- (a) a **National IPA Co-ordinator** (NIPAC);
- (b) a **Competent Accrediting Officer** (CAO)
- (c) a **National Fund** (NF);
- (d) a **National Authorising Officer** (NAO);
- (e) an **Operating structure** (OS) ;
- (f) an **Audit Authority** (AA).

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<sup>13</sup> For a definition of international public sector organizations, see note of BUDG 4835 of 4 June 2007.

These authorities and entities shall be set up with the functions and responsibilities provided for in Articles 22, 24, 25, 26, 28, 29 and 75 of the IPA Implementing Regulation.

The NAO and the NF shall be accredited by the CAO and the OS by the NAO prior to the submission of the application for the conferral of management powers by the Commission on the OS concerned.

### **The Operating structure (for component I):**

#### **i. Implementing Agencies (including CFCU)**

In accordance with Article 75 of the IPA Implementing Regulation, the OS under Component I shall consist of one (or more) Implementing Agency(ies) (IAs) which is (are) established within the national administration and is (are) under the direct control of the beneficiary country.

The functions and responsibilities of the IAs are spelled out in Article 28 of the IPA Implementing Regulation. In the case of this component, whereas the NIPAC is responsible for the programming, meaning the organisation of the preparation of the project proposals, the elaboration of the project fiches and the monitoring of the technical execution of the programme, the IA(s) is (are) responsible for the implementation and management of the programmes under the responsibility of the PAO. The PAO may be helped by a Senior Programme Officer (SPO) whose tasks relate to the technical implementation of the programme (see below).

In some countries, the IA or one of the IAs may take the form of a "Central Contracting and Financing Unit" (CFCU). In such cases, the CFCU "takes over" the financial implementation of the programme (procurement, contracting and payment), the SPO(s) being in charge of the following tasks: be responsible for the technical aspect of the operations within line ministries; assist the PAO in the good and timely preparation and implementation of operations at technical level and; be in charge of the coordination within each priority axis set down in the beneficiary country's project proposal. In such cases, the PAO is the head of the CFCU.

#### **ii. PAO**

A Programme Authorising Officer shall be designated as the head of each IA.

The PAOs, under the overall accountability of the NAO, take the responsibility for the overall tendering, contracting, payments, accounting and financial reporting aspects of all procurement in the context of the IPA component I programmes in a beneficiary country.

To fulfil his/her (their) responsibilities, the PAO(s) shall supervise the technical implementation of the SPOs.

#### **iii. Line Ministries / SPOs:**

The **Senior Programme Officer (SPO)** is a person, usually working with the final beneficiary, who is responsible for the technical aspects of the IPA projects. The SPO ensures the good and timely implementation of projects at technical level.

The SPO's authority is formalised by endorsing commitments and disbursement documents prior to their transmission by the CFCU. Responsibility may be delegated by the SPO to a maximum of two officials within the same Ministry or Agency, but the names and signatures of the delegates have to be communicated to the Commission.

More specifically the responsibilities of the **SPO** will include:

- technical implementation and follow-up of IPA-funded projects;
- planning and reporting to the responsible authority and maintaining contact on technical issues with the Commission;
- input into the preparation of financial and reporting documents;
- Preparation of Terms of Reference / Technical Specifications;
- submitting requests to launch tenders;
- requests to negotiate and conclude contracts;
- provision of assistance for the contract negotiations;
- endorsement of payments against invoices (“conforme aux faits/read and approved”).

#### **In the event of centralised management**

The beneficiary country shall designate a national IPA coordinator who shall act as the representative of the beneficiary country vis-à-vis the Commission. He/she shall ensure that a close link is maintained between the Commission and the beneficiary country, with regards both to the general accession process and the EU –pre-accession assistance under IPA.

## **4.2 General implementation principles, structures and authorities for component II - Cross Border Co-operation component**

Irrespective of the modalities under which the cross-border programmes are managed, (shared, decentralised or centralised management), the designated national/regional authorities (see below) play a central role in the programming and implementation of the programme.

The multi-annual cross-border programme document is jointly prepared by the authorities of the participating countries (Art. 91 IPA IR) which agree on the priorities, the measures and the operations to be implemented in the eligible area. Those authorities set up the management structures (joint monitoring/steering committee, joint technical secretariat) which will oversee the implementation of the programme

(e.g. drafting of the call for proposals/guidelines for applicants, selection of the projects to be financed, monitoring of their implementation, ...).

While participating countries – through the management structures – jointly select the operations to be financed (Art. 95 IPA IR), for programmes or part of programmes implemented under decentralised or centralised management, the EC Delegations will carry out the required ex-ante control, as applicable, on the grants award process.

For programmes or part of programmes under Component II implemented in **centralised management**, the grant awards process will be carried out by the programme's management structures (joint monitoring/steering committee) where the national authorities (operating structures) sit. The EC Delegation shall attend the meetings of the joint monitoring/steering committee (participating in an advisory capacity) and approve the call for proposals/guidelines for applicants prior to its publication and, after the selection process, approve the evaluation report/list of projects to be financed.

The decentralisation of the selection of projects (e.g. in the call for proposals) is justified by the joint nature of the cross-border programmes and the close involvement of the EC Delegation (with the support of the EAR) which, in its role of contracting authority, will retain the right to ultimately refuse approval of projects to be awarded. (Art. 140 IPA IR)

Once the project selection is completed, the relevant national authorities in the case of shared management and of decentralised management or the EC Delegations in the case of centralised management, award the grants to the project's lead beneficiary(ies)<sup>14</sup>.

#### **4.2.1. General implementation principles for component II**

##### **4.2.1.1. Cross-border programmes with Member States**

Under the "**integrated approach**", cross-border programmes shall in principle be implemented under shared management rules (IPA Implementing Regulation, Articles 101 to 138), as in the Structural Funds' Territorial Cooperation objective, with the Managing Authority located in (one of) the Member State participating in the programme bearing responsibility for the implementation of the entire programme, both in the Member State(s) and the candidate/potential candidate country(ies) eligible territory.

When the Member State(s) and the candidate/potential candidate country(ies) participating in a cross-border programme consider that they are in a position to implement the entire programme under the shared management provisions, the Member State on whose territory the Managing Authority is located shall submit a description of the management and control systems (Art. 115 IPA IR) accompanied

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<sup>14</sup> Which remain responsible for secondary procurement, where relevant.

by a compliance assessment report which include an opinion on their capacity to comply with the regulatory requirements.<sup>15</sup>

Where the Member State(s) and the candidate/potential candidate country(ies) participating in a cross-border programme are not yet ready to implement the entire programme according to these modalities, the programme shall be implemented according to the "**transitional approach**" (IPA IR Article 99).

A programme whose implementation starts under transitional approach can at any time switch to "integrated approach" following the submission – and its acceptance by the Commission – of a revised description of the management and control systems accompanied by the above mentioned compliance assessment.

#### **4.2.1.2. Cross-border programmes among candidate/potential candidate countries**

Cross-border programmes at borders between candidate/potential candidate countries will be implemented in centralised and/or decentralised mode according to the management and control systems applicable to each participating country. The national authorities (in case of decentralised management) or the EC Delegation (in case of centralised management) in each participating country are responsible for the implementation of the part of the programme concerning the respective country.<sup>16</sup>

### **4.2.2 Structures and authorities for component II**

The National IPA Co-ordinator (NIPAC) in each candidate/potential candidate country is responsible for the coordination of the participation of the country in the relevant cross-border programmes, both with Member States and with other candidate/potential candidate countries, and in the relevant ERDF transnational and ENPI sea basins programmes. The NIPAC may delegate those tasks to a CBC co-ordinator (Art 22 IPA Implementing Regulation).

#### **4.2.2.1 Cross-border programme with Member States**

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<sup>15</sup> The participating countries shall conclude a written agreement (Art. 118 IPA IR) among them to allow the managing, certifying and audit authorities to exercise their duties in all participating countries and to ensure compliance with their obligations as regards the recovery of undue payments from final beneficiaries. The agreement shall also cover the provisions concerning the rules and procedures for public procurements (Art. 121 IPA IR).

<sup>16</sup> As an example, the cross-border programme between Croatia (a country where IPA will be managed from the outset in decentralised mode) and Bosnia-Herzegovina (a country where IPA will be managed – in its initial years – in centralised mode), the responsibility for concluding grant agreements or for tendering, contracting and payments will rest:

- on the Croatian national authorities, for the share of funds allocated to Croatia;
- on the EC Delegation to BiH, for the share of funds allocated to Bosnia-Herzegovina.

Under the "**integrated approach**", cross-border programmes between candidate/potential candidate countries and Member States are entirely implemented under shared management, i.e. according to the provision included in Title II, Chapter III, Section 2 of the IPA Implementing Regulation (Article from 101 to 138). Those provisions are by and large mirroring those governing CBC at EU internal border under the Structural Funds Territorial Co-operation objective.

The countries participating in the cross-border programme shall appoint (Art. 102 of the IPA Implementing Regulation):

- a single Managing Authority;
- a single Certifying Authority; and
- a single Audit Authority,

all of them located in one of the participating Member States.

Under the "integrated approach", those authorities are the sole responsible for the implementation of the entire programme on the eligible territory, both on Member States and on candidate/potential candidate countries. In particular, the Managing Authority is the sole authority responsible for tendering, contracting or awarding grants in the entire eligible territory.

Participating countries designate their representatives to participate in the programme management structures (joint monitoring/steering committee, group of auditors assisting the audit authority, joint technical secretariat, etc.).

Moreover, each participating country shall designate the controllers responsible for verifying the legality and regularity of the expenditures declared by each final beneficiary (Art. 108 IPA Implementing Regulation).

The Managing Authority (and, where appropriate, the Certifying Authority and the Audit Authority) and the joint monitoring/steering committee are assisted by a joint technical secretariat in carrying out the respective duties. The JTS is set up by the Managing Authority after consultation with the participating countries<sup>17</sup> ..

When the programme is implemented under **transitional arrangements** (Art. 99 IPA Implementing Regulation), the part of the programme concerning the participating Member States shall be implemented according to the provisions referred to in the above mentioned Section 2 (Articles from 101 to 138 of the IPA Implementing Regulation). The other part of the programme concerning the participating candidate/potential candidate countries shall be implemented according to the provisions referred to in Title II, Chapter III, Section 3 of the IPA Implementing Regulation (Article from 139 to 146, with the exception of Article 142).

Under transitional arrangements:

- the authorities referred to in Article 102 of the IPA Implementing Regulation (Managing Authority, Certifying Authority, Audit Authority) are appointed by the participating Member State(s). They are responsible only for the part of the programme concerning the participating Member State(s), i.e. for the ERDF funds;

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<sup>17</sup> The JTS is located next to the Managing Authority. The JTS can have branch offices established in the other participating countries.

- each candidate/potential candidate country participating in the cross-border programme shall designate an operating structure for the part of the programme concerning the respective country (Art. 139 IPA Implementing Regulation). The operating structures of the respective countries are represented in the joint monitoring committee referred to in Article 110 of the IPA Implementing Regulation;
- in the event of decentralised management, the role of the operating structure is that described under Articles 28 and 139 of the IPA Implementing Regulation. In particular, the operating structure includes an implementing agency responsible for awarding grants, tendering, contracting and payments under – where applicable – ex-ante control by the EC Delegation.
- in the event of centralised management, the role of the operating structures are basically those described under Articles 28 and 139 of the IPA Implementing Regulation to the exclusion of awarding grants, tendering, contracting and payments, which are the responsibility of the Commission. In this case, obviously, the operating structure does not include an implementing agency. The precise functions and responsibilities of the operating structures shall be defined in the relevant cross-border programmes.,.

#### **4.2.2.2. Cross-border programmes between candidate/potential candidate countries**

The same provisions as under the above "transitional approach" apply. Notably the cross-border programme shall be implemented according to the provisions referred to in Title II, Chapter III, **Section 3** of the IPA Implementing Regulation (Article from 139 to 146). In particular:

- each candidate/potential candidate country participating in the cross-border programme shall designate an operating structure for the part of the programme concerning the respective country (Art. 139 IPA Implementing Regulation). The operating structures of the respective countries are represented in the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation;
- the role of the operating structures varies according to the management and control systems (decentralised or centralised) in force in the respective country.

Moreover, the participating countries shall set up a joint technical secretariat to assist the operating structures and the joint monitoring/steering committee in carrying out the respective duties.

#### **4.2.2.3 Participation in ERDF transnational and ENPI sea basins programmes**

Each candidate/potential candidate country participating in an ERDF transnational programme or in an ENPI sea basins programme shall designate its representatives in the management structures (joint monitoring/steering committee, joint technical secretariat, ...) of the relevant programme.

In case of decentralised management, the IPA funds allocated to each country for the participation in the relevant programme shall be managed by the accredited



Implementing Agency under – where applicable – ex-ante control by the EC Delegation.

In case of centralised management, grants award (or tendering and contracting) and payments are carried out by the EC Delegation.

In both cases, the project selection is carried out by the joint monitoring/steering committee of the relevant programme, under ex-ante controls by the EC Delegation, as appropriate.

## **V – Programming framework for IPA – component I – Transition Assistance and Institution Building**

Assistance shall be programmed by the Commission in the form of annual National Programmes or regional or horizontal programmes, managed either by the Commission, the beneficiary country or jointly with other donors, where appropriate.

Programmes shall consist in Financing Proposals prepared on the basis of Project Fiches submitted by the beneficiary country, or prepared by the Commission in the case of regional and horizontal programmes, and adopted by the Commission. Programmes shall present a coherent set of actions, which are needed in order to implement the strategies defined in the multi-annual indicative planning documents. The total cost of these actions and the sources of financing need also to be identified.

Programmes are subdivided into priority axes, each of which defines a global objective to attain, implemented if relevant through measures, which may be subdivided into projects or directly through projects.

Projects are implemented through activities, subdivided into contracts/grants.

The basic element of the vast majority of the programmes for this component is the Project Fiche. They describe the implementing arrangements, the overall cost of the project and the Community contribution, the implementation schedules, the objectives and the results to be achieved, the links with the political and financial framework as well as with the national strategies and the activities from other donors, the budget and the indicators.

The Project Fiche needs to be seen as the document where the **total cost** of the project is determined, with all its components and sources of funding one of which is the Community contribution. The Community contribution is therefore a percentage of this total (eligible) cost whose amount may vary if the total (eligible) cost varies.

### **5.1. Forms of Programmes**

#### **5.1.1 National Programmes**

National programmes shall be adopted annually by the Commission on the basis of project proposals from the beneficiary country, which shall take into account the principles and priorities set out in the multi-annual indicative planning document.

Project proposals shall in particular list the priority axes to be covered in the concerned beneficiary country.

For a given year, following discussions between the Commission and the beneficiary country about the project proposals, project fiches<sup>18</sup> shall be submitted to the Commission by the beneficiary country.

The project fiches shall set out clearly the priority axes, the envisaged operations and their envisaged implementing modalities. Financing proposals<sup>19</sup> are prepared by the Commission in view of the project fiches. The **project fiches are the key implementation documents for the national programmes**. Provided that they remain consistent with the text of the Financing Proposal adopted by the Commission, project fiches may be amended through an agreement (Exchange of Letters) between the beneficiary country and the Commission, during the life of the programme. Any substantial changes to the Financing Proposal must however be authorised by a new Commission decision<sup>20</sup>.

The Directorate-General for Enlargement is responsible for the overall coordination of assistance under IPA. Hence, when drawing up National Programmes for Candidate Countries, due account shall be taken of the proposed actions under the components managed by other Directorates General, namely the regional, human resources and rural development components; programmes under the different components shall be coherent with each other and follow the overall strategy set out within the MIPD. Close co-operation between the directorates within DG Enlargement is also required to ensure that the regional and horizontal programmes complement the national programmes. Further, it should be ensured that any actions proposed under the Human Rights and Democracy Instrument, managed by DG RELEX and AIDCO are complementary to the IPA national programmes and that they provide added value.

Care should be taken to ensure coherence and complementarity with both the beneficiary countries' national strategy and the actions of other international donors (namely Member States), in particular through regular consultations and frequent exchanges of relevant information during the different phases of the assistance cycle.

Each Financing Proposal and the associated project fiches are submitted to<sup>21</sup>:

- Internal consultation to D1, for a consistency and compliance check, to E3, for a financial check, and to E4, for a check on lessons learned and evaluation;
- **DG ELARG Quality Support Group**, which scope is to contribute to the improvement of the quality of the programming documents through systematic screening, enhanced coherence and coordination;
- Inter-service consultation;
- After inter-service consultation, the **IPA Committee**, for opinion, while the project fiches are submitted to the Committee for information only. As far as

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<sup>18</sup> See templates of project fiches for IPA component I under centralised and decentralised managements appended to this guide in annexes 14 and 15.

<sup>19</sup> See templates of financing proposals for IPA component I under centralised and decentralised managements appended to this guide in annexes 10 and 11.

<sup>20</sup> See part 7.4 of this Programming Guide.

<sup>21</sup> See the Vademecum for the adoption of financing decisions under the IPA.

possible, the Committee should be asked to give its opinion in year N-1 or early year N;

The end result of the process is the adoption of a Commission Decision, which includes the Financing Proposal, followed by the signature of a Financing Agreement (FA) between the Commission and the beneficiary Country in the case of decentralized management and in the case of centralized management, where applicable<sup>22</sup>. At the same time the project fiches, which are not part of the Commission Decision, are subject to an exchange of letters between the Commission and the beneficiary country;

### **5.1.2. Regional, Horizontal Programmes**

Assistance shall also be programmed by the Commission in the form of regional and horizontal programmes. These programmes shall be designed to promote regional co-operation and to strengthen multi-country exchanges in the beneficiary countries, and to support initiatives encouraging beneficiary countries to co-operate in areas of common interest.

Regional and horizontal programmes will be framed by the multi-beneficiary MIPD, which may cover the following activities:

- Regional Programme (Regional Co-operation)
- Horizontal Programmes
- Information and Communication
- Interim Civilian Administrations in the Western Balkans
- Evaluation, monitoring and audit
- TAIEX, SIGMA (\*)

The programming and management of regional and horizontal programmes as well as programmes in the fields of Interim Civilian Administrations in the Western Balkans and monitoring will be ensured by D3.

TAIEX, SIGMA, audit, evaluation, information and communication are also horizontal programmes per nature but are programmed and managed by other operational units concerned.

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<sup>22</sup> See templates of financing agreements under centralised and decentralised managements appended to this guide (annex 6, 7, 8, 9)

The regional programme focuses on regional co-operation. This programme shall in particular target reconciliation, reconstruction and political co-operation, with a view to supporting the implementation of the Stability Pact for South East Europe.

Horizontal programmes shall cover some or all beneficiary countries in areas of common interest where this allows for more effectiveness and economies of scales, in comparison to implementation through national programmes.

EC funding for interim civilian institutions shall be directed towards providing support to the running costs of the OHR in Bosnia and Herzegovina, to UNMIK Pillar IV in Kosovo and to any other international administration that may be put in place.

Under the **regional and horizontal** programmes, assistance may be offered in areas including project preparation facilities, support to civil society, support to small and medium-sized enterprises, municipal finance facilities and municipal infrastructure (in particular in partnership with IFIs). Support is also foreseen in a wide range of policy areas such as judicial and police co-operation, internal market, public administration reform, environment, transport, energy, and statistics amongst others.

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

Regional and horizontal programmes should be complementary to national programmes and be employed only when there is added value. Hence, when drawing up such programmes, due account shall be taken of the proposed related actions under the national programmes and programmes shall be coherent with each other. To this end, close co-operation between the directorates within DG Enlargement is required. Further, it should be ensured that any actions proposed under the European Instrument for Democracy and Human Rights, managed by DG RELEX and AIDCO are complementary to the IPA regional and horizontal programmes and that they provide added value.

With a view to the preparation of the preliminary draft budget in year N-1, D3 shall negotiate with the other Units involved the amounts needed for evaluation, audit, monitoring, information and communication, interim civilian administrations and TAIEX<sup>23</sup>. The remaining credits are then allocated to the other components of the regional and horizontal MIPD.

Care should be taken to ensure coherence and complementarity with both national strategies and the other international donors (namely Member States), in particular through regular consultations and frequent exchanges of relevant information during the different phases of the assistance cycle.

In the framework of the multi-annual indicative planning document, regional and horizontal programmes shall be referred to as multi-beneficiary programmes. The

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<sup>23</sup> Depending on the existing number of budget lines for horizontal and regional programmes

regional programme itself is named after the first main area of intervention – regional co-operation.

The Financing Proposal - as well as the project fiches for some of regional and horizontal programmes are the key implementation documents for the Regional and Horizontal Programmes.

However not all regional and horizontal programmes require projects fiches. D3, as the operational unit in charge of the programming and management of the regional and horizontal programmes, decides on whether project fiches need or not to be drafted in view of the specificities of the actions that are envisaged.

A project fiche would normally be needed when the implementing modalities of the actions envisaged need to be specified at length or the nature of the actions that are envisaged are different across the countries covered by the programme.

As with the national programmes, the regional and horizontal programme with project fiches are first submitted to the Quality Support Group and internal consultations simultaneously, then to Inter-service consultation, eventually to the IPA Committee.

Regional and horizontal programme without project fiches follow the same consultation process except that they do need to be submitted to the Quality Support Group.

The end result of the process is the adoption of a Commission Decision which includes the Financing Proposal. Where appropriate, this Financing Decision is followed by the signature of a Financing Agreement (FA) between the Commission and the beneficiary country and at the same time the project fiches are subject to an exchange of letters between the Commission and the beneficiary country. In the case where there is no Financing Agreement, the Financing Decision is simply notified to the National Authorities.

(\*) TAIEX and SIGMA are programmed and managed by ELARG/D4. The SIGMA (Support for Improvement in Governance and Management) programme was created in 1992 as a joint initiative of the EC and the OECD principally financed by Community funds. Its overall objective is to support reforms of the public administration of beneficiary countries (horizontal public management assistance) with special focus on: policy and regulatory systems; public administration reform; fight against fraud and corruption; management and control of financial resources; public procurement. In order to reach the objectives specified above, the SIGMA Programme employs a variety of operational delivery mechanisms, including:

- advice on reforms, design and implementation of strategic development plans,
- peer-based analysis and assessment of legal frameworks, methodologies, systems and institutions,
- methodological, technical and strategic input to optimise Commission assistance.

Activities to be carried under the SIGMA programme have to be prioritised according to the concrete needs of the beneficiary country as defined following detailed consultations between

the Commission and the authorities of the countries concerned. For TAIEX (also managed by D4) please refer to section 5.2.2. ii.

## 5.2. Purpose and forms of Assistance

### 5.2.1 Purpose of assistance for PCC and CC

Any area of the acquis in which alignment is required (including investment in the acquis) is, in principle, eligible. Priority should be given to issues included as a priority in the European Partnerships/Accession Partnerships, Regular Reports.

Examples of measures that may be funded:

<b>IPA Component-1 (Transition Assistance and Institution Building )</b>	
<i>Potential Candidate Countries (PCCs)</i>	<i>Candidate Countries (CCs)</i>
<ul style="list-style-type: none"> <li>– strengthening of democratic institutions and the rule of law</li> <li>– promotion and protection of the fundamental rights and freedoms contained in the European Charter of Fundamental Rights, including gender equality;</li> <li>– public administration reform;</li> <li>– reform in the field of justice and home affairs, such as the reform of the legal system, the police, the prosecution, the judiciary, the penitentiary systems, and the customs and border control system, with particular emphasis on improving the fight against corruption, organised crime and terrorism, illegal migration, and to including the establishment of the information systems linked to these areas;</li> <li>– modernisation of the regulatory framework, including support for investment to equip key institutions whose infrastructures or capacity to monitor and enforce legislation need strengthening;</li> <li>– establishment or reinforcement of financial control systems</li> <li>– strengthening of the market economy, notably by helping self-organisation of economic actors and directly supporting economic activity, including through assistance to the private sector and help in industrial restructuring, as well as diversifying the economy, modernising key sectors and improving specific areas;</li> <li>– development of civil society and dialogue between the government and non-governmental bodies to promote democracy, the rule of law, human rights, respect for and protection of minorities, as well as civil society dialogue;</li> <li>– establishment of social dialogue to promote fair and just working conditions;</li> <li>– promotion of minority integration, reconciliation and confidence-building measures on all levels of society;</li> <li>– environmental policy, based on a high level of protection, promotion of the polluter-pays principle, the sustainable utilisation of natural resources, energy efficiency, renewable sources</li> </ul>	

<p>and the progressive integration to the EU policy in all areas including climate change;</p> <ul style="list-style-type: none"> <li>- improvement of access to financial facilities for small and medium- sized enterprises and public administrations;</li> <li>- institution building in the field of nuclear safety, radioactive waste management and radiation protection, in line with the <i>acquis communautaire</i> and European Union best practices;</li> <li>- support for participation in Community programmes and preparation for participation in Community Agencies</li> </ul>	
<p>In addition to the afore mentioned areas, assistance for <b>potential candidate countries</b> under this component shall also cover, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>- social, economic and territorial development including inter alia investment in the areas of regional development, human resources development, and rural development;</li> </ul> <p>Social inclusion;</p> <ul style="list-style-type: none"> <li>- support to productive sector and services and improving business-related infrastructures;</li> <li>- adaptation, reform or, where appropriate, establishment of education systems and professional training systems;</li> <li>- improvement of access to, and interconnections of, transport, information, energy and other networks;</li> <li>- reform of health care system;</li> <li>- improvement of information and communication system</li> </ul>	<p><b>! For Candidate Countries, funding for such measures is provided under components III, IV &amp; V.</b></p>

### 5.2.2 Forms of assistance

As illustrated in the table below there are eleven forms of pre-accession assistance that are accessible to both PCCs and CCs as well as one additional form of pre-accession assistance accessible only to the PCCs. The latter consists of measures of a similar nature as those foreseen under the regional, human and rural development components.



<b>IPA Component 1 - Forms of assistance</b>	
<i>Potential Candidate Countries (PCCs)</i>	<i>Candidate Countries (CCs)</i>
i. Twinning / Twinning Light ii. TAIEX iii. Technical Assistance iv. Investment in Acquis (including regulatory-related investment) v. Grant Schemes vi. Project Preparation Facility vii. Finance Facilities in co-operation with IFIs viii. Financial contribution for the participation in the community programmes and agencies ix. Assistance in form of budgetary support (in exceptional circumstances) x. Technical Assistance Facility for the reinforcement of the administrative capacity of the public administration and services xi. Assistance to cover the costs of Community's contribution to international missions, initiatives or organisations active in the interest of the beneficiary countries  <i>For Potential Candidate Countries only:</i> xii. Support in Economic and Social Cohesion, Regional, Human Resources and Rural Development (IPA-III, IV, V-type of assistance - Investment support and grant schemes).	

#### i. **Twinning / Twinning Light**

**Twinning** and **Twinning Light** are amongst the main delivery instruments of Institution Building.

They are especially relevant for institution building projects where:

- (1) The implementation and or adoption of the acquis is involved;
- (2) where the necessary expertise clearly lies with public administration bodies;

and shall therefore be given the precedence to technical assistance in such cases.

Twinning and Twinning Light are based on co-operation between public administrations in Member States and Candidate Countries or Potential Candidate Countries, and are built around **a small number of basic principles**:

- Twinning is a joint project of a grant nature reserved for targeted co-operation between public administrations. Expert input is limited to public servants or assimilated agents

- Twinning projects must yield a concrete operational result in terms of the Beneficiary Country (BC) meeting a requirement in connection with the EU *acquis* or other EU policies open for co-operation ( the so-called mandatory result);
- To underpin the credibility of their commitment, the Twinning partners in MS and BC jointly draft a detailed Twinning work plan with corresponding budget, before starting work.

A Twinning manual contains the complete overview of the contractual and financial rules governing the launching and implementation of Twinning and twinning light projects in each of the regions open to Twinning. This manual is available at the following Internet address: [http://ec.europa.eu/enlargement/twinning/index\\_en.htm](http://ec.europa.eu/enlargement/twinning/index_en.htm).

**Standard Twinning:** The basic features are: a) Minimum duration 12 months; necessarily includes b) a Resident Twinning Advisor (RTA) from the MS and Project Leaders for both MS and PCC/CC, in addition to a package of short term missions and training, and c) a contracting phase, where the MS and PCC/CC partners jointly define the work schedule.

RTAs normally spend at least 12 consecutive months working in the PCC/CC, but there may be exceptional cases where the presence of the RTA could be reduced; it could be, for instance, permanent presence of a RTA at the beginning, for a period of perhaps 4 to 6 months to kick-start the project, followed up by a visit of the same expert in all the following months of up to one week to ensure that the momentum is maintained.

This “softening” of the RTA requirement must be used very judiciously and based on careful analysis. It must under no circumstances become the norm and wipe out the benefits that the long-term presence of RTAs has proven to yield. The decision on the duration of the RTA’s stay in the CC must be made at the programming stage and implementation monitored very strictly by the Commission.

**Twinning Light** retains the essential flavour of Twinning but differs from classic Twinning in two respects. It is aimed at smaller-scale activities, where it would be disproportionate to have a Resident Twinning Advisor (RTA) for the usual minimum twelve months period. The approach is simpler for the Member State, which is only required to guarantee the input to the project. The mandatory result is the sole responsibility of the beneficiary country. Terms of reference for Twinning Light projects should, therefore, clearly reflect the beneficiary’s capacity to assume the full responsibility to achieve the mandatory result, as well as provide evidence that the project fits into the strategy of the beneficiary.

Twinning Light may apply to all institutional issues raised by the *Acquis communautaire* in so far as the subject addressed is of limited scope and the PCC/CC assumes responsibility for conceiving and driving the reform process, with only ad hoc assistance from a MS. This is more likely to be appropriate for specific implementation issues. Such projects are limited to eight months and € 250,000.

**Checklist for good Twinning/Twinning Light projects :** Subject clearly related to the *Acquis*, suitable for standard Twinning/Twinning Light, because expertise required is located in the public sector, absence of tendering procedure is justified

- ✓ Clear and explicit identification of beneficiary and evidence of ownership
- ✓ Clear, reasonable and measurable operational result and benchmarks, commensurate with the absorption capacity of the beneficiary
- ✓ No horizontal legal approximation or mix of diverse, unrelated subjects

Further detailed guidelines for the programming of twinning and twinning light projects are provided in Annex 19.

## ii. TAIEX

The nature, scope and content of TAIEX assistance have progressively expanded since 1996 to support the approximation of national legislation to EU law, and its implementation and enforcement. Monitoring progress and assessment of administrative capacity are covered as well as the preparation of strategies to deal with remaining needs vis à vis the entire *acquis*.

TAIEX activities include seminars, workshops, expert mobilisations and study visits, the provision of tools and information products for amongst others, translation and interpretation activities and co-ordination and monitoring in close co-operation with Member States and Commission services.

These activities are complementary to the Community-funded national programmes and target national administrations, the judiciary, parliaments, regional and local administrations, public and semi-public entities as well as the social partners and private sector organisations.

With funding from IPA, TAIEX can continue to respond to requests from the beneficiary countries with particular attention to needs identified through the ongoing assessment and monitoring by the Commission services. Follow-up of assistance activities will be strengthened and specialised workshops, technical training activities and regional training programmes will be further developed.

Activities are driven by demand from the beneficiary countries or the European institutions and on a needs-basis as identified through the monitoring and assessments by the Commission services. In addition to the expertise available within the Commission and other relevant EU and international bodies, TAIEX draws heavily on the experience and co-operation of Member States and their civil service.

Experts from the relevant public and the semi-public sectors in Member States participate in seminars, workshops, expert mobilisations and peer reviews, enabling beneficiaries to co-operate directly with their counterparts (peers) in the Member States dealing with the same tasks of transposing, applying and enforcing the *acquis*. In this respect, a database of Member State experts has been set up.

TAIEX co-operates with Member States' administrations to set up study visits by officials from the beneficiary countries to their counterparts in the European Union, to gain hands-on practical experience in the implementation of the EU *acquis*.

Continuity is provided for resolving issues concerning the introduction of the EU *acquis* through the use of standing teams of Member States' experts. This allows for ongoing and sequenced short-term advisory capacity complementary to Twinning and other longer-term initiatives.

The main role of TAIEX as regards technical assistance is that of a problem solver and a catalyst. TAIEX acts as a complement to the National Programmes and is coordinated with them, responding to individual requests not covered in these programmes by tailor-made actions for each country in all fields of the *acquis*.

### **iii. Technical Assistance**

During programming, a careful analysis should take place whether institution building is better delivered through Twinning or Technical Assistance (TA). Programming should give preference to Twinning, as the best means of transferring expert know-how from the public sector, delivering IB assistance. However, TA (involving consultants, universities, NGOs etc.) may be used where Twinning is not appropriate (eg. the activity would be carried out in MS by a contractor rather than official / aim of the project is not to align legislation with the *acquis*, the majority of expert profiles clearly require private rather than public sector experience).

For candidate countries, the funds under component I may be used to strengthen their administrative capacity with a view to supporting them in their preparation for the implementation and management of the Community's common cohesion policies and agricultural policy. As such, component I may fund capacity and institution building with a view to put in place the structures needed under components III, IV and V, in particular in relation to the *acquis*.

The actions linked with Article 151(2)(f) of the IPA Implementing Regulation and covering a specific capacity building priority of component IV shall not be funded under component I. Technical assistance in policy development (to develop sectoral investment policies) and investment linked technical assistance (preparation of project pipelines, feasibility studies, etc.) under components III and IV, as described in Articles 147(2) and 151(3) IPA IR respectively, shall not be funded under component I.

### **iv. Investment in Acquis (including regulatory-related investment)**

Substantial support, in close association with soft IB, is needed for the supply of equipment which directly assists an institution to carry out its function (generally of monitoring compliance) for a part of the *Acquis*, for instance in areas such as:

- critical norms and standards organisations (e.g. equipment for laboratory testing in support of industrial standards);
- JHA projects. This can also include border crossing and other JHA related infrastructure. Particular attention should be paid to projects related to the future external frontiers of the Union.
- food safety, public health, veterinary controls.
- Customs and taxation IT systems.

Support can be seen as investment (rather than soft IB) if it amounts to the acquisition of assets (tangible or intangible) and could appear as such in the accounts of the beneficiary.

Concerning *IT equipment*, software development is considered as technical assistance whereas the purchase of software packages, licences or hardware is considered as investment. However, in both cases minimum national co-financing requirements for investments must be met.

Such investment must be co-financed from national public funds (see section IX). No investment will be considered unless it is tied to an IB and reform strategy that can be clearly monitored. The strategy, and IPA support for it, must be set out in the project fiche and must be derived from a clear needs analysis or even feasibility study. The logframe should contain clearly defined and measurable indicators related to institutional development as well as to the equipment supply at the level of the activities, results and project purpose. Equipment on its own will not achieve the European Partnership, AP/NPAA objectives for a target institution. This is especially true of support in the JHA area.

The catalytic effect of the envisaged investments as well as the additionally principle (the fact that the IPA support is not a substitute for grant funding from other public or private sector sources) should be clearly demonstrated.

#### **v. Grant Schemes Civil Society**

Grants schemes Civil Society under IPA component I aim at contributing to the consolidation and broadening of political reforms and EU alignments and to the strengthening of contacts and mutual exchange of experience between civil society in the Member States and the beneficiary country.

More specifically - although not exclusively – the Grant schemes Civil Society aim at supporting the development of the following priorities:

1. A functioning democracy
2. Rule of law
3. Human Rights
4. Social inclusion
5. Protection of Minorities
6. Protection of consumers
7. Protection of the environment
8. Enhancing the socio –economic development of the countries

The Grant recipients are NGOs, social partners (trade unions and employers federations); organisations representing social and economic players at large (consumer organisations for instance); regional authorities, town and local communities; organisations at grassroots level through which citizens participate in local and municipal life (e.g. youth or family associations); universities; religious communities and media. Political parties are excluded from funding.

***Technical features of the grant schemes:***

Grant schemes should be well *targeted* (to avoid problems in selection and implementation) and properly *appraised* (through an appropriate market study or similar procedure) to ensure that the funds available are proportionate to both the useful needs and to the likely demand.

Funding must be project based, for activities that deliver concrete and measurable results, bringing clear value-added and additionality to the already ongoing activities of the grant recipients.

Grant schemes should not provide “institutional funding”, i.e. finance running costs of civil society institutions.

In order to ensure concentration and impact as well as to keep administrative costs at an acceptable level, the minimum size of a grant scheme is normally **2 mio EUR** (IPA contribution) and the minimum grant size is normally **50,000 EUR** (IPA contribution). A lower minimum grant size can be allowed when the grant scheme is managed in decentralised mode by the relevant operating structure

Final beneficiaries are, in principle, required to contribute to the operation's eligible costs.

Technical assistance (max 7% of the IPA contribution to the grant scheme) may be envisaged to assist in implementing and monitoring the grant scheme. However, TA to support both the operating structure (in the preparatory phase, in the selection process, in monitoring and control, etc.) and the grant beneficiaries (in the preparation of the project proposal and than in its implementation) shall not take over the management and controls duties from the operating structure and the latter must have its own monitoring and management structure in place in-house.

## vi. **Project Preparation Facility**

The *Project Preparation Facility* may be envisaged as a flexible tool aimed at assisting the authorities in enhancing their ability to prepare projects under their ownership that help the country to meet the full range of its European or Accession Partnership; the projects may then be financed under IPA and / or recipient funding and / or IFIs contribution.

More specifically, the *Project Preparation Facility* shall apply ad hoc, short term or long term assistance aimed at:

- support the beneficiary countries in designing effective strategic plans in different sector areas, often followed by the more detailed investment strategies;
- supporting the NIPAC in planning and programming the IPA-funded projects by assisting in stakeholder consultations, advise on the drafting the Project Fiches and their annexes;
- provide expert assistance in drafting the tender documents / technical specifications for the implementation of the IPA funded projects;
- prepare for building the necessary capacities and systems for further decentralisation;

Assistance under the project Preparation facility is recommended in highly technical areas (e.g. related to Quality Infrastructure related issues, as an example dealing with standardisation, measurements, inspection, control in food, veterinary, customs).

The *Project Preparation Facility* must be programmed and implemented carefully to maintain and strengthen ownership for the programme management in the beneficiary country.

The *Project Preparation Facility* consists of specifically allocated sums of funds covering the financing of short term or long term technical assistance (framework contractors or others) generally amounting to 50.000 – 200.000 EUR per single project, or above if duly justified in case of more complex project preparation activities.

**! The Project Preparation Facilities cannot be used to finance investments (supply or works).**

## vii. **Finance Facility with International Financial Institutions**

The National or regional and horizontal programmes - component 1 - may set up finance facilities in co-operation with IFIs, for instance: in order to strengthen the financial sectors financing operations to SMEs and households; to promote and stimulate investments in a particular sector, such as energy efficiency investment; or in preparation of infrastructure investments..

For instance, a finance facility may be set up to encourage financial intermediaries (banks and leasing companies) to expand and sustain their financing operations to SMEs and households. This would help financial intermediaries overcome their lack of experience and cover their special administrative costs and risk involved. Other

activities may involve setting up investment companies extending loans to local commercial banks and micro-finance institutions that in turn on-lend to micro and small enterprises and households.

Other strands of IFI cooperation could cover facilities aimed at stimulating investments in a specific sector to achieve certain policy goals, such as for instance the energy efficiency sector, although others may be envisaged.

Technical assistance may also be required for the various stages of the infrastructure project cycle, from the early stage of project design through to the final application for financing. Such a facility may target preparation of infrastructure projects aiming at upgrading the transport networks, developing environmental schemes and investments, improving energy efficiency, and using renewable energy. Financing of feasibility studies of large projects in sectors such as health, education and urban development may also be envisaged.

Other facilities in cooperation with the IFIs may be foreseen in the future.

#### **viii. Financial contribution for the participation in the Community Programmes and Agencies**

*Financial contribution within National Programmes for the participation in the Community Programmes:*

Assistance may support the participation of beneficiary countries in Community programmes. Such participation shall be set down in the national programmes.

The total Community support for participation in Community Programmes shall not exceed the limit set down in the national programme.

The participation of beneficiary countries in Community programmes shall follow the specific terms and conditions set out for each programme in a memorandum of understanding. This memorandum of understanding shall be concluded by the Commission and the beneficiary country, in accordance with the agreements establishing the general principles for participation of the beneficiary countries in Community programmes. It shall include provisions on both the total amount of the beneficiary country's contribution and the amount funded by assistance under the IPA.

The Community contribution to the participation of beneficiary countries in the Community programmes will be made in accordance with the standard template for an EU contribution in Annex 20 to this Guide.



*Financial contribution within national programmes for the participation in Community Agencies:*

Assistance may also be used to support the beneficiary countries in their participation in Community Agencies. This participation shall be set down in the national programmes.

The beneficiary countries are invited to participate on an *ad hoc* basis in the work of various Community agencies. The costs of their participation may be funded by assistance provided under the IPA Regulation in a similar way to that applicable to participation in Community programmes.

### **ix. Assistance in the form of Budgetary Support**

Assistance may also, in exceptional circumstances, be delivered in form of budgetary support. This support aims at redressing structural problems that are central for the success of the objectives of EC assistance in a specific sector, for example the reform of a pension system. Such assistance requires precise objectives and related benchmarks to be closely monitored, possibly involving other Commission DGs. Payments are made in several instalments, each one depending on specific objectives and benchmarks having been met.

Budgetary support is paid to the Treasury account (consolidated fund, *Tresor*, or equivalent) of the beneficiary country. The financial resources thus transferred are mixed with domestic resources made available to support the overall budget in accordance with the public financial management procedures of the beneficiary country. It should therefore be contingent on the administration of public finances of the beneficiary country being sufficiently transparent, reliable and efficient. Moreover, the beneficiary country's budget should be guided by well-defined sectoral or macroeconomic policies approved by international financing institutions having been put in place.

The advantage of budgetary support is that it has potentially a larger structural impact on a sector than project-financing and enhances ownership on the side of the beneficiary, as well as drawing attention to the importance of improvements in public financial management for overall public sector management. Its disadvantage is that classic financial control is usually not applicable, when payments are made to the state budget. Instead disbursement of budgetary support is conditional on the fulfilment of the related benchmarks, and its method of implementation in terms of the financial regulation will normally be "centralised direct"

DG ECFIN should be closely associated in the programming of actions in the field of budgetary support.

**x. Technical Assistance Facility for the reinforcement of the administrative capacity of the public administration and services.**

Under the National Programme - component I, an envelop for assisting reinforcement of the administrative capacity may be envisaged for assisting the public administration and public services at all level notably in view of preparation of management of structural funds and rural development funds.

The *Technical Assistance Facility for the reinforcement of the administrative capacity* consists of unallocated sums of funds covering the financing of short term technical assistance (framework contractors or others) and twinning light projects, amounting between 50 000 - 200 000 EUR per single action.

**! The *Technical Assistance Facility for the reinforcement of the administrative capacity* cannot be used to finance investments (supply or works).**

**xi. Assistance to cover the costs of Community's contribution to international missions, initiatives or organisations active in the interest of the beneficiary countries**

This assistance is aimed at providing support to interim civilian administrations, such as the United Nations Mission in Kosovo, as well as other regional political cooperation structures, such as the Stability Pact for South Eastern Europe and the future Regional Secretariat. The EU contribution may cover administrative costs.

**xii. Support to Potential Candidate Countries in Economic and Social cohesion, Regional, Human Resources and Rural Development (IPA III, IV and V-type of assistance) - Investment support and Grant schemes.**

**! This section only applies to Potential Candidate Countries due to the fact that the below listed measures are financed for Candidate Countries under components III, IV and V.**

For potential candidate countries, IPA provides for *support to policy development and investment*<sup>24</sup> in the areas of economic and social cohesion, including bridging towards regional, human resources and rural development policies applicable upon accession.

By doing so, PCCs can benefit from measures similar to those foreseen under IPA Components III, IV and V for CCs, but without the management requirements that apply to these components.

The following objectives can be supported on the basis of clear-cut government strategy. Assistance to policy formulation and build-up of administrative capacities should be provided for each objective as necessary:

1. Improving **infrastructure** central for enhancing economic activity and social cohesion, including at local and regional levels, contributing to regional development.
2. Improving **environmental standards**, including through co-financing of infrastructure, with particular attention to strengthening the polluter-pays principle and addressing cross-border effects (internalisation of external effects).
3. Strengthening **rural development**, by enhancing conceptual-, strategic programming- and implementation capabilities, by supporting measures to strengthen production, processing and distribution, as well by fostering economic diversification in rural areas.
4. Strengthening **human resources development** (European Social Fund-type activities), e.g. to support employment and social inclusion.

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<sup>24</sup> Support can be seen as investment if it amounts to the acquisition of assets (tangible or intangible) and could appear as such in the accounts of the beneficiary

These activities can be pursued both within the country programmes as well as in the regional programme. In order to ensure highest impact with the limited resources available, measures should normally fall under the priorities of both the European Partnerships as well as under a clear government strategic sectoral programme and focus on a limited number of priorities. These measures shall also be put in perspective and thought of as the basis for those that will be implemented under components III to V once the country is given the candidate status and has the appropriate management structures and control system in place. Consultation with DG AGRI, EMPL and REGIO prior to decisions about these measures is therefore highly recommendable, for the benefit of the country concerned.

**Investment support (supply and works contracts):**

With regards to *investments*, Country Co-ordinators should check that they respect the following principles:

- All investment projects are supported by a comprehensive investment strategy across the related sector if already available. Authorizing officers should ultimately be the judge of this consistency and should, in general, be as closely associated with the programming, implementation and management as possible.
- All investment projects should be supported by an adequate needs analysis if not a feasibility study, including an indicative budget breakdown as well as an indication of the final beneficiary and ownership of the investment, including the future maintenance and running costs for sustainability.
- The total cost of the project should be clearly identified as well as its sources of funding (EU, National, IFIs, private)
- Economic analysis of investment projects for projects above 10 million € is important (in particular for business-related infrastructure) and should follow the Guide to **Cost-Benefit Analysis** of Major Projects used in the context of EU Regional Policy. (Accordingly, any project that shows an ERR less than 5% (in real terms, in Euro) or a negative ENPV, after discounting at the benchmark 5% (in real terms) discount rate, should be carefully re-designed or even rejected).
- Investments projects should be programmed in accordance with the **partnership principle**, used for Structural Funds.
- For infrastructure projects, the requirements of the **Environmental Impact Assessment** directive 85/337/EEC, as amended by directive 97/11/EC, should be complied with. Annexes I and II to the 1997 directive define the cases where an EIA is required.
- Beneficiaries should indicate whether **alternative funding** for their investment projects is possible or has been put on hold pending an IPA decision. Country Co-ordinators should be aware of the dangers of "crowding out" private or public

sector funding. Crowding out can also be “strategic”, i.e. concern funding options that might gradually build up in case no IPA funding were made available.

- All investment projects, which may be **profit generating**, for which the private sector companies are the final beneficiary and owner of assets, even if SMEs, should be carefully analysed during programming to determine the appropriate EC support level and instrument (grant, loans). Any rate of return or profit for private sector stakeholders created by the investment should be identified in the project fiche and any changes to the ownership of assets supported or created by the project or legal status of the beneficiary should lead to a review of the project fiche and funding conditions
- Only **simple financial engineering** is permissible, e.g. where IPA provides a grant linked to a credit line managed by a bank. The development of such grants must, however, respect the principles of catalytic impact and additionality and be consistent with the level of maturity of the local market and to take into account market failures, the need for institution building, the type of capital required, presence of foreign-owned banks, and access to venture capital. IFIs can be invited to collaborate with national authorities to design such schemes and to become involved in more complex financial engineering (equity funds, guarantee schemes, etc.) however, these schemes too should be consistent with the principles of catalytic impact and additionality. As far as possible, projects of this nature should be co-ordinated with activities financed from the SME Facility, managed by the EBRD, the EIB and KfW/CEB
- Investments should deliver tangible results that can be verified based on clear indicators. Adequate visibility of the EU support given must be ensured for any investment project.

#### **Investment support: grant schemes:**

In order to encourage bottom-up initiatives and to implement relatively small projects which cannot be feasibly identified up-front or are too small to be administered cost-effectively on an individual basis, **grant schemes** shall be encouraged, notably where assistance is managed in decentralised mode.

Potential beneficiaries of investment grant schemes may be:

- Local and regional authorities;
- Non-governmental or non-profit making organizations, associations and foundations (NGOs and NPOs), such as business support organizations, local enterprise agencies, development agencies, chambers of commerce, tourism agencies, educational and training institutions, producer associations, labour unions;
- Country and regional water management, waste water management, river protection and flood protection agencies, natural park administrations

(responsible at central, regional and municipal level), local forestry directorates, ...;

- Public road and rail management companies;
- Local bodies of local administration legal setup;
- Employment agencies;

For technical aspects and the management of grant schemes, the provisions included under point v (Grant schemes Civil society) apply.

As with Structural Funds measures in regions inside the EU, investment grant schemes can be used to provide support to either public or private actors. Schemes involving private enterprises require both national co-financing and private co-financing and must comply with the State aids rules.

## **VI – Programming framework for IPA–component II – Cross Border Co–operation**

### **Territorial eligibility**

Cross-border co-operation programmes cover the terrestrial and maritime border regions between adjacent countries. The eligible territories (Art. 88 IPA Implementing Regulation) are established by the Commission in agreement with the participating countries. The eligibility rules are those of the Structural Funds Territorial Co-operation objective (NUTS level III regions). For candidate/potential candidate countries where the NUTS classification is not yet available, equivalent areas are identified.

For **cross–border co–operation with Member States**, the list of eligible areas (on both sides of the border) has been already established and it will be adopted through a Commission Decision immediately following the entry into force of the IPA Implementing Regulation. Meanwhile, the eligible areas on candidate/potential candidate side have been already included in the relevant MIPDs.

For **cross–border co–operation at internal Western Balkan borders**, the participating countries will propose to the Commission (DG ELARG, EC Delegation) the eligible areas, programme by programme, in accordance with Art. 88 IPA IR. For countries where the NUTS classification is not yet available, Commission services shall strictly enforce the rules limiting eligibility to the border areas which could correspond to NUTS level III. This is particularly important in order to: (a) comply with Art. 88 of the IPA Implementing Regulation and (b) fit with the basic aim of CBC which is to promote local co-operation in border areas. Additionally, the limited amount of funds available per border/programme calls for a strict territorial concentration of actions so as to produce impact. The eligible areas must be listed in the cross–border programme.

For **both CBC with Member States and among candidate/potential candidate countries**, Art. 97 of the IPA Implementing Regulation allows some flexibility in terms of location of operations outside the eligible areas. In duly justified cases, up to 20% of the amount of the Community contribution to the cross-border programme can be used to cover expenditures incurred in implementing operations or part of operations in NUTS III areas (or equivalent) adjacent to the eligible areas participating in the programme. Where a programme wishes to make use of the "flexibility" option, it must be agreed with the Commission in advance. To this aim, the participating countries shall propose to the Commission the adjacent area(s) they would wish to benefit from this flexibility. The proposal shall be convincingly justified. Commission services shall make sure that this flexibility applies only to justified and territorially limited cases. The inclusion of too many adjacent areas could *de facto* jeopardise the CBC nature of the programme, favouring the dispersion of limited funds on a too wide territory. The flexibility areas concerned must be listed in the cross-border programme.

### **Allocation of funds**

In the MIFF, each candidate/potential candidate country is granted an allocation of funds per year under component II.

Part of those funds is allocated to cross-border programmes with adjacent Member States. These allocations have been decided in agreement with Member States under the obligation to match the corresponding ERDF contribution. They are ring fenced, i.e. they cannot be modified (funds transferred between borders or programmes) without an equivalent modification of the corresponding ERDF funds.

The remaining component II funds per country shall cover:

- (a) CBC with adjacent candidate/potential candidate countries (TR excluded: no borders with candidates/potential candidates)
- (b) the participation in the ERDF transnational and in the ENPI sea basins programmes, as appropriate.

ELARG geographical units together with the EC Delegations/EAR shall discuss with the national authorities the allocation to each programme under (a) and (b) in a (indicative) multi-annual perspective.

For CBC programmes under (a), the allocations should be decided in agreement with the adjacent countries so as to have matching funds on each side of the border.

## **6.1. Forms of Programmes**

Assistance to **cross-border co-operation** under component II must take place within the framework of multi-annual cross-border programmes jointly drawn up by the participating countries (Art. 91 of the IPA Implementing Regulation).

In **duly justified cases**, assistance under component II could take place outside joint cross-border programmes.

The **participation** of the candidate/potential candidate countries in **ERDF transnational or ENPI sea basins programmes** shall follow the rules of those programmes as far as selection of joint project is concerned (single call for proposals), but tendering, contracting, payment for beneficiaries or activities located in the relevant candidate/potential candidate country will be done by the contracting authority concerned (Implementing agency or EC Delegation)

In the context of **cross-border co-operation at border with Member States**, building on the previous Neighbourhood Programmes, the participating countries intend to establish bilateral cross-border programmes (Croatia–Slovenia, Croatia–Hungary, etc.), with the notable exception of the Adriatic CBC which will be a multilateral programme (Italy, Slovenia, Greece and Croatia, Bosnia–Herzegovina, Montenegro, Albania + a limited participation in phasing out of Serbia).

Concerning the **cross-border co-operation between Western Balkan countries**, the set up of programmes has to be discussed between national authorities under the aegis of DG ELARG geographical units and EC Delegations/EAR.

### **Programming process:**

Schematically, **cross-border programming** should be carried out as follows (regulatory details to be found in the IPA Implementing Regulation):

1. For each programme, the participating countries set up a task force which, with the support of technical assistance<sup>25</sup>, shall draw up the cross-border programme in accordance with Art. 91 (*Preparation and approval of cross-border programmes*) and Art. 94 (*Content of cross-border programmes*) of the IPA Implementing Regulation. EC Delegations/EAR task managers and, as appropriate, DG ELARG/DG REGIO desk officers should, as a minimum, attend (as observers) the first task force meetings and at specific milestones.
2. The cross-border programmes (co-operation strategy, priorities, measures, etc.) shall be drawn up in a multi-annual perspective. The programme shall include:
  - *in case of CBC with Member States implemented in shared management* (i.e. under "integrated approach"): a single financial table (ERDF and IPA funds are pooled) with no breakdown by participating country;
  - *in case of CBC with Member States implemented under transitional arrangements*: one financial table covering the Member States participating in the programme<sup>26</sup> and one financial table per each candidate/potential candidate country participating in the programme.

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<sup>25</sup> For CBC with Member States, TA is provided by INTERREG funds (2000-06). For CBC at internal Western Balkan borders, TA is provided through the CARDS CBIB project. Further TA on a regional and/or per programme basis should be provided through the available CARDS Regional funds 2005-06.

<sup>26</sup> For programmes implemented in transitional arrangements involving more than one Member State (e.g. the "Adriatic" programme), there shall be a single table covering all Member States participating in the programme (no breakdown per country).



- *in case of CBC at internal Western Balkan borders*: one financial table per participating country

The financial table(s) will cover a period consistent with the MIFF, and initially 2007–2010.

3. Participating countries submit the (proposal) cross-border programme to the Commission<sup>27</sup>. The Commission shall appraise the proposed programme to verify if it is admissible (i.e. if it contains all the elements required under the IPA IR) and discuss (negotiate) its content with the authorities of the participating countries. It is important to note that a thorough Commission involvement in the task force (drafting phase) should result in a shorter negotiation exercise.

4. When the cross-border programme is considered acceptable by the Commission, it shall formally be adopted by Commission decision<sup>28</sup> followed by the relevant Financing Agreements. In this respect, cross-border programmes under component II represent the "financing proposals + project fiches" required under component I.

The Commission decision and the subsequent Financing agreement will be as follows:

(a) ***Cross-border programmes with Member States implemented under "integrated approach"*** (*entirely implemented in shared management under the responsibility of a single Managing Authority located in one of the participating Member States*)

- Single **multi-annual** financing decision (three years, but at start up will cover 2007–10) covering the entire programme (ERDF + IPA funds in a single financial plan). The cross-border programme is an integral part of the decision.

Responsible service: DG REGIO

- **Multi-annual** Financing agreement(s) concluded between the Commission and the participating candidate/potential candidate countries. The cross-border programme is an integral part of the Financing agreement.

Responsible service: DG REGIO

(b) ***Cross-border programmes with Member States implemented under "transitional approach"*** (*shared management on Member State(s) side and decentralised or centralised management on the candidates/potential candidates side*)

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<sup>27</sup> In case of CBC with Member States to be implemented under the "integrated approach" DG REGIO is chef de file. For programmes to be implemented under transitional arrangements, programmes are submitted to both DG REGIO and DG ELARG. In case of CBC among candidate/potential candidate countries, DG ELARG is the sole responsible service.

<sup>28</sup> Prior to be adopted by Commission decision, the cross-border programme, as any other Financing proposal, has to go through the QSG (except for cross-border programmes with Member States) and undergo an inter-service consultation and has to be submitted to the IPA management committee for opinion.

- **Two** financing decisions:
  - One **multi-annual** financing decision (three years, but at start up will cover 2007–10) for the part of the programme concerning the participating Member State(s) (i.e. the ERDF funds). The cross-border programme is an integral part of the decision.  
Responsible service: DG REGIO
  - One **annual** financing decision (relating to one year of the financial table included in the programme – IPA funds ) for the part of the programme concerning the participating candidate/potential candidate country(ies) (i.e. the IPA funds)<sup>29</sup>. The cross-border programme is an integral part of the decision.  
Responsible service: DG ELARG
- **Annual** financing agreement(s) concluded between the Commission and the participating candidate/potential candidate countries. The cross-border programme is an integral part of the Financing agreement.  
Responsible service: DG ELARG.

*(c) Cross-border programmes between candidate/potential candidate countries*

- Single **annual** financing decision (relating to one year of the financial table included in the programme) covering the entire programme. The cross-border programme is an integral part of the decision.  
Responsible service: DG ELARG
- **Annual** Financing agreement(s) concluded between the Commission and each participating candidate/potential candidate countries. The cross-border programme is an integral part of the Financing Agreement.  
Responsible service: DG ELARG

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<sup>29</sup> Under transitional arrangements, while the ERDF funds will operate under split commitments (multi-annual financing decision covering, at start-up, 2007-10), for the IPA funds allocated to the programme a financing decision (+ financing agreement) is required every year. The annual decision will constitute the basis to commit the IPA funds allocated to that programme in that specific year. In practice, the cross-border programme adopted in year 1 should not be changed, except the financial table which will be updated by adding an additional year, as provided in the MIFF. Hence, the administrative procedures should be reduced to a minimum.

<b>IPA Cross-Border Co-operation Component – Programming Process</b>				
	<b><i>CBC between IPA countries and Member States</i></b>			<b><i>CBC between IPA countries</i></b>
	“Integrated approach ” Responsible: DG REGIO	“Transitional approach”. Responsibility: DG ELARG for IPA countries   DG REGIO for MS		Responsibility: DG ELARG
<b>Implementing modalities</b>	Shared management	IPA countries: centralised or decentralised management	MS: shared management	Centralised or decentralised management
<b>Programme</b>	<b>Multi annual</b> cross-border programme. Single financial table (ERDF + IPA funds pooled, no breakdown by country )	<b>Multi annual</b> cross-border programme. 1 financial table covering all participating MS (ERDF funds) + 1 financial table <u>per each</u> participating IPA country (IPA funds)		<b>Multi annual</b> cross-border programme. 1 financial table per each participating country
<b>Adoption process</b>	Under DG REGIO responsibility: single <b>multi-annual</b> financing decision covering the entire programme (ERDF and IPA funds)	Two financing decisions: under DG ELARG responsibility: <b>annual</b> financing decision (relating to one year of the financial table – IPA funds) covering the part of the programme concerning IPA countries   under DG REGIO responsibility: <b>multi-annual</b> financing decision (relating to all years included in the financial table – ERDF funds) covering the part of programme concerning MS		<b>Annual</b> financing decision (relating to one year of the financial table)
<b>Financing Agreement</b>	Under DG REGIO responsibility: <b>multi-annual</b> FA concluded with participating IPA countries	Under DG ELARG responsibility: <b>annual</b> FA concluded with participating IPA countries	N/A	<b>Annual</b> FA concluded with participating countries

While for CBC with Member States, the Member States' competent authorities will take the lead in the programming process (with DG REGIO expecting to play a prominent role on the Commission side), for CBC among Western Balkan countries the CBIB project and the EC Delegations/EAR will play a crucial role in kicking off the process.

The **participation** of the candidate/potential candidate countries in **ERDF transnational programmes or ENPI sea basins programmes** has to be programmed – on a country basis – through annual Financing proposal which will be adopted by Commission decision, followed by Financing Agreement.

The same programming procedure (annual Financing proposal, adopted through Commission decision, followed by financing agreement) has also to be implemented in case of **assistance which**, in duly justified cases, **takes place outside joint cross-border programmes**.

## 6.2. Purpose and forms of Assistance

Cross-border programmes will contain "measures" which are essentially implemented through call for proposals (grant schemes). The programmes will finance joint operations which have been jointly selected by the participating countries through a single call for proposals covering the whole eligible area.

Schematically, the procedure is as follows:

1. the joint monitoring/steering committee, with the support of the joint technical secretariat, establishes the Call for proposals/Guidelines for applicants to implement the measures included in the programme;
2. as applicable<sup>30</sup>, the EC Delegations endorse the Call for proposal/Guidelines for applicants (which include the template of the grant agreement) prior to their publication.;
3. call for proposals are published simultaneously in all participating countries (care of the joint technical secretariat). Applicants shall send project proposals to the joint technical secretariat;
4. the joint monitoring/steering committee selects the projects to be financed. EC Delegations/EAR participate in an advisory capacity;
5. as applicable, the EC Delegations endorse the evaluation report (list of projects);
6. (a) *For cross-border programmes with Member States implemented in shared management ("integrated approach")*, the Managing Authority issues the grant to the lead beneficiaries (Art. 96 IPA Implementing Regulation).

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<sup>30</sup> Exceptions:

(a) CBC with Member States entirely implemented under shared management ("integrated approach");

(b) in all other cases, when funds in candidate/potential candidate countries are managed under decentralized management with ex-post control only.

- (b) *For cross border programmes with Member States implemented under transitional approach*, the Managing Authority for the participating Member States and the Implementing Agency (decentralised management) or the EC Delegation (centralised management) in each participating candidate/potential candidate country, issue the grant contracts to the lead beneficiaries from the respective country.
- (c) *For cross border programmes among candidate/potential candidate countries*, the Implementing Agency (decentralised management) or the EC Delegation (centralised management) in each participating country issues the grant contracts to the lead beneficiaries from the respective country.

Participating countries may also identify **joint operations outside calls for proposals**. In that event, the joint operation shall be specifically mentioned in the cross-border programme or, if it is coherent with the priorities and measures of the cross-border programme, shall be identified any time after the adoption of the programme in a decision taken by the joint monitoring committee. Responsibility for tendering and contracting rests with the Managing Authority and/or the Implementing Agencies and/or the EC Delegation according to the scheme described under point 6 above. In case of decentralised management (tendering and contracting carried out by the Implementing Agencies), the relevant ex-ante control by EC Delegation would apply.

The **ERDF transnational programmes and the ENPI sea basins programmes** will also be implemented essentially through calls for proposals. The IPA funds will finance the participation of partners from the relevant candidate/potential candidate country(ies) in the joint projects selected.

The implementing process is similar to that already in use under the 2004–06 Neighbourhood programme "CADSES". Schematically:

1. The designated national authorities of the candidate/potential candidate country(ies) participating in the ERDF transnational or ENPI sea-basin programme will be member of the Programme's joint monitoring/steering committee responsible for, *inter alia*, preparation of call for proposals/guidelines for applicants and selection of project proposals. Representatives of the relevant EC Delegations/EAR shall also participate in the joint monitoring/steering committee in an advisory capacity.
2. In relation to the participation of the respective country in the programme, EC Delegations shall endorse<sup>31</sup> the call for proposal/guidelines for applicants prior to their publication. It shall also endorse the evaluation report/final list of selected projects (those in which there is a participation of partners from the respective country).
3. In countries where IPA assistance is implemented in decentralised mode, the Implementing Agency issues the grants to their national partners participating in the selected project. In countries where IPA assistance is implemented in centralised mode, the grants are issued by the EC Delegation.

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<sup>31</sup> Exception: when IPA funds in candidate/potential candidate countries are managed under decentralized management with **ex-post** control only.

## **Technical Assistance within cross-border programmes**

**A specific technical assistance priority axis has to be included in each cross-border programme.**

**Up to 10% of the Community funding allocated to the programme are to be used for administrative/operational costs and technical assistance. These funds should cover the preparatory, management, monitoring, evaluation, information and control activities related to the implementation of the cross-border programme.**

These funds will be managed by the Managing Authority and/or the operating structures. When programmes or part of programmes are implemented in centralised mode (EC Delegation responsible for tendering and contracting), part of the TA funds may be awarded by means of a grant to the operating structures to cover the day-to-day administrative and operational costs (e.g. travel costs to participate in the meeting of the joint management structures, costs of the joint technical secretariat or its branch office, etc. –salaries of civil servants however are not eligible costs). However, when programmes or part of programmes are implemented in centralised mode, any use of those funds which would require tendering and/or contracting (e.g. TA contract with consultants to assist the operating structure) will obviously be carried out by the EC Delegation in agreement with the operating structures.

## **VII. OTHER ELEMENTS OF CONSIDERATION APPLYING TO COMPONENTS I & II**

### **7.1. Role of the Quality Support Group**

The scope of the QSG is to contribute to the improvement of the quality of the MIPDs and the annual/ multiannual programming documents (components I and II) prepared by DG ELARG through systematic screening, enhanced coherence, and better coordination of proposals for programming.

To fulfil its responsibilities, the QSG shall:

- provide quality support throughout the process;
- assess whether the strategic choices for assistance are properly underpinned by consolidated assessment of needs and priorities;
- provide quality control to check that documents are compliant with the regulatory framework of the Financial Regulation, the IPA regulations, and consistent with IPA programming guide and procurement rules;
- enhance, through cross fertilisation between the stakeholders, best practices and the collective learning of lessons;
- ensure that conclusions and recommendations of the QSG are useful for improving quality of programming;

- check on how QSG recommendations have been taken into account;
- Programmes without project fiches and CBC programmes with Member States are not subject to the QSG;
- For more details on the mandate of the QSG, please refer to Annex 18.

## 7.2. ASSESSMENT OF PROJECT READINESS

There are an increasing number of examples where projects which were financed purely based on needs without adequate readiness, preparation or ownership are considerably delayed or fail during implementation. This in turn has a serious impact upon the contracting and the payment consumptions and affects the efficiency and effectiveness of EU assistance.

The assessment of **Project readiness**, which shall in particular be thoroughly scrutinised by the Quality Support Group, is therefore a “hard” condition and key criteria in deciding whether a project should be included or not in a financing decision.

This means that:

- Unless minimum elements are provided during programming, the project should not be funded. These elements shall include:
  - Clearly established objectives and results to be achieved under each project;
  - As a general rule no project under a programme is to include more than 2 or 3 tenders ; exceptions can be envisaged but will require the prior approval of the Commission
  - Streamlining of the sequencing of projects so that to avoid designs of programmes where an investment component is dependent upon the outcome of a TA contract financed within the same programme with the risk of the investment component not being contracted during the time frame of the programme;
  - In the designing of the projects, careful consideration needs to be taken on the lessons learned drawn on previous projects;<sup>32</sup>

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<sup>32</sup> Thematic or interim evaluations that have been commissioned by DG ELARG provide for useful findings and recommendations. Those in charge of programming are therefore encouraged to consult the reports on ELARG evaluation website  
[http://ec.europa.eu/enlargement/financial\\_assistance/phare/evaluation/index\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/phare/evaluation/index_en.htm)

- ❑ Full analysis of linked activities, coordination with other projects, including coordination with other donors providing assistance in the same area avoiding any overlap.
  - ❑ National co-financing funds are clearly earmarked in the national budget and clear commitments are taken by the National Authorities concerning the funds needed in the subsequent years (for multi-annual projects).<sup>33</sup>
  - ❑ For *INV projects or components of projects*, clear commitment on the side of the national authorities for the timely fulfilment of the land acquisition procedures and of the provision of the required human resources that will operate the facilities that were purchased (e.g. linked to laboratory equipment for control of food, veterinary, customs, metrology);
  - ❑ Still for *INV projects or components of projects* covering specialised equipment or with a substantial amount earmarked, the final approval of the related project fiche will be subject to the prior presentation of an adequate market study. Any necessary exceptions from this rule need to be justified by the NIPAC to the European Commission in writing
  - ❑ Still for *INV projects or components of projects* covering works contracts, the final approval of the related project fiche will be subject to the prior presentation of feasibility studies. Any necessary exceptions from this rule need to be justified by the NIPAC to the European Commission in writing.
  - ❑ Terms of references, guidelines for calls for proposals and technical specifications should be drafted in parallel to the programming process and should be completed prior to the signature of the Financing Agreement. The NIPAC will justify to the European Commission any necessary exceptions from this rule in writing.
- Project readiness needs to be considered along with the relevance/political need for projects.
  - Negative decisions on projects due to lack of readiness will need to be defended by the hierarchy in case of political pressure or in case countries do not take up their full allocation. Funding can be provided the following year once the conditions have been met and ensuring that the given topic remains a priority provided in the context of the Multi-annual Indicative Planning Document (MIPD). The MIPDs are prepared for each country for a three year rolling period with annual reviews and allow displacing projects that are not ready to the next Financing Decision, while in parallel allocating additional project preparation resources for it. Indicative multi-annual planning is implemented via annual Financing Decisions, if needed in several parts, allowing for more continuous programming based on needs and readiness. This allows proceeding with the

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<sup>33</sup> Most part of the national budgets show only the payment credits needed for the year concerned. This means that for projects whose implementation lasts for more than one year, the National Authorities should provide a written statement whereby they engage themselves in allocating the appropriate payment credits in the following years.



implementation of a ready set of projects, while moving projects not yet ready to the subsequent programming phase.

### **7.3. Expiry dates for contracting, execution of contracts and disbursements**

The following dates need to be taken into account whenever drafting and implementing programmes and projects:

**Final Date for concluding the Financing Agreement**<sup>34</sup> – deadline for the signature of the Financing Agreement, which is **N+1**, N being the year in which the budgetary commitment was made.

**Contracting Deadline**<sup>35</sup> – sets the end date for the signature of contracts and grants.  
The time limit for contracting is:

For centralised programmes without Financing Agreement: 31 December of the year **N+1**, N being the year in which the budgetary commitment was made.

For programmes with Financing Agreement (centralised or decentralised): 2 years from the date of conclusion of the Financing Agreement.

**Deadline for the Execution of Contracts**<sup>36</sup> - sets the end date for the execution of contracts and grants, which is at the latest two years from the end date for contracting. The date of execution of works contracts, contracts for the assistance for the supervision of the works as well as grant schemes with small-scale infrastructures may end beyond this period.

**Disbursement Deadline**<sup>37</sup> – sets the end date to make payments, which is one year after the end date for the execution of contracts. This date is only mentioned in the Financing Agreements and not in the Financing Proposal.

**Final Date for the Implementation of the Financing Agreement**<sup>38</sup> - sets the maximum date for the closure of the Financing Agreement, which is eight years. This date corresponds to the termination date indicated in the Financing Agreement and it is not mentioned in the Financing Proposal. Particular attention should be given to this date as after it any transaction (including the recovery of funds) cannot be made under the Financing Agreement concerned.

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<sup>34</sup> FDC FA is the acronym in CRIS standing for "Final date for contracting for Financing Agreements"

<sup>35</sup> FCD ILC is the acronym in CRIS standing for "Final Date for Contracting for the Individual Legal Commitments", individual legal commitments being the contracts and the grants. This date, which is the same as "Contracts Final due Date", appears also in CRIS as some old decisions do not have a FDC ILC

<sup>36</sup> "End date operational implementation period" in CRIS

<sup>37</sup> "Payments Final Due Date" in CRIS

<sup>38</sup> FDI FA is the acronym in CRIS

**Changes to the end dates** – the dates above can be changed after the adoption of the Commission decision and the signature of the Financing Agreement. It should be noted however that the end date for contracting cannot in any case be longer than N+1 for the centralised programmes without a Financing Agreement (see above on contracting deadlines), and N+3 for the decentralised programmes and centralised programmes with a Financing Agreement, where this is the case, as these are the limits set for contracting in the Financial Regulation. The procedure for the change in a Commission Decision is explained in Section 7.4 below. Changes in the Financing Agreements need to be done through the signature of an Addendum.

**Expiry dates for the National funds** - the expiry dates for contracting, execution of the legal commitments and disbursement indicated on the Financing Agreements should apply **both** to the EU contribution as well as to the national co-financing.

## **7.4. Modification of Commission Financing Decisions**

Amendments to the text of a financing decision can only be adopted by means of a legislative act of equal or higher rank than the original financing decision, in order to pass the Commission's internal standards of legality.

The procedure to follow for amending a financing decision finds its legal basis in both Article 14, paragraph 4, of Regulation 1085/2006 and Article 90, paragraph 4, of the Implementing Rules to the Financial Regulation.

Article 14, paragraph 4, of Regulation 1085/2006 says:

*'The Commission shall adopt the amendments to the multi-annual and annual programmes and the decisions referred to in paragraph 3 [financing decisions not covered by a multi-annual or annual programme] where they do not comprise substantial changes to the nature of the original programmes and actions and, as regards the financial element, where they do not exceed 20% of the total amount allocated for the programme or action in question, subject to the limit of EUR 4 million. The Committee which gave an opinion on the original programme or action shall be informed of all amending decisions.'*

Article 90, paragraph 4, of the Implementing Rules to the Financial Regulation states:

*"Without prejudice to any specific provision of a basic act, any substantial change in a financing decision already adopted shall follow the same procedure as the initial decision".*

These articles allow for 3 different procedures for amending financing decisions depending on the nature of the change and the financial impact that it entails.

Where the changes to the financing decision are substantial, such change must be made by means of an amending financing decision adopted by the College, for which the IPA Committee shall be consulted.

A substantial change of a financing decision should be understood as a modification to a certain essential element of an action involving expenditure from the budget. These elements are detailed in Article 90 of Commission Regulation 2342/2002, as last amended by Regulation 1248/2006, and are:

For grants: the reference to the basic act and the budgetary line, the priorities of the year, the objectives to be fulfilled, the foreseen results with the appropriations authorised for the financial year, the essential selection and award criteria to be used to select proposals, the maximum possible rate of co-financing and, if different rates are envisaged, the criteria to be followed for each rate, and the time table.

For procurement: the global budgetary envelope reserved for the procurement during the year and, if possible, their subject in generic terms.

Similarly, where the changes to the financing decision represent an increase of more than 20% of the total amount allocated to the programme, or exceeding the limit of €4 million, such change must also be made through an amending financing decision adopted by the College, for which the IPA Committee shall be consulted.

Where the modifications to the financing decision are not substantial and, as regards the financial element, they do not exceed 20% of the total amount allocated for the programme or action in question, subject to the limit of EUR 4 million, the amending financing decision may be adopted by the authorising officer by delegation (AOD), in accordance with the delegation of powers conferred upon him by a Commission decision. In this case, the IPA Committee will only be informed of the adoption of the amending financing decision.

Finally, limited modifications, i.e. minor modifications, to a financing decision affecting the essential elements listed in Article 90 of the Implementing Rules to the Financial Regulation which are of an indicative nature may be undertaken by the AOD - or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD - in accordance with the principles of sound financial management, without an amending financing decision being necessary.

These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

## 7.5. Co-financing requirements<sup>39</sup>

Co-financing by national counterparts is one of the main ways through which ownership by the beneficiary countries in the programming and the implementation of IPA activities is ensured. It is also part of the preparation to membership since Community funds to Member States (Structural, Cohesion and Rural Development Funds) always require national co-financing.

### **7.5.1 Legal background:**

Article 4 (3) of the IPA Framework Agreements concluded with each IPA beneficiary reads: "*All operations receiving assistance under IPA shall in principle require co-financing by the beneficiary and the Community, unless otherwise agreed upon in a Sectoral Agreement or Financing Agreement.*"

As regards **Component I**, this principle is further detailed in **Article 67** of the IPA Implementing Regulation, the key elements of which are the following:

#### **A. Centralised and joint management:**

The **eligible expenditure** is based on the **total expenditure**.

The Commission shall decide the rate of Community contribution, which may amount to 100% of the eligible expenditure.

This means that, for centralised and joint management, the IPA Implementing Regulation does not specify a minimum rate of co-financing by national counterparts, as it is the case for **decentralised management** (see below). However, in the light of the principle of (increasing) ownership by the beneficiary and in view of preparing potential Candidate Countries for "candidate" status, the co-financing rates applicable to decentralised management should be envisaged as minimum target also under centralised and joint management. Only in exceptional cases should the EU financing reach 100% co-financing from national counterparts must be the rule.

#### **B. Decentralised management:**

The **eligible expenditure** is based on the **public expenditure** (i.e. private funds are not considered).

The rates of co-financing from national counterparts are fixed as follows:

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<sup>39</sup> This Chapter concerns essentially **Component I**. As far as **Component II** is concerned, co-financing rules are detailed in Article 90 IPA IR. The approach mirrors that of the Structural Funds' Territorial Co-operation objective. The essential elements are: **(a)** eligible expenditure shall be based either on the public expenditure or the total expenditure, as agreed by the participating country. In practical terms, under centralised management eligible expenditures = total expenditure and under decentralised management eligible expenditure = public expenditure; **(b)** Community contribution at the level of Priority shall not exceed 85% and co-financing from national counterpart shall be at least 15%. No distinction between IB and INV: the ratio 85/15 applies to both; **(c)** Programmes under Component II do not have project fiches.

- **Institution Building (IB)** activities shall require co-financing by the final beneficiary and / or **public** funds in the beneficiary country. In duly justified cases, IB activities can be financed up to 100% by Community funds.
- In the event of **Investments (INV)**, the Community contribution shall not exceed 75% of the eligible expenditure, the remaining 25% being provided from public funds in the beneficiary country. In exceptional and duly justified cases, the Community contribution can exceed 75% of the eligible (public) expenditure.
- In the event of **grants, final** beneficiaries may be required to contribute to the eligible expenditure of the action (grant contract).
- Assistance provided through **administrative cooperation measures** (such as Twinning and TAEIX) may be funded 100% by Community funds. Regarding Twinning, more detailed guidance is given below (min. 5%).

National co-financing should be consistent with plans and strategies of the beneficiary country (complementarity of national and Community programming and financing) with a view to reinforced ownership of the beneficiary in the programming and the later execution of projects and contracts.

Detailed guidance for the programming work including the dealings with the beneficiaries is given below.

### **7.5.2 Guidance for the programming:**

IPA programming is based on the following structure:

<b>Programmes</b>	are subdivided into
<b>Priority axes</b> <sup>40</sup>	each of which may be implemented by
<b>Measures</b>	which may be subdivided into
<b>Operations</b>	which shall comprise one (or a group of)
<b>Projects</b>	which, in the <b>Project fiches</b> are further broken down into
<b>Activities</b>	and / or subsequently into
<b>Contracts</b>	

This general structure is reflected for Component I in the templates for *Financing Proposals* and in the *Project Fiches* as shown in the annexes to this Programming Guide. This structure is notably reflected in the Indicative Budget tables of the Financing Proposal and the Project Fiches (respectively sections 3.1 of FP and 4 of PF). For ease of reference, the Indicative Budget tables are reproduced below.

To be noted that "Operations" are not specifically described in the Indicative Budget tables of the FP because the usual level for implementation under Component I is the project.

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<sup>40</sup> Priority axes may be implemented directly through operations or projects

The following parameters must be taken into consideration when national co-financing is decided and agreed upon:

- A. The basis upon which the rates of national co-financing are calculated
- B. Aid intensities / rate of Community contribution
- C. Application of the rates depending on the form of assistance (see § 5.2.2 above)
- D. Implementation and contracting mechanisms (parallel or joint co-financing)

**A. The basis upon which the rates of national co-financing are calculated:**

In **centralised** management, the minimum rates of national co-financing shall be calculated at the level of the **priority axes**.

In **decentralised** management, the minimum rates of national co-financing shall be calculated at the level of the **project**.<sup>2</sup>

**B. Aid intensities / rate of Community Contribution:**

As a rule, the minimum rates of national co-financing are as follows:

	<b>Institution Building (IB)</b>	<b>Investments (INV)</b>
<b>Centralised mgt</b>	≥10% of the <b>total</b> expenditure at the level of the <b>priority axis</b>	Between 10% and 25%* of the <b>total</b> expenditure at the level of the <b>priority axis</b>
<b>Decentralised mgt</b>	≥10% of the <b>public</b> expenditure at the level of the <b>project</b> <sup>41</sup>	≥25% of the <b>public</b> expenditure at the level of the <b>project</b>

\* Beneficiaries under centralised management – normally the potential Candidate Countries – shall be encouraged to move closer to the 25% threshold applicable to beneficiaries under decentralised management. The higher the ratio of INV components III, IV or V–type of assistance, the closer to 25% the percentage of national co–financing (at priority axis level) should be. If *acquis*-related INV prevails, the percentage of national co–financing (at priority axis level) can be lower, i.e. closer to 10%.

Regarding investment support under component I for components III, IV or V–type of assistance in a **Candidate Country with or without conferral of management powers**, the minimum national co–financing rate shall in any

<sup>41</sup> If a project (as set out in a Project Fiche – PF) provides for both IB and INV, then the **Activity**, as set out in the (model) PF’s budget table, is the basis upon which the rate for co-financing is calculated (because of the different minimum rates 10% for IB and 25% for INV).

case be 25% so that the rate normally applicable to decentralised mgt remains valid. Otherwise, the missing conferral of management powers would indirectly be "honoured" through a possible reduced rate of national co-financing for this type of financial assistance.

The technical terms used above shall have the following meanings:

- **Public expenditure** = any public contribution whose origin is:
  - the European Community
  - the budget of the public authorities of the beneficiary
  - the budget of public law bodies or associations of one or more regional or local authorities or public law bodies.**Loans** by IFIs may be considered as **public** fund, if they are reimbursed or guaranteed by the national authorities (applicable above all to INV).
- **Total expenditure** = **public** expenditure plus any **private** contribution
- **Investments (INV)**

Under **Component I**, 2 types of investments are supported:

**Acquis-related investments** in the regulatory infrastructure at key regulatory institutions, in close association with soft IB, e.g. for the supply of equipment, which enables or helps an institution to carry out its functions.

Examples: equipment for laboratory testing, JHA-projects with associated regulatory investment, veterinary control, IT systems for customs and taxation. These investments are normally carried out through supply or works contracts.

**Investment in the form of IPA components III, IV and V-type** (mainly for potential Candidate Countries): this form of investment covers activities such as relating to improving infrastructure (e.g. city by-pass), improving environmental standards, strengthening rural development (e.g. regarding production, processing and distribution of goods) and human resources development (e.g. support employment and social inclusion).

Such investment can be carried out through services, supply or works contracts or by means of grant schemes (for the benefit of, e.g. local and regional authorities, NGO's, business support organisations, regional water management agencies, public road and rail companies etc.). Grant schemes involving private companies require also private co-financing and shall comply with state aid rule<sup>42</sup>!

Assistance shall be considered as **investment** rather than as soft IB, if it amounts to the acquisition of assets (tangible or intangible) and could appear as such in the accounts of the beneficiary.

Technical Assistance supporting investment (e.g. feasibility study / supervision of works / drafting of technical specifications) is also considered as investment. Therefore, the same co-financing rules apply and this type of TA should also be considered as investment support in the project fiche.

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<sup>42</sup> In case of aid schemes to private beneficiaries (e.g. grants to SME to support productive investments), it is recommended to cap the grant to the *de minimis* rule.



- To note that **contributions in kind** are not eligible.

**C. Application of the rates depending on the form of assistance (see § 5.2.2 above):**

In addition to the principle established above, the following detailed rules shall apply, if the following form of assistance (as defined in Article 65 IPA IR) is used:

**Twinning (IB):** The funding is project and / or action based. The minimum co-financing by the beneficiary can be limited to 5% of the eligible expenditure per contract (lower rate than the general 10% above because of high cost of twinning in general and considerable in-kind input).

**Grants (IB+INV):** The funding is project and / or action based. **Final** beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the action, both for investment and institution building projects<sup>43</sup>. Any exception to this principle should be clearly explained and duly justified. The Community contribution can amount to 100% only in the cases described under Article 169 of the Financial Regulation and Article 253 of the Implementing Rules to the Financial Regulation. These Articles permit derogation from the co-financing requirement in cases of humanitarian aid, crisis situations, actions resulting from the implementation of financing agreements with third countries and actions with international organisations within the meaning of Article 43 of the Implementing Rules to the Financial Regulation.

**D. Implementation and contracting mechanisms:**

**Decentralised management = joint co-financing:**

All co-financing in decentralised management should be provided on a joint basis. **Joint co-financing** means that an activity<sup>44</sup> is carried out through one or more contracts each of which is funded by several sources of financing (in general Community contribution plus national contribution)<sup>45</sup>. Joint co-financing should be used in decentralised management where the national authorities are the Contracting Authorities.

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<sup>43</sup> E.g., if the final beneficiary is a public body, in case of investment, should contribute to 10% of the eligible expenditure, while the national budget covers 15% and Community contribution the remaining 75%.

<sup>44</sup> See template of the Project Fiche in decentralised management in annex to this Programming Guide

<sup>45</sup> A distinction, which concrete part of the contract(s) is funded by which source is not made and cannot be made.

The minimum rate of national co-financing (10% IB, 25% INV) must be ensured at the level of each project or activity (if the project provides for both IB and INV).

### **Centralised management = parallel co-financing:**

Co-financing under centralised management should be provided on a **parallel basis** as the Commission is the Contracting Authority. Various types of “hybrid” or mixed contracts, which provide for tasks and responsibilities split between the Commission and an authority of the beneficiary country, should be avoided to the extent possible, as the liability of the Commission is extended to the totality of the contract and not only to the Community contribution.

**Parallel co-financing** means that an activity (or a project) is carried out through 2 or more contracts, which are executed separately. The Community funded part of the activity is implemented by the Commission (HQ or EC Delegations) as Contracting Authority through one or more contracts financed exclusively by the Community. The part of the activity funded by the beneficiary country is implemented by the responsible national authority as Contracting Authority, through one or more contracts financed 100% by national funds. Different procurement rules may therefore be used: EU external aid procurement rules for the contracts where the Commission is the Contracting Authority and national procurement rules as applicable according to the law of the beneficiary country. In any case, the rates established under § 7.5.2 B. above shall be complied with.

In the event of **parallel co-financing**, projects within a priority axis should be set up and programmed in such a way, that coherence, complementarity and technical feasibility of both the Community funded activity and the national funded activity are ensured. The loss of economy of scales should be avoided, i.e. activities should not simply be split into 2 or more parts only for the sake of providing parallel co-financing (e.g. split of supplies which would prevent the Contracting Authorities from offering discounts).

The minimum rate of national co-financing (10% IB and between 10% and 25% INV) must be ensured at the level of the priority axis.

### **Availability of funding, use of the national contribution:**

Co-financing from national counterparts should be clearly quantified in the Indicative Budget tables of both the Project Fiches and the Financing Proposal. The NIPAC shall confirm availability of the national contribution in writing by means of the **Commitment Letter**.

For the purpose of estimating the **eligible expenditure** of national funded activities, the same rules applicable to IPA Community contribution apply. Therefore, the expenses listed in Articles 34 and 66 of the IPA IR should not be considered as national eligible co-financing. This includes the VAT, which in general must not be considered as national co-financing.

The expiry dates for contracting, execution of the legal commitments and disbursement indicated in the Financing Agreements should apply **both** to the Community contribution and to the national co-financing.

In the light of the explanations above, the Indicative Budget tables under point 3.1 of the model *Financing Proposal* and under point 4 of the model *Project Fiche* for both **centralised** and **decentralised** management, have been drafted in the following way (see also templates in annex to this Programming Guide):

**Financing Proposal – Centralised management – Indicative Budget table (amounts in EUR)**

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		National contribution*		Total expenditure	IPA Community contribution		National contribution*			EUR (g)=(a)+(d)	EUR (h)=(b)+(e)
		EUR (a)=(b)+(c)	EUR (b)	% <sup>(1)</sup>	EUR (c)		% <sup>(1)</sup>	EUR (d)=(e)+(f)	EUR (e)	% <sup>(1)</sup>	EUR (f)		
<b>Priority axis 1</b>													
(- Measure 1)													-
Project 1													-
Project 2													-
(...)													-
(- Measure 2)													-
(...)													-
<b>Priority axis 2</b>													
(...)													-
<b>TOTAL</b>													<b>100</b>

\* contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

**Financing Proposal – Decentralised management – Indicative Budget table (amounts in EUR)**

<b>Decentralised management</b>	<b>Institution Building (IB)</b>					<b>Investment (INV)</b>					<b>Total (IB + INV)</b>	<b>Total IPA Community contribution</b>	
	<b>Total public expenditure</b>	<b>IPA Community contribution</b>		<b>National public contribution*</b>		<b>Total public expenditure</b>	<b>IPA Community contribution</b>		<b>National public contribution*</b>				
		<b>EUR (a)=(b)+(c)</b>	<b>EUR (b)</b>	<b>%<sup>(1)</sup></b>	<b>EUR (c)</b>		<b>%<sup>(1)</sup></b>	<b>EUR (d)=(e)+(f)</b>	<b>EUR (e)</b>	<b>%<sup>(1)</sup></b>			
<b>Priority axis 1</b>													
<b>(- Measure 1)</b>													-
Project 1													-
Project 2													-
(...)													-
<b>(- Measure 2)</b>													-
(...)													-
<b>Priority axis 2</b>													
(...)													-
<b>TOTAL</b>													

\* public contribution (private contributions are not taken into account (Article 67(1) IPA IR) under decentralised management).

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

**Project Fiches – centralised**

**Indicative Budget (amounts in EUR)**

			SOURCES OF FUNDING									
			TOTAL EXP.RE		IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%(2)
Activity 1												
contract 1.1	–	–										–
contract 1.2	–	–										–
Activity 2												
contract 2.1	–	–										–
contract 2.2	–	–										–
.....												
TOTAL IB												
TOTAL INV												
TOTAL PROJECT												

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

**Project Fiche – decentralised**

**Indicative Budget (amounts in EUR)**

			SOURCES OF FUNDING										
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION						PRIVATE CONTRIBUTION
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Activity 1													
contract 1.1	–	–											–
contract 1.2	–	–											–
Activity 2													
contract 2.1	–	–											–
contract 2.2	–	–											–
.....													
TOTAL IB													
TOTAL INV													
<b>TOTAL PROJECT</b>													

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b))

(3) Expressed in % of the **Total** Expenditure (column (a))

## 7.6. Non-eligible expenditures

The following expenditure shall not be eligible under the IPA Regulation:

- taxes, including value added taxes;
- customs and import duties, or any other charges;
- purchase, rent or leasing of land and existing buildings;
- fines, financial penalties and expenses of litigation;
- operating costs;
- second hand equipment;
- bank charges, costs of guarantees and similar charges;
- conversion costs, charges and exchange losses associated with any of the Component specific Euro accounts, as well as other purely financial expenses;
- contributions in kind;

In addition to the above set out rules, under **component I** the following expenses shall not be financed:

- leasing costs;
- depreciation costs.

Whereas by way of derogation the following expenditure under component I shall be eligible on a case by case basis:

- operating costs, including rental costs, exclusively related to the period of co-financing of the operation.
- value added taxes, if the following conditions are fulfilled: the value added taxes are not recoverable by any means; it is established that they are borne by the final beneficiary, and they are clearly identified in the project proposal.

For operating costs it should be understood any cost incurred by a body for its functioning, including staff costs. In the case of grants awarded to co-finance the functioning of a body (i.e. operating grants), the 'operating' nature of the costs which are financed should be clearly indicated in the financing proposal. Operating grants may not finance the entire operating expenditure of the beneficiary body.



In the case of action grants, salary costs of personnel of national administrations assigned to the action (corresponding to actual salaries plus social security charges and other remuneration-related costs) can only be considered as eligible costs if they relate to activities which the relevant public authority would not carry out in the absence of the project concerned, or if the staff was specially recruited for the action for which the grant is awarded. This needs however to be established on a case-by-case basis, without prejudice to the general criteria for eligibility of costs and the non-profit principle for grants. Where applicable, such costs, which are already covered by assigned resources and do not generate additional costs for the grant beneficiary, should constitute the co-financing required by the beneficiary or other sources for the implementation of the action in question.

In addition to the above set out rules, under **component II** the following expenses shall not be financed:

- interest on debt;
- the purchase of land for an amount exceeding 10% of the total eligible expenditure of the operation concerned

Whereas by way of derogation the following expenditure under component II shall be eligible on a case by case basis:

- value added taxes, if the following conditions are fulfilled: they are not recoverable by any means : it is established that they are borne by the final beneficiary, and they are clearly identified in the project proposal.
- charges for transnational financial transactions;
- where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
- legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;
- the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;
- overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed.

## 7.7. Statistical codes

Reliable statistics across the programmes specifying the amount of the IPA support granted per sector need to be established .

To this end, section 1.3 of the project fiche, should refer to the codes<sup>46</sup> below.

<b>Codification of sectors in project fiches</b>
1-Free movement of goods
2-Freedom of movement for workers
3-Right of establishment and freedom to provide services
4- Free movement of capital
5- Public procurement
6- Company law
7 -Intellectual property law
8- Competition policy
9 -Financial services
10 -Information society and media
11- Agriculture and rural development
12 -Food safety, veterinary and phytosanitary policy
13 –Fisheries
14 -Transport policy
15- Energy
16- Taxation
17 -Economic and monetary policy
18- Statistics
19 -Social policy and employment
20- Enterprise and industrial policy
21 -Trans-European networks
22 -Regional policy & coordination of structural instruments
23 -Judiciary and fundamental rights
24 -Justice, freedom and security
25- Science and research
26 -Education and culture
27 –Environment
28- Consumer and health protection
29 –Customs
30 -External relations
31 -Foreign, security and defence policy
32 -Financial control
33 -Financial & budgetary provis°
34 –Institutions

<sup>46</sup> Please note that in the Financing Proposal it is the DAC code that need to be inserted

35 – Civil society  
 36 – Political criteria  
 -  
 40 – Project Preparation Facility/Technical Assistance Facility

60 TAIEX  
 61 - Interim Civilian Administrations  
 62 – Customs & Taxation  
 63 – Aid to refugees and IDPs or disadvantage groups  
 64 – Nuclear Safety  
 65 – Participation in Community programmes and Agencies

70 – Information and communication  
 71 – Audit, monitoring and evaluation  
 72 – Administrative support  
 -

80 – Cross-border co-operation at borders with Member States  
 81 - Cross-border co-operation between IPA countries  
 82 – Participation in ERDF transnational/interregional and ENPI Sea basins programmes  
 83 – Other programmes under Component II

At a more aggregated level (generally corresponding to the priority axes of the financing proposals / areas of intervention of the MIPDs<sup>47</sup>), the projects should be grouped under the following headings:

Axe 01:	Political criteria
Axe 02:	Economic criteria
Axe 03:	Ability to assume the obligations of membership (CCs)/ approximation of European standards (PCCs)
Axe 04:	Supporting programmes: participation in Community programmes and Agencies
Axe 05	
Axe 06	Horizontal and Regional support <sup>48</sup>
Axe 07	Support activities <sup>49</sup>
Axe 08	Cross-Border co-operation – Component II

These statistical codes will have to be encoded at the level of the Project Fiche and have the form XX.YY, XX being the code for the Axe and YY for the sector code. Each Project Fiche can only have one statistical code.

<sup>47</sup> But not necessarily as some of the "axes" codes are set up only for statistical purposes

<sup>48</sup> Grouping sector codes starting with 6

<sup>49</sup> Grouping sector codes starting with 7

The DAC codes are encoded in the "Sector Code" field of the Financing Proposal.

## **7.8. Consultation of Member States, IFIs and Civil Society**

In line with the provisions of Article 20 of the IPA Framework Regulation and Articles 5, 6 and 69 of the IPA Implementing Regulation, the Commission, the Member States, the international financial institutions (IFIs) and other relevant stakeholders must ensure coordination of their respective assistance programmes. To this end, regular consultations should take place. However, this coordination and consultation process should not put into question the responsibility of the Commission for the implementation of the budget nor should it cause delays in the adoption of the MIPDs and programmes.

In this context, the consultation of the Member States' representation, local IFIs offices and civil society, should take place as described below.

### **Revision of the MIPDs**

Member State representations as well as the local branches of the IFIs should be invited to a meeting (or separate meetings) set up sufficiently early so as to allow them to make and send their comments to the Operational Unit concerned within 10 working days and this before the launching of the internal consultation on the draft MIPD within ELARG. If necessary, the draft MIPD should be amended accordingly.

The civil society organisations may be consulted in writing.

The consultations on the multi-beneficiary MIPD are carried out in writing. Member States are consulted through their national contact points.

### **Programming documents for Component I**

1. A debriefing session with the Member State representations, the local branches of the IFIs and, if relevant, the civil society organisations is to be organised at the time of the first programming missions. The meeting should focus on annual programming general trends and directions.
2. Well in advance the date of the ELARG internal consultation, the EC Delegations in agreement with the concerned Operational Unit should distribute to the Member State representations, the local branches of IFIs and, if relevant, the civil society organisations, the **list**<sup>50</sup> with the projects to be financed from the annual programme. All stakeholders should be consulted at the same time. Their comments should be

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<sup>50</sup> Apart from titles of projects, the list should identify the projects per priority axis and contain information about an amount of the EU contribution (or, if this is not available, an estimate), objectives to be achieved and ways of implementation (see template). **See template in Annex to this Guide**

addressed to the operational Unit concerned via the Delegation within 10 working days.

3. Consultations on regional and horizontal programmes are carried out in writing. Operational Unit in charge of the programmes should distribute to the Member States (through their national contact points), the local branches of IFIs and, if relevant, the civil society organisations, the **list**<sup>51</sup> of interventions/areas selected for financing in the multi-beneficiary programme. The programmes which are adopted by the Commission individually can be included in the list or circulated separately. In the latter case, the operational unit may consult the stakeholders on the full text of a programme. All stakeholders should be consulted at the same time. Their comments should be addressed to the operational Unit within 10 working days.

4. The EC Delegations send to the Member State representations and to the local branches of the IFIs the programming documents (financing proposal and project fiches) at the same time they are transmitted by D1 to the members of the IPA Committee, *i.e.* 15 working days before the meeting date

The Member State representations should be encouraged to liaise with their counterparts (capitals or Permanent Representations in Brussels) and the Operational Unit concerned via the Delegation so as to send comments in view of the IPA meeting where the programmes will be discussed. Local branches of the IFIs should be encouraged to liaise with the Operation Unit concerned via the EC Delegation.

5. EC Delegations or an operational unit (in case of consultations on multi-beneficiary MIPD and regional and horizontal programmes) should keep a record of the consultations and be able to provide an overview of the process as in the example.

## **Programming documents for Component II**

1. As soon as the proposal for a cross-border programme is sent to the Commission, EC Delegations, in agreement with the national authorities (and in co-ordination with ELARG geographical units and, in the case of programmes with Member States, DG REGIO.D.1) circulate it to the Member State representations and local branches of IFIs in the capitals of the IPA countries.

2. Member State representations and local IFIs offices will be requested to transmit their comments, if any, to the Commission and the relevant national authorities (including those of the Member State(s) participating in the programme) within the following 10 working days.

3. MS and IFIs comments, if any, will be considered in the context of the negotiation between Commission services and the national authorities in view of finalizing the cross-border programme prior to the internal consultation within ELARG.

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<sup>51</sup> The list of programmes should contain the same information as in the case of the list of projects, *i.e.* titles of interventions/areas, their identification per priority axis, an amount of the EU contribution (or, if this is not available, an estimate), objectives to be achieved and ways of implementation.

## VIII . ANNEXES

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**ANNEX 1 - COUNCIL REGULATION (EC) No 1085/2006 OF 17  
JULY 2006**

**See Volume II of this Programming Guide**



**Annex 2 — IPA MIFF 2008-2010**

**See Volume II of this Programming Guide**

## **Annex 3 — IPA Implementing Regulation**

**See Volume II of this Programming Guide**

**Annex 4 -IPA planning guidelines on MIPD, outline structure of MIPD**

# *IPA Planning Guidelines*

## Multi-annual Indicative Planning Document (MIPD)

### **BACKGROUND AND PURPOSE**

- The MIPD is the key strategic planning document within the IPA three-stage programming process. It follows the Multi-annual Indicative Financial Framework (MIFF) – where funds are indicatively allocated per country and per component (as well as to a regional and horizontal envelope) – and precedes the programme documents – where the major areas of interventions and main priorities outlined in the MIPD are translated by the recipient countries into detailed priorities, measures and operations. There will be one MIPD per IPA beneficiary country<sup>1</sup> identifying the major areas of interventions and main priorities for each of the five components where applicable. There will also be a separate MIPD for regional and horizontal programmes.
- The MIPD represents the Commission's view of major areas of interventions and main priorities that the beneficiary country is expected to develop in detail in the programming documents. In doing so, the MIPD shall ensure the first step of the necessary coherence between components.
- The MIPD is based on the allocation of funds per component for the relevant country (or on the regional/horizontal envelope) established in the MIFF. As in the case of the MIFF, the MIPD has a three-year horizon and is subject to annual review.
- The MIPD shall be based on the needs, challenges and priorities identified in the accession partnership, the National Programme for the Adoption of the Acquis (NPAA), the enlargement package (regular reports) the negotiations framework, the conclusions of the European Council and the strategic papers of the Commission. The MIPD shall translate the above needs, challenges and priorities – i.e. those which require pre-accession financial assistance – into major areas of interventions and main priorities through the relevant component. Given the multiplicity of documents/instruments used to formulate the needs, challenges and priorities incorporated in the MIPD, coherence with the beneficiary country's *own* needs, challenges and priorities must be assured via consultations with the national authorities.

### **PROCEDURE**

- There is one MIPD per country. Each MIPD will be subject to the QSG and to Inter-Service Consultation.
- The preparation of the country-based MIPDs will be under the responsibility of the relevant ELARG country team which will ensure overall coherence.

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<sup>1</sup> Albania, Bosnia and Herzegovina, Croatia, the Republic of Macedonia, Montenegro, Serbia, Kosovo (as defined in UNSCR 1244), Turkey.

- DGs REGIO, EMPL and AGRI will provide their contribution for components III, IV and V respectively. DG REGIO will also contribute to component II, namely for CBC programmes with Member States.
- ELARG (for components I and II, with REGIO for CBC with Member States under component II), and REGIO, EMPL and AGRI (for components III, IV and V) will seek the advice of relevant line DGs and the IFIs, as appropriate, prior to the formal inter-service consultation and prior to the formal submission of the draft MIPD to the National IPA Coordinator (NIPAC) (see below).
- National authorities shall be consulted on the draft MIPD and closely involved in its preparation.
- The relevant authorities from Member States in the countries concerned as well as IFIs, civil society and other relevant stakeholders need also be consulted on the draft MIPD and the Commission should endeavour to allow them sufficient time to make their comments.
- In terms of formal consultation, the ELARG country team will submit the draft MIPD to the NIPAC prior to the launch of the Inter Service Consultation in order to receive back the remarks of the national authorities. The NIPAC shall be given a fixed period of time to provide ELARG country team with remarks and will be further consulted, as appropriate, on changes that arise during the Inter Service Consultation and/or consultation of the IPA management committee. Throughout this process, the NIPAC will have to consult the dedicated authorities in charge of the management of the components or future programmes.
- Once the drafting is concluded, the MIPD need to be submitted to the QSG and its recommendations incorporated in the final draft.
- MIPDs will be submitted to IPA management committee for opinion and will be adopted via individual Commission decisions.

***NB. The points above, and the template attached, concern MIPDs for candidate countries, showing the procedure to ensure coherence across all five components. The process and structure will be the same for potential candidates but without components III-V. Consultation for potential candidates should still take place with DGs EMPL, REGIO and AGRI as close co-operation with these DGs will be necessary throughout the process of preparation for candidate status in terms of building the management structures for component III-V. Actions similar to those undertaken by components III-V will be possible under component I for potential candidates.***

*There will be one MIPD(s) covering regional and horizontal programmes which will be prepared under the responsibility of ELARG D.3 . The procedure to be followed for the adoption of this MIPD is the same as described above with the exception of the need to consult DGs REGIO, AGRI and EMPL unless necessary.*

## OUTLINE STRUCTURE FOR MIPD 2008-2010

### Executive Summary

This section should present a brief summary focusing on the consolidated needs assessment, strategic objectives and choices for 2008-2010 contained in the MIPD.

This section should also include the total indicative allocations for the period and per component (in percentages ranges as given in annex 1 to the MIPD).

*N.B. The length of the Executive Summary should not exceed 1 page.*

### Section 1 – Assessment of past and on going assistance

#### 1.1 – Introduction

Context, with a reference to the structures set up by the national authorities and the way in which the EU assistance is managed (centralised, by HQ or ECDs, jointly with international organisations, decentralised, shared in case of CBC with MS). The revised MIPD should take into account the recommendations of the 2007 progress reports and should be consistent with the revision of the respective new European Partnerships.

#### 1.2 - Overview of past and on-going assistance (EU and other assistance) including lessons learned

##### 1.2.1 Overview of EU past and on going assistance

This section should provide for a brief overview of the amounts previously allocated, including some insight on the 2007 IPA programming<sup>1</sup>, indicating in a first table the amount of resources allocated in the past (see annex 2) and in a second table the contracting and disbursement rates over the same period (see annex 3)<sup>2</sup>.

This section should also provide, in a concise manner, information about achievements and impact of previous programmes, preferably by using measurable indicators.

##### 1.2.2 Overview of relevant IFI, multilateral and bilateral past and ongoing assistance

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<sup>1</sup> For the multi-annual programmes under components II, III, IV and V, insight on programming and figures should refer to the period (3 years) covered by the programmes.

<sup>2</sup> Please ensure figures include also the assistance delivered through the multi-beneficiary programmes.

This section should indicate, where relevant, the major donors in each sector and the synergies and complementarity with EU assistance.

### 1.2.3 Lessons learned

This section should cover lessons learnt that are common to all components and show how they have been taken on board and how they have impacted programming and implementation, in particular in the framework of the IPA 2007 programming (of course, lessons learnt should "shine through" in all other sections of the MIPD and where appropriate explicit reference to lessons learnt should be made).

Lessons learnt should take into account the findings of evaluation reports.

*N.B. The length of Section 1 should not exceed 6 pages.*

## **Section 2 – Pre-accession assistance strategy for the period 2008-2010**

### **2.1 Introduction**

Context, including brief presentation of the results of the consultation process with the country's authorities, Member States embassies, IFIs and civil society with an insight on the way it was operated with regards to the MIPD 2007-2009 and the 2007 programming exercise. Explain also how donor coordination was ensured and what is expected in terms of decentralisation including the milestones in the roadmap for the decentralisation of management of IPA<sup>3</sup>

### **2.2 Strategic objectives and choices for IPA assistance over the period 2008-2010**

This section (2.2.1 and 2.2.2) should provide for a global rationale of strategic objectives and choices for the period covered by the MIPD, which are then in more details operationally unfolded into objectives and choices within each component in section 2.3.

#### 2.2.1. Strategic objectives for IPA assistance over the period 2008-2010

This section should set out the main strategic objectives for IPA assistance in the period 2008-2010 and should highlight the difference if any regarding the previous programming period (2007-2009). These objectives should derive from a consolidated operational assessment of the challenges, needs and relative importance of the priorities as translated from the European and Accession Partnerships, National Programme for the Adoption of the *Acquis*, Enlargement Package/Regular Reports, negotiation framework, Stabilisation and

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<sup>3</sup> Roadmap for the conferral of decentralisation with ex-ante controls in the case of the Potential Candidate Countries, without ex-ante controls in the case of Candidate Countries. Not relevant for the Multi-beneficiary MIPD.

Association Agreements and the country's national and sectoral strategies. A brief reference to cross cutting issues should be done even if these are covered by Annex 4<sup>4</sup>.

This assessment will provide the basis for identifying the strategic choices for IPA assistance over the period 2008-2010 between and within each IPA component in the following sub section.

The strategic objectives should relate to the Political criteria, Socio-Economic criteria and Alignment with European standards.

### 2.2.2 Strategic choices for IPA assistance over the period 2008-2010

This section should translate the above strategic objectives into strategic choices for assistance between and within each component for the three-year horizon. These strategic choices for assistance should also take into account the results of the consultations with national authorities, Member States, IFIs, civil society and Delegations. An explanation should be given about the reasons why the Commission has chosen certain areas for intervention, namely in view of the absorption capacity of the beneficiary country, the activities of the other donors and the management capacity of the national authorities and of the Commission (namely its Delegations).

This section should also include an explanation of the measures taken to ensure coordination, complementarity and synergy of assistance between the different components. It should also address the complementarities between the Multi-beneficiary MIPD and the National MIPDs.

Since this section should ensure the link between the needs assessment and objectives in section 2.2.1 and the strategic choices for the components, operational units should avoid presenting an exhaustive list of all areas for intervention emanating from source documents and they should explain on what basis the strategic choices have been made<sup>5</sup>.

*N.B. The length of Sections 2.1 and 2.2 should not exceed 4 pages together.*

## **2.3 Multi-annual planning by component**

The following general structure should be followed as far as possible **for each component (except Component II, see below)**:

1. Objectives and choices

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<sup>4</sup> Annex 4 should be modified where appropriate according to the differences between CC and PCC.

<sup>5</sup> This section should explain any change in the priorities as a result of the new strategic objectives and/or experience gained during the 2007 programming and/or the extended time horizon (2010).



2. For components III, IV & V of the Country-related MIPDs: programmes to be implemented in pursuit of these areas of interventions
3. Expected results by the end of the covered period and measurable indicators
4. Financial indications

For component I, the objectives highlighted should relate to the relevant axes and sectors / specific areas listed in "Further Guidance 1" attached to this document.

Each of these sections drawn per component should clearly state whether the priorities for assistance that were identified in the MIPD 2007-2009 will be maintained or modified (and if so to which extent) over the rolled over period 2008-2010.

**With regard to the CBC component**, the sections in the MIPDs 2007–2009 were rather vague due to lack of information on the number and type of programmes and their objectives. Thanks to the available information now, the MIPD 2008–10 shall clearly indicate all programmes under Component II in which the country is participating and, for each of them, the objectives and priorities. This shall include CBC programmes with MS, those with neighbouring candidate/potential candidate countries (acoordination between geographical units is required to ensure that the MIPDs of the countries participating in a CBC programme are consistent) and the participation, as appropriate, of the relevant country in the ERDF transnational or the ENPI sea basins programmes.

For Component II, the structure should be as follows:

1. Programmes (CBC and ERDF/ENPI) under Component II in which the country is participating
2. For each programme: objectives and priorities, expected results by the end of the covered period and measurable indicators
3. Indicative financial allocation per programme

*N.B.*

*The length of each sub-section drawn per component under 2.3 should not exceed 5 pages.*

*This means that the length of the full section 2.3 should not exceed 10 pages in the case of the MIPDs for the Potential Candidate Countries, 25 pages for the Candidate Countries.*

*The length of the full MIPDs should therefore not exceed 25 pages in the case of Potential Candidate Countries, 40 pages for the Candidate Countries<sup>6</sup>.*

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<sup>6</sup> Without taking into account 4 annexes on 3 additional pages, see below.

**ANNEX 1 - INDICATIVE ALLOCATIONS TO MAIN AREAS OF INTERVENTION FOR THE PERIOD 2008-2010**

The following table should be appended consolidating the percentages listed throughout the MIPD per component and per main area of intervention.

<b>INDICATIVE ALLOCATIONS TO MAIN AREAS OF INTERVENTION FOR THE PERIOD 2008-2010</b>	
<i>NAME OF COUNTRY</i>	
<b>Component I (Transition Assistance and Institution Building)</b>	
<i>Priority axe 1</i>	<i>X % - Y %</i>
<i>(Percentage of total of which is civil society)</i>	<i>X % - Y %</i>
<i>Priority axe 2</i>	<i>X % - Y %</i>
<i>Priority axe 3</i>	<i>X % - Y %</i>
...	
<i>Priority axe 5</i>	<i>X % - Y %</i>
<b>Component II (Cross-Border Co-operation)</b>	
<i>CBC with MS 1</i>	<i>X%</i>
<i>CBC with MS 2</i>	<i>X%</i>
<i>CBC with MS 3</i>	<i>X%</i>
...	
<i>CBC with neighbouring CC/PCC 1</i>	<i>X%</i>
<i>CBC with neighbouring CC/PCC 2</i>	<i>X%</i>
<i>CBC with neighbouring CC/PCC 3</i>	<i>X%</i>
<i>Participation in ERDF transnational programmes and/or ENPI sea basins programmes (as appropriate)</i>	<i>X%</i>
<b>Component III (Regional Development)</b>	
<i>Main Area of Intervention 1</i>	<i>X % - Y %</i>
<i>Main Area of Intervention 2</i>	<i>X % - Y %</i>
<i>Main Area of Intervention 3</i>	<i>X % - Y %</i>
...	
<b>Component IV (Human Resources Development)</b>	
<i>Main Area of Intervention 1</i>	<i>X % - Y %</i>
<i>Main Area of Intervention 2</i>	<i>X % - Y %</i>
<i>Main Area of Intervention 3</i>	<i>X % - Y %</i>
...	
<b>Component V (Rural Development)</b>	
<i>Main Area of Intervention 1</i>	<i>X % - Y %</i>
<i>Main Area of Intervention 2</i>	<i>X % - Y %</i>
<i>Main Area of Intervention 3</i>	<i>X % - Y %</i>
...	

## ANNEX 2 – OVERVIEW OF EU ASSISTANCE <sup>7</sup>

Table giving an overview of EU assistance (cumulated assistance over the period 2000-2006; IPA 2007) and broken down to the extent that is possible along the following line:

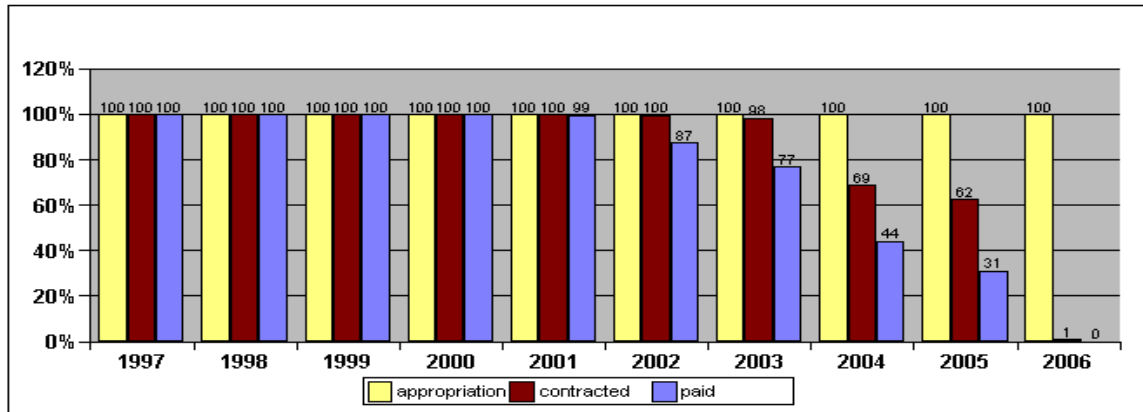
	<b>Cumulated EU assistance over the period 2000-2006</b>	<b>IPA 2007<sup>8</sup></b>	<b>TOTAL</b>
Political criteria			
Energy			
Telecommunications			
Social Policy			
Transport			
Environment			
Internal market			
Agriculture			
JLS			
Economic Social Cohesion			
Community Programmes & CSD			
Public administration			
Customs			
Others			
<b>Total allocations</b>			

<sup>7</sup> Adjustments may need to be done as appropriate. Assistance given under IPA 2007 for a certain sector may discontinue past assistance given under the period 2000-2006 (for ex. We could have figures for the assistance for "Political Criteria" under IPA 2007 but not in the column concerning 2000-2006).

<sup>8</sup> For components II, III, IV and V, the multi-annual approach of programmes must be taken into account.

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

Chart giving the contracting and disbursement rates against the appropriations for all on going programmes - see below example (source: MIPD 2007-2009 REPUBLIC OF MACEDONIA)



### ANNEX 4 – CROSS CUTTING ISSUES

The major cross cutting issues to be tackled in "... " are:

- **Civil Society** will be supported by the European Initiative for Human Rights and Democracy and the IPA financial framework. Civil Society is understood including employer's organisations, trade unions, associations of local self-governments as well as non-governmental organisations etc. The justified balance will be kept between Western Balkans' regional activities for civil society and specific activities in Albania along the IPA programmes.<sup>9</sup>
- **Environmental impact assessment** is compulsory concerning new legislation and financing proposals for investments.
- **Equal opportunities and non-discrimination** will be respected as regarding gender as well as minorities at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- Furthermore **minority and vulnerable groups' concerns** will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development.
- Specific action instruments for the **good governance**, with particular attention to **fight against corruption**, will be incorporated on a horizontal basis.

<sup>9</sup> If specific actions in this domain are foreseen in section 2.3, this paragraph needs to be adapted or deleted.

**Multi-annual planning by main priority area. Strategic Objectives by Axe**

**Axe 1: Political Criteria**

- Democracy and the rule of law
- Human rights and the protection of minorities
- Regional institutions and international obligations
- **Civil Society (to be presented as a clear sub-section)**

**Axe 2: Economic Criteria**

- The existence of a functioning market economy
- The capacity to cope with competitive pressure and market forces within the Union

**Axe 3: Ability to assume the obligations of Membership**

1. Free movement of goods
2. Freedom of movement for workers
3. Right of establishment and freedom to provide services
4. Free movement of capital
5. Public procurement
6. Company law
7. Intellectual property law
8. Competition policy
9. Financial services

10. Information society and media
11. Agriculture and rural development
12. Food safety, veterinary and phytosanitary policy
13. Fisheries
14. Transport policy
15. Energy
16. Taxation
17. Economic and monetary policy
18. Statistics
19. Social policy and employment
20. Enterprise and industrial policy
21. Trans-European networks
22. Regional policy and coordination of structural instruments
23. Judiciary and fundamental rights
24. Justice, freedom and security
25. Science and research
26. Education and culture
27. Environment
28. Consumer and health protection
29. Customs
30. External relations
31. Foreign, security and defence policy
32. Financial control
33. Financial and budgetary provisions
34. Institutions

**Axe 4: Supporting programmes**

- Community agencies
- Community institutions
- Project Preparation Facility – Technical Assistance Facility
- To further facilitate the implementation of IPA, support is foreseen in the areas of audit, monitoring and evaluation.

**Axe 5: Information and Communication**

- Foreseen under the multi-beneficiary MIPD

**Axe 6: Cross border cooperation – component II programmes**

- Cross-border co-operation at borders with Member States
- Cross-border co-operation between IPA countries
- Participation in ERDF transnational / interregional and ENPI Sea basins programmes
- Other programmes under Component II

## FURTHER GUIDANCE 2

### DEFINITIONS

	<b>Description</b>	<b>Examples</b>
<b>Strategic Objectives</b>	Goals to be achieved in the period covered by the MIPD. These would have to be identified within the <b>main areas</b> for EU <b>intervention</b> listed in the Accession and European Partnerships as priorities	What should be achieved in 3 years time in the area of, for instance, Democracy and Rule of Law or Internal Market or in the compliance with the Copenhagen criteria
<b>Strategic Choices</b>	Choices made for the EU assistance on the basis of an assessment of the challenges, needs, relative importance of the priorities for assistance and the absorption capacity	(Section 2.2.2.) - EU assistance should be directed to the areas of Democracy and Rule of Law, Internal Market, etc, because ... (section 2.3) - At the level of component I, the Public administration deserves special attention because ...; in the area of the Internal Market ...
<b>Projects</b>	Group of activities contributing to an overall objective, which are put together to reach a purpose and achieve results	In the field of Public Administration, reinforcement of the administrative capacity of the Central State Office for Administration
<b>Activities</b>	Specific tasks to be undertaken during the project's lifetime in order to obtain results	Capacity building and supply of equipment to the Central State Office for Administration
<b>Means</b>	Inputs required	Supply contract, twinning



**Annex 5 – Template of Framework Agreement between the  
Commission and each IPA beneficiary country**  
(As adopted by the Commission on 6 July 2007)

# FRAMEWORK AGREEMENT

BETWEEN

**THE GOVERNMENT OF (COUNTRY)**

AND

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

ON

**THE RULES FOR CO-OPERATION CONCERNING EC-FINANCIAL  
ASSISTANCE TO (COUNTRY) IN THE FRAMEWORK OF THE  
IMPLEMENTATION OF THE ASSISTANCE UNDER THE  
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)**

DATED ( )

**Annexes:**

- ANNEX A: Functions and common responsibilities of the structures, authorities and bodies in accordance with Article 8 of the Framework Agreement between the Commission and the Government of (*country*) of (*date*)
- ANNEX B: Model Statement of Assurance of the national authorising officer in accordance with Article 17 of the Framework Agreement between the Commission and the Government of (*country*) of (*date*)
- ANNEX C: Model Annual Audit Activity Report of the audit authority of (*country*) in accordance with Article 29(2)(b) of the IPA Implementing Regulation
- ANNEX D: Model Annual Audit Opinion of the audit authority of (*country*) in accordance with Article 29(2)(b) of the IPA Implementing Regulation
- ANNEX E: Model Audit Opinion of the audit authority of (*country*) on the final statement of expenditure for the closure of a programme or parts of a programme in accordance with Article 29(2)(b) of the IPA Implementing Regulation

The Commission of the European Communities, hereinafter referred to as “**the Commission**”, acting for and on behalf of the European Community, hereinafter referred to as “the Community”

on the one part,

and

the Government of (*country*), acting on behalf of (*country*), hereinafter referred to as “**the Beneficiary**”

and together, jointly referred to as “the Contracting Parties”

Whereas

- (1) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 of 17 July 2006<sup>(1)</sup> establishing an instrument for pre-accession assistance (hereinafter referred to as “IPA Framework Regulation”). With effect from the 1 January 2007, this new instrument constitutes the single legal basis for the provision of financial assistance to candidate countries and potential candidate countries in their efforts to enhance political, economic and institutional reforms with a view to become members of the European Union;
- (2) On 12 June 2007, the Commission has adopted the regulation implementing the IPA Framework Regulation, detailing applicable management and control provisions;
- (3) The new instrument for pre-accession assistance (IPA) replaces the five previously existing pre-accession instruments: Regulation (EEC) No 3906/1989 on economic aid to certain countries of Central and Eastern Europe, Regulation (EC) No 1267/1999 on the establishment of an instrument for structural policies for pre-accession, Regulation (EC) No 1268/1999 on the support for pre-accession measures for agriculture and rural development, Regulation (EC) No 2666/2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Republic of Macedonia, and Regulation (EC) No 2500/2001 on the financial assistance to Turkey;
- (4) The Beneficiary is eligible under IPA as provided for in the IPA Framework Regulation and in Commission Regulation (EC) No 718/2007 of 12 June 2007<sup>(2)</sup> implementing the IPA Framework Regulation (hereinafter referred to as “IPA Implementing Regulation”);

*[for candidate countries:*

- (5) The Beneficiary figures in Annex I of the IPA Framework Regulation, and should therefore have access to the 5 components established under IPA, i.e. the Transition

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<sup>1</sup> OJ L 210, 31 July 2006, p. 82

<sup>2</sup> OJ L 170, 29 June 2007, p. 1

Assistance and Institution Building Component, the Cross-Border Co-operation Component, the Regional Development Component, the Human Resources Development Component and the Rural Development Component;

*[for potential candidate countries:*

- (5) The Beneficiary currently figures in Annex II of the IPA Framework Regulation, and should therefore have access to the Transition Assistance and Institution Building Component and the Cross-Border Co-operation Component established under IPA and, once the Beneficiary has obtained the status of a candidate country and therefore figures in Annex I of the said Regulation, access to the other 3 components will in principle be opened to the Beneficiary;
- (6) It is therefore necessary to set out the rules for co-operation concerning EC financial assistance with the Beneficiary under IPA;

HAVE AGREED AS FOLLOWS:

## **SECTION I GENERAL PROVISIONS**

### **Article 1 Interpretation**

- (1) Subject to any express provision to the contrary in this Framework Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Framework Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of these regulations shall be transposed into this Framework Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

### **Article 2 Partial invalidity and unintentional gaps**

If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Contracting Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision. The Contracting Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

### **Article 3 Purpose**

- (1) In order to promote co-operation between the Contracting Parties and to assist the Beneficiary in its progressive alignment with the standards and policies of the European Union, including, where appropriate the *acquis communautaire*, with a view to membership, the Contracting Parties agree to implement activities in the various fields as specified in the two regulations mentioned above and as applicable to the Beneficiary.
- (2) The assistance activities shall be financed and implemented within the legal, administrative and technical framework laid down in this Agreement and as further detailed in Sectoral Agreements and/or Financing Agreements, if any.
- (3) The Beneficiary takes all necessary steps in order to ensure the proper execution of all assistance activities and to facilitate the implementation of the related programmes.

#### **Article 4 General rules on financial assistance**

- (1) The following principles shall apply to financial assistance by the Community under IPA:
  - a) Assistance shall respect the principles of coherence, complementarity, co-ordination, partnership and concentration;
  - b) Assistance shall be coherent with EU policies and shall support alignment to the *acquis communautaire*;
  - c) Assistance shall comply with the budgetary principles laid down in Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002<sup>3</sup>) on the Financial Regulation applicable to the general budget of the European Communities (hereinafter referred to as "Financial Regulation") and its Implementing Rules<sup>4</sup>;
  - d) Assistance shall be consistent with the needs identified in the enlargement process and absorption capacities of the Beneficiary. It shall also take account of lessons learned;
  - e) The ownership of the programming and implementation of assistance by the Beneficiary shall be strongly encouraged and adequate visibility of EU intervention shall be ensured;
  - f) Operations shall be properly prepared, with clear and verifiable objectives, which are to be achieved within a given period; the results obtained should be assessed through clearly measurable and adequate indicators;
  - g) Any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be prevented during the various stages of the implementation of assistance;
  - h) The objectives of pre-accession assistance shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment.

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<sup>3</sup> OJ L 248, 16 September 2002, p.1, as amended by Regulation No 1995/2006 of 13 December 2006 (OJ L 390, 30 December 2006, p.1)

<sup>4</sup> Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Commission Regulation No 478/2007 of 23 April 2007 (OJ L 111, 28.4.2007)

*[for candidate countries:*

- (2) Assistance for the Beneficiary shall be based on the priorities identified in the existing documents, i.e. the European Partnership, the Accession partnership *[if appropriate]*, the national programme for the adoption of the *acquis communautaire*, the reports and strategy paper contained in the annual enlargement package of the Commission, the Stabilisation and Association Agreement *[if appropriate]* and the negotiation framework.

*[for potential candidate countries:*

- (2) Assistance for the Beneficiary shall be based on the priorities identified in the existing documents i.e. the European Partnership *[if appropriate]*, the reports and strategy paper contained in the annual enlargement package of the Commission, and the Stabilisation and Association Agreement *[if appropriate]*. Once the Beneficiary has obtained the status of a candidate country and therefore figures in Annex I of the IPA Framework Regulation, assistance for (*country*) may also be based on the priorities identified in the Accession partnership *[if appropriate]*, the national programme for the adoption of the *acquis communautaire* and the negotiation framework.
- (3) All operations receiving assistance under IPA shall in principle require co-financing by the Beneficiary and the Community, unless otherwise agreed upon in a Sectoral Agreement or Financing Agreement.
- (4) Where the execution of activities depends on financial commitments from the Beneficiary's own resources or from other sources of funds, the funding of the Community shall become available at such time as the financial commitments of the Beneficiary and/or the other sources of funds themselves become available.
- (5) The provision of Community financing under IPA shall be subject to the fulfilment by the Beneficiary's obligations under this Framework Agreement and under Sectoral Agreements and Financing Agreements, if any.

## **Article 5 Implementation methods**

- (1) For the implementation of assistance under IPA in (*country*), decentralised management, whereby the Commission confers the management of certain actions on the Beneficiary, while retaining overall final responsibility for general budget execution in accordance with Article 53c of the Financial Regulation and the relevant provisions of the EC Treaties, shall apply as a rule. Decentralised management shall cover at least tendering, contracting and payments by the national administration of the Beneficiary. Operations shall be implemented in accordance with the provisions laid down in Article 53c of the Financial Regulation and the ones referred to in this article.
- (2) However, the Contracting Parties may agree to make use of
  - a) centralised management as defined in Article 53a of the Financial Regulation under the Transition Assistance and Institution Building Component, in particular for regional and horizontal programmes, and under the Cross-Border Cooperation Component. It may also be used for technical assistance under any of the IPA components. Operations shall be implemented in accordance with the

provisions laid down in Articles 53 point (a), 53a and 54 to 57 of the Financial Regulation.

- b) joint management as defined in Article 53d of the Financial Regulation for the Transition Assistance and Institution Building Component, in particular for regional and horizontal programmes, and for programmes involving international organisations. Operations shall be implemented in accordance with the provisions laid down in Articles 53 point (c) and 53d of the Financial Regulation.
- c) shared management as defined in Article 53b of the Financial Regulation under the Cross-Border Co-operation Component, for cross-border programmes involving Member States of the European Union. Operations shall be implemented in accordance with the provisions laid down in Articles 53 point (b), 53b and Title II of Part two of the Financial Regulation. The following particular provision shall be taken into account in the implementation of cross-border programmes with Member States.

Where one or more Member States of the European Union and the Beneficiary participating in a cross-border programme are not yet ready for implementation of the whole programme under shared management, the part of the programme concerning the Member State(s) shall be implemented in accordance with Title II (Cross-Border Co-operation Component), Chapter III, Section 2 of the IPA Implementing Regulation (Articles 101 to 138) and the part of the programme concerning the Beneficiary shall be implemented in accordance with Title II, Chapter III, Section 3 of the IPA Implementing Regulation. (Articles 139 to 146 IPA Implementing Regulation, with the exception of Article 142. The provisions concerning the joint monitoring committee of Article 110 shall apply).

- (3) If required by the related Financing Decision, the Commission and the Beneficiary shall conclude a Financing Agreement in accordance with Article 8 of the IPA Implementing Regulation on multi-annual or annual programmes. Financing Agreements may be concluded between the Commission and several beneficiary countries under IPA including the Beneficiary for assistance for multi-country programmes and horizontal initiatives.
- (4) This Framework Agreement shall apply to all Financing Agreements concluded between the Contracting Parties for the financial assistance under IPA. Where they exist, Sectoral Agreements related to a given component shall apply to all Financing Agreements concluded under that component. Where there is no Financing Agreement, the rules included in this Framework Agreement apply together with Sectoral Agreements, if any.

## **SECTION II MANAGEMENT STRUCTURES AND AUTHORITIES**

### **Article 6 Establishment and designation of structures and authorities for decentralised management**

- (1) The following structures and authorities must be designated by the Beneficiary in the event of decentralised management:



- a) The competent accrediting officer (CAO);
  - b) The national IPA co-ordinator (NIPAC);
  - c) The strategic coordinator for the Regional Development Component and the Human Resources Development Component;
  - d) The national authorising officer (NAO);
  - e) The national fund (NF);
  - f) Operating structures per component or programme to deal with the management and implementation of assistance under the IPA Regulation;
  - g) The audit authority.
- (2) Specific bodies may be established within the overall framework defined by the bodies and authorities described above within or outside the operating structures initially designated. The Beneficiary shall ensure that the final responsibility for the functions of operating structures shall remain with the operating structure initially designated. Such a restructuring shall be formalised in written agreements and shall be subject to accreditation by the national authorising officer and the conferral of management by the Commission.
- (3) The Beneficiary shall ensure that appropriate segregation of duties applies to the bodies and authorities mentioned under paragraph 1 and 2 above in accordance with Article 56 of the Financial Regulation. Duties are segregated when different tasks related to a transaction are allocated to different staff, thereby helping to ensure that each separate task has been properly undertaken.

**Article 7 Establishment and designation of structures and authorities for centralised or joint management**

- (1) In the event of centralised or joint management the national IPA co-ordinator shall act as the representative of the Beneficiary vis-à-vis the Commission. He/she shall ensure that a close link is maintained between the Commission and the Beneficiary with regard both to the general accession process and to EU pre-accession assistance under IPA.
- (2) The national IPA co-ordinator shall also be responsible for co-ordinating the Beneficiary's participation in the relevant cross-border programmes, both with Member States and with other Beneficiary countries, as well as in the trans-national, interregional or sea basins programmes under other Community instruments. He/she may delegate the tasks relating to this latter responsibility to a cross-border co-operation co-ordinator.
- (3) In the case of the Cross-border Co-operation Component, operating structures shall be designated and put in place by the Beneficiary, in accordance with Article 139 of the IPA Implementing Regulation.

## **Article 8 Functions and common responsibilities of the structures, authorities and bodies**

- (1) The bodies and authorities mentioned in Article 6 above shall be allocated the functions and common responsibilities as set out in **ANNEX A** to this Framework Agreement.
- (2) Component-related specific allocations of functions and responsibilities may be set out in Sectoral Agreements or Financing Agreements. They must not be in contradiction to the basic approach chosen for the allocation of functions and common responsibilities as shown in **ANNEX A**.
- (3) Where under decentralised management specific persons have been given responsibility for an activity in relation to the management, implementation and control of programmes, the Beneficiary shall enable such persons to exercise the duties associated with that responsibility including in cases where, there is no hierarchical link between them and the bodies participating in that activity. The Beneficiary shall, in particular, provide those persons with the authority to establish, through formal working arrangements between them and the bodies concerned:
  - a) an appropriate system for the exchange of information, including the power to require information and a right of access to documents and staff on the spot, if necessary;
  - b) the standards to be met;
  - c) the procedures to be followed.

## **SECTION III ACCREDITATION AND CONFERRAL OF MANAGEMENT POWERS UNDER DECENTRALISED MANAGEMENT**

### **Article 9 Common requirements**

Management relating to a component, a programme or a measure can only be conferred on (*country*), if and when the following requirements are fulfilled:

- a) The Beneficiary meets the conditions set to Article 56 of the Financial Regulation, in particular as regards the management and control systems. The management and control systems set up in (*country*) shall provide for effective and efficient control in at least the areas set out in the Annex to the IPA Implementing Regulation and as listed under No 1 c) of **ANNEX A** to this Framework Agreement. The Contracting Parties may define further provisions in Sectoral Agreements or Financing Agreements.
- b) The competent accrediting officer has given accreditation to the national authorising officer both
  - as the head of the national fund bearing overall responsibility for the financial management of EU funds in (*country*) and being responsible for the legality and regularity of the underlying transactions;
  - with regard to national authorising officer's capacity to fulfil the responsibilities for the effective functioning of management and control systems under IPA.

The accreditation of the national authorising officer shall also cover the national fund as described in Annex A, 5.

- c) The national authorising officer has given accreditation to the relevant operating structures.

**Article 10 Procedure for accreditation of the national authorising officer and the national fund by the competent accrediting officer**

- (1) Accreditation of the national authorising officer in accordance with Article 11 of the IPA Implementing Regulation is subject to his fulfilment of the applicable requirements set out in Article 11 of the said regulation and as further defined in Annex A, 4. This accreditation shall be supported by an audit opinion drawn up by an external auditor functionally independent from all actors in the management and control system. The audit opinion shall be based on examinations conducted according to internationally accepted auditing standards.
- (2) The competent accrediting officer shall notify the Commission of the accreditation of the national authorising officer, not later than the notification of the accreditation of the first operating structure. The competent accrediting officer shall provide all relevant supporting information required by the Commission.
- (3) The competent accrediting officer shall immediately inform the Commission of any changes concerning the national authorising officer or the national fund. Where a change affects the national authorising officer or the national fund in relation to the applicable requirements as set out in Article 11 of the IPA Implementing Regulation, the competent accrediting officer shall send to the Commission an assessment of the consequences of such a change on the validity of the accreditation. Where such a change is significant, the competent accrediting officer shall also notify the Commission of his decision concerning the accreditation.

**Article 11 Procedure for accreditation of operating structures by the national authorising officer**

- (1) Accreditation of an operating structure is subject to its fulfilment of the requirements set out in Article 11 of the IPA Implementing Regulation. This assurance shall be supported by an audit opinion drawn up by an external auditor functionally independent from all actors in the management and control system. The audit opinion shall be based on examinations conducted according to internationally accepted auditing standards.
- (2) The national authorising officer shall notify the Commission of the accreditation of the operating structures and shall provide all relevant supporting information required by the Commission, including a description of the management and control systems.

**Article 12 Procedure for conferral of management powers by the Commission**

- (1) The Commission shall confer management powers on the Beneficiary, only after the bodies and authorities referred to in Article 6 above have been designated and put in place and the conditions laid down in this article are fulfilled.
- (2) Before the conferral of management powers, the Commission shall review the accreditations of the national authorising officer and the operating structures as laid down in Articles 10 and 11 above and examine the procedures and structures of any of the bodies or authorities concerned within (*country*). This may include on-the-spot verifications by the services of the Commissions or subcontracted to an audit firm.
- (3) The Commission may, in its decision to confer management powers, set further conditions, with a view to ensuring that the requirements referred to in Article 11 of the IPA Implementing Regulation are met. These further conditions must be fulfilled within a fixed period determined by the Commission for the conferral of management powers to remain effective.
- (4) The Commission Decision on the conferral of management powers shall lay down the list of the *ex ante* controls, if any, to be performed by the Commission on the tendering of contracts, launch of calls for proposals and the award of contracts and grants. This list may vary with the component or the programme. The *ex ante* controls shall apply, depending on the component or programme, until the Commission allows for decentralised management without *ex ante* controls as referred to in Article 16 below.

**Article 13      Withdrawal or suspension of the accreditation of the national authorising officer and the national fund**

- (1) After the conferral of management powers by the Commission, the competent accrediting officer shall be responsible for monitoring the continuing fulfilment of all the requirements for this accreditation to be maintained and shall inform the Commission of any significant change related thereto.
- (2) If any of the applicable requirements set out in Article 11 of the IPA Implementing Regulation, are not, or are no longer, fulfilled, the competent accrediting officer shall either suspend or withdraw the accreditation of the national authorising officer, and shall immediately inform the Commission of his decision and of the reasons for his decision. The competent accrediting officer shall assure himself that those requirements are again fulfilled before restoring the accreditation. This assurance shall be supported by an audit opinion as specified in Article 10(1) above.
- (3) Where the accreditation of the national authorising officer is withdrawn or suspended by the competent accrediting officer, the following provisions shall apply:
  - The Commission shall cease to make transfers of funds to the Beneficiary during the period when the accreditation is not in force;
  - During the period when the accreditation is not in force, all the euro accounts or the euro accounts for the components concerned shall be blocked and no payment made by the National Fund from those euros accounts which are blocked shall be considered eligible for Community funding;

- Without prejudice to any other financial corrections, the Commission may make financial corrections as laid down in Article 30 below against the Beneficiary in respect of its past non-compliance with the requirements for the conferral of management powers.

#### **Article 14 Withdrawal or suspension of the accreditation of the operating structures**

- (1) After the conferral of management powers by the Commission, the national authorising officer shall be responsible for monitoring the continuing fulfilment of all the requirements for this accreditation to be maintained and shall inform the Commission and the competent accrediting officer of any significant change related thereto.
- (2) If any of the requirements set out in Article 11 of the IPA Implementing Regulation are not, or are no longer, fulfilled, the national authorising officer shall either suspend or withdraw the accreditation of the operating structure concerned, and shall immediately inform the Commission and the competent accrediting officer of his decision and of the reasons for his decision.

The national authorising officer shall assure himself that those requirements are again fulfilled before restoring the accreditation concerned. This assurance shall be supported by an audit opinion as referred to in Article 11(1) above.

- (3) Where the accreditation of an operating structure is withdrawn or suspended by the national authorising officer, the following provisions shall apply.
  - The Commission shall make no transfers to the Beneficiary of funds relating to programmes or operations implemented by the operating structure concerned while its accreditation is suspended or withdrawn;
  - Without prejudice to any other financial corrections, the Commission may make financial corrections as laid down in Article 30 below against the Beneficiary in respect of its past non-compliance with the requirements and conditions for the conferral of management powers;
  - No new legal commitments made by the operating structure concerned shall be considered eligible during the period when the accreditation is not in force;
  - The national authorising officer shall be responsible for taking any appropriate safeguard measures regarding payments made or contracts signed by the operating structure concerned.

#### **Article 15 Withdrawal or suspension of conferral of management powers**

- (1) The Commission shall monitor compliance with the requirements set out in Article 11 of the IPA Implementing Regulation.
- (2) Irrespective of the decision by the competent accrediting officer to maintain, suspend or withdraw the accreditation of the national authorising officer, or of the decision by the national authorising officer to maintain, suspend or withdraw the accreditation of the operating structure, the Commission may withdraw or suspend the conferral of

management powers at any time, in particular in the event that any of the requirements mentioned in Article 11 of the IPA Implementing Regulation are not, or no longer, fulfilled.

- (3) Where the conferral of management powers is withdrawn or suspended by the Commission, the following provisions shall apply:
  - The Commission shall cease to make transfers of funds to the Beneficiary;
  - Without prejudice to any other financial corrections, the Commission may make financial corrections as laid down in Article 30 below against the Beneficiary in respect of its past non-compliance with the requirements for the conferral of management powers.
  - The Commission may lay down other consequences of such a suspension or withdrawal in a specific Commission Decision
- (4) The Commission Decision may lay down provisions concerning the suspension or withdrawal of the conferral of management powers in relation to specific bodies or authorities.

#### **Article 16 Decentralisation without ex-ante control by the Commission**

- (1) Decentralisation without ex-ante control by the Commission shall be the objective for the implementation of all IPA components where assistance is implemented on a decentralised basis in accordance with Article 5 above. The timing for attainment of this objective may vary depending on the IPA Component concerned.
- (2) Before dispensing with the *ex-ante* controls laid down in the Commission Decision on conferral of management, the Commission shall satisfy itself of the effective functioning of the management and control system concerned in accordance with the relevant Community and national rules. In particular, the Commission shall monitor the implementation, by the Beneficiary, of the roadmap included in the Financing Agreement, which may refer to a phased waiver of different types of ex-ante controls. The Commission shall take due account of the results achieved by the Beneficiary in this context, in particular in the provision of assistance and in the negotiation process.

#### **Article 17 Statement of assurance by the national authorising officer**

- (1) The national authorising officer shall make an annual management declaration covering
  - his overall responsibility, in his function as head of the national fund, for the financial management of EU funds in (*country*) and for the legality and regularity of the underlying transactions;
  - his responsibility for the effective functioning of management and control systems under IPA.

This management declaration shall take the form of a statement of assurance to be presented to the Commission by 28 February each year with a copy to the competent accrediting officer.

- (2) The Statement of Assurance shall be based on the national authorising officer's actual supervision of the management and control system throughout the financial year.
- (3) The Statement of Assurance shall be drawn up according to the model attached in **ANNEX B** to this Framework Agreement.
- (4) If the confirmations regarding the effective functioning of the management and control systems and the legality and regularity of underlying transactions required through the Statement of Assurance are not available, the national authorising officer shall inform the Commission, copy to the competent accrediting officer, of the reasons and potential consequences as well as of the actions being taken to remedy the situation and to protect the interests of the Community.

**Article 18 Establishment of reports and opinions by the audit authority and follow up by the national authorising officer and the Commission**

- (1) Subject to the detailed functions and responsibilities of the audit authority as set out **ANNEX A** to this Framework Agreement, the audit authority shall in particular establish the following reports and opinions:
  - a) An annual audit activity report according to the model in **ANNEX C** to this Framework Agreement;
  - b) An annual audit opinion on the management and control system according to the model in **ANNEX D** to this Framework Agreement;
  - c) An audit opinion on the final statement of expenditure for the closure of a programme or parts of a programme according to the model in **ANNEX E** to this Framework Agreement.
- (2) Following receipt of the annual audit activity report and the annual audit opinion referred to in paragraph 1, the national authorising officer shall:
  - a) decide whether any improvements to the management and control systems are required, record the decisions in that respect and ensure the timely implementation of those improvements;
  - b) make any necessary adjustments to the payment applications to the Commission.
- (3) The Commission may decide either to take follow-up action itself in response to the reports and opinions, for example by initiating a financial correction procedure, or to require the Beneficiary to take action, while informing the national authorising officer and the competent accrediting officer of its decision.

**SECTION IV GENERAL RULES FOR COMMUNITY FINANCIAL ASSISTANCE**

**Article 19 Eligibility of expenditure**

- (1) In the event of decentralised management, notwithstanding accreditations by the competent accrediting officer and the national authorising officer, contracts and addenda signed, expenditure incurred and payments made by the national authorities shall not be eligible for funding under IPA prior to the conferral of management by

the Commission on the concerned structures and authorities. The end date for the eligibility of expenditure shall be laid down in Financing Agreements, where necessary.

- (2) By way of derogation from paragraph 1,
  - a) technical assistance to support the setting up of management and control systems may be eligible prior to the initial conferral of management, for expenditure incurred after 1 January 2007;
  - b) expenditure following the launch of calls for proposals or calls for tenders may also be eligible if the call is launched prior to the initial conferral of management, subject to this initial conferral of management being in place within the time limits defined in a reserve clause to be inserted in the operations or calls concerned, and subject to prior approval of the documents concerned by the Commission. The calls for proposal or calls for tender concerned may be cancelled or modified depending on the decision on conferral of management.
- (3) Expenditure financed under IPA shall not be the subject of any other financing under the Community budget.
- (4) In addition to paragraph 1 to 3 above, more detailed rules on eligibility of expenditure may be set out in Financing Agreements or Sectoral Agreements.

#### **Article 20 Property of interest**

Any interest earned on any of the component-specific euro accounts remains the property of the Beneficiary. Interest generated by the financing by the Community of a programme shall be posted exclusively to that programme, being regarded as a resource for the Beneficiary in the form of a national public contribution, and shall be declared to the Commission, at the time of the final closure of the programme.

#### **Article 21 Audit trail**

The national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts.

#### **Article 22 Aid intensities and rate of Community contribution**

- (1) The Community contribution shall be calculated in relation to the eligible expenditure, as defined in Part II of the IPA Implementing Regulation for each IPA component.
- (2) Financing decisions adopting the annual or multi-annual programmes for each IPA component shall set the maximum indicative amount of the Community contribution and the subsequent maximum rate for each priority axis.



## **SECTION V GENERAL RULES FOR IMPLEMENTATION**

### **Article 23 Rules on procurement**

- (1) Assistance under all IPA components shall be managed in accordance with the rules for External Aid contained in the Financial Regulation. This shall not apply to assistance implemented under the transitional arrangements of Article 99 IPA Implementing Regulation regarding the Cross-Border Co-operation Component to that part of the programme that is implemented on Member States' territory, unless otherwise decided by the participating Member State.
- (2) Results of tender procedures shall be published according to the rules referred to in paragraph 1 above and as further specified in Article 24(3) below.
- (3) The rules of participation and origin as laid down in Article 19 of the IPA Framework Regulation shall apply to all contract award procedures under IPA.
- (4) All service, supplies and work contracts shall be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question, unless otherwise provided for in Sectoral or Financing Agreements.

### **Article 24 Publicity and visibility**

- (1) In the case of centralised and joint management, information on programmes and operations shall be provided by the Commission with the assistance of the national IPA co-ordinator as appropriate. In the case of decentralised management and in all cases for programmes or part of programmes under the cross-border co-operation component not implemented through shared management, the Beneficiary, in particular the national IPA co-ordinator, shall provide information on and publicise programmes and operations. In the case of shared management, the Member States and the Beneficiary shall provide information on and publicise programmes and operations. The information shall be addressed to the citizens and beneficiaries, with the aim of highlighting the role of the Community and ensuring transparency.
- (2) In the case of decentralised management, the operating structures shall be responsible for organising the publication of the list of the final beneficiaries, the names of the operations and the amount of Community funding allocated to the operations by means of the award of grants in the following way:
  - a) The publication shall be made according to a standard presentation, in a dedicated and easily accessible place of the Beneficiary's internet site. If such internet publication is impossible, the information shall be published by any other appropriate means, including the national official journal.
  - b) Publication shall take place during the first half of the year following the closure of the budget year in respect of which the funds were attributed to the Beneficiary.

- c) The Beneficiary shall communicate to the Commission the address of the place of publication. If the information is published otherwise, the Beneficiary shall give the Commission full details of the means used.
  - d) The operating structures shall ensure that the final beneficiary is informed that acceptance of funding is also an acceptance of their inclusion in this list of beneficiaries published. Any personal data included in this list shall nevertheless be processed in accordance with the requirements of Regulation (EC) No 45/2001 of the European Parliament and the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data <sup>(5)</sup>, and with due observance of the requirements of security.
- (3) In the case of decentralised management, the relevant bodies shall prepare a contract award notice, once the contract has been signed, and send it to the Commission for publication. The contract award notice may also be published by the beneficiary in the appropriate national publications.
  - (4) The Commission and the relevant national, regional or local authorities of the Beneficiary shall agree on a coherent set of activities to make available, and publicise, in (*country*) information about assistance under IPA. The procedures for implementing such activities shall be specified in the Sectoral or Financing Agreements.
  - (5) Implementation of the activities referred to in paragraph 4 shall be the responsibility of the final beneficiaries, and might be funded from the amount allocated to the relevant programmes or operations.

**Article 25 Granting of facilities for the implementation of programmes and execution of contracts**

- (1) In order to ensure the effective implementation of programmes under IPA, the Beneficiary shall take all necessary measures to ensure:
  - a) that, in the case of service, supplies or works tender procedures, natural or legal persons eligible to participate in tender procedures pursuant to Article 23 above shall be entitled to temporary installation and residence where the importance of the contract so warrants. This right shall be acquired only after the invitation to tender has been launched and shall be enjoyed by the technical staff needed to carry out studies and other preparatory measures to the drawing up of tenders. This right shall expire one month after the decision of contract award;
  - b) that personnel taking part in Community financed activities and members of their immediate family are accorded no less favourable benefits, privileges and exemptions than those usually accorded to other international staff employed in (*country*), under any other bilateral or multilateral agreement or arrangements for assistance and technical co-operation;

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<sup>5</sup> OJ L 8, 12 January 2001, p. 1

- c) that personnel taking part in Community financed activities and members of their immediate family are allowed to enter (*country*), to establish themselves in (*country*), to work there and to leave (*country*), as the nature of the underlying contract so justifies;
  - d) the granting of all permits necessary for the importation of goods, above all professional equipment, required for the execution of the underlying contract, subject to existing laws, rules and regulations of the Beneficiary;
  - e) that imports carried out under IPA will be exempted from customs duties, import duties and other fiscal charges;
  - f) the granting of all permits necessary for the re-export of the above goods, once the underlying contract has been fully executed;
  - g) the granting of authorisations for the import or acquisition of the foreign currency necessary for the implementation of the underlying contract and the application of national exchange control regulations in a non-discriminatory manner to contractors, regardless of their nationality or place of establishment;
  - h) the granting of all permits necessary to repatriate funds received in respect of the activity financed under IPA, in accordance with the foreign exchange control regulations in force in (*country*).
- (2) The Beneficiary shall ensure full co-operation of all relevant authorities. It will also ensure access to state-owned companies and other governmental institutions, which are involved or are necessary in the implementation of a programme or in the execution of the contract.

**Article 26 Rules on taxes, customs duties and other fiscal charges**

- (1) Save where otherwise provided for in a Sectoral Agreement or a Financing Agreement, taxes, customs and import duties or other charges having equivalent effect are not eligible under IPA.
- (2) The following detailed provisions shall apply:
- a) Customs duties, import duties, taxes or fiscal charges having equivalent effect in the case of the import of goods under a Community financed contract are not eligible under IPA. The imports concerned shall be released from the point of entry into (*country*) for delivery to the contractor, as required by the provisions of the underlying contract and for immediate use as required for the normal implementation of the contract, without regard to any delays or disputes over the settlement of the above mentioned duties, taxes or charges;
  - b) Community financed contracts for services, supplies or works carried out by contractors registered in (*country*) or by external contractors shall not be subject in (*country*) to value added tax, documentary stamp or registration duties or fiscal charges having equivalent effect, whether such charges exist or are to be instituted. EC contractors shall be exempted from VAT for services rendered, goods supplied and/or works executed by them under EC contracts with the right of the contractors to offset or deduct input VAT paid in connection with the

services rendered, the goods supplied and/or the works executed against any VAT collected by them for any of their other transactions. Should the EC contractors not be able to make use of this possibility, they shall be entitled to obtain VAT refund directly from the tax authorities upon submission of a written request accompanied by the necessary documentation required under the national/local law for refund and by a certified copy of the underlying EC contract.

For the purposes of this Framework Agreement, the term "EC contractor" shall be construed as natural and legal persons, rendering services and/or supplying goods and/or executing works and/or executing a grant under an EC contract. The term "EC contractor" shall also cover pre-accession advisors, also known as resident twinning advisors, and experts included in a twinning covenant or contract. The term "EC contract" means any legally binding document through which an activity is financed under IPA and which is signed by the EC or the Beneficiary.

At least the same procedural privileges shall apply to such contractors as applicable to contractors under any other bilateral or multilateral agreement or arrangements for assistance and technical co-operation.

- c) Profit and/or income arising from EC contracts shall be taxable in (*country*) in accordance with the national/local tax system. However, natural and legal persons, including expatriate staff, from the Member States of the European Union or other countries eligible under IPA, executing Community financed contracts shall be exempted from those taxes in (*country*).
- d) Personal and household effects imported for personal use by natural persons (and members of their immediate families), other than those recruited locally, engaged in carrying out tasks defined in technical co-operation contracts, shall be exempted from customs duties, import duties, taxes and other fiscal charges having equivalent effect, the said personal and household effects being re-exported or disposed of in the state, in accordance with the regulations in force in (*country*) after termination of the contract.

#### **Article 27      Supervision, control and audit by the Commission and the European Court of Auditors**

- (1) All Financing Agreements as well as all resulting programmes and subsequent contracts shall be subject to supervision and financial control by the Commission including the European Anti-Fraud Office (OLAF) and audits by the European Court of Auditors. This includes the right of the Delegation of the Commission in (*country*) to carry out measures such as ex-ante verification of tendering and contracting carried out by the related operating structures, as long as ex-ante control has not been waived in accordance with Article 16 above. The duly authorised agents or representatives of the Commission and of OLAF shall have the right to carry out any technical and financial verification that the Commission or OLAF consider necessary to follow the implementation of a programme including visits of sites and premises at which Community financed activities are implemented. The Commission shall give the national authorities concerned advance notice of such missions.

- (2) The Beneficiary shall supply all requested information and documents including any computerised data and take all suitable measures to facilitate the work of the persons instructed to carry out audits or inspections.
- (3) The Beneficiary shall maintain records and accounts adequate to identify the services, supplies, works and grants financed under the related Financing Agreement in accordance with sound accounting procedures. The Beneficiary shall also ensure that the agents or representatives of the Commission including OLAF have the right to inspect all relevant documentation and accounts pertaining to items financed under the related Financing Agreement and assist the European Court of Auditors to carry out audits relating to the use of Community funds.
- (4) In order to ensure the efficient protection of the financial interests of the Community, the Commission including OLAF may also conduct documentary and on-the-spot checks and inspections in accordance with the procedural provisions of Council Regulation (EC, Euratom) No 2185/1996 of 11 November 1996 <sup>(6)</sup>. These checks and inspections shall be prepared and conducted in close collaboration with the competent authorities designated by the Beneficiary, which shall be notified in good time of the object, purpose and legal basis of the checks and inspections, so that they can provide all the requisite help. The Beneficiary shall identify a service which will assist at OLAF's request in conducting investigations in accordance with Council Regulation (EC, Euratom) No 2185/1996. If the Beneficiary wishes, the on-the-spot checks and inspections may be carried out jointly with them. Where the participants in Community financed activities resist an on-the-spot check or inspection, the Beneficiary, acting in accordance with national rules, shall give Commission/OLAF inspectors such assistance as they need to allow them to discharge their duty in carrying out an on-the-spot check or inspection.

The Commission/OLAF shall report as soon as possible to the Beneficiary any fact or suspicion relating to an irregularity which has come to its notice in the course of the on-the-spot check or inspection. In any event, the Commission/OLAF shall be required to inform the above-mentioned authority of the result of such checks and inspections.

- (5) The controls and audits described above are applicable to all contractors and sub-contractors who have received Community funds including all related information to be found in the documents of the national fund of the Beneficiary concerning the national contribution.
- (6) Without prejudice to the responsibilities of the Commission and the European Court of Auditors, the accounts and operations of the National Fund and, where applicable, operating structures may be checked at the discretion of the Commission by the Commission itself or by an external auditor assigned by the Commission.

## **Article 28 Prevention of irregularity and fraud, measures against corruption**

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<sup>6</sup> OJ L 292, 15 November 1996, p. 2

- (1) The Beneficiary shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that foreseen in the Commission Regulation (EC) No 1828/2006 of 8 December 2006 <sup>(7)</sup>. In the case of suspected fraud or irregularity, the Commission shall be informed without delay.
- (2) Furthermore, the Beneficiary shall take any appropriate measure to prevent and counter any active or passive corruption practices at any stage of the procurement procedure or grant award procedure or during the implementation of corresponding contracts.
- (3) The Beneficiary, including the personnel responsible for the implementation tasks of the Community financed activities, undertakes to take whatever precautions are necessary to avoid any risk of conflict of interests and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.
- (4) The following definitions shall apply:
  - a) *Irregularity* shall mean any infringement of a provision of applicable rules and contracts resulting from an act or an omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.
  - b) *Fraud* shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.
  - c) *Active corruption* is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the financial interests of the European Communities.
  - d) *Passive corruption* is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the financial interests of the European Communities.

## **Article 29 Recovery of funds in case of irregularity or fraud**

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<sup>7</sup> OJ L 371, 27 December 2006, p. 4

(1) Any proven case of irregularity or fraud discovered at any time during the implementation of assistance under IPA or as the result of an audit will lead to the recovery of the funds by the Commission from the Beneficiary.

(2) The national authorising officer shall recover the Community contribution paid to the Beneficiary from those who committed the irregularity, fraud or corruption or benefited from it, in accordance with national recovery procedures. The fact that the national authorising officer does not succeed in recovering all or part of the funds shall not prevent the Commission from recovering the funds from the Beneficiary.

### **Article 30 Financial corrections**

(1) In the case of decentralised management, in order to ensure that the funds are used in accordance with the applicable rules, the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53b(4) and 53c(2) of the Financial Regulation and as detailed in Sectoral Agreements or Financing Agreements.

(2) A financial correction may arise following either:

- identification of a specific irregularity, including fraud;
- identification of a weakness or deficiency in the management and control systems of the Beneficiary;

(3) If the Commission finds that expenditure under the programmes covered by IPA has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Community financing.

(4) The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the Commission, following the criteria and procedures provided for in Articles 32, 33 and 34 below. Provisions on financial corrections which have been set down in Sectoral Agreements or Financing Agreements shall apply in addition to this Framework Agreement.

### **Article 31 Financial adjustments**

In the case of decentralised management the national authorising officer, who bears in the first instance the responsibility for investigating irregularities, shall make the financial adjustments where irregularities or negligence are detected in operations or operational programmes, by cancelling all or part of the Community contribution to the operations or the operational programmes concerned. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community contribution.

### **Article 32 Criteria for financial corrections**

(1) The Commission may make financial corrections, by cancelling all or part of the Community contribution to a programme, in the situations referred to in Article 30(2) above.

(2) Where individual cases of irregularity are identified, the Commission shall take into account the systemic nature of the irregularity to determine whether flat-rate

corrections, punctual corrections or corrections based on an extrapolation of the findings should be applied. For the Rural Development Component, criteria for financial corrections are set out in Financing Agreements or Sectoral Agreements.

- (3) When deciding the amount of a correction, the Commission shall take into account the nature and gravity of the irregularity and/or the extent and financial implications of the weaknesses or the deficiencies found in the management and control system in the programme concerned.

### **Article 33 Procedure for financial corrections**

- (1) Before taking a decision on a financial correction, the Commission shall inform the national authorising officer of its provisional conclusions and request his comments within two months.

Where the Commission proposes a financial correction on the basis of extrapolation or at a flat rate, the Beneficiary shall be given the opportunity to establish the actual extent of the irregularity, through an examination of the documentation concerned. In agreement with the Commission, the Beneficiary may limit the scope of this examination to an appropriate proportion or sample of the documentation concerned. Except in duly justified cases, the time allowed for this examination shall not exceed a period of two months after the two-month period referred to in the first subparagraph.

- (2) The Commission shall take account of any evidence supplied by the Beneficiary within the time limits mentioned in paragraph 1.
- (3) The Commission shall endeavour to take a decision on the financial correction within six months after opening the procedure as set out in paragraph 1.

### **Article 34 Repayment**

- (1) Any repayment to the general budget of the European Union shall be effected before the due date indicated in the recovery order drawn up in accordance with Article 72 of the Financial Regulation. The due date shall be the last day of the second month following the issuing of the order.
- (2) Any delay in repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

### **Article 35 Re-use of Community contribution**

- (1) The resources from the Community contribution cancelled following financial corrections pursuant to Article 30 shall be paid to the Community Budget, including interest thereon.



- (2) The contribution cancelled or recovered in accordance with Article 31 above may not be re-used for the operation or operations that were the subject of the recovery or the adjustment, nor, where the recovery or adjustment is made for a systemic irregularity, for existing operations within the whole or part of the priority axis in which the systemic irregularity occurred.

**Article 36 Monitoring in the case of decentralised management, monitoring committees**

- (1) In the case of decentralised management, the Beneficiary shall, within six months after the entry into force of the first financing agreement, set up an IPA monitoring committee, in agreement with the Commission, to ensure coherence and coordination in the implementation of the IPA components.
- (2) The IPA monitoring committee shall be assisted by sectoral monitoring committees set up under the IPA components. They shall be attached to programmes or components. They may include representatives of civil society, where appropriate. More detailed rules may be provided for in Financing Agreements or Sectoral Agreements.
- (3) The IPA monitoring committee shall satisfy itself as to the overall effectiveness, quality and coherence of the implementation of all programmes and operations towards meeting the objectives set out in the multi-annual indicative planning documents and the financing agreements.
  - (a) The IPA monitoring committee may make proposals to the Commission, the national IPA co-ordinator and the national authorising officer for any actions to ensure the coherence and co-ordination between the programmes and operations implemented under the different components, as well as for any cross-component corrective measures needed to ensure the achievement of the global objectives of the assistance provided, and to enhance its overall efficiency. It may also make proposals to the relevant sectoral monitoring committee(s) for decisions on any corrective measures to ensure the achievements of programme objectives and enhance the efficiency of assistance provided under the programmes or IPA component(s) concerned;
  - (b) The IPA monitoring committee shall adopt its internal rules of procedure in compliance with a monitoring committee mandate established by the Commission, and within the institutional, legal and financial framework of (*country*);
  - (c) Unless otherwise provided in the monitoring committee mandate set out by the Commission, the following provisions shall apply:
    - aa) The IPA monitoring committee shall include among its members representatives of the Commission, the national IPA co-ordinator, the national authorising officer, representatives of the operating structures, and the strategic co-ordinator.
    - bb) A representative of the Commission and the national IPA co-ordinator shall co-chair the IPA monitoring committee meetings;
    - cc) The IPA monitoring committee shall meet at least once a year. Intermediate meetings may also be convened on a thematic basis.

### **Article 37 Monitoring in the case of centralised and joint management**

In the case of centralised and joint management, the Commission may undertake any actions it deems necessary to monitor the programmes concerned. In the case of joint management, these actions may be carried out jointly with the international organisation(s) concerned.

### **Article 38 Annual and final reports on implementation**

- (1) The operating structures shall draw up a sectoral annual report and a sectoral final report on the implementation of the programmes for which they are responsible, in compliance with the procedures defined for each IPA component in Part II of the IPA Implementing Regulation.

The sectoral annual reports on implementation shall cover the financial year. The sectoral final reports on implementation shall cover the whole period of implementation and may include the last sectoral annual report.

- (2) The reports referred to in paragraph 1 shall be sent to the national IPA co-ordinator, the national authorising officer and to the Commission, after examination by the sectoral monitoring committees.
- (3) On the basis of the reports referred to in paragraph 1, the national IPA co-ordinator shall send to the Commission and the national authorising officer, after examination by the IPA monitoring committee, annual and final reports on the implementation of assistance under the IPA Regulation.
- (4) The annual report on implementation referred to in paragraph 3, which shall be sent by 31 August each year and for the first time in 2008, shall synthesise the different sectoral annual reports issued under the different components and shall include information about:
- a) progress made in implementing Community assistance, in relation to the priorities set up in the multi-annual indicative planning document and the different programmes;
  - b) financial implementation of Community assistance.
- (5) The final report on the implementation as referred to in paragraph 3 shall cover the whole period of implementation and may include the latest annual report mentioned in paragraph 4.

### **Article 39 Closure of programmes under decentralised management**

- (1) After an application for final payment has been received by the Commission from the Beneficiary, a programme is considered closed as soon as one of the following occurs:
- payment of the final balance due by the Commission;
  - issuance of a recovery order by the Commission;
  - de-commitment of appropriations by the Commission.
- (2) The closure of a programme does not prejudice the right of the Commission to undertake a financial correction at a later stage.

- (3) The closure of a programme does not affect the obligations of the Beneficiary to continue to retain related documents.
- (4) In addition to paragraph 1 to 3 above, more detailed rules on the closure of programmes may be set out in Financing Agreements or Sectoral Agreements.

#### **Article 40 Closure of programmes under centralised and joint management**

- (1) A programme is closed when all the contracts and grants funded by this programme have been closed.
- (2) After a final payment application has been received, a contract or grant is considered closed as soon as one of the following occurs:
  - payment of the final amount due by the Commission;
  - issuance of a recovery order by the Commission following receipt of the final payment application;
  - de-commitment of appropriations by the Commission.
- (3) The closure of a contract or grant does not prejudice the right of the Commission to undertake a financial correction at a later stage.
- (4) In addition to paragraph 1 to 3 above, more detailed rules on the closure of programmes may be set out in Financing Agreements or Sectoral Agreements.

### **SECTION VI FINAL PROVISIONS**

#### **Article 41 Consultation**

- (1) Any question relating to the execution or interpretation of this Framework Agreement shall be the subject of consultation between the Contracting Parties leading, where necessary, to an amendment of this Framework Agreement.
- (2) Where there is a failure to carry out an obligation set out in this Framework Agreement which has not been the subject of remedial measures taken in due time, the Commission may suspend the financing of activities under IPA after consultation with the Beneficiary.
- (3) The Beneficiary may renounce in whole or in part the implementation of activities under IPA. The Contracting Parties shall set out the details of the said renunciation in an exchange of letters.

#### **Article 42 Settlement of differences, arbitration**

- (1) Differences arising out of the interpretation, operation and implementation of this Framework Agreement, at any and all levels of participation, will be settled amicably through consultation as provided for under Article 41.
- (2) In default of amicable settlement, either Contracting Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Framework Agreement.

- (3) The language to be used in the arbitral proceedings shall be English. The appointing authority shall be the Secretary-General of the Permanent Court of Arbitration following a written request submitted by either Contracting Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

#### **Article 43 Disputes with third parties**

- (1) Without prejudice to the jurisdiction of the court designated in a contract as the competent court for disputes arising out of that contract between the parties to it, the European Community shall enjoy in the territory of (*country*) immunity from suit and legal process with respect to any dispute between the European Community and/or the Beneficiary and a third party, or between third parties, which directly or indirectly relates to the provision of Community Assistance to the Beneficiary under this Framework Agreement, except in so far as in any particular case the European Community has expressly waived its immunity.
- (2) The Beneficiary shall in any legal or administrative proceedings before a court, tribunal or administrative instance in (*country*) defend this immunity and take a position which takes duly account of the interests of the European Community. Where necessary, the Beneficiary and the European Commission shall proceed with consultations on the position to take.

#### **Article 44 Notices**

- (1) Any communication in connection with this Framework Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Framework Agreement must be sent to the following addresses:

For the Commission:	For the Beneficiary:
Directorate-General Enlargement	Postal address
<i>Postal address</i>	<i>Fax</i>
<i>Fax</i>	

#### **Article 45 Annexes**

The Annexes shall be deemed an integral part of this Framework Agreement.

#### **Article 46 Entry into force**

This Framework Agreement shall enter into force on the day on which the Contracting Parties inform each other in writing of its approval in accordance with the existing internal legislation or procedure of each of the Parties.

#### **Article 47 Amendment**

Any amendment agreed to by the Contracting Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the date determined by the Contracting Parties.

**Article 48 Termination**

- (1) This Framework Agreement shall continue to be in force for an indefinite period unless terminated by written notification by one of the Contracting Parties.
- (2) On termination of this Framework Agreement, any assistance still in the course of execution shall be carried out to its completion in accordance with this Framework Agreement and any Sectoral Agreement and Financing Agreement.

**Article 49 Language**

This Framework Agreement is drawn up in duplicate in the English language.

Signed, for and on behalf of the Government of (*country*),

at

by .....

Signed, for and on behalf of the Commission,

at

by .....

# ANNEX A

## **Allocation of functions and common responsibilities to the structures, authorities and bodies in accordance with Article 8 of the Framework Agreement between the Commission and the Beneficiary of *(date)***

*Preliminary remark:*

*This list shows the main functions and common responsibilities of the structures, authorities and bodies concerned. It is not to be considered exhaustive. It supplements the core part of this Framework Agreement.*

### **1) The Competent Accrediting Officer (CAO):**

- a) The CAO shall be appointed by the Beneficiary. He/she shall be a high-ranking official in the government or the state administration of *(country)*.
- b) The CAO shall be responsible for issuing, monitoring and suspending or withdrawing the accreditation of the national authorising officer (NAO) both
  - as the head of the national fund bearing overall responsibility for the financial management of EU funds in *(country)* and being responsible for the legality and regularity of the underlying transactions;
  - with regard to the NAO's capacity to fulfill the responsibilities for the effective functioning of management and control systems under IPA.

The accreditation of the NAO shall also cover the national fund (NF).

The CAO shall notify the Commission of the accreditation of the NAO and shall inform the Commission of any changes regarding the accreditation of the NAO. This includes the provision of all relevant supporting information required by the Commission.

- c) Prior to accrediting the NAO, the CAO shall satisfy himself that the applicable requirements set out in Article 11 of the IPA Implementing Regulation are fulfilled. This includes the verification of the compliance of the management and control system set up by the Beneficiary for effective controls in at least the areas set out in the Annex to the IPA Implementing Regulation (accreditation criteria). This annex provides for the following overall requirements:
  - Control environment (establishment and management of the organisation and the staff) comprising ethics and integrity policies, irregularity management and reporting, staff planning, recruitment, training and appraisal including sensitive post management, sensitive functions and conflicts of interest, establishment of legal bases for bodies and individuals, formal establishment of accountability, responsibility, delegated responsibility and any necessary related authority for all tasks and positions throughout the organisation);
  - Planning and risk management comprising risk identification, assessment and management, objective setting and allocation of resources against objectives, planning of the implementation process;

- Control activities (implementation of interventions) comprising verification procedures, procedures for supervision by accountable management of tasks delegated to subordinates, including annual statements of assurance from subordinate actors, rules for each type of procurement and calls for proposals, procedures including checklists for each step of procurement and calls for proposals, rules and procedures on publicity, payment procedures, procedures for monitoring the delivery of co-financing, budgetary procedures to ensure the availability of funds, procedures for continuity of operations, accounting procedures, reconciliation procedures, reporting of exceptions, amongst others exceptions to normal procedures approved at appropriate level, unapproved exceptions and control failures whenever identified, security procedures, archiving procedures, segregation of duties and reporting of internal control weaknesses;
- Monitoring activities (supervision of interventions), comprising internal audit with handling of audit reports and recommendations, evaluations;
- Communication (ensuring all actors receive information necessary to fulfil their role) comprising the regular coordination meetings between different bodies to exchange information on all aspects of planning and implementation and the regular reporting at all appropriate levels on efficiency and effectiveness of internal control.

## **2) The National IPA Coordinator (NIPAC):**

- a) The NIPAC shall be appointed by the Beneficiary. He/she shall be a high-ranking official in the government or the state administration of the Beneficiary.
- b) He/she shall ensure the overall coordination of assistance under IPA.
- c) The NIPAC shall ensure partnership between the Commission and the Beneficiary and close link between the general accession process and the use of pre-accession assistance under IPA. He/she shall bear the overall responsibility for
  - the coherence and coordination of the programmes provided under IPA;
  - the annual programming for the Transition Assistance and Institution Building Component at national level;
  - the co-ordination of the participation of the Beneficiary in the relevant cross-border programmes both with Member States and with other Beneficiary countries, as well as the transnational, interregional or sea basins programmes under other Community instruments. The NIPAC may delegate the tasks relating to this co-ordination to a cross-border co-operation co-ordinator.
- d) The NIPAC shall draw up and, after examination by the IPA monitoring committee, submit to the Commission the IPA annual and final reports on implementation as defined in Article 38 of this Framework Agreement and in Article 61(3) of the IPA Implementing Regulation. He/she shall send a copy of these reports to the NAO.

### 3) The Strategic Co-ordinator:

- a) A strategic co-ordinator shall be appointed by the Beneficiary to ensure the co-ordination of the Regional Development Component and Human Resources Development Component under the responsibility of the national IPA co-ordinator. The strategic co-ordinator shall be an entity within the state administration of the Beneficiary with no direct involvement in the implementation of components concerned.
- b) The strategic co-ordinator shall in particular:
  - co-ordinate assistance granted under the Regional Development Component and the Human Resources Development Component;
  - draft the strategic coherence framework as defined in Article 154 of the IPA Implementing Regulation;
  - ensure co-ordination between sectoral strategies and programmes.

### 4) The National Authorising Officer (NAO):

The NAO shall be appointed by the Beneficiary. He/she shall be a high-ranking official in the government or the state administration of the Beneficiary.

The NAO shall fulfil the following functions and assume the following responsibilities:

- a) As the head of the national fund, bearing overall responsibility for the financial management of EU funds in (*country*) and being responsible for the legality and regularity of the underlying transactions. The NAO shall in particular fulfil the following tasks as regards these responsibilities:
  - providing assurance about the regularity and legality of underlying transactions;
  - drawing up and submitting to the Commission certified statements of expenditure and payment applications; he/she shall bear overall responsibility for the accuracy of the payment application and for the transfer of funds to the operating structures and/or final beneficiaries;
  - verifying the existence and correctness of the co-financing elements;
  - ensuring the identification and immediate communication of any irregularity;
  - making the financial adjustments required in connection with irregularities detected, in accordance with Article 50 of the IPA Implementing Regulation;
  - being the contact point for financial information sent between the Commission and the Beneficiary.
- b) being responsible for the effective functioning of management and control systems under IPA. The NAO shall in particular fulfil the following tasks as regards these responsibilities:
  - being responsible for issuing, monitoring and suspending or withdrawing the accreditation of the operating structures;



- ensuring the existence and effective functioning of systems of management of assistance under IPA;
- ensuring that the system of internal control concerning the management of funds is effective and efficient;
- reporting on the management and control system;
- ensuring that a proper reporting and information system is functioning;
- following-up the findings of audit reports from the audit authority, in accordance with Article 18 of this Framework Agreement and Article 30(1) of the IPA Implementing Regulation;
- immediately notifying the Commission, with a copy of the notification to the CAO, any significant change concerning the management and control systems.

As corollary to the responsibilities under a) and b) above, the NAO shall establish an Annual Statement of Assurance as defined in Article 17 of this Framework Agreement and following **ANNEX B** to this Agreement, which shall include:

- a) a confirmation of the effective functioning of the management and control systems;
- b) a confirmation regarding the legality and regularity of the underlying transactions;
- c) information concerning any changes in systems and controls, and elements of supporting accounting information.

If the confirmations regarding the effective functioning of the management and control systems and the legality and regularity of underlying transactions (a) and b) above) are not available, the NAO shall inform the Commission, copy to the CAO, of the reasons and potential consequences as well as of the actions being taken to remedy the situation and to protect the interests of the Community.

**5) The National Fund (NF):**

- a) The NF shall be a body located in a State level Ministry of the Beneficiary and shall have central budgetary competence and act as central treasury entity.
- b) The NF shall be in charge of tasks of financial management of assistance under IPA, under the responsibility of the NAO.
- c) The NF shall in particular be in charge of organising the bank accounts, requesting funds from the Commission, authorising the transfer of funds from the Commission to the operating structures or to the final beneficiaries and the financial reporting to the Commission.

**6) The Operating Structures:**

- a) An operating structure shall be established for each IPA component or programme to deal with the management and implementation of assistance under IPA. The operating structure shall be a body or a collection of bodies within the administration of the Beneficiary.

- b) The operating structure shall be responsible for managing and implementing the IPA programme or programmes concerned in accordance with the principle of sound financial management. For those purposes, the operating structure shall carry a number of functions that include:
- drafting the annual or multi-annual programmes;
  - monitoring programme implementation and guiding the work of the sectoral monitoring committee as defined in Article 36(2) of this Framework Agreement and in Article 59 of the IPA Implementing Regulation, notably by providing the documents necessary for monitoring the quality of implementation of the programmes;
  - drawing up the sectoral annual and final implementation reports defined in Article 38(1) and (2) of this Framework Agreement and in Article 61(1) of the IPA Implementing Regulation and, after their examination by the sectoral monitoring committee, submitting them to the Commission the NIPAC and the NAO;
  - ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant Community and national rules;
  - setting up procedures to ensure the retention of all documents regarding expenditure and audits required to ensure an adequate audit trail;
  - arranging for tendering procedures, grant award procedures, the ensuing contracting, and making payments to, and recovery from, the final Beneficiary;
  - ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;
  - ensuring that the NF and the NAO receive all necessary information on the procedures and verifications carried out in relation to expenditure;
  - setting up, maintaining and updating the reporting and information system;
  - carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with the applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final Beneficiary are correct: These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
  - ensuring internal audit of its different constituting bodies;
  - ensuring irregularity reporting;
  - ensuring compliance with the information and publicity requirements.
- c) The heads of the bodies constituting the operating structure shall be clearly designated and shall be responsible for the tasks assigned to their respective bodies, in accordance with Article 8(3) of this Framework Agreement and with Article 11(3) of the IPA Implementing Regulation.

## 7) The Audit Authority:

- a) The audit authority shall be designated by the Beneficiary and shall be functionally independent from all actors in the management and control system and comply with internationally accepted audit standards.
- b) The audit authority shall be responsible for the verification of the effective and sound functioning of the management and control systems.
- c) The audit authority, under the responsibility of its head, shall in particular fulfil the following functions and assume the following responsibilities:

- During the course of each year, establishing and fulfilling an **annual audit work plan** which encompasses audits aimed at verifying:
  - the effective functioning of the management and control systems;
  - the reliability of accounting information provided to the Commission.

The audit work shall include audits of an appropriate sample of operations or transactions, and an examination of procedures.

The annual audit work plan shall be submitted to the NAO and the Commission before the start of the year in question.

- submitting reports and opinions as follows:
  - an **annual audit activity report** following the model in **ANNEX C** to this Framework Agreement and setting out the resources used by the audit authority, and a summary of any weaknesses found in the management and control system or in transaction findings from the audits carried out in accordance with the annual audit work plan during the previous 12 month period, ending on 30 September of the year concerned. The annual audit activity report shall be addressed to the Commission, the NAO and the CAO by 31 December each year. The first such report shall cover the period 1 January 2007 - 30 November 2007.
  - an **annual audit opinion** following the model set out in **ANNEX D** to this Framework Agreement as to whether the management and control systems function effectively and conform to the requirements of this Framework Agreement and the IPA Implementing Regulation and/or any other agreements between the Commission and the Beneficiary. This opinion shall be addressed to the Commission, the NAO and the CAO. It shall cover the same period and have the same deadline as the annual audit activity report.
  - an **opinion on any final statement of expenditure** submitted to the Commission by the NAO, for the closure of any programme or of any part thereof. Where appropriate, the final statement of expenditure may include payment applications in the form of accounts submitted annually. This opinion shall address the validity of the final payment application, the accuracy of the financial information, and, where appropriate, be supported by a final audit activity report. It shall follow the model provided in **ANNEX E** to this Framework Agreement. It shall be sent to the Commission and to the CAO at the same time as the relevant final statement of expenditure submitted by the NAO, or at least within three months of the submission of that final statement of expenditure.

- Further specific requirements for the annual audit work plan and/or the reports and opinions mentioned under the previous bullet point may be set out in the Sectoral Agreements or Financing Agreements.
- With regard to the methodology for the audit work, reports and audit opinions, the audit authority must comply with international standards on auditing in particular as regards the areas of risk assessment, audit materiality and sampling. That methodology may be complemented by any further guidance and definitions from the Commission, notably in relation to an appropriate general approach to sampling, confidence levels and materiality.

# ANNEX B

## to the Framework Agreement between the Commission and the Government of (*country*)

### Statement of Assurance<sup>69</sup>

#### of the National Authorising Officer of (*country*)<sup>70</sup>

I, (*name, first name, official title or function*), National Authorising Officer of (*country*) herewith present to the Commission the [statement of expenditure] [accounts and statement of expenditure]<sup>71</sup> of the Instrument for Pre-accession (IPA) for (*country*) for the financial year 01/01/20xx to 31/12/20xx.

I declare that I have put in place, and supervised the operation of, a management and internal control system relating to the IPA component [1 to 5] (Annual Management Declaration).

I confirm, based on my own judgment and on the information at my disposal, including, *inter alia*, the results of the work of the internal audit, that:

- The expenditure declared [and the accounts submitted]<sup>3</sup> to the Commission during the financial year 01/01/20xx to 31/12/20xx give<sup>3</sup>[s], to the best of my knowledge, a true, complete and accurate view of the expenditure and receipts related to the IPA component [1 to 5] for the financial year mentioned above;
- The management and control system has functioned effectively to provide reasonable assurance on the legality and regularity of the underlying transactions including, *inter alia*, the adherence to the principles of sound financial management;
- The management and control system in operation for component [1 to 5] was not [significantly]<sup>72</sup> changed as compared to the description provided at the moment of submitting the application for conferral of management (taking into account of changes notified to the Commission in previous years);
- All relevant contractual agreements which could have a material effect on the expenditure declared [and the accounts submitted]<sup>3</sup> during the reference period in the event of non-compliance have been complied with. There have been no incidences of non-compliance with Community rules that could have a material effect on the expenditure declared [and the accounts submitted]<sup>3</sup> in the event of non-compliance.

I confirm that, where necessary, I have taken appropriate actions in respect of the reports and opinions from the audit authority issued to date in accordance with Article 29 of the IPA Implementing Regulation.

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<sup>69</sup> per component

<sup>70</sup> pursuant to Article 27 of the IPA Implementing Regulation

<sup>71</sup> option to be selected for component 5

<sup>72</sup> where appropriate

[This assurance is, however, subject to the following reservations *<also describe remedial actions>*:

- ...
- ... ]

Furthermore, I confirm that I am not aware of any undisclosed matter which could be damaging to the financial interest of the Community.

*(Place and date of issue*

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*Signature*  
*Name and official title or function of the National Authorising Officer)*

MODEL

**ANNEX C**  
**to the Framework Agreement between the Commission and the**  
**Government of (*country*)**

**Annual Audit Activity Report<sup>73</sup>**  
**of the Audit Authority of (*country*)<sup>74</sup>**

addressed to

- the European Commission, Directorate-General ...
- the Competent Accrediting Officer (CAO) of (*country*) and
- [copy to]<sup>75</sup> the National Authorising Officer (NAO) of (*country*)

## **INTRODUCTION**

- Identify the component/programme of IPA covered by the report
- Indicate the bodies that have been involved in preparing the report, including the Audit Authority itself
- Describe the steps taken for the preparation of the report
- Indicate the scope of the audits (including the expenditure declared to the Commission for the year concerned in respect of the relevant operations)
- Indicate the period which is covered by this annual audit activity report (*previous 12 months ending on 30/09/20xx*)

## **SUMMARY OF FINDINGS**

- Describe the nature and extent of findings arisen from both systems and substantive testing. (Categorise these findings by reference to their level of importance - "major", "intermediate" and "minor". The list of these findings is shown in the annex to this report). Indicate those errors, which are considered systemic in nature and assess the probability of a possible subsequent qualification linked to the errors. Describe and quantify any irregularities encountered.

## **CHANGES IN MANAGEMENT AND CONTROL SYSTEMS**

- Indicate any significant changes in the management and control systems as compared to the description provided for at the moment of submitting the application for conferral of management (decentralised management) and since the last annual audit activity report.
- Confirm whether or not the changes referred to have been communicated by the NAO in accordance with Annex A 4) b) of the Framework Agreement.

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<sup>73</sup> per component

<sup>74</sup> pursuant to Article 29(2)(b) of the IPA Implementing Regulation

<sup>75</sup> option to be selected

## **CHANGES TO THE ANNUAL AUDIT WORK PLAN**

- Indicate any changes that have been made to the annual audit work plan or are proposed, giving explanations and reasons.
- Given the changes listed above, describe the audit approach adopted in response. Outline the implications of the changes and deviations, including an indication of the basis for selection of any additional audits in the context of the revised annual audit work plan.

## **SYSTEMS AUDITS**

- Indicate the bodies that have carried out systems testing for the purpose of this report, including the Audit Authority itself.
- Attach a summary list of the audits carried out; indicate the materiality and confidence levels applied (%), where appropriate, and the date on which the audit report was forwarded to the Commission.
- Describe the basis for selection of the audits in the context of the annual audit work plan.
- Describe the principal findings and the conclusions drawn from the audit work for the management and control systems, including the adequacy of the audit trail and compliance with Community requirements and policies.
- Indicate any financial impact of findings.
- Provide information on the follow-up of the audit findings and in particular any corrective and preventive measures applied or recommended.

## **AUDITS OF SAMPLE OF OPERATIONS**

- Indicate the bodies that have carried out substantive testing for the purpose of this report, including the Audit Authority itself.
- Attach a summary list indicating the number of audits carried out, the materiality and confidence levels applied (%), where appropriate, and the amount of expenditure checked, broken down by components, programme priority axis and/or measure if relevant, distinguishing between risk-based and statistical sampling, where appropriate. Provide the percentage of expenditure checked in relation to total eligible expenditure declared to the Commission (both for the period in question and cumulatively).
- Describe the basis for selection of the operations inspected.
- Describe the principal results of the substantive testing, indicating in particular, the overall rate of financial errors in proportion to the total expenditure audited resulting from the sample.
- Provide information on the follow-up of errors the application of any financial adjustments and/or any remedial action plan.
- Indicate any resulting financial corrections.



## **CO-ORDINATION BETWEEN AUDIT BODIES AND SUPERVISORY WORK OF THE AUDIT AUTHORITY**

- Describe the procedure for co-ordination between different national audit bodies and the audit authority itself (if applicable).
- Describe the procedure for supervision applied by the audit authority to other audit bodies (if applicable).

## **FOLLOW-UP OF PREVIOUS YEARS' AUDIT ACTIVITY**

- Provide information, where appropriate, on the follow-up to audit recommendations and results of audits of operations from earlier years.

## **RESOURCES USED BY THE AUDIT AUTHORITY**

- Describe the resources used in order to establish this Annual Audit Activity Report

**ANNEX: Annual audit work plan** for the reference year (*previous 12 months ending on 30/09/20xx*)

[List of findings according to point 2 above]

[List of changes according to point 4 above]

[Summary list according to point 5 above following the model enclosed]

[Summary list according to point 6 above following the model enclosed]

**[Summary list according to point 5 above] FOR SYSTEMS AUDITS**

Date of performance of the systems audit	Programme / system audited	Auditing entity	Expenditure declared in reference year	Total cumulative expenditure declared	Basis of selection of the programme

**[Summary list according to point 6 above] FOR DECLARED EXPENDITURE AND SAMPLE AUDITS**

Fund	Reference (CCI no)	Programme	Expenditure declared in ref year	Expenditure in ref year audited for the random sample		Amount and percentage (error rate) of irregular expenditure in random sample (3)		Other expenditure audited (4)	Amount of irregular expenditure in other expenditure sample	Total expenditure declared cumulatively	Total expenditure <i>audited</i> cumulatively as a percentage of total expenditure <i>declared</i> cumulatively	Materiality level (%)	Confidence level (%)
				1.	2.	Amount	%						

1. Amount of expenditure audited.
2. Percentage of expenditure audited in relation to expenditure declared to the Commission in the reference year.
3. Where the random sample covers more than one Fund or programme, the information is provided for the whole sample.
4. Expenditure from complementary sample and expenditure for random sample not in reference year.

# ANNEX D

## to the Framework Agreement between the Commission and the Government of (*country*)<sup>76</sup>

### Annual Audit Opinion

#### of the Audit Authority of (*country*)<sup>77</sup> on the management and control systems

addressed to

- the European Commission, Directorate-General .....
- the Competent Accrediting Officer (CAO) of (*country*) and
- [copy to]<sup>78</sup> the National Authorising Officer (NAO) of (*country*)

#### **Introduction:**

I, (*name, first name, official title or function*), Head of the Audit Authority of (*country*), (*name of Audit Authority designated*), have examined the functioning of the management and control systems for the operations under component [1 to 5] of the Instrument for pre-accession (IPA) during the previous 12-month period ended on (*date*), as presented in the description sent to the Commission on (*date*) at the moment of submitting the application for conferral of management (taking into account of changes notified to the Commission in previous years on (*date*) together with the changes identified in the annual audit activity report accompanying this opinion).

The objective of this examination is to issue an opinion on the conformity of the management and control systems with the Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA and as to whether these management and control systems - designed to contribute to the production of reliable [statements of expenditure] [accounts and statements of expenditure]<sup>79</sup> presented to the Commission and therefore to help to ensure, inter alia, the legality and regularity of the transactions underlying those statements - were operated effectively.

#### **Respective responsibilities of the NAO and the auditors:**

The NAO is responsible, inter alia, for the preparation and fair presentation of the Statement of Assurance in accordance with Article 25 of the IPA Implementing Regulation (IPA IR). This responsibility includes the expression of a representation as regards the truth, completeness and accuracy of the expenditure declared [and the accounts submitted]<sup>3</sup> to the Commission, as well as whether the effective functioning of the management and control systems under IPA provides reasonable assurance as to the legality and regularity of transactions underlying the Statement.

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<sup>76</sup> per component

<sup>77</sup> pursuant to Article 29(2)(b) of the IPA Implementing Regulation

<sup>78</sup> option to be selected

<sup>79</sup> option to be selected depending on the component

The NAO should base his/her assessment upon all information at his/her disposal. This includes the work of the internal audit service.

My responsibility in this report – in accordance with Article 29(2)(b) 2<sup>nd</sup> indent of the IPA IR - is to **express an opinion** on the effective functioning of the management and control systems established for the operations under the IPA component [1 to 5] during the previous 12-month period ended on (*date*) in all material respects.

Our audits are organised with this objective in mind (together with the objective of also providing opinions on expenditure declared [and annual accounts of Component 5]<sup>80</sup> and final statements of claim). We organise an overall audit work plan to fulfil all our responsibilities under Article 29 IPA IR. We did not plan and perform our audits with a view to be able to express an overall opinion on the reliability of the NAO's Statement of Assurance as such. However, we do state our conclusions whether the results of the audit work that we have carried out give rise to any significant doubts in respect of the Statement of Assurance. In particular we have assessed whether our audit findings are consistent with the presence or absence of reservations by the NAO to the Statement of Assurance. We conducted our audits in accordance with international auditing standards. Those standards require, inter alia, that we comply with ethical requirements, and that we plan and perform the audits to obtain reasonable assurance on which to base our opinion.

I believe that the work carried out provides a sound basis for our opinion.

#### **Scope of the examination:**

The audit assignments were carried out in accordance with the annual audit work plan in respect of this component during the 12-month period in question and reported in the annual audit activity report covering the period until ... (*date*).

Our system-based audit included an examination, on a test basis, of the design and operation of the management and control systems put in place by the beneficiary to effectively manage those risks which threaten the production of reliable [statements of expenditure] [accounts and statements of expenditure]<sup>3</sup> presented to the Commission.

#### **Indicate any limitations on the scope of the examination:**

- Explain any limitations

#### **Auditors' Opinion:**

##### ***[Option 1 - Unqualified opinion***

Based on the examination referred to above, it is my opinion that for the period 1 October 20xx until 30 September 20xx+1) the management and control systems established for the component [1 to 5] to contribute to the production of reliable [statements of expenditure] [accounts and statements of expenditure]<sup>3</sup> presented to the Commission and, therefore, to help to ensure, inter alia, the legality and regularity of the transactions underlying those statements, functioned effectively and, concerning its design and operation, complied in all material respects with all applicable requirements of the IPA Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA. Without expressing an opinion on the overall reliability of the Statement of Assurance I conclude that

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<sup>80</sup> option to be selected for component 5

the Statement of Assurance issued by the NAO did not contain any representations that would be materially inconsistent with our audit findings and which would therefore provide any reason to doubt that the Statement of Assurance has been correctly drawn up in accordance with the applicable legislation.

The audits were conducted between DD/MM/20YY and DD/MM/20YY. A report on my findings is delivered at the same date as the date of this opinion.

*(Place and date of issue*

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*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

***[Option 2 - Qualified opinion<sup>81</sup>***

Based on the examination referred to above, it is my opinion that for the period 1 October 20xx until 30 September 20xx+1) the management and control systems established for the component [1 to 5] to contribute to the production of reliable [statements of expenditure] [accounts and statements of expenditure]<sup>3</sup> presented to the Commission and, therefore, to help to ensure, inter alia, the legality and regularity of the transactions underlying those statements, functioned effectively and, concerning its design and operation, complied in all material respects with all applicable requirements of the IPA Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA except in the following respects:

- State and explain the qualifications (whether due to disagreement with the NAO or scope limitation); in particular, indicate the bodies concerned
- Indicate whether the qualifications are of a recurring / systemic nature or one-off

As a consequence, [(*country*)] [the ... authority] [any other actor(s)] has **failed** to comply with the requirements of the IPA Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA.

I estimate the **impact** of the qualification(s) to be ... EUR [%] of the total expenditure declared, corresponding to ... EUR [%] of the public contribution. The Community contribution affected is thus..... Without expressing an opinion on the overall reliability of the Statement of Assurance as a whole, I conclude that the Statement of Assurance issued by the NAO contained representation(s) that is / are materially inconsistent with our audit findings and which therefore provide(s) some reason to doubt that the Statement of Assurance has been correctly drawn up in accordance with the applicable legislation in this respect. This/These reservation(s) and inconsistency(ies) is / are: <describe reservation>

The audits were conducted between DD/MM/20YY and DD/MM/20YY. A report on my findings is delivered at the same date as the date of this opinion.

*(Place and date of issue*

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<sup>81</sup> applicable due to either disagreement with the NAO or scope limitation.

*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

***[Option 3 - Adverse opinion***

Based on the examination referred to above, it is my opinion that for the period 1 October 20xx until 30 September 20xx+1) the management and control systems established for the IPA component [1 to 5] to contribute to the production of reliable [statements of expenditure] [accounts and statements of expenditure]<sup>3</sup> presented to the Commission and, therefore, to help to ensure, inter alia, the legality and regularity of the transactions underlying those statements, did **not** function effectively and, concerning its design and operation, **failed** to comply, in significant respects, with applicable requirements of the IPA Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA.

This adverse opinion is based on the following observation(s):

- Describe the circumstances giving rise to the reservations – together with its significant compliance implications with Community rules - and name in particular the bodies affected, if applicable.

Because of the effects of the matters described in the preceding paragraph [(*country*)] [the ... authority] [any other actor(s)] has **failed** to comply with the requirements of the IPA Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA.

The audits were conducted between DD/MM/20YY and DD/MM/20YY. A report on my findings is delivered at the same date as the date of this opinion.

*(Place and date of issue*

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*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

***[Option 4 - Disclaimer of opinion***

Because of the significance of the matter discussed in the preceding paragraph, **I do not express an opinion** on the effectiveness of the management and control systems under the IPA component [1 to 5] for the period 1 October 20xx until 30 September 20xx+1 and its conformity with the IPA Framework Agreement and/or any other agreements between the Commission and (*country*) in the framework of IPA. Without expressing an opinion on the overall reliability of the Statement of Assurance as a whole, I conclude that the Statement of Assurance issued by the NAO contained representation(s) that is / are materially inconsistent with our audit findings and which therefore provide(s) some reason to doubt that the Statement of Assurance has been correctly drawn up in accordance with the applicable legislation in this respect. This/These reservation(s) and inconsistency(ies) is / are: <describe reservation>

*(Place and date of issue*

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*Signature*  
*Name and official title or function of the Head of the Audit Authority designated)]*

MODEL

# ANNEX E

## to the Framework Agreement between the Commission and the Government of (*country*)<sup>82</sup>

### Audit Opinion

of the Audit Authority of (*country*)<sup>83</sup>

on the final statement of expenditure of the [programme with reference: ...]

[on the accounts and statement of expenditure of component 5]<sup>84</sup>

[part ... of the programme with reference: ...]

[as supported by the final Audit Activity Report]<sup>85</sup>

addressed to

- the European Commission, Directorate-General .....
- the Competent Accrediting Officer (CAO) of (*country*)

#### 1. Introduction

I, (*name, first name, official title or function*), Head of the Audit Authority of (*country*), (*name of Audit Authority designated*), have examined the results of the audit work carried out on the programme (indicate programme - title, component, period, reference (CCI) number) by or under the responsibility of the Audit Authority in accordance with the audit work plan [and have carried out additional work as I judged necessary].

#### 2. Respective responsibilities of the National Authorising Officer (NAO) and the auditors

In accordance with Article 25 of the IPA Implementing Regulation (IPA IR) the preparation and fair presentation of the expenditure statements submitted to the Commission, as well as ensuring the legality and regularity of the transactions underlying those statements, rest with the NAO.

[This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances]<sup>5</sup>.

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<sup>82</sup> per component

<sup>83</sup> pursuant to Article 29(2)(b) of the IPA Implementing Regulation

<sup>84</sup> option to be selected for component 5

<sup>85</sup> where appropriate, in any case not applicable to component 5



My responsibility in this report – in accordance with Article 29(2)(b) 3<sup>rd</sup> indent of the IPA IR - is to express an opinion [on the reliability of the final statement of expenditure] [on the reliability of statement of expenditure and annual accounts]<sup>3</sup> [and the validity of the final payment application] submitted by the NAO. I conducted the audits in accordance with international auditing standards.

Those standards require that I plan and perform the audits in order to obtain reasonable assurance about whether the statement of expenditure [and the annual accounts]<sup>3</sup> [and the payment application for the final balance of the Community contribution to the programme] is [are] free of material misstatement [and the effectiveness of internal control procedures]<sup>3</sup>.

We organise an overall audit work plan to fulfil all our responsibilities under Article 29 of the IPA IR. The audits included [examination, on a test basis, of evidence supporting the amounts and disclosures in the final statement of expenditure and the payment application for the final balance of the Community contribution to the programme] [examination, on a test basis, of evidence supporting the information in the annual accounts, an examination of procedures and of an appropriate sample of transactions to obtain audit evidence about the amounts and disclosures in the statement of expenditure and the annual accounts]<sup>3</sup>. [The audits covered compliance of payments with Community rules only as regards the capability of the accredited administrative structures to ensure that such compliance has been checked before payment is made]<sup>86</sup>.

I believe that my audits provide a reasonable basis for my opinion.

### **3. Scope of the examination**

I have conducted my examination in accordance with Article 29(2)(b) IPA IR.

<The scope of our examination was not designed to form an opinion on the legality and regularity of the transactions underlying the final statement of expenditure submitted to the Commission.><sup>87</sup> <There were no limitations on the scope of the examination.><sup>5</sup>

The scope was further limited by the following factors:

- (a) ...
- (b) ...
- (c) ..., etc.

*(Indicate any limitation on the scope of the examination, for example any systemic problems, weaknesses in the management and control system, lack of supporting documentation, cases under legal proceedings, etc., and estimate the amounts of expenditure and the Community contribution affected. If the Audit Authority does not consider that the limitations have an impact on the final expenditure declared, this should be stated.)*

### **4. Errors and irregularities**

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<sup>86</sup> optional for component 5

<sup>87</sup> option to be selected

[The error rates and cases of irregularity found in the audit work are not such as to preclude an unqualified opinion given the satisfactory way they have been dealt with by the NAO and the trend in the level of their occurrence over time.]

**Or**

[The rate of errors and irregularities found in the audit work and the way, they have been dealt with by the NAO, are such as to preclude an unqualified opinion. A list of these cases is provided in the final audit activity report together with an indication of their possible systemic character and the scale of the problem.]

## **5. Auditors' opinion on the final statement of expenditure**

### **[Option 1 - Unqualified opinion**

*(If there have been no limitations on the scope of the examination, and the error rates and cases of irregularity and the way they have been dealt with by the NAO do not preclude an unqualified opinion)*

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], it is my opinion that the accounts submitted to the Commission for the operations under the IPA component [1 to 5] for the period from (date) to (date) (in particular, the statement of expenditure) are **presented fairly, in all material respects** <, including those pertaining to the legality and regularity of the underlying transactions><sup>88</sup> [and the internal control procedures have operated satisfactorily]<sup>3</sup>.]

**Or**

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], it is my opinion that the final statement of expenditure **presents fairly, in all material respects** - <including those pertaining to the legality and regularity of the underlying transactions><sup>7</sup> - the expenditure paid under the operational programme with reference:... of the IPA component [1 to 5] for the period from (date) to (date), and that the application for payment of the final balance of the Community contribution to this programme is valid.]

My audits were conducted between DD/MM/20YY and DD/MM/20YY.

*(Place and date of issue*

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*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

### **[Option 2 - Qualified opinion**

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<sup>88</sup> to be included optionally for components where applicable (see foot-note 6 above).

*(If there have been limitations on the scope of the examination and/or the error rates and cases of irregularity and the way they have been dealt with by the NAO calls for a qualified opinion but do not justify an unfavourable opinion for all the expenditure concerned)*

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], it is my opinion that the accounts submitted to the Commission for the operations under the IPA component [1 to 5] for the period from (date) to (date) are presented fairly in all material respects - <including those pertaining to the legality and regularity of the underlying transactions><sup>7</sup> [and the internal control procedures have operated satisfactorily]<sup>3</sup> - **except** in the following respects:

- (a) ...
- (b) ...
- (c) ..., etc.

*(state the qualifications, in particular the bodies concerned, and explain, e.g. whether they are of a recurring / systemic nature or one-off)*

I estimate the impact of the qualification(s) to be [EUR] [%]... of the total expenditure declared, [corresponding to [EUR] [%] of the public contribution]. The Community contribution affected is thus ....].

**Or**

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], it is my opinion that the final statement of expenditure presents fairly, in all material respects -<including those pertaining to the legality and regularity of the underlying transactions><sup>7</sup> the expenditure paid under the operational programme with reference:... of the IPA component [1 to 5] for the period from (date) to (date), and that the application for payment of the final balance of the Community contribution to this programme is valid **except** with regard to the matters referred to at point 3 above and/or to the observations at point 4 regarding the error rates and cases of irregularity and the way they have been dealt with by the NAO.

I estimate the impact of the qualification(s) to be [EUR] [%]... of the total expenditure declared, [corresponding to [EUR] [%] of the public contribution]. The Community contribution affected is thus ....].

My audits were conducted between DD/MM/20YY and DD/MM/20YY.

*(Place and date of issue*

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*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

**[Option 3 - Adverse opinion**

*(If the nature and extent of the errors and of the cases of irregularities and the way they have been dealt with by the NAO are so pervasive that a qualification is deemed inadequate to disclose the misleading nature of the final statement of expenditure as a whole)*

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], and in particular in view of the nature and extent of the errors and of cases of irregularities and the fact that they have not been dealt with satisfactorily by the NAO as disclosed under point 4, it is my opinion that that the accounts submitted to the Commission for the operations under the IPA component [1 to 5] for the period from (date) to (date) are **not** presented fairly, in all material respects [and the internal control procedures have not operated satisfactorily]<sup>3</sup>.]

**OR**

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], it is my opinion that the final statement of expenditure does **not** present fairly, in all material respects - <including those pertaining to the legality and regularity of the underlying transactions><sup>7</sup> the expenditure paid under the operational programme with reference:... of the IPA component [1 to 5] for the period from (date) to (date), and that the application for payment of the final balance of the Community contribution to this programme is **not** valid.]

My audits were conducted between DD/MM/20YY and DD/MM/20YY.

*(Place and date of issue*

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*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

**[Option 4 - Disclaimer of opinion**

*(If there have been major limitations on the scope of the examination such that no conclusion can be reached on the reliability of the final statement of expenditure without considerable further work)*

[Based on the examination referred to above covering the audit work carried out in accordance with Article 29(2)(b) IPA IR [and the additional work I have performed], and in particular in view of the matters referred to at point 3, I am **unable to express** an opinion.

*(Place and date of issue*

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*Signature*

*Name and official title or function of the Head of the Audit Authority designated))*

- [copy to: National Authorising Officer (NAO) of (*country*)]<sup>6</sup>

**Annex 6 — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes / components I & II centralised management**

**FINANCING AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF [ \_\_\_\_\_ ]**

**AND**

**THE COMMISSION OF THE EUROPEAN  
COMMUNITIES**

**CONCERNING THE [...] PROGRAMME FOR 2007  
UNDER THE INSTRUMENT FOR PRE-ACCESSION  
ASSISTANCE**

**Dated**

**(Centralised Management)**

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# FINANCING AGREEMENT

**THE GOVERNMENT OF [\_\_\_\_\_]**

and

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

hereafter jointly referred to as "the Parties", or individually as "the beneficiary country" in the case of the Government of [\_\_\_\_\_], or "the Commission", in the case of the Commission of the European Communities.

Whereas:

- (a) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (hereafter: the "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries (currently Croatia, the Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo according to United Nation Security Council Resolution 1244) in their efforts to enhance political, economic and institutional reforms with a view to their eventually becoming members the European Union.
- (b) On 12 June 2007, the Commission adopted Regulation (EC) No 718/2007 implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereafter: the "IPA Implementing Regulation").
- (c) Community assistance under the instrument for pre-accession assistance should continue to support the beneficiary countries in their efforts to strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction.

*[Either, if Candidate country]:* Community assistance for candidate countries should additionally focus on the adoption and implementation of the full *acquis communautaire*, and in particular prepare them for the implementation of the Community's agricultural and cohesion policy.

*[Or, if Potential Candidate country]:* For potential candidate countries, Community assistance may also include some alignment with the *acquis communautaire*, as well as support for investment projects, aiming in particular at building management capacity in the areas of regional, human resources and rural development.

- (d) The Parties have concluded on [...] a Framework Agreement setting out the general rules for cooperation and implementation of the Community assistance under the Instrument for Pre-accession Assistance.
- (e) The Commission adopted on [...] the [XX XX Programme] (hereafter: “the programme”). This programme is to be implemented by the Commission on a centralised basis. *[in the event of a cross-border programme with a Member State or with a Beneficiary country where the assistance is implemented under decentralised management, replace last sentence with the following:]*  
  
The part of this programme concerning [name of the beneficiary country] is to be implemented by the Commission on a centralised basis. *[this formula may need to be used in the remaining of the Financing Agreement every time a reference to the Programme is made]*
- (f) It is necessary for the implementation of this programme that the Parties conclude a Financing Agreement to lay down the conditions for the delivery of Community assistance, the rules and procedures concerning disbursement related to such assistance and the terms on which the assistance will be managed,

## **HAVE AGREED ON THE FOLLOWING:**

### **1 THE PROGRAMME**

The Commission will contribute, by way of grant, to the financing of the following programme, which is set out in Annex A to this Agreement [*in the event of a cross-border programmes, Annex A shall include Appendixes A1 and A2 which are respectively Annex 1 and 2 to the Financing Decision*]:

Programme number:

Title: [*as in the Financing Decision*]

### **2 IMPLEMENTATION OF THE PROGRAMME**

- (1) The programme [*in the event of a cross-border programme with a Member State or with a beneficiary country where the assistance is implemented under respectively shared management or decentralised management: The part of this programme concerning <name of the country>*] shall be implemented by the Commission on a centralised basis, in the meaning of Article 53a of Council Regulation (EC Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as last modified by Regulation (EC, Euratom) 1995/2006 of 13 December 2006 (hereafter: "Financial Regulation").
- (2) The programme shall be implemented in accordance with the provisions of the Framework Agreement on the Rules for co-operation concerning EC Financial Assistance to [country] and the implementation of the Assistance under the Instrument for Pre-accession Assistance (IPA) concluded between the Parties on [...] (hereafter: "the Framework Agreement"), which is set out in Annex B to this Agreement.

### **3 STRUCTURES AND AUTHORITIES WITH RESPONSIBILITIES**

- (1) The Beneficiary shall designate a national IPA co-ordinator, in accordance with the Framework Agreement, who shall act as the representative of the Beneficiary vis-à-vis the Commission. He/she shall ensure that a close link is maintained between the Commission and the Beneficiary with regard both to the general accession process and to EU pre-accession assistance under IPA.

*[The following sub-paragraphs (2) to (5) to be included only in case of a cross border programme]*

- (2) The national IPA co-ordinator shall also be responsible for co-ordinating the beneficiary country's participation in the relevant cross-border programmes as well as in the transnational, interregional or sea basins programmes under other Community instruments.

- (3) The beneficiary country shall establish an operating structure for the part of the programme concerning its territory. Its functions and responsibility are defined in the cross-border programme, to the exclusion of tendering, contracting and payments, which are the responsibility of the Commission.
- (4) The operating structure shall co-operate closely in the implementation of this programme with [*in case of a cross-border programme between candidate countries/potential candidate countries: the operating structure(s) of the <name of the other participating country(ies)>*] [*in case of a cross-border programme with Member States: the Managing Authority located in <name of the Member State where the MA is located>*].
- (5) [*this point is not applicable for cross-border programmes with Member States*] The operating structures of the participating countries shall set up a joint technical secretariat to assist the operating structures and the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation in carrying out their respective duties.

The joint technical secretariat may have antennae established in each participating country.

#### **4 FUNDING**

The funding for the implementation of this Agreement shall be as follows:

- (a) The Community contribution for the year [20XX] is fixed at a maximum of [€\_\_\_\_\_] [*in case of cross-border programme: for the part of the programme concerning <name of the country>*], as detailed [*in the case of programmes under component 1: in the programme*] [*in case of cross-border programmes: in Appendix A1 of Annex A to this Agreement*]. However, payment of the Community contribution by the Commission shall be made within the limits of the funds available.
- (b) The cost of the structures and authorities put in place by the beneficiary country for the implementation of this programme shall be borne by the Beneficiary [*in the case of cross-border programme: with the exception of the costs referred to in Article 94(1)(f) of the IPA Implementing Regulation, as detailed in Annex A to this Agreement*].

#### **5 CONTRACTING DEADLINE**

- (1) The individual contracts and agreements which implement this Agreement shall be concluded no later than two years from the date of conclusion of this Agreement.
- (2) In duly justified cases, this contracting deadline may be extended before its end date to a maximum of three years from the date of conclusion of this Agreement.

- (3) Any funds for which no contract has been concluded before the contracting deadline shall be cancelled.

## **6 DEADLINE FOR THE EXECUTION OF CONTRACTS**

- (1) The contracts must be executed within a maximum of 2 years from the end date of contracting.
- (2) The deadline for the execution of contracts may be extended before its end date in duly justified cases.

## **7 DISBURSEMENT DEADLINE**

- (1) Disbursement of funds must be made no later than one year after the final date for the execution of contracts.
- (2) The deadline for disbursement of funds may be extended before its end date in duly justified cases.

## **8 TREATMENT OF RECEIPTS**

- (1) Receipts for the purposes of IPA include revenue earned by an operation, during the period of its co-financing, from sales, rentals, service enrolment/fees or other equivalent receipts with the exception of:
  - (a) receipts generated through the economic lifetime of the co-financed investments in the case of investments in firms;
  - (b) receipts generated within the framework of a financial engineering measure, including venture capital and loan funds, guarantee funds, leasing;
  - (c) where applicable, contributions from the private sector to the co-financing of operations, which shall be shown alongside public contribution in the financing tables of the programme.
- (2) Receipts as defined in paragraph 1 above represent income which shall be deducted from the amount of eligible expenditure for the operation concerned. No later than the closure of the programme, such receipts shall be deducted from the relevant operation's eligibility expenditure in their entirety or pro-rata, depending on whether they were generated entirely or only in part by the co-financed operation.

## **9 ELIGIBILITY OF EXPENDITURE**

- (1) *[in the case of programmes under the transition assistance and institution building component]* Expenditure under the programme in Annex A shall be

eligible for Community contribution if it has been incurred after the contracts and grants implementing such programme have been signed, except in the cases explicitly provided for in the Financial Regulation.

*[in the case of programmes under the cross border co-operation component]:* Expenditure under the programme in Annex A shall be eligible for Community contribution if it has actually been incurred after the signature of this Agreement.

- (2) The following expenditure shall not be eligible for Community contribution under the programme in Annex A:
- (a) taxes, including value added taxes;
  - (b) customs and import duties, or any other charges;
  - (c) purchase, rent or leasing of land and existing buildings;
  - (d) fines, financial penalties and expenses of litigation;
  - (e) operating costs;
  - (f) second hand equipment;
  - (g) bank charges, costs of guarantees and similar charges;
  - (h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
  - (i) contributions in kind;

*[in the case of programmes under the transition assistance and institution building component]*

- (j) any leasing costs;
- (k) depreciation costs.

*[in the case of programmes under the cross border co-operation component]:*

- (j) interest on debt;

- (3) *[in the case of programmes under the transition assistance and institution building component]* By way of derogation from paragraph 2 above, the Commission will decide on a case-by-case basis whether the following expenditure is eligible:
- (a) operating costs, including rental costs, exclusively related to the period of co-financing of the operation;

- (b) value added taxes, if the following conditions are fulfilled:
  - (i) the value added taxes are not recoverable by any means;
  - (ii) it is established that they are borne by the final beneficiary, and
  - (iii) they are clearly identified in the project proposal.

*[in the case of programmes under the cross border co-operation component]:*  
By way of derogation from paragraph 2 above, the following expenditure shall be eligible:

- (a) value added taxes, if the following conditions are fulfilled:
    - (i) they are not recoverable by any means,
    - (ii) it is established that they are borne by the final beneficiary, and
    - (iii) they are clearly identified in the project proposal.
  - (b) charges for transnational financial transactions;
  - (c) where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
  - (d) legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;
  - (e) the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;
  - (f) overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed;
  - (g) the purchase of land for an amount up to 10% of the eligible expenditure of the operation concerned.
- (4) *[in the case of programmes under the transition assistance and institution building component]* Expenditure financed under IPA shall not be the subject of any other financing under the Community budget.

*[in the case of the cross border co-operation programme]* In addition to the technical assistance for the cross-border programme referred to in Article 94 of the IPA Implementing Regulation, the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:

- (a) the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation;
- (b) the costs of the provision of services relating to the preparation and implementation of an operation provided by a public authority that is itself the final beneficiary and which is executing an operation for its own account without recourse to other outside service providers if they are additional costs and relate either to expenditure actually and directly paid for the co-financed operation.

The public authority concerned shall either invoice the costs referred to in point (a) of this paragraph to the final beneficiary or certify those costs on the basis of documents of equivalent probative value which permit the identification of real costs paid by that authority for that operation.

The costs referred to in point (b) of this paragraph must be certified by means of documents which permit the identification of real costs paid by the public authority concerned for that operation.

- (5) *[in the case of the cross border co-operation programme]* Without prejudice to the provisions of paragraphs 1 to 4, further rules on eligibility of expenditure may be laid down in the cross-border programme in Annex A to this Agreement.

## **10 RETENTION OF DOCUMENTS**

- (1) All documents relating to the programme in Annex A shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the document relate.
- (2) In the case that the programme in Annex A is not definitely closed within the deadline set in paragraph 1 above, the documents relating to it shall be kept until the end of the year following that in which the programme in Annex A is closed.

## **11 ROADMAP FOR DECENTRALISATION WITHOUT EX-ANTE CONTROLS**

- (1) The beneficiary country shall establish a detailed roadmap with indicative benchmarks and time limits to achieve decentralisation with *ex ante* controls by the Commission. In addition, the beneficiary country shall establish an



indicative roadmap to achieve decentralisation without *ex ante* controls by the Commission.

- (2) The Commission shall monitor the implementation of the roadmaps mentioned in paragraph 1, and shall take due account of the results achieved by the beneficiary country in this context, in particular in the provision of assistance. The roadmap to achieve decentralization without *ex ante* controls may refer to a phased waiver of different types of ex-ante control.
- (3) The beneficiary country shall keep the Commission regularly updated with the progress made in the implementation of this roadmap.

## **12 INTERPRETATION**

- (1) Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of these regulations shall be transposed into this Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

## **13 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS**

- (1) If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision.
- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

## **14 REVIEW AND AMENDMENT**

- (1) The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.

- (2) Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the determined by the Parties.

## **15 TERMINATION**

- (1) Without prejudice to paragraph 2, this Agreement shall terminate eight years after its signature. This termination shall not preclude the possibility for the Commission making financial corrections in accordance with Article 56 of the IPA Implementing Regulation.
- (2) This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

## **16 SETTLEMENT OF DIFFERENCES**

- (1) Differences arising out of the interpretation, operation and implementation of this Agreement, at any and all levels of participation, will be settled amicably through consultation between the Parties.
- (2) In default of amicable settlement, either Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- (3) The language to be used in the arbitration proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

## **17 NOTICES**

- (1) Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Agreement must be sent to the following addresses:

*For the Commission:*

Postal Address  
Fax

*For the Beneficiary Country*

Postal Address  
Fax

**18 NUMBER OF ORIGINALS**

This Agreement is drawn up in duplicate in the English language.

**19 ANNEXES**

The Annexes A [and] B [and C] [*in case of CBC programmes*] shall form an integral part of this Agreement.

**20 ENTRY INTO FORCE**

This Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

Signed, for and on behalf of the Government of [\_\_\_\_\_], at [place] on [date]

by.....[*Ministerial level*]

Signed, for and on behalf of the Commission, at [place] on [date]

by..... [*Director or Head of Delegation*]

**ANNEX A [XX XX] PROGRAMME [FOR] [\_\_\_\_\_] ADOPTED BY  
COMMISSION DECISION [\_\_\_\_\_]**

*[Note: in case of cross-border programme, this Annex A shall include both Annex 1 and Annex 2 to the financing decision, which will be called **Appendix A1** and **Appendix A2**, respectively]*

**ANNEX B    FRAMEWORK AGREEMENT BETWEEN THE COMMISSION  
OF THE EUROPEAN COMMUNITIES AND THE  
GOVERNMENT OF [\_\_\_\_\_], DATED [\_\_\_\_\_]**

Annex 6 — Template of Financing Agreement (where a Framework Agreement has been concluded)  
for IPA programmes / components I & II - centralised management

## **ANNEX C REPORTING** *[in case of cross border co-operation programmes]*

- (1) The operating structures of the beneficiary countries participating in a cross-border programme shall send the Commission and the respective national IPA co-ordinators an annual report and a final report on the implementation of the cross-border programme after examination by the joint monitoring committee.

The annual report shall be submitted by 30 June each year and for the first time in the second year following the adoption of the cross-border programme.

The final report shall be submitted at the latest 6 months after the closure of the cross-border programme.

- (2) The reports referred to in paragraph 1 shall include the following information:
- (a) the progress made in implementing the cross-border programme and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification, using the indicators referred to in Article 94(1)(d) of the IPA Implementing Regulation at the level of the priority axis;
  - (b) the steps taken by the operating structures and/or the joint monitoring committee to ensure the quality and effectiveness of implementation, in particular:
    - monitoring and evaluation measures, including data collection arrangements,
    - a summary of any significant problems encountered in implementing the cross-border programme and any measures taken;
    - the use made of technical assistance;
  - (c) the measures taken to provide information on and publicise the cross-border programme.

Where appropriate, the information referred to in points (a) to (c) of this paragraph may be provided in summary form.

Information referred to in point (b) need not be included if there has been no significant modification since the previous report.

**Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management**

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

**FINANCING AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF [ \_\_\_\_\_ ]**

**AND**

**THE COMMISSION OF THE EUROPEAN  
COMMUNITIES**

**CONCERNING THE PROGRAMME ON FINANCING THE  
PARTICIPATION OF [COUNTRY] IN THE ERDF  
EUROPEAN TERRITORIAL COOPERATION  
TRANSNATIONAL PROGRAMME[S] ["SOUTH-EAST  
EUROPE"] [AND] ["MEDITERRANEAN"] UNDER THE  
INSTRUMENT FOR  
PRE-ACCESSION ASSISTANCE (IPA), CROSS-BORDER  
COOPERATION COMPONENT, FOR THE YEAR 20XX**

**Dated**

**(Centralised Management)**



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**Annex A** Programme on financing the participation of [country] in the ERDF European Territorial Cooperation transnational programme[s] ["South-East Europee"] [and] ["Mediterranean"] under the IPA Cross-border Co-operation component for the year [20XX] adopted by Commission decision [\_\_\_\_\_]

**Annex B** Framework Agreement between the Commission of the European Communities and the Government of [\_\_\_\_\_] dated [\_\_\_\_\_]

**Annex C** Reporting

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

# FINANCING AGREEMENT

**THE GOVERNMENT OF [\_\_\_\_\_]**

and

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

hereafter jointly referred to as "the Parties", or individually as "the beneficiary country" in the case of the Government of [\_\_\_\_\_], or "the Commission", in the case of the Commission of the European Communities.

Whereas:

- (a) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (hereafter: the "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries (currently Croatia, the Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo according to United Nation Security Council Resolution 1244) in their efforts to enhance political, economic and institutional reforms with a view to their eventually becoming members the European Union.
- (b) On 12 June 2007, the Commission adopted Regulation (EC) No 718/2007 implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereafter: the "IPA Implementing Regulation").
- (c) Community assistance under the instrument for pre-accession assistance should continue to support the beneficiary countries in their efforts to strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction.

*[Either, if Candidate country:]* Community assistance for candidate countries should additionally focus on the adoption and implementation of the full *acquis communautaire*, and in particular prepare them for the implementation of the Community's agricultural and cohesion policy.

*[Or, if Potential Candidate country:]* For potential candidate countries, Community assistance may also include some alignment with the *acquis communautaire*, as well as support for investment projects, aiming in particular at building management capacity in the areas of regional, human resources and rural development.

- (d) The Parties have concluded on [...] a Framework Agreement setting out the general rules for cooperation and implementation of the Community assistance under the Instrument for Pre-accession Assistance.
- (e) On 20 December 2007, the Commission adopted the ERDF operational programme[s] ["South–East Europe"] [and] ["Mediterranean"] by Decision(s) C(2007) [6590] [and] [6578] [respectively].
- (f) On [date], the Commission adopted a programme on financing the participation of [country] in the ERDF programme[s] ["South–East Europe"] [and] ["Mediterranean"] (hereafter: “the programme”). This programme is to be implemented by the Commission on a centralised basis.
- (g) It is necessary for the implementation of this programme that the Parties conclude a Financing Agreement to lay down the conditions for the delivery of Community assistance, the rules and procedures concerning disbursement related to such assistance and the terms on which the assistance will be managed.

## **HAVE AGREED ON THE FOLLOWING:**

### **1 THE PROGRAMME**

The Commission will contribute, by way of grant, to the financing of the following programme, which is set out in Annex A to this Agreement:

Programme number:

Title: Programme on financing the participation of [country] in the ERDF European Territorial Co-operation transnational programme[s] ["South-East Europe"] [and] ["Mediterranean"] under the IPA Cross-border Co-operation component, for the year [20XX]

### **2 IMPLEMENTATION OF THE PROGRAMME**

- (1) The programme shall be implemented by the Commission on a centralised basis, in the meaning of Article 53a of Council Regulation (EC Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (hereafter: "Financial Regulation").
- (2) The programme shall be implemented in accordance with the provisions of the Framework Agreement on the Rules for co-operation concerning EC Financial Assistance to [country] and the implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA) concluded between the Parties on [...] (hereafter: "the Framework Agreement"), which is set out in Annex B to this Agreement.

### **3 STRUCTURES AND AUTHORITIES WITH RESPONSIBILITIES**

- (1) The Beneficiary shall designate a national IPA co-ordinator, in accordance with the Framework Agreement, who shall act as the representative of the Beneficiary vis-à-vis the Commission. He/she shall ensure that a close link is maintained between the Commission and the Beneficiary with regard both to the general accession process and to EU pre-accession assistance under IPA.
- (2) The national IPA co-ordinator shall also be responsible for co-ordinating the beneficiary country's participation in the relevant cross-border programmes as well as in the transnational, interregional or sea basins programmes under other Community instruments.
- (3) The beneficiary country shall establish an operating structure responsible for the management and the implementation of this programme. Such operating structure shall co-operate with the Managing Authority[ies] of the [South-East Europe] [and] [Mediterranean] transnational programme[s] and it will be represented in the Joint Monitoring Committee[s] of [this] [these] programme[s] as a full member.

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

- (4) The functions and responsibilities of the operating structure exclude tendering, contracting and payments, which are the responsibility of the Commission.

#### **4 FUNDING**

The funding for the implementation of this Agreement shall be as follows:

- (a) The Community contribution in the year [20XX] for the participation in the ERDF transnational programme[s] is fixed at a maximum of [€\_\_\_\_\_], as detailed in the programme in Annex A. However, payment of the Community contribution by the Commission shall be made within the limits of the funds available.
- (b) Up to 10% of this Community contribution can be used to co-finance the operational and administrative costs incurred by the beneficiary country in the implementation of this programme, as detailed in Annex A to this Agreement.

#### **5 CONTRACTING DEADLINE**

- (1) The individual contracts and agreements which implement this Agreement shall be concluded no later than two years from the date of conclusion of this Agreement.
- (2) In duly justified cases, this contracting deadline may be extended before its end date to a maximum of three years from the date of conclusion of this Agreement.
- (3) Any funds for which no contract has been concluded before the contracting deadline shall be cancelled.

#### **6 DEADLINE FOR THE EXECUTION OF CONTRACTS**

- (1) The contracts must be executed within a maximum of 2 years from the end date of contracting.
- (2) The deadline for the execution of contracts may be extended before its end date in duly justified cases.

#### **7 DISBURSEMENT DEADLINE**

- (1) Disbursement of funds must be made no later than one year after the final date for the execution of contracts.
- (2) The deadline for disbursement of funds may be extended before its end date in duly justified cases.

#### **8 TREATMENT OF RECEIPTS**

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

- (1) Receipts for the purposes of IPA include revenue earned by an operation, during the period of its co-financing, from sales, rentals, service enrolment/fees or other equivalent receipts with the exception of:
  - (a) receipts generated through the economic lifetime of the co-financed investments in the case of investments in firms;
  - (b) receipts generated within the framework of a financial engineering measure, including venture capital and loan funds, guarantee funds, leasing;
  - (c) where applicable, contributions from the private sector to the co-financing of operations, which shall be shown alongside public contribution in the financing tables of the programme.
- (2) Receipts as defined in paragraph 1 above represent income which shall be deducted from the amount of eligible expenditure for the operation concerned. No later than the closure of the programme, such receipts shall be deducted from the relevant operation's eligibility expenditure in their entirety or pro-rata, depending on whether they were generated entirely or only in part by the co-financed operation.

## **9 ELIGIBILITY OF EXPENDITURE**

- (1) Expenditure under this programme shall be eligible for Community contribution if it has actually been incurred after the signature of the Agreement.
- (2) The following expenditure shall not be eligible for Community contribution under the programme in Annex A:
  - (a) taxes, including value added taxes;
  - (b) customs and import duties, or any other charges;
  - (c) purchase, rent or leasing of land and existing buildings;
  - (d) fines, financial penalties and expenses of litigation;
  - (e) operating costs;
  - (f) second hand equipment;
  - (g) bank charges, costs of guarantees and similar charges;
  - (h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;

- (i) contributions in kind;
  - (j) interest on debt;
- (3) By way of derogation from paragraph 2 above, the following expenditure shall be eligible:
- (a) value added taxes, if the following conditions are fulfilled:
    - (i) they are not recoverable by any means,
    - (ii) it is established that they are borne by the final beneficiary, and
    - (iii) they are clearly identified in the project proposal.
  - (b) charges for transnational financial transactions;
  - (c) where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
  - (d) legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;
  - (e) the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;
  - (f) overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed;
  - (g) the purchase of land for an amount up to 10% of the eligible expenditure of the operation concerned.
- (4) In addition to the technical assistance for the programme referred to Article 94 of the IPA Implementing Regulation, the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:
- (a) the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation;
  - (b) the costs of the provision of services relating to the preparation and implementation of an operation provided by a public authority that is itself the final beneficiary and which is executing an operation for its

own account without recourse to other outside service providers if they are additional costs and relate either to expenditure actually and directly paid for the co-financed operation.

The public authority concerned shall either invoice the costs referred to in point (a) of this paragraph to the final beneficiary or certify those costs on the basis of documents of equivalent probative value which permit the identification of real costs paid by that authority for that operation.

The costs referred to in point (b) of this paragraph must be certified by means of documents which permit the identification of real costs paid by the public authority concerned for that operation.

- (5) Without prejudice to the provisions of paragraphs 1 to 4, further rules on eligibility of expenditure may be laid down in the ERDF transnational programme[s].

## **10 RETENTION OF DOCUMENTS**

- (1) All documents relating to the programme in Annex A shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the document relate.
- (2) In the case that the programme in Annex A is not definitely closed within the deadline set in paragraph 1 above, the documents relating to it shall be kept until the end of the year following that in which the programme in Annex A is closed.

## **11 ROADMAP FOR DECENTRALISATION WITHOUT EX-ANTE CONTROLS**

- (1) The beneficiary country shall establish a detailed roadmap with indicative benchmarks and time limits to achieve decentralisation with *ex ante* controls by the Commission. In addition, the beneficiary country shall establish an indicative roadmap to achieve decentralisation without *ex ante* controls by the Commission.
- (2) The Commission shall monitor the implementation of the roadmaps mentioned in paragraph 1, and shall take due account of the results achieved by the beneficiary country in this context, in particular in the provision of assistance. The roadmap to achieve decentralization without *ex ante* controls may refer to a phased waiver of different types of ex-ante control.
- (3) The beneficiary country shall keep the Commission regularly updated with the progress made in the implementation of this roadmap.

## **12 INTERPRETATION**

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management



- (1) Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of these regulations shall be transposed into this Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

### **13 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS**

- (1) If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision.
- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

### **14 REVIEW AND AMENDMENT**

- (1) The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.
- (2) Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the determined by the Parties.

### **15 TERMINATION**

- (1) Without prejudice to paragraph 2, this Agreement shall terminate eight years after its signature. This termination shall not preclude the possibility for the Commission making financial corrections in accordance with Article 56 of the IPA Implementing Regulation.
- (2) This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

## **16 SETTLEMENT OF DIFFERENCES**

- (1) Differences arising out of the interpretation, operation and implementation of this Agreement, at any and all levels of participation, will be settled amicably through consultation between the Parties.
- (2) In default of amicable settlement, either Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- (3) The language to be used in the arbitration proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

## **17 NOTICES**

- (1) Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Agreement must be sent to the following addresses:

*For the Community:*

Postal Address  
Fax

*For the Beneficiary Country*

Postal Address  
Fax

## **18 NUMBER OF ORIGINALS**

This Agreement is drawn up in duplicate in the English language

## **19 ANNEXES**

The Annexes A, B and C shall form an integral part of this Agreement.

## **20 ENTRY INTO FORCE**

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

This Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

Signed, for and on behalf of the Government of [\_\_\_\_\_], at [place] on [date]

by ..... [*Ministerial level*]

Signed, for and on behalf of the Commission, at [place] on [date]

by ..... [*Director or Head of Delegation*]

**ANNEX A PROGRAMME FOR THE PARTICIPATION OF [country] IN THE ERDF EUROPEAN TERRITORIAL COOPERATION TRANSNATIONAL PROGRAMME[S] [SOUTH-EAST EUROPE] [AND] [MEDITERRANEAN] UNDER THE IPA CROSS-BORDER COOPERATION COMPONENT FOR THE YEAR [20XX], ADOPTED BY COMMISSION DECISION [\_\_\_\_\_]**

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

**ANNEX B    FRAMEWORK AGREEMENT BETWEEN THE COMMISSION  
OF THE EUROPEAN COMMUNITIES AND THE  
GOVERNMENT OF [\_\_\_\_\_], DATED [\_\_\_\_\_]**

Annex 6A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – centralised management

## ANNEX C REPORTING

- (1) The operating structure responsible for the participation of the beneficiary country in the ERDF transnational programme(s) shall send the Commission and the national IPA co-ordinator an annual report and a final report on the implementation of this programme.

The annual report shall be submitted by 30 June each year and for the first time in the second year following the adoption of this programme.

The final report shall be submitted at the latest 6 months after the closure of this programme.

- (2) The reports referred to in paragraph 1 shall include the following information:
- (a) the progress made in participating in the ERDF transnational programme(s) and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification;
  - (b) the steps taken by the operating structure to ensure the quality and effectiveness of implementation, in particular:
    - monitoring and evaluation measures, including data collection arrangements,
    - a summary of any significant problems encountered in implementing this programme and any measures taken;
    - the use made of technical assistance;
  - (c) the measures taken to provide information on and publicise this programme.

Where appropriate, the information referred to in points (a) to (c) of this paragraph may be provided in summary form.

Information referred to in point (b) need not be included if there has been no significant modification since the previous report.

**Annex 7 — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes / components I & II decentralised management**

**FINANCING AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF [ \_\_\_\_\_ ]**

**AND**

**THE COMMISSION OF THE EUROPEAN  
COMMUNITIES**

**CONCERNING THE [.....] PROGRAMME FOR 2007  
UNDER THE INSTRUMENT FOR PREACCESSION  
ASSISTANCE**

**Dated**

**(Decentralised Management)**



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# FINANCING AGREEMENT

**THE GOVERNMENT OF [\_\_\_\_\_]**

and

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

hereafter jointly referred to as "the Parties" or individually as "the beneficiary country", in the case of the Government of [\_\_\_\_\_], or the Commission, in the case of the Commission of the European Communities.

## **Whereas**

- (a) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (hereafter: the "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries (currently Croatia, the Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo according to United Nation Security Council Resolution 1244) in their efforts to enhance political, economic and institutional reforms with a view to their eventually becoming members the European Union.
- (b) On 12 June 2007, the Commission adopted Regulation (EC) No 718/2007 implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereafter: the "IPA Implementing Regulation").
- (c) Community assistance under the instrument for pre-accession assistance should continue to support the beneficiary countries in their efforts to strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of a civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction.

*[Either, if Candidate country:]* Community assistance for candidate countries should additionally focus on the adoption and implementation of the full

*acquis communautaire*, and in particular prepare them for the implementation of the Community's agricultural and cohesion policy.

*[Or, if Potential Candidate country:]* For potential candidate countries, Community assistance may also include some alignment with the *acquis communautaire*, as well as support for investment projects, aiming in particular at building management capacity in the areas of regional, human resources and rural development.

- (d) The Parties have concluded on [...] a Framework Agreement setting out the general rules for cooperation and implementation of the Community assistance under the Instrument for Pre-accession Assistance.
- (e) The Commission adopted on [...] the [XX XX Programme] (hereafter: “the programme”). This programme is to be implemented by means of decentralised management. *[in the event of a cross-border programme with a Member State or with a Beneficiary country where the assistance is implemented under centralised management, replace last sentence with the following:]*

The part of this programme concerning [name of the beneficiary country] is to be implemented by means of decentralised management. *[this formula may need to be used in the remaining of the Financing Agreement every time a reference to the Programme is made]*
- (f) It is necessary for the implementation of this programme that the Parties conclude a Financing Agreement to lay down the conditions for the delivery of Community assistance, the rules and procedures concerning disbursement related to such assistance and the terms on which the assistance will be managed,

## **HAVE AGREED ON THE FOLLOWING:**

### **1 THE PROGRAMME**

The Commission will contribute, by way of grant, to the financing of the following programme, which is set out in Annex A to this Agreement [*in the event of a cross-border programmes, Annex A shall include Appendixes A1 and A2 which are respectively Annex 1 and 2 to the Financing Decision*]:

Programme number:

Title: [*as in the Financing Decision*]

### **2 IMPLEMENTATION OF THE PROGRAMME**

- (1) The programme [*in the event of a cross-border programme with a Member State or with a beneficiary country where the assistance is implemented under respectively shared management or centralised management*: The part of this programme concerning <name of the country>] shall be implemented by decentralised management, in the meaning of Article 53c of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as last modified by Regulation (EC, Euratom) No 1995/2007 of 13 December 2006 (hereafter: "the Financial Regulation").
- (2) The Programme shall be implemented in accordance with the provisions of the Framework Agreement on the rules for co-operation concerning EC Financial Assistance to [country] and the implementation of the Assistance under the Instrument for Pre-accession Assistance (IPA), concluded between the Parties on [\_\_] (hereafter : "the Framework Agreement"), which is set out in Annex B to this Agreement.

### **3 NATIONAL STRUCTURES AND AUTHORITIES**

- (1) The structures and authorities with functions and responsibilities for the implementation of this Agreement are described in Annex B to this Agreement.
- (2) Further responsibilities of the national authorizing officer and the national fund are set out in Annex C to this Agreement.

*[The following sub-paragraphs (3) to (5) to be included only in case of a cross border programme]*

- (3) The beneficiary country shall establish an operating structure for the part of the programme concerning its territory. Its functions and responsibilities shall be, *mutatis mutadis*, those listed in Section 6, Annex A, of the Framework Agreement enclosed to this Agreement as Annex B.

Annex 7 — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes / components I & II - decentralised management

- (4) The operating structure shall co-operate closely in the implementation of this programme with [*in case of a cross-border programme between candidate countries/potential candidate countries: the operating structure(s) of the <name of the other participating country(ies)>*] [*in case of a cross-border programme with Member State: the Managing Authority located in <name of the Member State where the MA is located>*].
- (5) [*this point is not applicable for cross-border programmes with Member States*] The operating structures of the participating countries shall set up a joint technical secretariat to assist the operating structures and the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation in carrying out their respective duties.
- The joint technical secretariat may have antennae established in each participating country.

#### **4 FUNDING**

The funding for the implementation of this Agreement shall be as follows:

- (a) The Community contribution for the year [20XX] is fixed at a maximum of [€\_\_\_\_\_] [*in case of cross-border programme: for the part of the programme concerning <name of the country>*], as detailed [*in the case of programmes under component 1: in the programme*] [*in case of cross-border programmes: in Appendix A1 of Annex A to this Agreement*]. However, payments of the Community contribution by the Commission will not be made if the minimum requirements referred to in Article 41 of the IPA Implementing Regulation are not met.
- (b) The cost of the national structures and authorities indicated in Annex B shall be borne by the beneficiary country, [*in the case of cross-border programmes: with the exception of the cost referred to in Article 94(1)(f) of the IPA Implementing Regulation, as detailed in Annex A to this Agreement*].

#### **5 CONTRACTING DEADLINE**

- (1) The individual contracts and agreements which implement this Agreement shall be concluded no later than two years from the date of conclusion of this Agreement.
- (2) In duly justified cases, this contracting deadline may be extended with the agreement of the Commission before its end date to a maximum of three years from the date of conclusion of this Agreement.
- (3) Any funds for which no contract has been concluded before the contracting deadline shall be cancelled.

#### **6 DEADLINE FOR THE EXECUTION OF CONTRACTS**

Annex 7 — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes / components I & II - decentralised management

- (1) The contracts must be executed within a maximum of 2 years from the end date of contracting.
- (2) The Commission may agree, upon request by the beneficiary country, to an appropriate extension of the deadline for the execution of contracts. Such request must be addressed to the Commission before the end of the deadline for the execution of contracts, and be duly justified by the beneficiary country.

## **7 DISBURSEMENT DEADLINE**

- (1) Disbursement of funds must be made no later than one year after the final date for the execution of contracts.
- (2) The deadline for disbursement of funds may be extended with the agreement of the Commission before its end date in duly justified cases.

## **8 INTERPRETATION**

- (1) Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of these regulations shall be transposed into this Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

## **9 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS**

- (1) If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision.
- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

## **10 REVIEW AND AMENDMENT**

- (1) The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.
- (2) Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the date determined by the Parties.

## **11 TERMINATION**

- (1) Without prejudice to paragraph 2, this Agreement shall terminate eight years after its signature. The termination of this Agreement shall not preclude the possibility for the Commission to make financial corrections in accordance with Articles 49 to 54 of the IPA Implementing Regulation.
- (2) This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

## **12 SETTLEMENT OF DIFFERENCES**

- (1) Differences arising out of the interpretation, operation and implementation of this Agreement, at any and all levels of participation, will be settled amicably through consultation between the Parties.
- (2) In default of amicable settlement, either Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- (3) The language to be used in the arbitration proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

## **13 NOTICES**

- (1) Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Agreement must be sent to the following addresses:

*For the Commission:*

Postal Address

Fax

*For the Beneficiary Country*

Postal Address

Fax

#### **14 NUMBER OF ORIGINALS**

This Agreement is drawn up in duplicate in the English language

#### **14 ANNEXES**

The Annexes A, B and C shall form an integral part of this Agreement.

#### **15 ENTRY INTO FORCE**

This Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

Signed, for and on behalf of the Government of [\_\_\_\_\_], at [place] on [date]

by.....[*National IPA Coordinator*]

Signed, for and on behalf of the Commission, at [place] on [date]

by..... [*Director or Head of Delegation*]



**ANNEX A [XX XX] PROGRAMME [FOR] [\_\_\_\_\_] ADOPTED BY  
COMMISSION DECISION [\_\_\_\_\_]**

*[Note: in case of cross-border programme, this Annex A shall include both Annex 1 and Annex 2 to the Financing decision, which will be called **Appendix A1** and **Appendix A2**, respectively]*

**ANNEX B    FRAMEWORK AGREEMENT BETWEEN THE COMMISSION  
OF THE EUROPEAN COMMUNITIES AND THE  
GOVERNMENT OF [\_\_\_\_\_], DATED [\_\_\_\_\_]**

## **ANNEX C FURTHER CONDITIONS FOR THE DELIVERY OF COMMUNITY ASSISTANCE**

### **1 DEPUTISING**

- (1) The beneficiary country shall ensure that a system of deputising is in place to ensure the continuity of the functions assigned to the national authorising officer.
- (2) Without prejudice of the aforementioned, the national authorising officer shall remain finally responsible for all the responsibilities vested in him in this Agreement and other agreements.

### **2 FURTHER RESPONSIBILITIES OF THE NAO**

In addition to the functions and responsibilities laid down in Annex B to this Agreement, the national authorizing officer shall:

- (a) conclude the relevant agreements with each of the implementing agencies, which must be endorsed by the Commission;
- (b) ensure the flow of national and other co-financing resources;
- (c) ensure that the financing reporting system Perseus<sup>1</sup> is regularly updated and reporting procedures properly respected by the national fund and the implementing agencies;
- (d) participate in the IPA monitoring committee;
- (e) participate in the Transition Assistance and Institution Building Monitoring Committee (the TAIB committee).

### **3 PAYMENTS**

- (1) Payments by the Commission of the Community contribution shall be made within the limits of the funds available.
- (2) They shall take the form of: pre-financing, interim payments and payments of the final balance.

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<sup>1</sup> Perseus is the current financial reporting system of the European Commission.

- (3) By 28 February each year, the national authorising officer shall send to the Commission a forecast of its likely payments applications for the financial year concerned and for the subsequent financial years.

- (4) The exchange of information concerning financial transactions between the Commission and the national authorising officer shall, where appropriate, be made by electronic means, using procedures agreed upon between them.
- (5) The combined total of pre-financing and interim payments shall not exceed 95% of the Community contribution.
- (6) When the ceiling referred to in paragraph 5 above is reached, the national authorising officer shall only submit a new certified statement of expenditure and information about the amounts received when he/she requests the payment of the final balance.
- (7) Amounts set out in the programmes submitted by the national authorising officer, in certified statements of expenditure, in payment applications and in expenditure mentioned in the implementation reports, shall be denominated in euro. The national authorising officer shall convert the amounts of expenditure incurred in national currency into euro using the monthly accounting rate of the euro established by the Commission for the month during which the expenditure was registered in the accounts of the operating structure concerned.
- (8) Payments by the Commission to the national fund shall be made to the euro account. One euro account shall be opened for each of the IPA programmes concerned, and shall be used exclusively for transactions relating to that programme.
- (9) The national authorising officer shall ensure that the final beneficiaries receive the total amount of the public contribution in due time and in full. No specific charge or other charge with equivalent effect shall be levied which would reduce these amounts for the final beneficiaries.
- (10) The expenditure may be covered by Community financing only if it has been incurred and paid by the final beneficiary. Expenditure paid by final beneficiaries shall be substantiated by receipted invoices or accounting documents of equivalent probative value or other relevant documents, where, according to the programme, assistance is not a function of expenditure. Expenditure must have been certified by the national authorising officer.

#### **4 ACCEPTABILITY OF PAYMENT APPLICATIONS**

- (1) Without prejudice of establishing additional requirement if the circumstances so require, the Commission shall not approve a payment application until the following minimum requirements have been fulfilled:
  - (a) In the case of pre-financing by the Commission:
    - the national authorising officer has notified to the Commission the opening of the euro account concerned;

- the accreditation delivered by the competent accrediting officer and the national authorising officer are in force and the conferral of management by the Commission remains valid;
  - the relevant financing agreement has entered into force.
- (b) In the case of each interim payment made by the Commission:
- the national authorising officer has sent to the Commission a payment application and a statement of expenditure relating to the payment in question;
  - the ceilings for Community assistance under each priority axis, as laid down in the Commission financing decision, have been respected;
  - the operating structure have sent the Commission the sectoral annual implementation reports, as referred to in Article 61(1) of Regulation (EC) 718/2007, including the most recent one;
  - the audit authority has sent the Commission, in accordance with the first and second indent of Article 29(2)(b) of Regulation (EC) .../... the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of Regulation (EC) 718/2007 and those of any agreement between the Commission and the beneficiary country;
  - the accreditations delivered by the competent accrediting officer and the national authorising officer are in force, and the conferral of management by the Commission remains valid.

If one or more of the conditions mentioned in this paragraph are not met, the beneficiary country and the national authorising officer shall, when so requested by the Commission and within the time limit fixed by the Commission, take the necessary steps to remedy the situation.

- (c) In the case of payment by the Commission of the final balance, in accordance with the deadline set down in Article 166 of Regulation (EC, Euratom) 1605/2002, as last modified by Regulation (EC, Euratom) No 1995/2006 of 13 December 2006:
- the national authorising officer has sent the Commission a final payment application and a final statement of expenditure;
  - the operating structure have sent to the Commission the sectoral final reports for the programme concerned, as required by Article 61(1) of Regulation (EC) No 718/2007;
  - the audit authority has sent the Commission, in accordance with the third indent of Article 29(2)(b) of Regulation (EC) No 718/2007, an opinion on any final statement of expenditure, supported by a final activity report;

- the accreditation delivered by the competent accrediting officer and the national authorising officer are in force and the conferral of management by the Commission remains valid.

Failure to meet any of the conditions mentioned in this paragraph shall immediately result in the de-commitment of the final balance.

- (2) All or part of the payments may be suspended by the Commission where:
  - (a) there is a serious deficiency in the management and control system of the programme which affects the reliability of the procedure for certification of payments and for which corrective measures have not been taken; or
  - (b) expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected;
  - (c) clarifications are needed regarding the information contained in the declaration of expenditure.
- (3) The beneficiary country shall be given the opportunity to present its observations within a period of two months before the Commission decides on a suspension in accordance with paragraph 2.
- (4) The Commission shall end suspension of all or part of the payments where the beneficiary country has taken the necessary measures to remedy the deficiency. If those measures have not been taken by the beneficiary country, the Commission may decide to cancel all or part of the Community contribution to the programme.

## **5 PRE-FINANCING**

- (1) Pre-financing shall in principle represent 50% of the Community contribution to the programme concerned and it may be paid in yearly instalments. That rate may be raised if the national authorising officer demonstrates that the resulting amount will not cover the pre-financing of the contracts and grants signed at national level. Payments for the participation in Community programmes and agencies may amount to 100% of the Community contribution relating to this participation.
- (2) The amount to be pre-financed shall be calculated as the sum of the estimate of the amount to be contracted by year, and the actual amount for which contractual obligations have been entered into in the previous years. With the exception of that concerning participation in Community programmes and agencies, pre-financing shall only be paid once the first tender or call for proposals is launched.
- (3) The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application for the programme concerned is sent within 15 months of the date on which the Commission pays the first pre-financing

amount. The Community contribution to the programme concerned shall not be affected by such reimbursement.

- (4) The total pre-financing amount shall be cleared at the latest when the programme is closed. Throughout the lifetime of the programme, the national authorising officer shall use the pre-financing payment only to pay the Community contribution to expenditure in compliance with Regulation (EC) 718/2007.

## **6 INTERIM PAYMENTS**

- (1) If it appears that the rules applicable have not been complied with or that Community funds have been improperly used, the Commission may reduce interim payments to the beneficiary country, or temporarily suspend them, in accordance with the provisions of Article 46 of Regulation (EC) 718/2007. It shall inform the beneficiary country accordingly.
- (2) The suspension or reduction of interim payments shall comply with the principle of proportionality and shall be without prejudice to the decisions of conformity and clearance-of-account decisions and financial corrections.

## **7 REALLOCATION OF FUNDS**

- (1) The national authorizing officer may request a reallocation of funds within the same programme following a recommendation from the IPA monitoring Committee.
- (2) The reallocation requested shall be submitted to the Commission for approval, and shall be subject to a new Commission decision.
- (3) If the reallocation does not comprise substantial changes to the nature of the original programme and, as regards the financial element, it does not exceed 20% of the total amount allocated to the programme in question, subject to the limit of €4 million, the committee which gave an opinion on the original programme shall be informed.

## **8 STAFF, LOCATION AND OPERATIONAL COSTS OF THE NATIONAL FUND AND THE OTHER BODIES AND AUTHORITIES**

- (1) The beneficiary country shall ensure that at its own cost the availability of the necessary human resources for the timely and correct execution of the tasks entrusted to the bodies and authorities designated under Article 21 of the IPA Implementing Regulation.
- (2) The beneficiary country shall provide at its own costs the necessary premises, office furniture and other facilities for the aforementioned bodies and authorities.



- (3) The operational costs of those bodies and authorities shall be borne by the beneficiary country, [with the exception of the cost referred to in Article 94(1)(f) of the IPA Implementing Regulation] *[in the case of cross-border programmes]*.

## **9 BANK ACCOUNTS**

- (1) The National Fund shall for each programme open up a separate euro bank account in the Central Bank or in a Government guaranteed bank account. The account shall, in principle, be interest-generating.
- (2) Any interest earned on any of the component-specific euro accounts remains the property of the beneficiary country. Interest generated by the financing by the Community of a programme shall be posted exclusively to that programme, being regarded as a resource for the beneficiary country in the form of a national public contribution, and shall be declared to the Commission whenever a payment application is submitted to the Commission.
- (3) The bank account shall be operated on the basis of a double signature system, requiring the signatures of the national authorizing officer and a senior accounting officer.
- (4) The national fund shall communicate to the Commission all relevant information on the accounts at the national fund as well as on all other accounts in the implementing agencies and others to which IPA funds have been transferred. Relevant information encompasses the name and address of the bank, the account number, the names of the account holders, the interest rates and any other information that the Commission deems appropriate.

## **10 ACCOUNTING AND AUDITS**

- (1) The national fund shall operate an accounting system covering all contractual and other financial operations pertaining to all IPA financed programmes.
- (2) The accounts and operations of all relevant operating structures/implementing agencies and authorities may be checked at regular intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Court of Auditors as referred to in the Framework Agreement.
- (3) All documents related to a given programme shall be retained by the beneficiary country for at least three years after the closure of the programme. This period shall be interrupted either in case of legal proceedings or at the duly motivated request of the Commission.
- (4) By way of derogation from paragraph 3 above, written records of the entire procurement, grant award and contracting procedure shall be retained by the

operating structure for a period of at least seven years from the payment of the balance of the contract.

**11** *[in the case of Transitional Assistance and Institution Building programme]* **REPORTING**

- (1) The operating structure shall send the Commission, the national IPA co-ordinator and the national authorising officer a sectoral annual report by 30 June each year.
- (2) A sectoral final report shall be submitted to the Commission, the national IPA co-ordinator and the national authorising officer at the latest 6 months after the closure of the programme. The sectoral final report shall cover the whole period of implementation and include the last sectoral annual report.
- (3) Sectoral reports shall be examined by the TAIB committee prior to their transmission to the Commission, the national IPA co-ordinator and the national authorising officer. These sectoral reports shall be made in conformity with the financing reporting system Perseus.
- (4) Sectoral reports shall include the following information:
  - (a) quantitative and qualitative elements about the progress made in implementing the programme, priority axes or operations, in relation to specific, verifiable targets;
  - (b) detailed information about the financial implementation of the programme;
  - (c) information on the steps taken by the operating structure or the TAIB committee to ensure the quality and effectiveness of implementation, in particular:
    - (i) the monitoring and evaluation measures, including data collection arrangements,
    - (ii) a summary of any significant problems encountered in implementing the programme and any subsequent measures taken,
    - (iii) the use made of technical assistance.
- (5) information on the activities to provide information on and publicise the programme, in accordance with Article 62 of the IPA Implementing Regulation.

**11** *[in the case of the cross border co-operation programme]* **REPORTING**

- (1) The operating structures of the beneficiary countries participating in a cross-border programme shall send the Commission and the respective national IPA co-ordinators an annual report and a final report on the implementation of the cross-border programme after examination by the joint monitoring committee. The reports shall also be sent to the respective national authorising officers.

The annual report shall be submitted by 30 June each year and for the first time in the second year following the adoption of the cross-border programme.

The final report shall be submitted at the latest 6 months after the closure of the cross-border programme.

- (2) The reports referred to in paragraph 1 shall include the following information:
- (a) the progress made in implementing the cross-border programme and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification, using the indicators referred to in Article 94(1)(d) of the IPA Implementing Regulation at the level of the priority axis;
  - (b) detailed information about the financial implementation of the cross-border programme;
  - (c) the steps taken by the operating structures and/or the joint monitoring committee to ensure the quality and effectiveness of implementation, in particular:
    - monitoring and evaluation measures, including data collection arrangements,
    - a summary of any significant problems encountered in implementing the cross-border programme and any measures taken;
    - the use made of technical assistance;
  - (d) the measures taken to provide information on and publicise the cross-border programme.

Where appropriate, the information referred to in points (a) to (d) of this paragraph may be provided in summary form.

Information referred to in point (c) need not be included if there has been no significant modification since the previous report

**12** *[in the case of Transition Assistance and Institution Building programme]*  
**MONITORING**

- (1) In addition to the setting up of an IPA monitoring committee as described in the Framework Agreement, the national IPA co-ordinator shall establish a sectoral monitoring committee, the Transition Assistance and Institution

Building Monitoring Committee, or 'TAIB committee, within six months after the entry into force of this Financing Agreement.

- (2) The TAIB committee shall meet at least twice a year, at the initiative of the beneficiary country or the Commission. It shall draw up its rules of procedure, in compliance with a sectoral monitoring committee mandate set out by the Commission, and within the institutional, legal and financial framework of the beneficiary country concerned. It shall adopt these rules of procedure in agreement with the national IPA co-ordinator, the national authorising officer and the IPA monitoring committee.
- (3) The TAIB committee shall be chaired by the national IPA co-ordinator. Its Members shall include the national authorising officer, the programme authorising officers and, where appropriate, other representatives of the operating structure, representatives of the Commission, as well as, where appropriate, representatives of international financial institutions and civil society, designated by the beneficiary country in agreement with the Commission.
- (4) In accordance with Article 59(2) of Regulation (EC) 718/2007 the TAIB committee shall satisfy itself as to the effectiveness and quality of the concerned programmes and operations by, in particular:
  - (a) reviewing implementation status reports detailing financial and operational progress of the programmes;
  - (b) reviewing the achievement of objectives and results of the programmes;
  - (c) reviewing procurement plans as well as relevant evaluation recommendations;
  - (d) discussing problematic issues and operations;
  - (e) proposing corrective actions as appropriate;
  - (f) reviewing the cases of fraud and irregularities and present the measures taken to recover the funds and to avoid the recurrence of similar cases;
  - (g) reviewing the annual audit work plan prepared by the audit authority and the findings and recommendations of the audits carried out.
- (5) The TAIB committee shall monitor all ongoing programmes under this component. In the case of, inter alia, investment operations, transfer of assets or privatizations, the beneficiary country shall monitor the programmes until their closure and shall notify the TAIB committee of any changes to the results of these programmes that significantly affect their impact, sustainability and ownership.
- (6) The TAIB committee may be assisted by sectoral monitoring sub-committees, set up by the beneficiary country to monitor programmes and operations of

this component, grouped by monitoring sectors. Sub-committees shall report to the TAIB committee. They shall draw up and adopt their internal rules of procedure, in compliance with a mandate to be set out by the Commission.

### **13 ROADMAP FOR DECENTRALISATION WITH EX-POST CONTROLS**

- (1) The Beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex ante* controls by the Commission.
- (2) The Commission shall monitor the implementation of the roadmap mentioned in paragraph 1, and shall take due account of the results achieved by the beneficiary country in this context, in particular in the provision of assistance and in the negotiation process. The roadmap to achieve decentralization without *ex ante* controls may refer to a phased waiver of different types of ex-ante control.
- (3) The Beneficiary country shall keep the Commission regularly updated with the progress made in the implementation of this roadmap.

### **14 TREATMENT OF RECEIPTS**

- (1) Receipts for the purposes of IPA include revenue earned by an operation, during the period of its co-financing, from sales, rentals, service enrolment/fees or other equivalent receipts with the exception of:
  - (a) receipts generated through the economic lifetime of the co-financed investments in the case of investments in firms;
  - (b) receipts generated within the framework of a financial engineering measure, including venture capital and loan funds, guarantee funds, leasing;
  - (c) where applicable, contributions from the private sector to the co-financing of operations, which shall be shown alongside public contribution in the financing tables of the programme.
- (2) Receipts as defined in paragraph 1 above represent income which shall be deducted from the amount of eligible expenditure for the operation concerned. No later than the closure of the programme, such receipts shall be deducted from the relevant operation's eligibility expenditure in their entirety or pro-rata, depending on whether they were generated entirely or only in part by the co-financed operation.

### **15 ELIGIBILITY OF EXPENDITURE**

- (1) *[in the case of programmes under the transition assistance and institution building component]* Expenditure under the programme in Annex A shall be eligible for Community contribution if it has been incurred after the contracts and grants implementing such programme have been signed, except in the cases explicitly provided for in the Financial Regulation.

*[in the case of programmes under the cross border co-operation component]:* Expenditure under the programme in Annex A shall be eligible for Community contribution if it has actually been incurred after the signature of this Financing Agreement.

- (2) The following expenditure shall not be eligible for Community contribution under the programme in Annex A:

- (a) taxes, including value added taxes;
- (b) customs and import duties, or any other charges;
- (c) purchase, rent or leasing of land and existing buildings;
- (d) fines, financial penalties and expenses of litigation;
- (e) operating costs;
- (f) second hand equipment;
- (g) bank charges, costs of guarantees and similar charges;
- (h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- (i) contributions in kind;

*[in the case of programmes under the transition assistance and institution building component]*

- (j) any leasing costs;
- (k) depreciation costs.

*[in the case of programmes under the cross border co-operation component]:*

- (j) interest on debt;

- (3) *[in the case of programmes under the transition assistance and institution building component]* By way of derogation from paragraph 2 above, the Commission will decide on a case-by-case basis whether the following expenditure is eligible:

- (a) operating costs, including rental costs, exclusively related to the period of co-financing of the operation;
- (b) value added taxes, if the following conditions are fulfilled:
  - (i) the value added taxes are not recoverable by any means;
  - (ii) it is established that they are borne by the final beneficiary, and
  - (iii) they are clearly identified in the project proposal.

*[in the case of programmes under the cross border co-operation component]:*  
By way of derogation from paragraph 2 above, the following expenditure shall be eligible:

- (a) value added taxes, if the following conditions are fulfilled:
    - (i) they are not recoverable by any means,
    - (ii) it is established that they are borne by the final beneficiary, and
    - (iii) they are clearly identified in the project proposal.
  - (b) charges for transnational financial transactions;
  - (c) where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
  - (d) legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;
  - (e) the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;
  - (f) overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed;
  - (g) the purchase of land for an amount up to 10% of the eligible expenditure of the operation concerned.
- (4) *[in the case of programmes under the transition assistance and institution building component]* Expenditure financed under IPA shall not be the subject of any other financing under the Community budget.

*[in the case of the cross border co-operation programme]*: In addition to the technical assistance for the cross-border programme referred to Article 94 of the IPA Implementing Regulation, the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:

- (a) the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation;
- (b) the costs of the provision of services relating to the preparation and implementation of an operation provided by a public authority that is itself the final beneficiary and which is executing an operation for its own account without recourse to other outside service providers if they are additional costs and relate either to expenditure actually and directly paid for the co-financed operation.

The public authority concerned shall either invoice the costs referred to in point (a) of this paragraph to the final beneficiary or certify those costs on the basis of documents of equivalent probative value which permit the identification of real costs paid by that authority for that operation.

The costs referred to in point (b) of this paragraph must be certified by means of documents which permit the identification of real costs paid by the public authority concerned for that operation.

- (5) *[in the case of the cross border co-operation programme]*: Without prejudice to the provisions of paragraphs 1 to 4, further rules on eligibility of expenditure may be laid down in the cross-border programme in Annex A to this Agreement.

## **16 RETENTION OF DOCUMENTS**

- (1) All documents related to a given programme shall be retained by the Beneficiary for at least three years after the closure of the programme. This period shall be interrupted either in the case of legal proceedings or at the duly motivated request of the Commission.
- (2) By way of derogation from paragraph 1, written records of the entire procurement, grant award and contracting procedure shall be retained by the operating structure for a period of at least seven years from the payment of the balance of the contract.

## **17 *[in the case of programmes under the transition assistance and institution building component]* FURTHER RESPONSIBILITIES OF THE NATIONAL IPA COORDINATOR**



Where the national IPA coordinator exercises his responsibility for the programming of the transition assistance and institution building component at national level, he/she shall carry out the following tasks:

- (a) organize the preparation of project proposals as referred to in Article 69 of the IPA Implementing Regulation.
- (b) elaborate and present to the Commission the project fiches referred to in Article 69 of the IPA Implementing Regulation.
- (c) monitor the technical execution of the national programmes.

## **18 DESIGNATION AND RESPONSIBILITIES OF THE PROGRAMME AUTHORIZING OFFICERS**

- (1) The national authorizing officer shall, after consulting the national IPA coordinator, designate programme authorizing officers to head the implementing agencies. They shall be officials within the state administration of the Beneficiary and shall be responsible for the activities mentioned in Section 6(b) of Annex A to the Framework Agreement, in accordance with Article 8(3) of the Framework Agreement and with Article 11(3) of the IPA Implementing Regulation.
- (2) Programme authorizing officers shall designate officials within the national administration as senior programme officers. Under the overall responsibility of the programme authorizing officer concerned, senior programme officers shall carry out the following tasks:
  - (a) be responsible for the technical aspect of the operations within the line ministries;
  - (b) assist the programme authorizing officers in the good and timely preparation and implementation of operations at technical level;
  - (c) be in charge of the co-ordination within each priority axis set down in the Beneficiary's project proposal.

## **19 DETAILED RULES ON THE ACCREDITATION OF THE OPERATING STRUCTURES**

- (1) Where Community funds have been managed by existing national bodies in the Beneficiary under Regulation (EEC) No 3906/89 or Regulation (EC) No 2500/2001 prior to the date of entry into force of the IPA Implementing Regulation, those bodies (hereinafter referred to as the "existing national bodies") shall manage funds under the transition assistance and institution building component and the cross-border co-operation component, until the Commission adopts a Decision on conferral of management powers.

- (2) In no case the existing national bodies can manage funds under the transition assistance and institution building component or under the cross-border co-operation component without a conferral of management powers by the Commission in accordance with the IPA implementing rule for more than one year from the entry into force of the IPA Implementing Regulation.
- (3) The Commission shall decide whether to confer management powers on the existing national bodies in particular having regard to the list of deviations submitted in accordance with paragraph 4 and the decision taken by the national authorizing officer in accordance with paragraph 5.
- (4) The national authorizing officer shall carry out an assessment of the operating structure, which include the existing national bodies, with regard to the requirements referred to in Article 11 of the IPA Implementing Regulation. In particular, he/she shall establish a list of any requirements under the IPA Implementing Regulation, as set out in Article 11 therein, which the operating structure does not comply with, based on an opinion of an external auditor functionally independent from all actors in the management and control system. The list of deviations shall be sent to the Commission at the latest four months after the entry into force of the IPA Implementing Regulation.
- (5) Where the non-compliance referred to in paragraph 4 is deemed to be compatible with the efficient and effective functioning of the operating structures, the national authorizing officer may decide to accredit the bodies concerned.

At the latest five months after the entry into force of the IPA Implementing Regulation, he/she shall send to the Commission a decision relating to the accreditation of the bodies concerned. This decision shall include a roadmap, with time bound objectives, laying down the steps to be taken to remedy the non-compliance as set out in the list referred to in paragraph 4. The roadmap shall be agreed by the Commission.

- (6) Where the non-compliance referred to in paragraph 6 is not deemed to be compatible with the efficient and effective functioning of an operating structure, the national authorizing officer shall proceed to establish an accreditation for the operating structure concerned, in accordance with the provisions of Article 13 of the IPA Implementing Regulation.

## **20 DETAILED RULES ON THE CONFERRAL OF MANAGEMENT POWERS BY THE COMMISSION**

- (1) In the event that the Commission decides to confer management powers on the "existing national bodies" mentioned in Section [18 *or* 19] (1) above, the Commission may lay down further conditions on the national authorities. In the event of further conditions, the Commission shall set a time limit for compliance by the national authorities for the conferral of management powers to remain effective. The Commission Decision shall also lay down the list of *ex-ante* controls mentioned in Article 12(4) of Annex B.

- (2) Irrespective of the national authorizing officer's decision, the Commission may decide to maintain, suspend or withdraw the conferral of management powers on any of the bodies concerned at any time.
- (3) At all stages, the national authorizing officer shall ensure that all the information required by the Commission is provided by the Beneficiary.

**21** *[in the case of the cross border co-operation programme]* **FUTHER PROVISIONS APPLICABLE TO THE IMPLEMENTATION OF CROSS-BORDER PROGRAMMES**

- (1) The operating structures in each participating beneficiary country shall include one implementing agency which shall be established within the national administration or under its direct control.
- (2) The national authorising officer in each participating beneficiary country shall, after consulting the national IPA co-ordinator, designate a programme authorising officer to head the implementing agency.
- (3) The programme authorizing officers shall be officials of the State administration of the beneficiary countries. He/she shall be responsible for the activities carried out by the implementing agency.
- (4) The implementing agencies shall be responsible for the tendering and contracting, payments accounting and financial reporting aspects of the procurement of services, supplies, works and grants for the part the cross-border programme concerning the respective country.

**Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes – decentralised management**

Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes - decentralised management

**FINANCING AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF [ \_\_\_\_\_ ]**

**AND**

**THE COMMISSION OF THE EUROPEAN  
COMMUNITIES**

**CONCERNING THE PROGRAMME ON FINANCING THE  
PARTICIPATION OF [COUNTRY] IN THE ERDF  
EUROPEAN TERRITORIAL COOPERATION  
TRANSNATIONAL PROGRAMME[S] ["SOUTH-EAST  
EUROPE"] [AND] ["MEDITERRANEAN"] UNDER THE  
INSTRUMENT FOR  
PRE-ACCESSION ASSISTANCE (IPA), CROSS-BORDER  
COOPERATION COMPONENT, FOR THE YEAR 20XX**

**Dated**

**(Decentralised Management)**

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# FINANCING AGREEMENT

**THE GOVERNMENT OF [\_\_\_\_\_]**

and

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

hereafter jointly referred to as "the Parties" or individually as "the beneficiary country", in the case of the Government of [\_\_\_\_\_], or the Commission, in the case of the Commission of the European Communities.

## **Whereas**

- (a) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (hereafter: the "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries (currently Croatia, the Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo according to United Nation Security Council Resolution 1244) in their efforts to enhance political, economic and institutional reforms with a view to their eventually becoming members the European Union.
- (b) On 12 June 2007, the Commission has adopted Regulation (EC) No 718/2007 implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereafter: the "IPA Implementing Regulation").
- (c) Community assistance under the instrument for pre-accession assistance should continue to support the beneficiary countries in their efforts to strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of a civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction.

*[Either, if Candidate countries:]* Community assistance for candidate countries should additionally focus on the adoption and implementation of the full *acquis communautaire*, and in particular prepare them for the implementation of the Community's agricultural and cohesion policy.

*[Or, if Potential Candidate country:]* For potential candidate countries, Community assistance may also include some alignment with the *acquis communautaire*, as well as support for investment projects, aiming in particular at building management capacity in the areas of regional, human resources and rural development.

- (d) The Parties have concluded on [...] a Framework Agreement setting out the general rules for cooperation and implementation of the Community assistance under the instrument for Pre-Accession Assistance.
- (e) On 20 December 2007, the Commission adopted the ERDF operational programme[s] ["South–East Europe"] [and] ["Mediterranean"] by Decision(s) C(2007) [6590] [and] [6578] [respectively].
- (e) On [date], the Commission adopted a programme on financing the participation of [country] in the ERDF programme[s] ["South–East Europe"] [and] ["Mediterranean"] (hereafter: “the programme”). This programme is to be implemented by means of decentralised management.
- (f) It is necessary for the implementation of this programme that the Parties conclude a Financing Agreement to lay down the conditions for the delivery of Community assistance, the rules and procedures concerning disbursement related to such assistance and the terms on which the assistance will be managed.



## **HAVE AGREED ON THE FOLLOWING:**

### **1 THE PROGRAMME**

The Commission will contribute, by way of grant, to the financing of the following programme, which is set out in Annex A to this Agreement:

Programme number:

Title: Programme on financing the participation of [country] in the ERDF European Territorial Co-operation transnational programme[s] ["South-East Europe"] [and] ["Mediterranean"] under the IPA Cross-border Co-operation component, for the year [20XX]

### **2 IMPLEMENTATION OF THE PROGRAMME**

- (1) The programme shall be implemented by decentralised management, in the meaning of Article 53c of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as last modified by Regulation (EC, Euratom) No 1995/2007 of 13 December 2006 (hereafter: "the Financial Regulation").
- (2) The Programme shall be implemented in accordance with the provisions of the Framework Agreement on the rules for co-operation concerning EC Financial Assistance to [country] and the implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA), concluded between the Parties on [\_\_] (hereafter: "the Framework Agreement"), which is set out in Annex B to this Agreement.

### **3 NATIONAL STRUCTURES AND AUTHORITIES**

- (1) The structures and authorities with functions and responsibilities for the implementation of this Agreement are described in Annex B to this Agreement.
- (2) Further responsibilities of the national authorizing officer and the national fund are set out in Annex C to this Agreement.
- (3) The beneficiary country shall establish an operating structure responsible for the management and the implementation of this programme. Such operating structure shall co-operate with the Managing Authority[ies] of the [South-East Europe] [and] [Mediterranean] transnational programme[s] and it will be represented in the Joint Monitoring Committee[s] of [this] [these] programme[s] as a full member.

- (4) The functions and responsibilities of the operating structure shall be, *mutatis mutadis*, those listed in Section 6, Annex A, of the Framework Agreement enclosed to this Agreement as Annex B.

#### **4 FUNDING**

The funding for the implementation of this Agreement shall be as follows:

- (a) The Community contribution for the year [20XX] for the participation in the ERDF transnational programme[s] is fixed at a maximum of [€\_\_\_\_\_], as detailed in the programme in Annex A. However, payments of the Community contribution by the Commission will not be made if the minimum requirements referred to in Article 41 of Regulation are not met.
- (b) Up to 10% of this Community contribution can be used to co-finance the operational and administrative costs incurred by the beneficiary country in the implementation of this programme, as detailed in Annex A to this Agreement.

#### **5 CONTRACTING DEADLINE**

- (1) The individual contracts and agreements which implement this Agreement shall be concluded no later than two years from the date of conclusion of this Agreement.
- (2) In duly justified cases, this contracting deadline may be extended with the agreement of the Commission before its end date to a maximum of three years from the date of conclusion of this Agreement.
- (3) Any funds for which no contract has been concluded before the contracting deadline shall be cancelled.

#### **6 DEADLINE FOR THE EXECUTION OF CONTRACTS**

- (1) The contracts must be executed within a maximum of 2 years from the end date of contracting.
- (2) The Commission may agree, upon request by the beneficiary country, to an appropriate extension of the deadline for the execution of contracts. Such request must be addressed to the Commission before the end of the deadline for the execution of contracts, and be duly justified by the beneficiary country.

#### **7 DISBURSEMENT DEADLINE**

- (1) Disbursement of funds must be made no later than one year after the final date for the execution of contracts.

- (2) The deadline for disbursement of funds may be extended with the agreement of the Commission before its end date in duly justified cases.

## **8 INTERPRETATION**

- (1) Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of these regulations shall be transposed into this Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

## **9 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS**

- (1) If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision.
- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

## **10 REVIEW AND AMENDMENT**

- (1) The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.
- (2) Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the date determined by the Parties.

## **11 TERMINATION**

- (1) Without prejudice to paragraph 2, this Agreement shall terminate eight years after its signature. The termination of this Agreement shall not preclude the possibility for the Commission to make financial corrections in accordance with Articles 49 to 54 of the IPA Implementing Regulation.

- (2) This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

## **12 SETTLEMENT OF DIFFERENCES**

- (1) Differences arising out of the interpretation, operation and implementation of this Agreement, at any and all levels of participation, will be settled amicably through consultation between the Parties.
- (2) In default of amicable settlement, either Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- (3) The language to be used in the arbitration proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

## **13 NOTICES**

- (1) Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Agreement must be sent to the following addresses:

*For the Community:*

Postal Address  
Fax

*For the Beneficiary Country*

Postal Address  
Fax

## **14 NUMBER OF ORIGINALS**

This Agreement is drawn up in duplicate in the English language.

## **15 ANNEXES**

The Annexes A, B and C shall form an integral part of this Agreement.

Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes - decentralised management

## 16 ENTRY INTO FORCE

This Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

Signed, for and on behalf of the Government of [\_\_\_\_\_], at [place] on [date]

by ..... [*Ministerial level*]

Signed, for and on behalf of the Commission, at [place] on [date]

by ..... [*Director or Head of Delegation*]

**ANNEX A PROGRAMME FOR THE PARTICIPATION OF [country] IN THE ERDF EUROPEAN TERRITORIAL COOPERATION TRANSNATIONAL PROGRAMME[S] [SOUTH-EAST EUROPE] [AND] [MEDITERRANEAN] UNDER THE IPA CROSS-BORDER COOPERATION COMPONENT FOR THE YEAR [20XX], ADOPTED BY COMMISSION DECISION [\_\_\_\_\_]**

Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes - decentralised management

**ANNEX B    FRAMEWORK AGREEMENT BETWEEN THE COMMISSION  
OF THE EUROPEAN COMMUNITIES AND THE  
GOVERNMENT OF [\_\_\_\_\_], DATED [\_\_\_\_\_]**

Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded)  
for IPA programmes (component II) for participation in ERDF transnational programmes -  
decentralised management

## **ANNEX C FURTHER CONDITIONS FOR THE DELIVERY OF COMMUNITY ASSISTANCE**

### **1 DEPUTISING**

- (1) The beneficiary country shall ensure that a system of deputising is in place to ensure the continuity of the functions assigned to the national authorising officer.
- (2) Without prejudice of the aforementioned, the national authorising officer shall remain finally responsible for all the responsibilities vested in him in this Agreement and other agreements.

### **2 FURTHER RESPONSIBILITIES OF THE NAO**

In addition to the functions and responsibilities laid down in Annex B to this Agreement, the national authorizing officer shall:

- (a) conclude the relevant agreements with each of the implementing agencies, which must be endorsed by the Commission;
- (b) ensure the flow of national and other co-financing resources;
- (c) ensure that the financing reporting system Perseus<sup>1</sup> is regularly updated and reporting procedures properly respected by the national fund and the implementing agencies;
- (d) participate in the IPA monitoring committee;
- (e) participate in the Transition Assistance and Institution Building Monitoring Committee (the TAIB committee).

### **3 PAYMENTS**

- (1) Payments by the Commission of the Community contribution shall be made within the limits of the funds available.
- (2) They shall take the form of: pre-financing, interim payments and payments of the final balance.

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<sup>1</sup> Perseus is the current financial reporting system of the European Commission.



- (3) By 28 February each year, the national authorising officer shall send to the Commission a forecast of its likely payments applications for the financial year concerned and for the subsequent financial years.
- (4) The exchange of information concerning financial transactions between the Commission and the national authorising officer shall, where appropriate, be made by electronic means, using procedures agreed upon between them.
- (5) The combined total of pre-financing and interim payments shall not exceed 95% of the Community contribution.
- (6) When the ceiling referred to in paragraph 5 above is reached, the national authorising officer shall only submit a new certified statement of expenditure and information about the amounts received when he/she requests the payment of the final balance.
- (7) Amounts set out in the programmes submitted by the national authorising officer, in certified statements of expenditure, in payment applications and in expenditure mentioned in the implementation reports, shall be denominated in euro. The national authorising officer shall convert the amounts of expenditure incurred in national currency into euro using the monthly accounting rate of the euro established by the Commission for the month during which the expenditure was registered in the accounts of the operating structure concerned.
- (8) Payments by the Commission to the national fund shall be made to the euro account. One euro account shall be opened for each of the IPA programmes concerned, and shall be used exclusively for transactions relating to that programme.
- (9) The national authorising officer shall ensure that the final beneficiaries receive the total amount of the public contribution in due time and in full. No specific charge or other charge with equivalent effect shall be levied which would reduce these amounts for the final beneficiaries.
- (10) The expenditure may be covered by Community financing only if it has been incurred and paid by the final beneficiary. Expenditure paid by final beneficiaries shall be substantiated by receipted invoices or accounting documents of equivalent probative value or other relevant documents, where, according to the programme, assistance is not a function of expenditure. Expenditure must have been certified by the national authorising officer.

#### **4 ACCEPTABILITY OF PAYMENT APPLICATIONS**

- (1) Without prejudice of establishing additional requirement if the circumstances so require, the Commission shall not approve a payment application until the following minimum requirements have been fulfilled:

Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes - decentralised management

- (a) In the case of pre-financing by the Commission:
- - the national authorising officer has notified to the Commission the opening of the euro account concerned;
  - - the accreditation delivered by the competent accrediting officer and the national authorising officer are in force and the conferral of management by the Commission remains valid;
  - - the relevant financing agreement has entered into force.
- (b) In the case of each interim payment made by the Commission:
- - the national authorising officer has sent to the Commission a payment application and a statement of expenditure relating to the payment in question;
  - - the ceilings for Community assistance under each priority axis, as laid down in the Commission financing decision, have been respected;
  - - the operating structure have sent the Commission the sectoral annual implementation reports, as referred to in Article 61(1) of Regulation (EC) 718/2007, including the most recent one;
  - - the audit authority has sent the Commission, in accordance with the first and second indent of Article 29(2)(b) of Regulation (EC) .../... the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of Regulation (EC) 718/2007 and those of any agreement between the Commission and the beneficiary country;
  - - the accreditations delivered by the competent accrediting officer and the national authorising officer are in force, and the conferral of management by the Commission remains valid.

If one or more of the conditions mentioned in this paragraph are not met, the beneficiary country and the national authorising officer shall, when so requested by the Commission and within the time limit fixed by the Commission, take the necessary steps to remedy the situation.

- (c) In the case of payment by the Commission of the final balance, in accordance with the deadline set down in Article 166 of Regulation (EC, Euratom) 1605/2002, as last modified by Regulation (EC, Euratom) No 1995/2006 of 13 December 2006:
- - the national authorising officer has sent the Commission a final payment application and a final statement of expenditure;

- - the operating structure have sent to the Commission the sectoral final reports for the programme concerned, as required by Article 61(1) of Regulation (EC) No 718/2007;
- - the audit authority has sent the Commission, in accordance with the third indent of Article 29(2)(b) of Regulation (EC) No 718/2007, an opinion on any final statement of expenditure, supported by a final activity report;
- - the accreditation delivered by the competent accrediting officer and the national authorising officer are in force and the conferral of management by the Commission remains valid.

Failure to meet any of the conditions mentioned in this paragraph shall immediately result in the de-commitment of the final balance.

- (2) All or part of the payments may be suspended by the Commission where:
- (a) there is a serious deficiency in the management and control system of the programme which affects the reliability of the procedure for certification of payments and for which corrective measures have not been taken; or
  - (b) expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected;
  - (c) clarifications are needed regarding the information contained in the declaration of expenditure.
- (3) The beneficiary country shall be given the opportunity to present its observations within a period of two months before the Commission decides on a suspension in accordance with paragraph 2.
- (4) The Commission shall end suspension of all or part of the payments where the beneficiary country has taken the necessary measures to remedy the deficiency. If those measures have not been taken by the beneficiary country, the Commission may decide to cancel all or part of the Community contribution to the programme.

## **5 PRE-FINANCING**

- (1) Pre-financing shall in principle represent 50% of the Community contribution to the programme concerned and it may be paid in yearly instalments. That rate may be raised if the national authorising officer demonstrates that the resulting amount will not cover the pre-financing of the contracts and grants signed at national level. Payments for the participation in Community programmes and agencies may amount to 100% of the Community contribution relating to this participation.

- (2) The amount to be pre-financed shall be calculated as the sum of the estimate of the amount to be contracted by year, and the actual amount for which contractual obligations have been entered into in the previous years. With the exception of that concerning participation in Community programmes and agencies, pre-financing shall only be paid once the first tender or call for proposals is launched.
- (3) The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application for the programme concerned is sent within 15 months of the date on which the Commission pays the first pre-financing amount. The Community contribution to the programme concerned shall not be affected by such reimbursement.
- (4) The total pre-financing amount shall be cleared at the latest when the programme is closed. Throughout the lifetime of the programme, the national authorising officer shall use the pre-financing payment only to pay the Community contribution to expenditure in compliance with Regulation (EC) 718/2007.

## **6 INTERIM PAYMENTS**

- (1) If it appears that the rules applicable have not been complied with or that Community funds have been improperly used, the Commission may reduce interim payments to the beneficiary country, or temporarily suspend them, in accordance with the provisions of Article 46 of Regulation (EC) 718/2007. It shall inform the beneficiary country accordingly.
- (2) The suspension or reduction of interim payments shall comply with the principle of proportionality and shall be without prejudice to the decisions of conformity and clearance-of-account decisions and financial corrections.

## **7 REALLOCATION OF FUNDS**

- (1) The national authorizing officer may request a reallocation of funds within the same programme following a recommendation from the IPA monitoring Committee.
- (2) The reallocation requested shall be submitted to the Commission for approval, and shall be subject to a new Commission decision.
- (3) If the reallocation does not comprise substantial changes to the nature of the original programme and, as regards the financial element, it does not exceed 20% of the total amount allocated to the programme in question, subject to the limit of €4 million, the committee which gave an opinion on the original programme shall be informed.

## **8 STAFF, LOCATION AND OPERATIONAL COSTS OF THE NATIONAL FUND AND THE OTHER BODIES AND AUTHORITIES**

- (1) The beneficiary country shall ensure that at its own cost the availability of the necessary human resources for the timely and correct execution of the tasks entrusted to the bodies and authorities designated under Article 21 of the IPA Implementing Regulation.
- (2) The beneficiary country shall provide at its own costs the necessary premises, office furniture and other facilities for the aforementioned bodies and authorities.
- (3) Up to 10% of the Community contribution can be used to co-finance the operational and administrative costs incurred by the beneficiary country in the implementation of this programme, as detailed in Annex A to the Financing Agreement.

## **9 BANK ACCOUNTS**

- (1) The National Fund shall for each programme open up a separate euro bank account in the Central Bank or in a Government guaranteed bank account. The account shall, in principle, be interest-generating.
- (2) Any interest earned on any of the component-specific euro accounts remains the property of the beneficiary country. Interest generated by the financing by the Community of a programme shall be posted exclusively to that programme, being regarded as a resource for the beneficiary country in the form of a national public contribution, and shall be declared to the Commission whenever a payment application is submitted to the Commission.
- (3) The bank account shall be operated on the basis of a double signature system, requiring the signatures of the national authorizing officer and a senior accounting officer.
- (4) The national fund shall communicate to the Commission all relevant information on the accounts at the national fund as well as on all other accounts in the implementing agencies and others to which IPA funds have been transferred. Relevant information encompasses the name and address of the bank, the account number, the names of the account holders, the interest rates and any other information that the Commission deems appropriate.

## **10 ACCOUNTING AND AUDITS**

- (1) The national fund shall operate an accounting system covering all contractual and other financial operations pertaining to all IPA financed programmes.
- (2) The accounts and operations of all relevant operating structures/implementing agencies and authorities may be checked at regular intervals by an outside

auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Court of Auditors as referred to in the Framework Agreement.

- (3) All documents related to a given programme shall be retained by the beneficiary country for at least three years after the closure of the programme. This period shall be interrupted either in case of legal proceedings or at the duly motivated request of the Commission.
- (4) By way of derogation from paragraph 3 above, written records of the entire procurement, grant award and contracting procedure shall be retained by the operating structure for a period of at least seven years from the payment of the balance of the contract.

## **11 REPORTING**

- (1) The operating structure shall send the Commission, the national IPA coordinator and the national authorising officer an annual report and a final report on the implementation of this programme.

The annual report shall be submitted by 30 June each year and for the first time in the second year following the adoption of this programme.

The final report shall be submitted at the latest 6 months after the closure of this programme.

- (2) The reports referred to in paragraph 1 shall include the following information:
  - (a) the progress made in participating in the ERDF transnational programme(s) and priorities in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification;
  - (b) detailed information about the financial implementation of the programme;
  - (c) the steps taken by the operating structure to ensure the quality and effectiveness of implementation, in particular:
    - monitoring and evaluation measures, including data collection arrangements,
    - a summary of any significant problems encountered in implementing the programme and any measures taken;
    - the use made of technical assistance;
  - (d) the measures taken to provide information on and publicise the programme.

Where appropriate, the information referred to in points (a) to (d) of this paragraph may be provided in summary form.

Information referred to in point (c) need not be included if there has been no significant modification since the previous report

## **12 ROADMAP FOR DECENTRALISATION WITH EX-POST CONTROLS**

- (1) The Beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex ante* controls by the Commission.
- (2) The Commission shall monitor the implementation of the roadmap mentioned in paragraph 1, and shall take due account of the results achieved by the beneficiary country in this context, in particular in the provision of assistance and in the negotiation process. The roadmap to achieve decentralization without *ex ante* controls may refer to a phased waiver of different types of ex-ante control.
- (3) The Beneficiary country shall keep the Commission regularly updated with the progress made in the implementation of this roadmap.

## **13 TREATMENT OF RECEIPTS**

- (1) Receipts for the purposes of IPA include revenue earned by an operation, during the period of its co-financing, from sales, rentals, service enrolment/fees or other equivalent receipts with the exception of:
  - (a) receipts generated through the economic lifetime of the co-financed investments in the case of investments in firms;
  - (b) receipts generated within the framework of a financial engineering measure, including venture capital and loan funds, guarantee funds, leasing;
  - (c) where applicable, contributions from the private sector to the co-financing of operations, which shall be shown alongside public contribution in the financing tables of the programme.
- (2) Receipts as defined in paragraph 1 above represent income which shall be deducted from the amount of eligible expenditure for the operation concerned. No later than the closure of the programme, such receipts shall be deducted from the relevant operation's eligibility expenditure in their entirety or pro-rata, depending on whether they were generated entirely or only in part by the co-financed operation.

## **14 ELIGIBILITY OF EXPENDITURE**

Annex 7A — Template of Financing Agreement (where a Framework Agreement has been concluded) for IPA programmes (component II) for participation in ERDF transnational programmes - decentralised management

- (1) Expenditure under the programme in Annex A shall be eligible for Community contribution if it has actually been incurred after the signature of this Financing Agreement.
- (2) The following expenditure shall not be eligible for Community contribution under the programme in Annex A:
  - (a) taxes, including value added taxes;
  - (b) customs and import duties, or any other charges;
  - (c) purchase, rent or leasing of land and existing buildings;
  - (d) fines, financial penalties and expenses of litigation;
  - (e) operating costs;
  - (f) second hand equipment;
  - (g) bank charges, costs of guarantees and similar charges;
  - (h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
  - (i) contributions in kind;
  - (j) interest on debt;
- (3) By way of derogation from paragraph 2 above, the following expenditure shall be eligible:
  - (a) value added taxes, if the following conditions are fulfilled:
    - (i) they are not recoverable by any means,
    - (ii) it is established that they are borne by the final beneficiary, and
    - (iii) they are clearly identified in the project proposal.
  - (b) charges for transnational financial transactions;
  - (c) where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
  - (d) legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;



- (e) the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;
  - (f) overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed;
  - (g) the purchase of land for an amount up to 10% of the eligible expenditure of the operation concerned.
- (4) In addition to the technical assistance for the programme referred to Article 94 of the IPA Implementing Regulation, the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:
- (a) the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation;
  - (b) the costs of the provision of services relating to the preparation and implementation of an operation provided by a public authority that is itself the final beneficiary and which is executing an operation for its own account without recourse to other outside service providers if they are additional costs and relate either to expenditure actually and directly paid for the co-financed operation.

The public authority concerned shall either invoice the costs referred to in point (a) of this paragraph to the final beneficiary or certify those costs on the basis of documents of equivalent probative value which permit the identification of real costs paid by that authority for that operation.

The costs referred to in point (b) of this paragraph must be certified by means of documents which permit the identification of real costs paid by the public authority concerned for that operation.

- (5) Without prejudice to the provisions of paragraphs 1 to 4, further rules on eligibility of expenditure may be laid down in in the ERDF transnational programme[s].

## **15 RETENTION OF DOCUMENTS**

- (1) All documents related to a given programme shall be retained by the Beneficiary for at least three years after the closure of the programme. This period shall be interrupted either in the case of legal proceedings or at the duly motivated request of the Commission.

- (2) By way of derogation from paragraph 1, written records of the entire procurement, grant award and contracting procedure shall be retained by the operating structure for a period of at least seven years from the payment of the balance of the contract.

## **16 DESIGNATION AND RESPONSIBILITIES OF THE PROGRAMME AUTHORIZING OFFICERS**

- (1) The national authorizing officer shall, after consulting the national IPA coordinator, designate programme authorizing officers to head the implementing agencies. They shall be officials within the state administration of the Beneficiary and shall be responsible for the activities mentioned in Section 6(b) of Annex A to the Framework Agreement, in accordance with Article 8(3) of the Framework Agreement and with Article 11(3) of the IPA Implementing Regulation.
- (2) Programme authorizing officers shall designate officials within the national administration as senior programme officers. Under the overall responsibility of the programme authorizing officer concerned, senior programme officers shall carry out the following tasks:
  - (a) be responsible for the technical aspect of the operations within the line ministries;
  - (b) assist the programme authorizing officers in the good and timely preparation and implementation of operations at technical level;
  - (c) be in charge of the co-ordination within each priority axis set down in the Beneficiary's project proposal.

## **17 DETAILED RULES ON THE ACCREDITATION OF THE OPERATING STRUCTURES**

- (1) Where Community funds have been managed by existing national bodies in the Beneficiary under Regulation (EEC) No 3906/89 or Regulation (EC) No 2500/2001 prior to the date of entry into force of the IPA Implementing Regulation, those bodies (hereinafter referred to as the "existing national bodies") shall manage funds under the transition assistance and institution building component and the cross-border co-operation component, until the Commission adopts a Decision on conferral of management powers.
- (2) In no case the existing national bodies can manage funds under the transition assistance and institution building component or under the cross-border co-operation component without a conferral of management powers by the Commission in accordance with the IPA implementing rule for more than one year from the entry into force of the IPA Implementing Regulation.

- (3) The Commission shall decide whether to confer management powers on the existing national bodies in particular having regard to the list of deviations submitted in accordance with paragraph 4 and the decision taken by the national authorizing officer in accordance with paragraph 5.
- (4) The national authorizing officer shall carry out an assessment of the operating structure, which include the existing national bodies, with regard to the requirements referred to in Article 11 of the IPA Implementing Regulation. In particular, he/she shall establish a list of any requirements under the IPA Implementing Regulation, as set out in Article 11 therein, which the operating structure does not comply with, based on an opinion of an external auditor functionally independent from all actors in the management and control system. The list of deviations shall be sent to the Commission at the latest four months after the entry into force of the IPA Implementing Regulation.
- (5) Where the non-compliance referred to in paragraph 4 is deemed to be compatible with the efficient and effective functioning of the operating structures, the national authorizing officer may decide to accredit the bodies concerned.

At the latest five months after the entry into force of the IPA Implementing Regulation, he/she shall send to the Commission a decision relating to the accreditation of the bodies concerned. This decision shall include a roadmap, with time bound objectives, laying down the steps to be taken to remedy the non-compliance as set out in the list referred to in paragraph 4. The roadmap shall be agreed by the Commission.

- (6) Where the non-compliance referred to in paragraph 6 is not deemed to be compatible with the efficient and effective functioning of an operating structure, the national authorizing officer shall proceed to establish an accreditation for the operating structure concerned, in accordance with the provisions of Article 13 of the IPA Implementing Regulation.

## **18 DETAILED RULES ON THE CONFERRAL OF MANAGEMENT POWERS BY THE COMMISSION**

- (4) In the event that the Commission decides to confer management powers on the "existing national bodies" mentioned in Section 17(1) above, the Commission may lay down further conditions on the national authorities. In the event of further conditions, the Commission shall set a time limit for compliance by the national authorities for the conferral of management powers to remain effective. The Commission Decision shall also lay down the list of *ex-ante* controls mentioned in Article 12(4) of Annex B.
- (5) Irrespective of the national authorizing officer's decision, the Commission may decide to maintain, suspend or withdraw the conferral of management powers on any of the bodies concerned at any time.

- (6) At all stages, the national authorizing officer shall ensure that all the information required by the Commission is provided by the Beneficiary.

**19 FURTHER PROVISIONS APPLICABLE TO THE IMPLEMENTATION OF PROGRAMMES FOR THE PARTICIPATION IN ERDF TRANSNATIONAL PROGRAMMES UNDER THE CROSS-BORDER COOPERATION COMPONENT**

- (1) The operating structure shall cooperate with the Managing Authority of the ERDF transnational programme(s). The operating structure is represented in the Joint Monitoring Committee of the ERDF transnational programme(s) as a full member.
- (2) The operating structure shall include one implementing agency which shall be established within the national administration or under its direct control.
- (3) The national authorising officer shall, after consulting the national IPA coordinator, designate a programme authorising officer to head the implementing agency.
- (4) The programme authorising officer shall be an official of the State administration of the beneficiary country. He/she shall be responsible for the activities carried out by the implementing agency.
- (5) The implementing agency shall be responsible for the tendering and contracting, payments accounting and financial reporting aspects of the procurement of services, supplies, works and grants.

**Annex 8 — Templates of Commission Decision and  
Financing Proposal for IPA programmes under  
component I – centralised management**

**CENTRALISED/JOINT MANAGEMENT**

**COMMISSION DECISION**

**C(20XX)XXXX of DD/MM/20XX**

**adopting a [National programme on .....] or a [Regional or horizontal programme on .....] or a [audit and evaluation programme on .....] or a [information and communication programme on .....] or an [interim civilian administrations programme in the Western Balkans] or a [TAIEX programme on .....] under the IPA -Transition Assistance and Institution Building Component for the year 20XX,**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country and by component, or, as appropriate, by group of countries or by theme. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council established for all candidate and potential candidate countries an Accession Partnership or a European Partnership. The Commission has adopted on [date] a multi-annual indicative planning document [Year/Year] for Country X [*or: a multi-beneficiary multi-annual indicative planning document*]

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

[Year/Year] which present(s) indicative allocations for the main priorities for pre-accession assistance to the/all country/ies concerned<sup>2</sup>.

- (4) Therefore, [and having regard to the project proposals submitted by the countries concerned,] the [Title programme] under the IPA Transition Assistance and Institution Building Component for [Year] aims at providing assistance for [*mention succinctly the content of the programme – its priority axes*];
- (5) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>3</sup> (hereafter: “Implementing Rules”) and constitutes thus a financing decision within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>4</sup> (hereafter: “Financial Regulation”);
- (6) [*where applicable*: It is appropriate to implement this program in joint management with [Name of the International Organisation], [*insert succinctly reasons for joint management inspired by Art. 53d Financial Regulation*];
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The [Title programme] under the IPA Transition Assistance and Institution Building Component for [Year], as set out in the Annex, is hereby adopted.

This programme shall be implemented by centralised management. [*or* : This programme shall be implemented by joint management with <Name of the International Organisation>]. [*or* This programme shall be implemented partly by centralised management and partly by joint management with <Name of the International Organisation>].

[*Where applicable*: It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of X **in conformity with the Framework Agreement concluded between the same parties on [...]**– *delete*

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<sup>2</sup> C(Year)XXXX

<sup>3</sup> OJ L 357, 31.12.2002, p. 1, Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

<sup>4</sup> OJ L 248, 16.9.2002, p.1, Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

*the part in bold in case that the Framework Agreement shall not be concluded before the signature of the Financing Agreement implementing this programme].*

## *Article 2*

The maximum amount of Community contribution shall be **EUR [...] million**, to be financed through [Article 22.02.01 or .02] (= *national programmes*) or [Item 22.02.07.01] (= *regional and horizontal programmes*) or [Item 22.02.07.02] (= *evaluation, follow-up and audit*) or [Article 22.04.02] (= *information and communication*) or [Article 22.02.03] (= *interim civilian administrations programme in the Western Balkans*) or [Article 22.02.06] (= *TAIEX*) of the general budget of the European Communities for 2007.

Done at Brussels, [...]

*For the Commission*

[...]

*Member of the Commission*



## ANNEX: TITLE OF THE PROGRAMME

### 1 IDENTIFICATION

Beneficiary	<i>name of the Beneficiary Country(ies)</i>
CRIS number	<i>to be inserted after global commitment has been given by the Financial Execution Unit</i>
Year	<i>budget year from which the programme is to be financed</i>
Cost	total value of actions to be financed from IPA in EUR
Implementing Authority	European Commission. [Or where applicable, indicate the body/ies to which the Commission delegates implementation tasks in accordance with Article 54 of the Financial Regulation.] [Or where applicable, indicate the name of the International organisation implementing the programme under joint management with the European Commission.]
Final date for concluding the financing agreements	at the latest by 31 December n+1. "n" being the year in which the budgetary commitment was made. [Or: the programme is implemented without Financing Agreements]
Final dates for contracting	2 years following the date of conclusion of the Financing Agreement. [or: 30 November n+1, "n" being the year in which the budgetary commitment was made, where a Financing Agreement is not concluded] No deadline, as this programme is a programme on audit or evaluation, as referred to in Article 166 (2) of the Financial Regulation. These dates apply also to the national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Code	According to <a href="#">DAC-list</a>
Budget line(s) concerned	[22.02.01]: national programmes (component Transition Assistance and Institution Building) for Candidate countries

	<p><i>or:</i></p> <p>[22.02.02]: national programmes (component Transition Assistance and Institution Building) for Potential Candidate countries</p> <p><i>or:</i></p> <p>[22.02.07.01]: regional and horizontal programmes</p> <p><i>or:</i></p> <p>[22.02.07.02]: evaluation of results of Community aid, follow-up and audit measures</p> <p><i>or:</i></p> <p>[22.04.02]: information and communication</p> <p><i>or:</i></p> <p>[22.02.03]: interim civilian administrations in the Western Balkans</p> <p><i>or:</i></p> <p>[22.02.06]: TAIEX</p>
Programming Task Manager	<i>Indicate name of responsible Unit in Brussels</i>
Implementation Task Manager	<i>Indicate name of responsible Unit in Brussels or Section in the Delegation in case of deconcentrated programme.</i>

## **2. PRIORITY AXES / (MEASURES) / PROJECTS**

*In accordance with Article 6, paragraph 2, sub-paragraph 2, of the IPA Implementing Regulation, please note that this section should detail the set of priority axes that is envisaged, each of which defines a global objective to attain, and which shall be implemented through measures comprising projects. The fundamental elements of the project fiche are however the priority axes and the projects.*

*Please, also note that the priority axes correspond to the main areas of intervention foreseen in the MIPDs.*

*Please take into account that the co-financing requirements (see section 3.2 below) are applied at the level of the priority axes.*

### **2.a Priority axes**

*This section should set out the main priority axes for IPA assistance for the year 2007 under this programme. These priority axes should be derived from the consolidated operational assessment as reflected in the MIPDs of the challenges, needs and relative importance of the priorities translated from the European and Accession Partnerships, National Programme for the Adoption of the Acquis, Enlargement*

*Package/Progress Reports, Stabilisation and Association Agreements and the country's sectoral strategies.*

## **2.b Description of projects grouped per priority axis and (if relevant) per measure**

*Description of projects grouped per priority axis and (if relevant) per measure, specifying the project purpose, expected results, activities, as well as the information required by Article 90(3) of the Implementing Rules to the Financial Regulation (IR).*

*For activities to be implemented by means of procurement: the global budgetary envelope reserved for the procurements during the year; the indicative number and type of contracts (services, supplies or works) envisaged and, if possible, their subject in generic terms; the indicative time frame for launching the procurement procedures.*

*For activities to be implemented by means of grants: essential selection and award criteria to be used to select the proposals (in this respect, please include the following sentence: the essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.); maximum possible rate of co-financing and, if different rates of co-financing are envisaged, the criteria to be followed by each rate; timetable and indicative amount of the call for proposals.*

*If an activity is to be implemented by means of a direct grant agreement, without a call for proposal, please state the name of the beneficiary if known, as well as the relevant provision of Article 168 of the IR providing the basis for the direct award, duly substantiated if necessary (see Article 168 of the IR).*

*For activities to be implemented under joint management: please state that a Contribution Agreement will be concluded with the organization concerned.*

## **2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor coordination**

*This section should provide for an overview of the results and lessons learned of all assistance in the country/region for the selected priority axes.*

*Overview of all ongoing EC actions, actions of other donors and/or of the beneficiary country complementary to the present one, including, where possible, financial amounts involved.*

*Description of the coordination process with the beneficiary country and/or other donors, notably International Organizations and Member States, including, where possible, financial amounts involved.*

## **2.d Where applicable, Horizontal issues**

Annex 8 — Templates of Commission Decision and Financing Proposal for IPA programmes under component I / centralised management

- *Equal opportunities and non-discrimination;*
- *Support to minority and vulnerable groups;*
- *Environmental protection;*
- *Good governance, with particular attention to fight against corruption.*

*This section should show how these issues will be tackled in the framework of the programme.*

## **2.e Conditions**

*This section should reflect where appropriate on the conditions that need to be fulfilled by the beneficiary country prior to the implementation of the programme.*

## **2.f Benchmarks**

*This section should indicate the benchmarks for the tendering and contracting of the funds.*

"n" being the year in which the year in which the budgetary commitment was made [*if the programme is implemented without a Financing Agreement,or:*]

"n" being the date of conclusion of the Financing Agreement

	N		N+1 (cumulative)		N+2 (cumulative)	
	EU	NF	EU	NF	EU	NF
Number of tenders launched						
Number of calls for proposals launched						
Contracting Rate(%)						

## **2.g (For National programmes only): Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission**

*According to Article 8(4)c) of the IPA Implementing Regulation, the beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation **without** *ex ante* controls by the Commission.*

*In the case that decentralization with *ex-ante* controls has not yet been conferred by the Commission, a detailed specific plan and timetable for decentralization **with** *ex-ante**

*controls shall be established by the beneficiary country, in accordance with the Commission's guidance "Roadmap for DIS".*

### 3. BUDGET (amounts in EUR)

#### 3.1. Indicative budget table

Centralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution			
	Total expenditure		IPA Community contribution		National contribution*		Total expenditure		IPA Community contribution			National contribution*		EUR (h)=(b)+(e)	% <sup>(2)</sup>
	EUR (a)=(b)+(c)	EUR (b)	% <sup>(1)</sup>	EUR (c)	% <sup>(1)</sup>	EUR (d)=(e)+(f)	EUR (e)	% <sup>(1)</sup>	EUR (f)	% <sup>(1)</sup>		EUR (g)=(a)+(d)	EUR (h)=(b)+(e)		
<b>Priority axis 1</b>															
(- Measure 1)													-		
Project 1													-		
Project 2													-		
(- Measure 2)													-		
(...)													-		
<b>Priority axis 2</b>															
(...)													-		
<b>TOTAL</b>													<b>100</b>		

\* contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

### 3.2 Principle of Co-Financing applying to the projects funded under the programme

**[Standard text]** The Community contribution, which represents [X]% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of centralised management *[or where applicable: joint management]* is based on the **total expenditure**. Parallel co-financing will be used.

*Please explain how the requirements of co-financing for IB and INV (min. 10% and 10% to 25% respectively **at the level of each priority axis** have been complied with or not. In the latter case, please provide detailed explanations.*

**[Standard text]** In the case of grants, final grant beneficiaries should contribute with a minimum of 10 % of the eligible expenditure of the project, both for investment and institution building projects, and a minimum of 5% of the eligible expenditure in case of twinning.

*Please explain how this is taking place in practice.*

*Please note that any exception to this principle should be clearly explained and duly justified under this section. In case of a financing in full by the Commission, please provide the reasons in the light of Article 253 of the Implementing Rules to the Financial Regulation.*

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1 Method of implementation

*If the programme is to be carried out on a centralised basis according to Article 53a of the Financial Regulation:*

**[standard text]** The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>1</sup> and the corresponding provisions of the Implementing Rules<sup>2</sup>.

*Further, if the implementation of the programme or part of it is delegated to other DG or managed by EC Delegations, this is to be clearly mentioned.*

*In the case of indirect centralised management, the body to which the Commission delegates tasks of public authority shall also be clearly indicated as well as the point of Article 54(2) of the Financial Regulation under which this body falls.*

*If the programme is to be carried out by joint management with an international organisation according to Article 53d of the Financial Regulation:*

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<sup>1</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

<sup>2</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

**[Standard text]** “The programme will be implemented by the European Commission by joint management with [name of the international organization] following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules.

To this end, the Commission and [name of the international organization] will conclude a Contribution Agreement.”

*In case that the name of the international organisation is not known, the criteria for the selection of the international organisation shall be provided along with, if possible, a list of international organisations with which the Commission intends to jointly implement the action.*

*In case that the programme is implemented partly in centralized management and partly in joint management, please indicate specifically the parts of the programme falling under each implementation method.*

## **4.2 General rules for procurement and grant award procedures**

*For National Programmes, Regional/ Horizontal programmes, information and communication programmes, interim civilian administrations in the Western Balkans, evaluation, follow-up and audit programmes and TAIEX:*

### **[Standard text]**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EC external actions” (“Practical Guide”) as published on the EuropeAid website<sup>3</sup> at the date of the initiation of the procurement or grant award procedure.

*For PRINCE-type programmes:*

### **[Standard text]**

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<sup>3</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)



"Procurement shall follow the provisions of Part One, Title V of the Financial Regulation and Part One, Title V, Chapter 1 of its Implementing Rules.

The Commission shall also use the procedural guidelines facilitating the application of the above rules provided for in the "Vademecum on Public Procurement Procedures in the Commission" and the standard templates and models as published on the BUDG website<sup>4</sup> at the date of the initiation of the procurement procedure."

***For programmes/activities under joint management:***

**[Standard text]**

**"The general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the [name of the international organization] implementing such programme/activity."**

### **4.3 Implementation Principles for Twinning Projects**

**[Standard text]:**

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address:

**[http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)**

### **4.4 *Where appropriate*, Environmental Impact Assessment and Nature Conservation**

**[Standard text]:**

All investments shall be carried out in compliance with the relevant Community environmental legislation.

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<sup>4</sup> [http://intracomm.cec.eu-admin.net/budg/imp/procurement/imp-080-030-010\\_contracts\\_en.html](http://intracomm.cec.eu-admin.net/budg/imp/procurement/imp-080-030-010_contracts_en.html)

As a consequence, since [*indicate the names or references of the relevant projects*] correspond to projects which fall within the scope of [annex 1][and][annex 2] of the EIA-directive<sup>5</sup>, an environmental impact assessment shall be made for each project<sup>6</sup>, equivalent to that provided for by the EIA-directive.

[*and, as appropriate* : Since [*indicate the names or references of the relevant projects*] are likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made for each project<sup>7</sup>, equivalent to that provided for in Art. 6 of the Habitats Directive<sup>8</sup>.

## 5. MONITORING AND EVALUATION

### 5.1 Monitoring

*In the case of centralised management:*

**[Standard text]** The Commission may undertake any actions it deems necessary to monitor the programmes concerned

*In the case of joint management with international organisations*

**[Standard text]** The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisation(s) concerned

### 5.2 Evaluation

**[Standard text]**

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

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<sup>5</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

<sup>6</sup> Cf. Annex EIA to the corresponding investment project fiche.

<sup>7</sup> Cf. Annex Nature Conservation to the corresponding investment project fiche

<sup>8</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

## 6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

### [Standard text]

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>9</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

## 7. LIMITED CHANGES

### [Standard text]

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>10</sup>, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>9</sup> OJ L 292; 15.11.1996; p. 2

<sup>10</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

**Annex 9 — Templates of Commission Decision and  
Financing Proposal for IPA programmes under  
component I – decentralised management**

**COMMISSION DECISION**

**C(20XX)XXXX of DD/MM/20XX**

**adopting a National programme for [Country X] under the IPA-Transition  
Assistance and Institution Building Component, for the year 20XX**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (5) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.
- (6) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country and by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (7) The Council has established [an Accession][a European] Partnership for [Country X]<sup>2</sup>. The Commission has adopted on [date] a multi-annual indicative planning document [Year/Year] for [Country X] which presents indicative allocations for the main priorities for pre-accession assistance to that country<sup>3</sup>.
- (8) Therefore, and having regard to the project proposals submitted by [Country X], the national programme for [Country X] under the IPA Transition Assistance and Institution Building Component for the year 20XX aims at

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

<sup>2</sup> Council Decision YYYY/xx/EC of dd month YYYY (OJ L XX, dd.mm.yyyy, p. xx).

<sup>3</sup> C(Year)XX

providing assistance for *mention succinctly the content of the programme – its priority axes*.

- (9) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>4</sup> and constitutes thus a financing decision within the meaning of Article 75 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>.
- (10) The administrative capacity of [Country X] is sufficiently developed to allow for implementation of this programme by decentralised management, as provided for in Article 53c of Regulation (EC, Euratom) No 1605/2002.
- (11) The Commission concluded on dd/mm/yyyy a Framework Agreement with the Government of [Country X] on the rules for co-operation and implementation of pre-accession assistance.
- (12) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee.

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The national programme for [Country X] under the IPA-Transition Assistance and Institution Building Component for 20XX, as set out in the Annex, is hereby adopted.

This programme shall be implemented by decentralised management. To that effect, a financing agreement shall be concluded between the Commission and the Government of [Country X] in conformity with the Framework Agreement concluded between the same parties.

#### *Article 2*

The maximum amount of Community assistance shall be EUR XX.X million to be financed through [Article 22.02.01] (=comp I for CC) or [Article 22.02.02] (=comp I for PCC) of the general budget of the European Communities for the year 20XX.

Done at Brussels, [...]

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<sup>4</sup> OJ L 357, 31.12.2002, p. 1, Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

<sup>5</sup> OJ L 248, 16.9.2002, p.1, Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

*For the Commission*

*[...]*

*Member of the Commission*

## ANNEX: TITLE OF THE PROGRAMME

### 1 IDENTIFICATION

Beneficiary	<i>name of Beneficiary Country</i>
CRIS number	<i>to be inserted after global commitment has been given by the Financial Execution Unit</i>
Year	<i>budget year from which the programme is to be financed</i>
Cost	total value of actions to be financed from IPA in EUR
Implementing Authority	<p>Implementing Agency[ies] of Country X, responsible for the execution of the projects, [is][are]:</p> <p><i>(Insert name of each IA, indicating for which projects it will be responsible.)</i></p> <p><i>In case of project “Participation in Community Programmes”, implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.</i></p> <p><i>In some projects, other ministries or institutions may play an important technical role. Details should be provided here.</i></p>
Final date for concluding the Financing Agreements	<p>At the latest by 31 December n+1;</p> <p><i>"n" being the year in which the budgetary commitment was made.</i></p>
Final date for contracting	<p>2 years following the date of conclusion of the Financing Agreement..</p> <p>No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation.</p> <p>These dates apply also to the national co-financing.</p>
Final dates for execution	<p>2 years following the end date for contracting.</p> <p>These dates apply also to the national co-financing.</p>
Sector Code	According to <a href="#">DAC-list</a>



Budget line concerned	[22.02.01]: national programmes (component Transition Assistance and Institution Building) for Candidate countries.  [22.02.02]: national programmes (component Transition Assistance and Institution Building) for Potential Candidate countries.
Programming Task Manager	<i>Indicate name of responsible Unit in Brussels</i>
Implementation Task Manager	<i>Indicate name of responsible Section in the EC Delegation.</i>

## 2 PRIORITY AXES / (MEASURES) / PROJECTS

*In accordance with Article 6, paragraph 2, sub-paragraph 2, of the IPA Implementing Regulation, please note that this section should detail the set of priority axes that is envisaged, each of which defines a global objective to attain, and which shall be implemented through measures comprising projects. The fundamental elements of the project fiche are however the priority axes and the projects.*

*Please, also note that the priority axes correspond to the main areas of intervention foreseen in the MIPDs.*

### 2.a Priority axes

*This section should set out the main priority axes for IPA assistance for the year 2007 under this programme. These priority axes should be derived from the consolidated operational assessment as reflected in the MIPDs of the challenges, needs and relative importance of the priorities translated from the European and Accession Partnerships, National Programme for the Adoption of the Acquis, Enlargement Package/Progress Reports, Stabilisation and Association Agreements and the country's sectoral strategies.*

### 2.b Description of projects grouped per priority axis and (if relevant) per measure

*Description of projects grouped per priority axis and (if relevant) per measure, specifying the project purpose, expected results, activities, as well as the information required by Article 90(3) of the Implementing Rules to the Financial Regulation (IR), i.e.:*

*For activities to be implemented by means of procurement: the global budgetary envelope reserved for the procurements during the year, the indicative number and type of contracts (services supplies and works) envisaged and, if possible, their*

*subject in generic terms, the indicative time frame for launching the procurement procedures.*

*For activities to be implemented by means of grants: essential selection and award criteria to be used to select the proposals (in this respect, please include the following sentence **[Standard text]**: the essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.); maximum possible rate of co-financing and, if different rates of co-financing are envisaged, the criteria to be followed by each rate; timetable and indicative amount of the call for proposals.*

*If an activity is to be implemented by means of a direct grant agreement, without a call for proposals, please state the name of the beneficiary if known, as well as the relevant provision of Article 168 of the IR providing the basis for the direct award, duly substantiated if necessary (see Article 168 of the IR.*

*For projects addressing the Participation in Community Programmes: please remember to retain flexibility for adding new Community Programmes/ Agencies by listing the current programmes as “inter alia” and add the following: **[Standard text]**: The participation of the beneficiary country in Community programmes shall follow the specific terms and conditions set out for each such programme in the memorandum of understanding to be concluded by the Commission and the beneficiary country, in accordance with the agreements establishing the general principles for participation of the beneficiary country in Community programmes. It shall include provisions on both the total amount of the beneficiary country's contribution and the amount funded by assistance under the IPA regulation.*

## **2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor co-ordination**

*This section should provide for an overview of the results and lessons learned of all assistance in the country for the selected priority axes.*

*Overview of all ongoing EC actions, actions of other donors and/or of the beneficiary country complementary to the present one, including, where possible, financial amounts involved.*

*Description of the coordination process with the beneficiary country and/or other donors, notably International Organizations and Member States, where possible, financial amounts involved.*

## **2.d Where applicable, Horizontal issues**

- *Equal opportunities and non-discrimination;*
- *Support to minority and vulnerable groups;*
- *Environmental protection;*
- *Good governance, with particular attention to fight against corruption.*

*This section should show how these issues will be tackled in the framework of the programme.*

## **2.e Conditions**

*This section should reflect, where appropriate, the conditions that need to be fulfilled by the beneficiary country prior to the implementation of the programme.*

## **2.f Benchmarks**

*This section should indicate the benchmarks for the tendering and contracting of the funds.*

"n" being the date of conclusion of the Financing Agreement

	N		N+1 (cumulative)		N+2 (cumulative)	
	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched						
Number of calls for proposals launched						
Contracting Rate (%)						

\* In the case of parallel co-financing

## **2.g Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission**

*According to Article 8(4)(c) of the IPA Implementing Regulation, the beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation **without** *ex ante* controls by the Commission.*

### 3. BUDGET (amounts in EUR)

#### 3.1 Indicative budget table

Decentralised management	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution		
	Total public expenditure		IPA Community contribution		National public contribution*		Total public expenditure		IPA Community contribution			National public contribution*		EUR (h)=(b)+(e)
	EUR (a)=(b)+(c)	EUR (b)	% <sup>(1)</sup>	EUR (c)	% <sup>(1)</sup>	EUR (d)=(e)+(f)	EUR (e)	% <sup>(1)</sup>	EUR (f)	% <sup>(1)</sup>	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% <sup>(2)</sup>	
<b>Priority axis 1</b>														
(- Measure 1)													-	
Project 1													-	
Project 2													-	
(- Measure 2)													-	
(...)													-	
<b>Priority axis 2</b>														
(...)													-	
<b>TOTAL</b>														

\* public contribution (private contributions are not taken into account (Article 67(1) IPA IR) under decentralised management).

(3) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(4) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire FP.

### 3.2 Principle of Co-Financing applying to the projects funded under the programme

**[Standard text]** The Community contribution, which represents [X]% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of decentralised management is based on the **public expenditure**. Joint co-financing will be used as a rule.

*Please explain in general how the requirements of co-financing for IB and INV (min. 10% and min. 25% respectively **at project level** have been complied with or not. In the latter case, please provide detailed explanations.*

**[Standard text]** In the case of grants, final grant beneficiaries should contribute with a minimum of 10 % of the eligible expenditure of the project, both for investment and institution building projects and a minimum of 5% of the eligible expenditure in the case of twinning.

*Please explain how this is taking place in practice.*

*Please note that any exception to this principle should be clearly explained and duly justified under this section. In case of a financing in full by the Commission, please provide the reasons in the light of Article 253 of the Implementing Rules to the Financial Regulation.*

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1 Method of Implementation

**[Standard text]:** This programme shall be implemented by decentralized management, in accordance with article 53c of the Financial Regulation<sup>1</sup> and the corresponding provisions of the Implementing Rules<sup>2</sup>. The Beneficiary Country will continue to ensure that the conditions laid down in Art. 56 of the Financial Regulation are respected at all times.

The ex-ante control by the Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation.

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<sup>1</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

<sup>2</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p. 1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

## 4.2 General rules for Procurement and grant award procedures

### [Standard text]:

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3, of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Contracting Authorities shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>3</sup> at the date of the initiation of the procurement or grant award procedure.

## 4.3 Implementation Principles for Twinning Projects

### [Standard text]:

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address:

**[http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)**

## 4.4 *Where appropriate:* Environmental Impact Assessment and Nature Conservation

### [Standard text]:

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<sup>3</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

All investments shall be carried out in compliance with the relevant Community environmental legislation.

As a consequence, since [*indicate the names or references of the relevant projects*] correspond to projects which fall within the scope of [annex 1][and][annex 2] of the EIA-directive<sup>4</sup>, an environmental impact assessment shall be made for each project<sup>5</sup>, equivalent to that provided for by the EIA-directive.

[*and, as appropriate* : Since [*indicate the names or references of the relevant projects*] are likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made for each project<sup>6</sup>, equivalent to that provided for in Art. 6 of the Habitats Directive<sup>7</sup>.

## 5. MONITORING AND EVALUATION

### 5.1. Monitoring

**[Standard text]:** Programme implementation will be monitored through the IPA Monitoring Committee assisted by Transition Assistance and Institution Building Monitoring Committee.

They shall assess the effectiveness, quality and coherence of the implementation of this programme. They may make proposals to the Commission and the national IPA co-ordinator, with a copy to the national authorising officer, for decisions on any corrective measures to ensure the achievements of programme objectives and enhance the efficiency of the assistance provided

### 5.2 Evaluation

**[Standard text]:** Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

After the conferral of management powers, the responsibility for carrying out interim evaluations shall lie with the beneficiary country, without the Commission's rights to perform any ad hoc interim evaluations of the programmes it deems necessary.

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<sup>4</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

<sup>5</sup> Cf. Annex EIA to the corresponding investment project fiche.

<sup>6</sup> Cf. Annex Nature Conservation to the corresponding investment project fiche

<sup>7</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

Ex post evaluation shall remain a prerogative of the Commission even after the conferral of management powers to the beneficiary country.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

## **6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES; FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS**

### **6.1 Audit, Financial Control and Anti-fraud measures**

**[Standard text]:** The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>8</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

### **6.2 Financial adjustments**

#### **[Standard text]:**

The national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the Community assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community assistance.

In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the Community assistance paid to the beneficiary in accordance with national recovery procedures.

### **6.3 Audit trail**

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<sup>8</sup> Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.



### [Standard text]

The national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts.

## **6.4 Preventive Measures**

[Standard text]: Beneficiary countries shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006<sup>9</sup>. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts.

Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for

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<sup>9</sup> OJ L371, 27.12.2006, p. 1.

himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

## **6.5 Financial corrections**

### **[Standard text]:**

In order to ensure that the funds are used in accordance with the applicable rules, the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the Commission and the beneficiary country [*or, where the latter does not exist, in the Financing Agreement implementing this programme*].

A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the beneficiary country;

If the Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Community financing.

The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the Commission following the criteria and procedures provided for in the IPA Implementing Regulation).

## **7. LIMITED CHANGES**

### **[Standard text]**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>10</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-

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<sup>10</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

**Annex 10 — Templates of Commission Decision and  
Financing Proposal for IPA administrative support  
programme**

**Decision of [insert date] approving the [insert title of the Administrative Support Programmes] under the IPA-Transition Assistance and Institution Building component in the year 20XX,**

HAVING REGARD to the Treaty establishing the European Community,

HAVING REGARD to Council Regulation (EC) No 1085/2006<sup>1</sup> of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), and in particular Article 16 thereof,

HAVING REGARD to Commission decision of 11 March 2004 (SEC(2004)120) on the Internal Rules on the Implementation of the general budget of the European Communities (Commission Section), as last amended by the Commission decision C/2007/513 of 21 February 2007, and in particular Article 15 thereof,

WHEREAS:

(1) Council Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries;

(2) Article 16 of Council Regulation (EC) No 1085/2006 allows for the financing of the costs of actions linked to [insert as appropriate: preparation, follow-up, control, audit and evaluation directly necessary for the administration of the [insert title] programme(s); or, the costs of the administrative support for the purposes of devolved programme management under IPA in the Commission delegations in third countries];

(3) Article 15 of the Commission decision C/2007/513 establishes that administrative appropriations shall be exempt from a decision having an equivalent framework than a financing decision within the meaning of Article 90 of the Regulation laying down detailed rules for the implementation of the Financial Regulation, taken by the Commission or by the authorities to which it has delegated powers;

(4) (...)

I HEREBY APPROVE:

- The programme [insert title] described in the Annex to the present decision.
- The financing of the above programme up to the maximum amount of € [insert amount] through budget item 22.01.04. XX.

Done at [Brussels],

The Director General

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

## **ANNEX: TITLE OF THE ADMINISTRATIVE SUPPORT PROGRAMME**

*N.B. For staff contracts only sections 2, 3, 4 and 5 apply*

### **1 IDENTIFICATION**

Beneficiary	<i>name of the Beneficiary Country(ies)</i>
CRIS number	<i>to be inserted after global commitment has been given by the Financial Execution Unit</i>
Year	<i>budget year from which the programme is to be financed</i>
Cost	<i>total value of actions to be financed from IPA in EUR</i>
Implementing Authority	European Commission <i>[Or where applicable, indicate the body/ies to which the Commission delegates implementation tasks in accordance with Article 54 of the Financial Regulation].</i>
Final date for contracting:	31 December n <i>"n" being the year in which the budgetary commitment was made.</i>
Final date for disbursement	31 December n + 1 <i>"n" being the year in which the budgetary commitment was made.</i>
Sector Code	AA
Budget line	22.01.04.XX
Programming Task Manager	<i>Indicate name of responsible Unit in Brussels</i>
Implementation Task Manager	<i>Indicate name of responsible Unit in Brussels or Section in the Delegation in case of deconcentrated programme.</i>

### **2 DESCRIPTION OF PROJECTS AND OBJECTIVES TO BE ACHIEVED**

(...)

*Along with the description of the projects, please provide, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.*

### 3 OVERVIEW OF PAST AND ON GOING ASSISTANCE INCLUDING LESSONS LEARNT

(...)

### 4 BUDGET (AMOUNTS IN EUR)

#### 4.1 Indicative Budget Table

	EU – IPA assistance	
	EUR	(%)
Project 1		
Project 2		
(...)		
<b>TOTAL</b>		

### 5 METHOD OF IMPLEMENTATION

#### [Standard text]

The programme will be implemented on a centralised basis by the European Commission following Article 53a of the Financial Regulation<sup>1</sup> and the corresponding provisions of the Implementing Rules<sup>2</sup>.

<sup>1</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

*Further, if the implementation of the programme or part of it is delegated to other DG or managed by EC Delegations, this is to be clearly mentioned.*

*In the case of indirect centralised management, the body to which the Commission delegates tasks of public authority shall also be clearly indicated as well as the point of Article 54(2) of the Financial Regulation under which this body falls.*

## **6 GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

### **[Standard text]**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>3</sup> at the date of the initiation of the procurement or grant award procedure.

## **7 MONITORING AND EVALUATION**

### **7.1 Monitoring**

#### **[Standard text]**

The Commission may undertake any actions it deems necessary to monitor the programmes concerned

### **7.2 Evaluation**

#### **[Standard text]**

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of the IPA

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<sup>2</sup> OJ L 357, 31.12.2002, p. 1 Regulation as last amended by Regulation (EC, Euratom) No 748/2007 (OJ L 111, 28.4.2007, p. 13).

<sup>3</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)



Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

## **8 AUDIT AND FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

### **[Standard text]**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>4</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

## **9. LIMITED CHANGES**

### **[Standard text]**

Limited changes in the implementation of this programme affecting for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures may be undertaken by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending decision by the Director General being necessary.

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<sup>4</sup> Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2

**Annex 11 — Templates of Commission Decision and  
Financing Proposal for IPA component II programmes**

**Cross-border programmes between candidate/potential  
candidate countries**

**Annual Commission decision for cross-border programmes between candidate/potential candidate countries – Applicable for both centralised and decentralised management**

**COMMISSION DECISION**

**C(20XX)XXX of dd/mm/20XX**

**adopting the “Cross-border programme [Country X] – [Country Y] under the IPA-Cross-border Co-operation component, for the year 20XX**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidates and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country, by group of countries or by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning documents referred to in Article 6 of that Regulation.
- (3) The Council has established [an Accession][a European] Partnership for [Country X]<sup>2</sup> and [an Accession][a European] Partnership for [Country Y]<sup>3</sup>. The Commission has adopted on DD/MM/20XX the Multi-annual Indicative Planning Documents [Year/Year] for [Country X] and on dd/mm/20XX the Multi-annual Indicative

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

<sup>2</sup> Council Decision 200X/XX/EC of dd month YYYY (OJ L XX, dd.mm.yyyy, p. xx).

<sup>3</sup> Council Decision 200X/XX/EC of dd month YYYY (OJ L XX, dd.mm.yyyy, p. xx).

Planning Document [Year/Year] for [Country Y] which present the main priorities for pre-accession assistance to those countries<sup>4</sup>.

- (4) The responsible authorities of [Countries X and Y] submitted to the Commission on XX Month 200X a proposal for a multi-annual cross-border programme between the two countries. This draft programme contains all the elements referred to in Article 94 of Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance (IPA)<sup>5</sup> (hereinafter referred to as the "IPA Implementing Regulation") and is consistent with the goals and priorities of the Multi-annual Indicative Planning Documents of the countries concerned. The draft programme contains, in particular, a description of priorities and the measures chosen for assistance and an indicative financing plan based on the multi-annual indicative financial framework comprising a table for each participating country specifying, for each year and for each priority axis, the indicative amount of the Community contribution and its rate, as well as the amount financed by the national counterparts. The draft programme should therefore be adopted by the Commission in accordance with Article 91(6) of the IPA Implementing Regulation.
- (5) The multi-annual "Cross-border programme [Country X] and [Country Y]" aims at providing assistance for [*mention succinctly the global and specific objectives of the programme and its priority axes*].
- (6) [*Only in case the cross-border programme approved in previous year is not changed*] The "Cross border programme [Country X] and [Country Y]" for the year 2007-09 was adopted by Decision C(2007)XXX of dd/mm/yyyy.
- (7) For the year 200X this decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>6</sup> and constitutes thus a financing decision within the meaning of Article 75(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>7</sup>.
- (8) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

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<sup>4</sup> For [Country X]: C(Year)XXX; for [Country Y]: C(Year)XXX.

<sup>5</sup> OJ L 170, 29.6.2007, p.1

<sup>6</sup> OJ L 357, 31.12.2002, p. 1, Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 1).

<sup>7</sup> OJ L 248, 16.9.2002, p.1, Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

HAS DECIDED AS FOLLOWS:

#### *Article 1*

*[Only in case the cross-border programme has been modified]* The "Cross-border programme [Country X] – [Country Y]", as set out in Annex 2 to this Decision is hereby adopted.

The Financing proposal for the year 2007 of the "Cross-Border programme [Country X] – [Country Y]", as set out in Annex 1 to this Decision is hereby adopted.

*[Note: there will be two Annexes. Annex 1 is the 2008 Financing proposal which includes a summary of the cross-border programme and the standard clauses, to be translated in the working languages of the IPA Management Cttee. Annex 2 is the cross-border programme itself, in EN only]*

*[In the event of centralised management in both countries]* This programme shall be implemented by centralised management

*[In the event of centralised management in one country and decentralised management in the other]* The part of this programme concerning [Country X] shall be implemented by [centralised] [decentralised] management. The part of this programme concerning [Country Y] shall be implemented by [centralised] [decentralised] management.

The programme corresponding to budget year 200X shall be implemented by means of Financing Agreements to be concluded between the Commission and the Government of each of the participating Countries in conformity with the Framework Agreements concluded between the same parties on [dd/mm/yyyy] for [Country X] and on [dd/mm/yyyy] for [Country Y]. Each such Financing Agreement shall cover the Community contribution for the beneficiary country and the year concerned.

#### *Article 2*

The maximum amount of Community contribution shall be EUR ... million for [Country X] and EUR ... million for [Country Y] to be financed through Item 22.02.04.01 of the general budget of the European Communities for the year 200X.

Done at Brussels, [...]

*For the Commission*

[...]

*Member of the Commission*

ANNEX 1

**FINANCING PROPOSAL FOR THE YEAR 200X  
OF THE CROSS-BORDER PROGRAMME [Country X] – [County Y]**

**1. IDENTIFICATION**

Beneficiaries	[Countries X and Y]
CRIS number	[Country X 200X/xxx-xxx] [Country Y 200X/xxx-xxx] <i>(to be inserted after global commitment has been given by the Financial Execution Unit)</i>
Year	<i>(budget year from which the programme is to be financed)</i>
Cost	[Country X: € xx million] [Country Y: € xx million] Total value of the IPA contribution: € xx million
Operating structures	[Country X]: [name of the operating structure] [Country Y]: [name of the operating structure]
Implementing Authorities	<i>(for the part of the programme implemented under centralised management):</i> For [Country X/ Y]: European Commission <i>(for the part of the programme implemented under decentralised management):</i> For [Country X/Y]: Implementing Agency [name of the Implementing Agency] <i>(Insert the right combination according to the border concerned, i.e. centralised/decentralised or centralised/centralised)</i>
Final date for concluding the Financing Agreements:	at the latest by 31 December [n+1]; <i>("n" being the year in which the budgetary commitment was made).</i>
Final date for contracting	2 years following the date of conclusion of the Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation

	These dates apply also to the national co-financing.
Final date for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Code	According to <a href="#">DAC-list</a>
Budget lines concerned	22.02.04.01 (=CBC between IPA countries)
Programming Task Managers	Indicate name of responsible geographical Units in Brussels
Implementation Task Managers	Indicate name of responsible Section in the EC Delegations.

## 2 SUMMARY

*(This section should be largely based on the content of the multi-annual cross-border programme in Annex 2) **It shall not exceed 7 pages***

### 2.1 Introduction

- *Link with the MIPD*
- *Programming process*
- *List of eligible areas and adjacent areas (if any)*

### 2.2 Global objective(s) of the programme

*(Cf. the cross-border programme)*

### 2.3 Priority axis, the related measures and their specific aspects concerning the implementation of the 2008 budget

*(This paragraph should summarise the priority axis, their related measures and their specific targets as included in the cross-border programme in Annex 2.*

*Since the cross-border programme has been drawn in a multi-annual perspective, this section shall specify the operations which are planned to be implemented using the 2008 budget).*

*(This paragraph should also summarize the following elements:*

- *for activities to be implemented by means of procurement: the global budgetary envelope reserved for the procurements during the year, the indicative number and type of contracts (services supplies and works) envisaged and, if possible, their subject in generic terms, the indicative time frame for launching the procurement procedures;*
- *for activities to be implemented by means of grants: essential selection and award criteria to be used to select the proposals, timetable and indicative amount of the calls for proposals. Additionally, please include the following sentence **[Standard text]**: "The detailed selection and award criteria for the award of grants will be laid down in Call for proposals–Application Pack (Guidelines for applicants)";*
- *if an activity is to be implemented by means of a direct grant agreement, without a call for proposals, please state the name of the beneficiary if known, as well as the relevant*



*provision of Article 168 of the IR providing the basis for the direct award, duly substantiated if necessary (see Article 168 of the IR).*

**2.4 Overview of past and on-going CBC experience, including lessons learned and donor co-ordination (as appropriate)**

*(This paragraph should provide an overview of the results and lessons learned of past and ongoing CBC programmes in Country X and Country Y including, where possible, financial amounts involved. Description of the coordination process with the beneficiary country and/or other donors, notably International Organizations and Member States and, where possible, financial amounts involved.)*

**2.5 Horizontal issues (where applicable)**

- *Equal opportunities and non-discrimination;*
- *Support to minority and vulnerable groups;*
- *Environmental protection;*
- *Good governance, with particular attention to fight against corruption.*

*(This paragraph should summarise how these issues will be tackled in the framework of the programme).*

**2.6 Conditions**

*(This paragraph should reflect, where appropriate, the conditions that need to be fulfilled by the beneficiary countries prior to the implementation of the programme).*

**2.7 Benchmarks**

*(This paragraph should indicate the benchmarks for the calls for proposals, tendering and contracting of the funds for the implementation of the 2008 budget, as appropriate).*

"N" being the date of conclusion of the Financing Agreement

	N	N+1 (cumulative)	N+2 (cumulative)
Number of tenders launched in Country X			
Number of tenders launched in Country Y			
Number of calls for proposals launched (differentiate between Country X and Y, when appropriate)			
Contracting Rate (%) in Country X			

Contracting Rate (%) in Country Y			
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## 2.8 Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

(Please make a reference to Section 2.g of the Annex to the financing decisions adopting national programmes for Country X and Country Y)

## 3 BUDGET FOR 200X

(The tables in this section shall be based on the financial tables included in the cross-border programme in Annex 2)

### 3.1 Indicative 200X financial table for Country X

	IPA Community contribution		National contribution		Total (IPA plus National contributions)	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	(%) <sup>(1)</sup>	EUR (c)=(a)+(b)	(%) <sup>(2)</sup>
Priority axis 1						
Priority axis 2						
(...)						
<b>TOTAL</b>						<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### 3.2 Indicative 200X financial table for Country Y

	IPA Community contribution		National contribution		Total (IPA plus National contributions)	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	(%) <sup>(1)</sup>	EUR (c)=(a)+(b)	(%) <sup>(2)</sup>
Priority axis 1						
Priority axis 2						
(...)						
<b>TOTAL</b>						<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

- <sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### ***3.3 Principle of co-financing applying to the projects funded under the programme***

**[Standard text]** The Community contribution has been calculated in relation to the eligible expenditure, which for the Cross-border programme [Country X] – [Country Y] is based on the [public expenditure] [total expenditure], as agreed by the participating countries and laid down in the cross-border programme.

*The Community contribution at the level of priority axis shall not exceed the ceiling of 85% of the eligible expenditure.*

*The Community contribution for each priority axis shall not be less than 20% of the eligible expenditures.*

**[Standard text]** The provisions of Article 90 of Commission Regulation (EC) No 718/2007<sup>1</sup> (IPA Implementing Regulation) apply.

## **4 IMPLEMENTATION ARRANGEMENTS**

*(This section include essentially standard clauses to complement the implementing provisions contained in the cross-border programme in Annex 2)*

### ***4.1 Method of Implementation***

#### **[Standard text Decentralised management ]:**

"This programme [*or*: the part of this programme concerning Country X or Y] shall be implemented in accordance with Article 53c of the Financial Regulation<sup>2</sup> and the corresponding provisions of the Implementing Rules<sup>3</sup>. The Beneficiary Country(ies) will continue to ensure that the conditions laid down in Article 56 of the Financial Regulation are respected at all times."

"The ex-ante control by the Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation."

#### **[Standard text Centralised management]**

"This programme [*or*: the part of this programme concerning Country X or Y] shall be implemented on a centralised basis by the European Commission in accordance with Article

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<sup>1</sup> OJ L 170, 29.06.2007

<sup>2</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

<sup>3</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13)

53a of the Financial Regulation<sup>4</sup> and the corresponding provisions of the Implementing Rules<sup>5</sup>”.

"In the event of centralised management the role of the Commission in the selection of operations under a cross-border programme among beneficiary countries is specified in Article 140 of the IPA Implementing Regulation."

#### **4.2 General rules for Procurement and grant award procedures**

##### **[Standard text for both decentralised and centralised management ]:**

"Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules<sup>6</sup> as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034)."

"Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules."

"Where appropriate, the Contracting Authorities shall also use the standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EC external actions” (“Practical Guide”) as published on the EuropeAid website<sup>7</sup> at the date of the initiation of the procurement or grant award procedure."

#### **4.3 Environmental Impact Assessment and Nature Conservation**

##### **[Standard text for both decentralised and centralised management ]:**

"All investments shall be carried out in compliance with the relevant Community environmental legislation."

"The procedures for environmental impact assessment as set down in the EIA-directive<sup>8</sup> fully apply to all investment projects under IPA. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive."

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<sup>4</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

<sup>5</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13)

<sup>6</sup> See footnotes 2 and 3 above

<sup>7</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>8</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40. Directive as last amended by Directive 2003/35/EC, OJ L 156, 25.6.2003, p. 17.

"If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive must be documented<sup>9</sup>."

## **5. MONITORING AND EVALUATION**

*(This section include essentially standard clauses to complement the implementing provisions contained in the cross–border programme in Annex 2)*

### **5.1. Monitoring**

#### **[Standard text]:**

"The implementation of the cross–border programme will be monitored by the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation, established by the participating beneficiary countries, which include representatives of the Commission."

#### **[Standard text Decentralised management]:**

"In [Country/ies X/Y], (*the "decentralised" country/ies*) the implementation of the programme will also be monitored through the IPA monitoring committee in accordance with Article 58 of the IPA Implementing Regulation.

The IPA monitoring committee shall assess the effectiveness, quality and coherence of the implementation of the programme to ensure the achievements of the programme objectives and enhance the efficiency of the assistance provided."

#### **[Standard text Centralised management]:**

"In [Country/ies X/Y] (*the "centralised" country/ies*), the Commission may undertake any actions it deems necessary to monitor the programme concerned"

### **5.2 Evaluation**

#### **[Standard text]:**

"Programmes shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the cross–border programmes."

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<sup>9</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L284, 31.10.2003, p. 1)

**6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES [, FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS] *[text in brackets: only in case of programmes with decentralised countries]***

*(This section include essentially standard clauses to complement the implementing provisions contained in the cross-border programme in Annex 2)*

**6.1 Audit, Financial Control and Anti-fraud measures**

**[Standard text]:**

"The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegations in the Beneficiary Countries."

"In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>10</sup>."

"The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds."

**6.2 Financial adjustments *[only for the part of the programme implemented under decentralised management]***

**[Standard text]:**

"In [Country/ies X/Y] (*the "decentralised" country/ies*) the national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the Community assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community assistance."

"In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the Community assistance paid to the beneficiary in accordance with national recovery procedures."

**6.3 Audit trail *[only for the part of the programme implemented under decentralised management]***

**[Standard text]**

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<sup>10</sup> Council Regulation (EC, Euratom) No 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

"In [Country/ies X/Y] (*the "decentralised" country/ies*), the national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts."

#### **6.4 Preventive Measures [only for the part of the programme implemented under decentralised management]**

##### **[Standard text]:**

"[Country/ies X/Y] (*the "decentralised" country*) shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006<sup>11</sup>. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter."

"Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget."

"Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted."

"The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts."

"Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests."

"Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests."

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<sup>11</sup> OJ L 371, 27.12.2006, p.1.

"The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict."

#### **6.5 *Financial corrections [only for the part of the programme implemented under decentralised management]***

##### **[Standard text]:**

"In order to ensure that the funds are used in accordance with the applicable rules, in [Country/ies X/Y] (*the "decentralised" country/ies*) the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the Commission and [Country/ies X/Y] or, where the latter does not exist, in the Financing Agreement implementing this programme concluded with [Country/ies X/Y]."

"A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the beneficiary country."

"If the Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Community financing."

"The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the Commission following the criteria and procedures provided for in the IPA Implementing Regulation."

## **7. LIMITED CHANGES**

##### **[Standard text]:**

"Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>12</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary."

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<sup>12</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.



## **ANNEX 2**

**Cross-border programme**

**[Country X] – [Country Y]**

**Annex 12 — Templates of Commission Decision and  
Financing Proposal for IPA component II programmes  
Cross-border programmes with Member States under  
transitional arrangements**

Draft

**COMMISSION DECISION**

**C(20XX)XXX of dd/mm/20XX**

**adopting the "Greece – [Albania/the Republic of Macedonia] IPA cross–border programme" under the IPA Cross–border Co–operation component, for the year 20XX**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidates and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country, by group of countries or by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning documents referred to in Article 6 of that Regulation.
- (3) The Council has established [an Accession][a European] Partnership for [Albania/the Republic of Macedonia]<sup>2</sup>. The Commission has adopted on DD/MM/2007 the Multi-annual Indicative Planning Document (2007–2009) for [Albania/the Republic of Macedonia] which presents the main priorities for pre-accession assistance to this country<sup>3</sup>.
- (4) On *dd month 20XX*, Greece on behalf of Greece and [Albania/the Republic of Macedonia] submitted to the Commission a proposal for a multi-annual cross-border programme between the two countries. This draft programme contains all the elements referred to in Article 94 of Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)<sup>4</sup> (hereinafter referred to as the "IPA Implementing Regulation") and is consistent with the goals and priorities of the Multi-annual

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

<sup>2</sup> Council Decision 200X/XXX/EC of *dd month YYYY* (OJ L XX, *dd.mm.yyyy*, p. *xx*).

<sup>3</sup> C(Year)XXX

<sup>4</sup> OJ L 170, 29.6.2007, p.1

Indicative Planning Document of [Albania/the Republic of Macedonia]. The draft programme contains, in particular, a description of priorities and the measures chosen for assistance and a financing plan including a table covering the Community assistance in [Albania/the Republic of Macedonia] based on the multi-annual indicative financial framework, specifying for each year and for each priority axis, the indicative amount of the Community contribution and its rate, as well as the amount financed by the national counterparts. The draft programme should therefore be adopted by the Commission in accordance with Article 91 (6) of the IPA Implementing Regulation.

- (5) The "Greece – [Albania/the Republic of Macedonia] IPA cross-border programme" aims at providing assistance for [*mention succinctly the global and specific objectives of the programme and its priority axes*].
- (6) As the participating countries are not yet ready to implement the present cross-border programme in shared management, this programme shall be implemented according to the transitional arrangements laid down in Article 99 of the IPA Implementing Regulation; this decision will therefore only relate to the part of the cross-border programme concerning [Albania/the Republic of Macedonia], the part of the cross-border programme concerning Greece being subject of a separate decision.
- (7) [*Only in case the cross-border programme approved in previous year is not changed*] The "Greece – [Albania/the Republic of Macedonia] IPA cross-border programme" for the year 2007-09 was adopted by Decision C(2007)XXX of dd/mm/yyyy.
- (8) For the year 20XX this decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>5</sup> and constitutes thus a financing decision within the meaning of Article 75 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>6</sup>.
- (9) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

[*Only in the case the cross-border programme has been modified*] The "Greece – [Albania/the Republic of Macedonia] IPA cross-border programme", as set out in Annex 2 to this Decision is hereby adopted.

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<sup>5</sup> OJ L 357, 31.12.2002, p. 1, Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 1).

<sup>6</sup> OJ L 248, 16.9.2002, p.1, Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

The Financing proposal under the IPA Cross-border Co-operation component for the year 20XX for the participation of [Albania/the Republic of Macedonia] in the "Greece – [Albania/the Republic of Macedonia] IPA cross-border programme ", as set out in Annex 1 to this Decision is hereby adopted.

The part of this programme concerning [Albania/the Republic of Macedonia] shall be implemented by centralised management in accordance with the provisions of Article 99 of the IPA Implementing Regulation.

The part of this programme concerning [Albania/the Republic of Macedonia] corresponding to budget year 2007 shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of [Albania/the Republic of Macedonia] in conformity with the Framework Agreements concluded between the same parties on [dd/mm/yyyy].

#### *Article 2*

The maximum amount of Community contribution granted from IPA to [Albania/the Republic of Macedonia] for the participation in the "Greece – [Albania/the Republic of Macedonia] IPA cross-border programme" shall be EUR X,XXX million for to be financed through Item 22.02.04.01 of the general budget of the European Communities for the year 20XX.

Done at Brussels, [...]

*For the Commission*

[...]

*Member of the Commission*

ANNEX 1

**FINANCING PROPOSAL FOR THE YEAR 20XX  
FOR THE PARTICIPATION OF [ALBANIA/THE REPUBLIC OF  
MACEDONIA] IN THE "GREECE – [ALBANIA/THE REPUBLIC OF  
MACEDONIA] IPA CROSS–BORDER PROGRAMME"**

**1. IDENTIFICATION**

Beneficiary	[Albania/the Republic of Macedonia]
CRIS number	[200X/xxx-xxx] <i>(to be inserted after global commitment has been given by the Financial Execution Unit)</i>
Year	2007
Cost	EUR xx million (total value of IPA contribution)
Operating structure	[name of the operating structure]
Implementing Authority	European Commission
Final date for concluding the Financing Agreement:	at the latest by 31 December [n+1]; <i>("n" being the year in which the budgetary commitment was made).</i>
Final date for contracting	2 years following the date of conclusion of the Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation  These dates apply also to the national co-financing.
Final date for execution	2 years following the end date for contracting.  These dates apply also to the national co-financing.
Sector Code	According to <a href="#">DAC-list</a>
Budget lines concerned	22.02.04.02 (=CBC with MS)
Programming Task Manager	<i>Indicate name of responsible geographical Unit in Brussels</i>
Implementation Task Manager	<i>Indicate name of responsible Section in the EC Delegation.</i>

## 2 SUMMARY

*(This section should be largely based on the content of the multi-annual cross-border programme in Annex 2) It shall not exceed 7 pages*

### 2.1 Introduction

- *Link with MIPD*
- *Programming process*
- *List of eligible areas (refer to Decision 2007/766/EC of 14.11.2007 OJ L 310 of 28.11.2007) and adjacent areas (if any)*

### 2.2 Global objective(s) of the programme

*(Cf. the cross-border programme)*

### 2.3 Priority axis, the related measures and their specific aspects concerning the implementation of the 2007 budget

*(This paragraph should summarise the priority axis, their related measures and their specific targets as included in the cross-border programme in Annex 2.*

*Since the cross-border programme has been drawn in a multi-annual perspective, this section shall specify the operations which are planned to be implemented using the 200X budget).*

*(This paragraph should also summarize the following elements:*

- *for activities to be implemented by means of procurement: the global budgetary envelope reserved for the procurements during the year, the indicative number and type of contracts (services supplies and works) envisaged and, if possible, their subject in generic terms, the indicative time frame for launching the procurement procedures;*
- *for activities to be implemented by means of grants: essential selection and award criteria to be used to select the proposals, timetable and indicative amount of the call for proposals. Additionally, please include the following sentence [Standard text]: "The detailed selection and award criteria for the award of grants will be laid down in Call for proposals–Application Pack (Guidelines for applicants)";*
- *if an activity is to be implemented by means of a direct grant agreement, without a call for proposals, please state the name of the beneficiary if known, as well as the relevant provision of Article 168 of the IR providing the basis for the direct award, duly substantiated if necessary (see Article 168 of the IR).*

### **Standard text for the TA priority**

The Priority Axis "Technical Assistance" will be implemented through individual direct grant agreements without call for proposals to be established between the European Commission and the respective national authorities, in accordance with article 168 1. (c) of the Implementing Rules to the Financial Regulation, considering that the relevant national authorities, i.e. the CBC coordinator in the meaning of Art. 22 (2) (b) of the IPA Implementing Regulation and the Operating structures, enjoy a *de facto* monopoly situation for the implementation of the cross-border programme. The procurement of services, supplies

or works by the direct grant beneficiaries is possible, under the terms and conditions established in the grant agreement. The direct grant agreement, for a total amount of EUR X,XXX, can be signed as soon as the Financing Agreement is concluded. The IPA allocation for Priority Axis "Technical Assistance" will be completed by a total amount of EUR X,XXX of national co-financing provided by the authorities of [Albania/the Republic of Macedonia].

**2.4 Overview of past and on-going CBC experience, including lessons learned and donor co-ordination (as appropriate)**

*(This paragraph should provide for an overview of the results and lessons learned of past and ongoing CBC programmes in Country X and Country Y including, where possible, financial amounts involved. Description of the coordination process with the beneficiary country and/or other donors, notably International Organizations and Member States and, where possible, financial amounts involved.)*

**2.5 Horizontal issues (where applicable)**

- Equal opportunities and non-discrimination;
- Support to minority and vulnerable groups;
- Environmental protection;
- Good governance, with particular attention to fight against corruption.

*(This paragraph should summarise how these issues will be tackled in the framework of the programme).*

**2.6 Conditions**

*(This paragraph should reflect, where appropriate, the conditions that need to be fulfilled by the beneficiary countries prior to the implementation of the programme).*

**2.7 Benchmarks**

*(This paragraph should indicate the benchmarks for the call for proposals, tendering and contracting of the funds for the implementation of the 200X budget, as appropriate).*

	N*	N+1 (cumulative)	N+2 (cumulative)
Number of tenders launched in [Albania/the Republic of Macedonia]			
Number of calls for proposals launched in [Albania/the Republic			



of Macedonia]			
Number of direct grants (Technical Assistance priority) in [Albania/the Republic of Macedonia]			
Contracting Rate (%) in Country Y			

\* "N" being the date of conclusion of the Financing Agreement

## **2.8 Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission**

*(Please make a reference to Section 2.g of the Annex to the financing decisions adopting national programmes for the beneficiary country)*

## **3 BUDGET FOR 200X**

*(The tables in this section shall be based on the financial tables included in the cross-border programme in Annex 2)*

### **3.1 Indicative 2007 financial table for [Albania] [the Republic of Macedonia]**

	EU – IPA assistance		National Contribution		Total (IPA plus National Contribution)	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	(%) <sup>(1)</sup>	EUR (c)=(a)+(b)	(%) <sup>(2)</sup>
Priority axis 1						100
Priority axis 2						100
(...)						100
<b>TOTAL</b>						<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### **3.2 Principle of co-financing applying to the projects funded under the programme**

**[Standard text]** The Community contribution has been calculated in relation to the **eligible expenditure**, which for that of the cross-border programme "Greece – [Albania/the Republic

of Macedonia]" concerning [Albania/the Republic of Macedonia] is based on the **total expenditure**.

*The Community contribution at the level of priority axis shall not exceed the ceiling of 85% of the eligible expenditure.*

*The Community contribution for each priority axis shall not be less than 20% of the eligible expenditures.*

**[Standard text]** The provisions of Article 90 of Commission Regulation (EC) No 718/2007<sup>1</sup> (IPA Implementing Regulation) apply.

#### **4 IMPLEMENTATION ARRANGEMENTS**

*(This section include essentially standard clauses to complement the implementing provisions contained in the cross-border programme in Annex 2)*

##### **4.1 Method of Implementation**

The "Greece – [Albania/the Republic of Macedonia] IPA cross-border programme] shall be implemented according to the provisions referred to in Article 99 (Transitional arrangements) of the IPA Implementing Regulation.

##### **[Standard text Centralised management]**

The part of this programme concerning [Albania/the Republic of Macedonia] shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>2</sup> and the corresponding provisions of the Implementing Rules<sup>3</sup>.

In the event of centralised management the role of the Commission in the selection of operations under a cross-border programme among beneficiary countries is specified in Article 140 of the IPA Implementing Regulation.

##### **4.2 General rules for Procurement and grant award procedures**

##### **[Standard text for both decentralised and centralised management ]:**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules<sup>4</sup> as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European

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<sup>1</sup> OJ L 170, 29.06.2007

<sup>2</sup> OJ L 248, 16.9.2002, p.1, Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

<sup>3</sup> OJ L 357, 31.12.2002, p. 1, Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 1).

<sup>4</sup> See footnote 2 and 3 *supra*.

Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

Where appropriate, the Contracting Authorities shall also use the standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>5</sup> at the date of the initiation of the procurement or grant award procedure."

### **4.3 Environmental Impact Assessment and Nature Conservation (where appropriate)**

#### **[Standard text for both decentralised and centralised management]:**

All investments shall be carried out in compliance with the relevant Community environmental legislation.

The procedures for environmental impact assessment as set down in the EIA-directive<sup>6</sup> fully apply to all investment projects under IPA. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive.

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive must be documented<sup>7</sup>.

## **5. MONITORING AND EVALUATION**

*(This section include essentially standard clauses to complement the implementing provisions contained in the cross-border programme in Annex 2)*

### **5.1. Monitoring**

#### **[Standard text]:**

The implementation of the cross-border programme will be monitored by the joint monitoring committee referred to in Article 110 of the IPA Implementing Regulation, established by the participating countries, which include representatives of the Commission.

#### **[Standard text Centralised management]:**

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<sup>5</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>6</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment(OJ L 175, 5.7.1985, p. 40. Directive as last amended by Directive 2003/35/EC, OJ L 156, 25.6.2003, p. 17.

<sup>7</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L284, 31.10.2003, p. 1)

"In [Albania/the Republic of Macedonia], the Commission may undertake any actions it deems necessary to monitor the programme concerned"

## 5.2 Evaluation

### [Standard text]:

Programmes shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the cross-border programmes.

## 6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES;

*(This section include essentially standard clauses to complement the implementing provisions contained in the cross-border programme in Annex 2)*

### [Standard text]:

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegations in the Beneficiary Countries.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>8</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

## 7. LIMITED CHANGES

### [Standard text]:

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>9</sup>, may be undertaken by the Commission's authorising officer by delegation

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<sup>8</sup> Council Regulation (EC, Euratom) 2185/96 of 11 November 1996, OJ L 292; 15.11.1996; p. 2.

<sup>9</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

(AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

## **ANNEX 2**

### **"Greece – [Albania/the Republic of Macedonia] IPA cross–border programme"**

**Annex 13 — Templates of Commission Decision and  
Financing Proposal for IPA component II programmes  
Participation in ERDF transnational programmes**

*Annual Commission decision for participation of candidate/potential candidate countries in the transnational programmes of the ERDF European Territorial Co-operation objective*

*–  
Template applicable for both centralised and decentralised management*

**COMMISSION DECISION**

**C(20XX)XXX of dd/mm/20XX**

**adopting a Programme on financing the participation of [Country X] in the ERDF European Territorial Co-operation transnational programme[s] ["South-East Europe"] [and] ["Mediterranean"] under the IPA Cross-border Co-operation component, for the year 200X**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country, by group of countries or by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning documents referred to in Article 6 of that Regulation.
- (3) The Council has established [an Accession][a European] Partnership for [Country X]<sup>2</sup>. The Commission has adopted on [DD/MM/200X] the Multi-annual Indicative Planning Document [200X–200X] for [Country X] which presents the main priorities for pre-accession assistance to that country<sup>3</sup>.

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<sup>1</sup> OJ L 210, 31.7.2006, p.82.

<sup>2</sup> Council Decision 200XX/XX/EC of *dd month YYYY* (OJ L XX, *dd.mm.yyyy*, p. xx).

<sup>3</sup> C(Year)XXX



- (4) In accordance with Article 9 of Regulation (EC) No 1085/2006 and as provided in Article 86 (4) of the Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)<sup>4</sup> (hereinafter referred to as the "IPA Implementing Regulation"), the IPA Cross-border Co-operation component may also support, where appropriate, the participation of the eligible regions of the beneficiary countries in transnational programmes under the European Territorial Co-operation objective of the Structural Funds.
- (5) Having regard to the intention expressed by the responsible national authorities, for the year 200X the IPA Cross-border Co-operation component should finance the participation of [Country X] in the ERDF European Territorial Co-operation transnational programme[s] ["South-East Europe"] [and] ["Mediterranean"]. [This][These] programme[s] aim(s) at supporting the establishment and development of transnational co-operation through the financing of networks and of actions conducive to integrated territorial development, concentrating primarily on the following priority areas: innovation, environment, accessibility, sustainable urban development.
- (6) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>5</sup> and constitutes thus a financing decision within the meaning of Article 75 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>6</sup>.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The Programme on financing the participation of [Country X] in the ERDF European Territorial Co-operation transnational programme[s] [South-East Europe] [and] [Mediterranean] under the IPA Cross-border Co-operation component for the year 20XX, as set out in the Annex, is hereby adopted.

This programme shall be implemented by [centralised][decentralised] management.

It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of [Country X] in conformity with the Framework Agreement concluded between the same parties on [dd/mm/yyyy].

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<sup>4</sup> OJ L 170, 29.6.2007, p.1

<sup>5</sup> OJ L 357, 31.12.2002, p.1. Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p.1).

<sup>6</sup> OJ L 248, 16.9.2002, p.1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

*Article 2*

The maximum amount of Community contribution shall be EUR X,XXX million to be financed through Item 22.02.04.01 of the general budget of the European Communities for the year 20XX.

Done at Brussels, [...]

*For the Commission*

[...]

*Member of the Commission*

## ANNEX

### PROGRAMME ON FINANCING THE PARTICIPATION OF [COUNTRY X] IN THE ERDF EUROPEAN TERRITORIAL CO-OPERATION TRANSNATIONAL PROGRAMME[S] ["SOUTH-EAST EUROPE"] [AND] ["MEDITERRANEAN"] under the IPA Cross-border Co-operation component for the year 20XX

#### 1. IDENTIFICATION

Beneficiary	[name of the beneficiary country]
CRIS number	[200X/xxx-xxx] <i>(to be inserted after global commitment has been given by the Financial Execution Unit)</i>
Year	[200X] <i>(budget year from which the programme is to be financed)</i>
Cost	[EUR XXX,XXX]
Operating structure	[name of the Operating structure]
Implementing Authority	[European Commission] <i>(if the programme is implemented under centralised management)</i>  [name of the Implementing Agency] <i>(if the programme is implemented under decentralised management)</i>
Final date for concluding the Financing Agreement:	at the latest by 31 December [Year n+1]; <i>("n" being the year in which the budgetary commitment was made).</i>
Final date for contracting	2 years following the date of conclusion of the Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation  These dates apply also to the national co-financing.
Final date for execution	2 years following the end date for contracting.  These dates apply also to the national co-financing.
Sector Code	According to <a href="#">DAC-list</a>
Budget lines concerned	22.02.04.01
Programming Task Manager	DG ELARG Unit [X.X] <i>(Indicate the responsible geographical Unit in Brussels)</i>
Implementation Task Manager	EC Delegation to [Country X], Operations Section [X] <i>(Indicate name of responsible Section in the EC Delegation.)</i>

## **2. THE PROGRAMME**

### **2.1 Introduction**

The purpose of this programme is to financially support – through the 2007 funds of the IPA Cross-border Co-operation component – the participation of [Country X] in the ERDF transnational programme[s] [South-East Europe] [and] [Mediterranean] under the European Territorial Co-operation objective of the Structural Funds 2007–2013.

The establishment and development of transnational co-operation is one of the priorities of the European Territorial Co-operation objective of the Structural Funds 2007–2013. To this aim, the EU territory has been partitioned in several homogeneous spaces and the relevant Member States have been invited to submit a transnational co-operation operational programme – financed by the European Regional Development Fund (ERDF) – for the given space.

Considering their geographical inclusion in two of these homogeneous spaces – South-East European Space and Mediterranean Space – the candidate/potential candidate countries have been invited to participate in the relevant operational programmes. Hungary (South-East Europe) and France (Mediterranean) are home of the Managing Authorities of the ERDF programmes.

The responsible authorities of [Country X] have accepted the invitation[s] and decided to take part in the [South-East Europe] [and the] [Mediterranean] programme[s] with the financial support of the IPA Cross-border Co-operation component for the year 2007.

The entire territory of [Country X] is eligible to the [South-East Europe] [and the] [Mediterranean] programme[s].

### **2.2 Objective of the programme**

The objective of this programme is twofold:

- To support the participation of partners from candidate/potential candidate countries in joint transnational co-operation activities with partners from EU Member States;
- To familiarise candidate/potential candidate countries with territorial co-operation programmes under the EU Structural Funds in view of their implementation upon accession.

### **2.3 Priority axis**

The ERDF [South-East Europe] [and] [Mediterranean] programme[s] aim[s] at the establishment and development of transnational co-operation through the financing of networks and of actions conducive to integrated territorial development, concentrating primarily on the following areas:

- (a) innovation: the creation and development of scientific and technological networks, and the enhancement of regional R&TD and innovation capacities, where these make a direct contribution to the balanced economic development of transnational areas. Actions may include: the establishment of networks between appropriate tertiary education and research institutions and SMEs; links to improve access to scientific knowledge and technology transfer between R&TD facilities and international centres of RTD excellence; twinning of technology transfer institutions; and development of joint financial engineering instruments directed at supporting R&TD in SMEs;
- (b) environment: water management, energy efficiency, risk prevention and environmental protection activities with a clear transnational dimension. Actions may include: protection and management of river basins, coastal zones, marine resources, water services and wetlands; fire, drought and flood prevention; the promotion of maritime security and protection against natural and technological risks; and protection and enhancement of the natural heritage in support of socio-economic development and sustainable tourism;
- (c) accessibility: activities to improve access to and quality of transport and telecommunications services where these have a clear transnational dimension. Actions may include: investments in cross-border sections of trans-European networks; improved local and regional access to national and transnational networks; enhanced interoperability of national and regional systems; and promotion of advanced information and communication technologies;
- (d) sustainable urban development: strengthening polycentric development at transnational, national and regional level, with a clear transnational impact. Actions may include: the creation and improvement of urban networks and urban-rural links; strategies to tackle common urban-rural issues; preservation and promotion of the cultural heritage, and the strategic integration of development zones on a transnational basis.

The priorities should be essentially implemented through single calls for proposals covering all the eligible territory, including that of the participating candidate/potential candidate countries.

The detailed selection and award criteria for the award of grants will be laid down in the call for proposals—application pack (Guidelines for applicants).

Up to 10% of IPA funds allocated to [Country X] for its participation in the [South–East Europe [and] [Mediterranean] programme[s] can be used to co–finance (up to 85% of the eligible expenditure) the operational and administrative costs incurred by the national authorities in the implementation of the programme.

These may include, *inter alia*, the following costs:

- support to the Operating Structure;
- expenses for participation in different meetings related to the implementation of the programme;
- costs related to the participation of national staff in the Joint Technical Secretariat, with the exclusion of salaries of public officials, and to the establishment, as appropriate, of national antennae of JTS or info points;

- Administrative and operational costs, including the costs of preparation, monitoring and evaluation of the programme, support to projects preparation, appraisal and selection of operations, the organisation of meetings related to the programme, translation, information and publicity costs.

The main aim of the IPA contribution to this expenditure is to facilitate an effective and efficient administration and implementation of this programme in [Country X].

The main beneficiaries of the TA funds would be the Operating Structure, the Joint Technical Secretariat (main and JTS antenna or info point), any other structures/bodies related to development and implementation of this programme, and the programme beneficiaries.

**[Standard text Centralised management]** Considering that the relevant national authorities (Operating structures or CBC Coordinator – within the meaning of Art. 22(2)(b) of the IPA Implementing Regulation) enjoy a *de facto* monopoly situation (within the meaning of Article 168, paragraph 1, sub-paragraph c of the Implementing Rules to the Financial Regulation) for managing the [Country X]'s participation in the [South–East Europe] [and] [Mediterranean] programme[s], a direct grant agreement without a call for proposals for the Technical Assistance's amount specified in the Financing table in Section 3.1, shall be concluded between the Commission (EC Delegation) and the relevant national authorities. This direct grant agreement can be signed as soon as the Financing Agreement concerning this programme has been concluded (2008).

Activities covered by the direct grant agreement (e.g. TA, evaluation, publicity, etc.) can be procured further by the grantee.

**[Standard text Deentralised management]** If any of the conditions for the award of a direct grant agreement without a call for proposals are met (Article 168, paragraph 1 of the Implementing Rules to the Financial Regulation), the [Country X] Implementing Authority may conclude a direct grant agreement with the selected body for the execution of the Technical Assistance's funds specified in the Financing table in Section 3.1. The direct grant agreement can be signed as soon as the Financing Agreement concerning this programme has been concluded (2008).

Activities covered by the direct grant agreement (e.g. TA, evaluation, publicity, etc.) can be procured further by the grantee.

#### ***2.4 Overview of past and on-going experience in transnational co-operation, including lessons learned***

In 2004–06, CARDS funds financed the participation of Western Balkan countries in the Neighbourhood programme "Central, Adriatic, Danubian and South–Eastern European Space" (CADSES), one of the given 2000–2006 European transnational co-operation areas covered by the INTERREG IIIB initiative. The participation in the CADSES programme, the precursor of the 2007–13 South–East European Space programme, provided the first opportunity to Western Balkan countries to get involved in transnational co-operation with EU Member States and, by the same occasion, to get familiar with the procedures of INTERREG programmes.

As the CADSES programme was implemented through single joint calls for proposals, the lessons learned for the participating candidate/potential candidate countries are as follows:

- national authorities have to allocate enough human resources to take active part in the management structures of the programme (joint monitoring committee, joint steering/evaluation committee, joint technical secretariat) and to follow up the implementation of the programme/projects in the country concerned. A small fraction of Community funds allocated to each candidate/potential candidate country shall be available to cover the operational costs linked with the implementation of the programme;
- effective co-ordination between EC Delegations of participating candidate/potential candidate countries (e.g. in performing ex-ante approval of the single calls for proposals prior to their publication) and between them and the Managing Authority, is key to ensure a smooth and timely implementation of the programme.

## 2.5 Conditions

[None]

*(add condition, if any)*

## 2.6 Benchmarks

	N (2008)	N+1 (cumulative)	N+2 (cumulative)
Number of calls for proposals launched	[1] [2] <i>(1 cfp, if the country participates in 1 transnational programme; 2 cfp if the country participates in both transnational programmes)</i>		
Contracting Rate (%)		100%	
Number of direct grant agreements (TA funds)	1		

"N" being the date of conclusion of the Financing Agreement

## 2.7 Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

(Please make a reference to Section 2.g of the financing decisions adopting national programmes for the concerned Country)

### 3 BUDGET FOR 20XX

#### 3.1 Indicative 20XX financial table

- (– keep or delete the relevant rows according to the participation of the beneficiary country in one or both transnational programmes;
- minimum national contribution : 15%;
- TA funds: max 10% of the total IPA funds allocated; it could be less, depending on the total amount allocated to the country and/or to actual needs)

	IPA Community contribution		National Contribution		Total (IPA plus National Contribution)	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	(%) <sup>(1)</sup>	EUR (c)=(a)+(b)	(%) <sup>(2)</sup>
Participation in the South–East Europe transnational programme						
Participation in the Mediterranean transnational programme						
TA funds						
<b>TOTAL</b>						<b>100%</b>

(1) Expressed in % of the Total (IPA plus National contributions) (column (c))

(2) Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

#### 3.2 Principle of co-financing applying to the projects funded under the programme

**[Standard text]** The Community contribution has been calculated in relation to the **eligible expenditure** which, in the case of this programme, is based on the [public expenditure] [total expenditure].

(for countries where funds are managed in centralised mode (by the ECD), select "total expenditure" (i.e. the national co-financing is ensured by the beneficiary of the grant). For countries where funds are managed under de-centralised mode (by



*national IA), select "public expenditure" if the country decides to use national budget to co-finance the projects, or select "total expenditure" if the country decides to let the final beneficiary providing the 15% min. co-financing).*

## **4 IMPLEMENTATION ARRANGEMENTS**

### **4.1 Introduction**

This programme provides [Country X] with IPA component II funds to finance the participation of its national partners in joint transnational co-operation projects under the ERDF transnational programme[s] [South-East Europe] [and] [Mediterranean].

Main steps of the implementation will be as follows:

- (a) Responsible authorities of [Country X] shall establish an Operating Structure to deal with the management and implementation of this programme. The Operating Structure will co-operate with the Managing Authority[ies] of the [South-East Europe] [and] [Mediterranean] programme[s] and will be represented in the Joint Monitoring Committee[s] of the above transnational programme[s] as a full member.
- (b) The Joint Monitoring Committee[s] of the above transnational programme[s] will prepare the Call for proposals–Application pack (Guidelines for applicants) for the implementation of the programme[s].
- (c) Before being published, the Call for proposals notice and its Application pack shall be submitted to the EC Delegations of the candidate/potential candidate countries participating in the transnational programme, for ex-ante approval.
- (d) To be eligible for financing by IPA, joint operations shall include beneficiaries from both Member States and IPA countries. Applications for joint operations shall identify a financial lead partner located in a Member State for the part of the joint operation taking place on the EU side with ERDF funds, and a financial lead partner in each of the participating candidate/potential candidate country for the part of the joint operation taking place on the candidate/potential candidate side with IPA funds. Applications must clearly distinguish between activities – and their costs – taking place on the EU side with ERDF funds and those taking place on the candidate/potential candidate side with IPA funds.
- (e) The Joint Monitoring Committee[s] of the above transnational programme[s] [is][are] responsible for selecting joint operations in accordance with Structural Funds rules.
- (f) The evaluation report and the list of joint operations selected for financing shall be submitted to the EC Delegations for approval. This approval will concern only the participation of partners from [Country X] in the relevant joint operations.
- (g) [\[for Country with decentralised management\]](#) The Implementing Agency of [Country X] will issue the IPA grants to its national lead partners participating in the selected joint operations (while the Managing Authority of the [South-East Europe] [or the] [Mediterranean] programme will issue the ERDF grants

to the lead partners responsible for the part of the joint operations taking place on the EU territory).

- (g) **[for Country with centralised management]** The EC Delegation of [Country X] will issue the IPA grants to the national lead partners participating in the selected joint operations (while the Managing Authority of the [South–East Europe] [or the] [Mediterranean] programme will issue the ERDF grants to the lead partners responsible for the part of the joint operations taking place on the EU territory).

#### **4.2 Method of Implementation**

##### **[Standard text Decentralised management]**

"This programme shall be implemented in accordance with Article 53c of the Financial Regulation<sup>1</sup> and the corresponding provisions of the Implementing Rules<sup>2</sup>. The Beneficiary Country will continue to ensure that the conditions laid down in Article 56 of the Financial Regulation are respected at all times."

"The ex-ante control by the Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation."

##### **[Standard text Centralised management]**

"This programme shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>3</sup> and the corresponding provisions of the Implementing Rules<sup>4</sup>."

"In the event of centralised management, the Commission shall:

- approve the Calls for proposals and their Application packs (Guidelines for applicants) drawn by the joint management structures of the [South–East Europe] [and] [Mediterranean] ERDF transnational programme[s] prior to their publication;
- formally confirm the operations selected by the joint management structures of the [South–East Europe] [and] [Mediterranean] ERDF transnational programme[s] as far as the participation of a beneficiary of [Country X] is concerned.
- retain, in all cases, the right to issue a grant to the lead beneficiary of [Country X] participating in a joint operation."

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<sup>1</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

<sup>2</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13)

<sup>3</sup> See footnote 1 *supra*.

<sup>4</sup> See footnote 2 *supra*.

### **4.3 General rules for Procurement and grant award procedures**

#### **[Standard text for both decentralised and centralised management ]:**

"Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules<sup>5</sup> as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034)."

"Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules."

"Where appropriate, the Contracting Authorities shall also use the standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>6</sup> at the date of the initiation of the procurement or grant award procedure."

### **4.4 Environmental Impact Assessment and Nature Conservation (where appropriate)**

#### **[Standard text for both decentralised and centralised management ]:**

"All investments shall be carried out in compliance with the relevant Community environmental legislation."

"The procedures for environmental impact assessment as set down in the EIA-directive<sup>7</sup> fully apply to all investment projects under IPA. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive."

"If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive must be documented<sup>8</sup>."

## **5. MONITORING AND EVALUATION**

### **5.1. Monitoring**

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<sup>5</sup> See footnotes 1 and 2 *supra*.

<sup>6</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>7</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC, OJ L 156, 25.6.2003, p. 17.

<sup>8</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L284, 31.10.2003, p. 1)

**[Standard text Decentralised management]:**

"In [Country X], the implementation of this programme will be monitored through the IPA monitoring committee in accordance with Article 58 of the IPA Implementing Regulation.

The IPA monitoring committee shall assess the effectiveness, quality and coherence of the implementation of the programme to ensure the achievements of the programme objectives and enhance the efficiency of the assistance provided."

**[Standard text Centralised management]:**

"In [Country X], the Commission may undertake any actions it deems necessary to monitor the programmes concerned"

**5.2 Evaluation**

**[Standard text]:**

"The ERDF transnational programmes are subject to evaluation according to the Structural Funds Regulation (EC) No 1083/2006, under the responsibility of the Managing Authority located in one of the participating Member States. When such an evaluation is conducted, every effort should be made to evaluate also the elements concerning the participation of candidate/potential candidate countries in the transnational programme."

"This programme shall be subject to evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programme."

"The Commission may also carry out strategic evaluations."

**6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES [, FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS] [*text in brackets: only in case of decentralised management*]**

***[6.1 Audit, Financial Control and Anti-fraud measures]***

**[Standard text]:**

"The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegations in the Beneficiary Countries."

"In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>9</sup>."

"The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds."

#### **6.2 *Financial adjustments [only for programmes implemented under decentralised management]***

##### **[Standard text]:**

"In [Country X] the national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the Community assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community assistance."

"In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the Community assistance paid to the beneficiary in accordance with national recovery procedures."

#### **6.3 *Audit trail [only for programmes implemented under decentralised management]***

##### **[Standard text]**

"In [Country X], the national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts."

#### **6.4 *Preventive Measures [only for programmes implemented under decentralised management]***

##### **[Standard text]:**

"[Country X] shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006<sup>10</sup>. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the Commission services without delay. Should

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<sup>9</sup> Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

<sup>10</sup> OJ L 371, 27.12.2006, p.1.

there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter."

"Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget."

"Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted."

"The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts."

"Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests."

"Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests."

"The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict."

#### **6.5 *Financial corrections [only for programmes implemented under decentralised management]***

##### **[Standard text]:**

"In order to ensure that the funds are used in accordance with the applicable rules, in [Country X] the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial

Regulation and as detailed in the Framework Agreement concluded between the Commission and [Country X] or, where the latter does not exist, in the Financing Agreement implementing this programme concluded with [Country X]."

"A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the beneficiary country."

"If the Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Community financing."

"The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the Commission following the criteria and procedures provided for in the IPA Implementing Regulation."

## **7. LIMITED CHANGES**

### **[Standard text]:**

"Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>11</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary."

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<sup>11</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

**Annex 14 — Templates of Commission Decision and  
Financing Proposal for IPA component II programmes**

**Participation in ENPI sea basins programmes**



## COMMISSION DECISION

C(20XX)XXX of dd/mm/20XX

**adopting a Programme on financing the participation of Turkey in the ENPI Black Sea Basin programme under the IPA Cross-border Co-operation component, for the year 20XX**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country, by group of countries or by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning documents referred to in Article 6 of that Regulation.
- (3) The Council has established an Accession Partnership for Turkey<sup>2</sup>. The Commission has adopted on 30.04.2007 the Multi-annual Indicative Planning Document 2007–2009 for Turkey which presents the main priorities for pre-accession assistance to that country<sup>3</sup>.
- (4) In accordance with Article 9 of Regulation (EC) No 1085/2006 and as provided in Article 86 (4) of the Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)<sup>4</sup> (hereinafter referred to as the "IPA Implementing Regulation"), the IPA Cross-border Co-operation component may also support the participation of the eligible regions of the beneficiary countries in multilateral sea

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<sup>1</sup> OJ L 210, 31.7.2006, p.82.

<sup>2</sup> Council Decision 2006/35/EC of 23 January 2006 (OJ L 22, 26.1.2006, p.34)

<sup>3</sup> C(2007)1835 of 30/04/2007

<sup>4</sup> OJ L 170, 29.6.2007, p.1

basin programmes under the European Neighbourhood and Partnership Instrument (ENPI)<sup>5</sup>.

- (5) Having regard to the intention expressed by the responsible national authorities, for the year 200X the IPA Cross-border Co-operation component should finance the participation of Turkey in the ENPI Black Sea Basin programme. The ENPI Black Sea Basin programme aims at achieving a stronger and sustainable economic and social development of the regions of the Black Sea Basin, based on stronger regional partnership and co-operation.
- (6) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>6</sup> and constitutes thus a financing decision within the meaning of Article 75 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>7</sup>.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The Programme on financing the participation of Turkey in the ENPI Black Sea Basin programme under the IPA Cross-border Co-operation component for the year 20XX, as set out in the Annex, is hereby adopted.

This programme shall be implemented by decentralised management.

It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of Turkey.

#### *Article 2*

The maximum amount of Community contribution shall be EUR X,XXX million to be financed through Item 22.02.04.01 of the general budget of the European Communities for the year 2007.

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<sup>5</sup> Regulation (EC) No 1638/2006 of the European Parliament and the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (OJ L 310, 9.11.2006, p.1)

<sup>6</sup> OJ L 357, 31.12.2002, p.1. Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p.1).

<sup>7</sup> OJ L 248, 16.9.2002, p.1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1).

Done at Brussels, [...]

*For the Commission*

[...]

*Member of the Commission*

## ANNEX

### PROGRAMME ON FINANCING THE PARTICIPATION OF TURKEY IN THE ENPI BLACK SEA BASIN PROGRAMME under the IPA Cross-border Co-operation component for the year 20XX

#### 1. IDENTIFICATION

Beneficiary	Turkey
CRIS number	200X / 019-468
Year	200X
Cost	EUR X,XXX
Operating structure	Turkish Cooperation and Development Agency (TIKA)
Implementing Authority	The Implementing Agency responsible for the programme is the Central Finance and Contracting Unit (CFCU) at the Undersecretariat of the Treasury
Final date for concluding the Financing Agreement:	At the latest by 31 December [n+1] ( <i>"n" being the year in which the budgetary commitment was made</i> ).
Final date for contracting	2 years following the date of conclusion of the Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation  These dates apply also to the national co-financing.
Final date for execution	2 years following the end date for contracting.  These dates apply also to the national co-financing.
Sector Code	According to <a href="#">DAC-list</a>
Budget lines concerned	22.02.04.01
Programming Task Manager	<i>Indicate name of responsible geographical Units in Brussels</i>
Implementation Task Manager	<i>Indicate name of responsible Section in the EC Delegations.</i>

#### 2. THE PROGRAMME

##### 2.1 Introduction

The purpose of this programme is to financially support – through the 20XX funds of the IPA Cross-border Co-operation component – the participation of Turkey in the ENPI Black Sea Basin programme 2007–2013.

Multilateral cross-border co-operation between coastal regions of countries along one of the three shared sea basins on the EU's external borders (Baltic Sea, Black Sea and the Mediterranean) is one of the priorities of the Cross-border Co-operation component of the European Neighbourhood and Partnership Instrument (ENPI).

In this framework, the co-operation involves the coastal regions of Member States and of partner countries covered by the European Neighbourhood Policy (ENP) plus Russia.

Moreover, as foreseen by the IPA legal base, the coastal regions of candidate/potential candidate countries may participate, where appropriate, in the ENPI multilateral sea basins programmes.

Considering its geographical inclusion in the Black Sea Basin and the Mediterranean Basin, Turkey has been invited to participate in both programmes.

The responsible authorities of Turkey have accepted the invitation and decided to take part in the Black Sea Basin programme with the financial support of the IPA Cross-border Co-operation component for the year 2007.

Romania is home of the Managing Authority of the ENPI Black Sea Basin programme.

The areas of Turkey eligible to the ENPI Black Sea Basin programme are the NUTS level II equivalent regions along the Black Sea coast: Istanbul, Tekirdağ, Kocaeli, Zonguldak, Kastamonu, Samsun and Trabzon.

## **2.2 Objective of the programme**

The objective of this programme is twofold:

- To support the participation of Turkey in joint sea basin co-operation activities with partners from EU Member States and third countries;
- To familiarise Turkey with the multilateral sea basin co-operation programmes under the ENPI in view of their implementation upon accession.

## **2.3 Priorities**

The ENPI Black Sea Basin programme aims at achieving a stronger and sustainable economic and social development of the regions of the Black Sea Basin, based on stronger regional partnership and co-operation, concentrating primarily on the following areas:

- (e) Promoting economic and social development in the Black Sea Basin area. This objective should be pursued through cross-border support to partnerships for social and economic development based on common resources and joint activities from local actors, including social partners. Actions may *inter alia* include: integrated local development initiatives especially in the area of rural economy and fisheries; integration and promotion of tourism development

initiatives including through the establishment of networks among public and private actors in the tourism sector; increase administrative capacity for local administrations to promote economic and social development through the establishment of international partnerships.

- (f) Working together to address common challenges. This objective should be pursued through networking resources and competencies for environmental protection and valorisation. Actions may *inter alia* include: addressing common challenges in the environmental protection of the hydrographic system in the area (marine and rivers); promotion of research and innovation in the field of valorisation and environmental protection of protected natural areas; promotion of innovation in technologies and management of waste and wastewater management systems.
- (g) Promoting local, people-to-people type actions. This objective should be pursued through the support to cultural and educational initiatives for the establishment of a common cultural environment in the basin. Actions may *inter alia* include: promoting the cultural networking and exchange in the Black Sea communities; promoting education institutions networking and development.

The priorities should be essentially implemented through single calls for proposals covering all the eligible territory, including that of Turkey.

The detailed selection and award criteria for the award of grants will be laid down in the call for proposals–application pack (Guidelines for applicants).

Up to 10% of IPA funds allocated to Turkey for its participation in the ENPI Black Sea Basin programme can be used to co-finance the eligible operational and administrative costs incurred in the implementation of the programme.

These may include, *inter alia*, the following costs:

- support to the Operating Structure;
- expenses for participation in different meetings related to the implementation of the programme;
- costs related to the participation of national staff in the Joint Technical Secretariat, with the exclusion of salaries of public officials, and to the establishment, as appropriate, of national antennae of the JTS or info points;
- Administrative and operational costs, including the costs of preparation, monitoring and evaluation of the programme, support to projects preparation, appraisal and selection of operations, the organisation of meetings related to the programme, translation, information and publicity costs.

The main aim of the IPA contribution to this expenditure is to facilitate an effective and efficient administration and implementation of this programme in Turkey.

The main beneficiaries of the TA funds would be the Operating Structure or any other structures/bodies related to development and implementation of this programme, and the programme beneficiaries.

Considering that the Managing Authority of the ENPI Black Sea Basin programme (Romanian Ministry for Development, Public Works and Housing) enjoys a *de facto* monopoly situation (within the meaning of Article 168, paragraph 1, subparagraph c of the Implementing Rules to the Financial Regulation) for managing the TA funds under the above programme, the Turkish Implementing Authority may conclude direct grant agreements without calls for proposals with the Romanian Managing Authority for the purpose of technical assistance.

These direct grant agreements can be concluded for up to the TA amount (max. 10% of the IPA funds allocated to Turkey for its participation in the ENPI Black Sea Basin programme) specified in the financing table in section 3.1.

The direct grant agreements can be signed as soon as the Financing Agreement concerning this programme has been concluded. Activities covered by the direct grant agreements (e.g. Joint Technical Secretariat, evaluation, publicity, etc.) can be procured further by the grantee.

#### **2.4 Overview of past and on-going experience in cross-border and transnational co-operation, including lessons learned**

Turkey does not have any significant experience of participation in the programming mechanisms of multilateral cross-border or transnational programmes under EU instruments. The only experience gained so far in this field is in the context of the bilateral cross-border co-operation programmes Turkey-Bulgaria 2004-06 (a Phare-CBC type programme) and, to a more limited extent, Turkey-Greece 2004-06 (an INTERREG IIIA programme), since the implementation of the programme is still pending. The participation of Turkey in those programmes has been supported by funds from the EU pre-accession instrument for Turkey.

Despite Turkey's limited experience, the following lessons can be drawn:

- effective participation in multilateral co-operation programmes requires a good understanding by national authorities of the co-operation mechanisms and the acknowledgment of the "common benefit" concept which must characterize all operations supported by the programme;
- Turkish authorities have to allocate enough human resources to take active part in the management structures of the programme (joint monitoring committee, joint steering/evaluation committee, joint technical secretariat) and to follow up the implementation of the programme/projects in Turkey. A small fraction of IPA funds allocated to this programme can be available to co-finance the operational costs linked with the implementation of the programme;
- effective co-ordination between the EC Delegation to Turkey and the managing Authority of the ENPI Black Sea Basin programme (hosted by Romania) is essential to ensure a smooth and timely implementation of the programme. Representatives of the EC Delegation to Turkey should participate, in an advisory capacity, in the work of the Joint Monitoring Committee which is the body responsible, *inter alia*, for the selection of projects.

## 2.5 Conditions

[None]

*[If any, please specify]*

## 2.6 Benchmarks

	N (200X)	N+1 (cumulative)	N+2 (cumulative)
Number of calls for proposals launched			
Contracting Rate (%)		100%	
Number of direct grant agreements (TA funds)			

"N" being the date of conclusion of the Financing Agreement

## 2.7 Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

*(Please make a reference to Section 2.g of the Annex to the financing decisions adopting national programmes for Country X and Country Y)*

## 3 BUDGET FOR 20XX

### 3.1 Indicative 200X financial table

	IPA Community contribution		National Contribution		Total (IPA plus National Contribution)	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	(%) <sup>(1)</sup>	EUR (c)=(a)+(b)	(%) <sup>(2)</sup>
<b>Participation in the ENPI Black Sea Basin programme</b>						
<b>TA funds</b>						
<b>TOTAL</b>						<b>100</b>

(1) Expressed in % of the Total (IPA plus National contributions) (column (c))

(2) Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)



### *3.2 Principle of co-financing applying to the projects funded under the programme*

The Community contribution has been calculated in relation to the **eligible expenditure** which, in the case of this programme, is based on the **public expenditure**.

## **4 IMPLEMENTATION ARRANGEMENTS**

### *4.1 Introduction*

This programme provides Turkey with IPA component II funds to finance the participation of its national partners in joint co-operation projects under the ENPI Black Sea Basin programme.

Main steps of the implementation will be as follows:

- (a) Responsible authorities of Turkey shall establish an Operating Structure to deal with the management and implementation of this programme. The Operating Structure will co-operate with the Managing Authority of the ENPI Black Sea Basin programme and will be represented in the Joint Monitoring Committee of the above programme as a full member.
- (b) The Joint Monitoring Committee of the ENPI Black Sea Basin programme approves the Call for proposals–Application pack (Guidelines for applicants) for the implementation of the programme.
- (c) Before being published, the Call for proposals notice and its Application pack shall be submitted to the EC Delegation to Turkey for ex-ante approval (see point 4.2 below).
- (d) The participation of Turkish partners is only possible in projects involving at least one partner from a Member State and one partner from an ENP country or Russia. Applications must clearly distinguish between activities – and their costs – taking place on the Member States, ENP countries or Russia with ENPI funds, and those taking place in Turkey with IPA funds.
- (e) For joint projects which involve the participation of Turkish partners, they shall appoint an IPA Financial Lead Partner among themselves.
- (f) The Joint Monitoring Committee of the ENPI Black Sea Basin programme is responsible for selecting joint projects according to ENPI rules.
- (g) The evaluation report and the list of joint projects selected for financing shall be submitted to the EC Delegation to Turkey for ex-ante approval (see point 4.2 below). This approval will concern only the participation of Turkish partners in the relevant joint projects.
- (h) Following the ex-ante approval by the EC Delegation, the Turkish Operating Structure will sign a grant contract for the corresponding IPA funds with the IPA Financial Lead Partner.
- (i) The IPA Financial Lead Partner shall cooperate closely with the ENPI Lead Partner for a successful implementation of the joint project and with the aim of ensuring single operational reporting of the project, even if differentiating between ENPI and IPA expenditure.

## **4.2 Method of Implementation**

This programme shall be implemented in accordance with Article 53c of the Financial Regulation<sup>1</sup> and the corresponding provisions of the Implementing Rules<sup>2</sup>. The Beneficiary Country will continue to ensure that the conditions laid down in Article 56 of the Financial Regulation are respected at all times.

The ex-ante control by the Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation.

## **4.3 General rules for Procurement and grant award procedures**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules<sup>3</sup> as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

Where appropriate, the Contracting Authorities shall also use the standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>4</sup> at the date of the initiation of the procurement or grant award procedure.

## **4.4 Environmental Impact Assessment and Nature Conservation (where appropriate)**

All investments shall be carried out in compliance with the relevant Community environmental legislation.

The procedures for environmental impact assessment as set down in the EIA-directive<sup>5</sup> fully apply to all investment projects under IPA. If the EIA-directive has

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<sup>1</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1) as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

<sup>2</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1) as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13)

<sup>3</sup> See footnotes 1 and 2 *supra*

<sup>4</sup> current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>5</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC, OJ L 156, 25.6.2003, p. 17.

not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive.

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive must be documented<sup>6</sup>.

## **5. MONITORING AND EVALUATION**

### **5.1. Monitoring**

In Turkey, the implementation of this programme will be monitored through the IPA monitoring committee in accordance with Article 58 of the IPA Implementing Regulation.

The IPA monitoring committee shall assess the effectiveness, quality and coherence of the implementation of the programme to ensure the achievements of the programme objectives and enhance the efficiency of the assistance provided.

### **5.2 Evaluation**

This programme shall be subject to evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programme. The Commission may also carry out strategic evaluations.

The ENPI Black Sea Basin programme is subject to evaluation according to ENPI rules, under the responsibility of the Commission. When such an evaluation is conducted, every effort should be made to evaluate also the elements concerning the participation of Turkey in the programme.

## **6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES; FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS**

### **6.1 Audit, Financial Control and Anti-fraud measures**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante

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<sup>6</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L284, 31.10.2003, p. 1)

verification of tendering and contracting carried out by the Delegations in the Beneficiary Countries.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>7</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

## **6.2 Financial adjustments**

In Turkey the national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the Community assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community assistance.

In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the Community assistance paid to the beneficiary in accordance with national recovery procedures.

## **6.3 Audit trail**

In Turkey, the national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts.

## **6.4 Preventive Measures**

Turkey shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006<sup>8</sup>. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or

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<sup>7</sup> Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

<sup>8</sup> OJ L 371, 27.12.2006, p.1.

would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts."

"Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

### **6.5 *Financial corrections***

In order to ensure that the funds are used in accordance with the applicable rules, in Turkey the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the Commission and Turkey or, where the latter does not exist, in the Financing Agreement implementing this programme concluded with Turkey.

A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the beneficiary country.

If the Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Community financing.

The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the Commission following the criteria and procedures provided for in the IPA Implementing Regulation.

## **7. LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>9</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>9</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

**Annex 15 — Template of Project Fiche for IPA programmes  
/ component I - centralised management**

**Standard Summary Project Fiche – IPA centralised programmes**  
**(Regional / Horizontal programmes ; centralised National programmes) (maximum 12/15 pages without the annexes)**

**1. Basic information**

- 1.1 CRIS Number:
- 1.2 Title:
- 1.3 ELARG Statistical code:
- 1.4 Location:

**Implementing arrangements:**

- 1.5 Contracting Authority (EC)
- 1.6 Implementing Agency:
- 1.7 Beneficiary (including details of project manager):

**Financing:**

- 1.8 Overall cost (VAT excluded)<sup>1</sup>:
- 1.9 EU contribution:
- 1.10 Final date for contracting:
- 1.11 Final date for execution of contracts:
- 1.12 Final date for disbursements:

□

**2. Overall Objective and Project Purpose**

- 2.1 Overall Objective:
- 2.2 Project purpose:
- 2.3 Link with AP/NPAA / EP/ SAA
- 2.4 Link with MIPD
- 2.5 Link with National Development Plan (where applicable)
- 2.6 Link with national/ sectoral investment plans(where applicable)

**3. Description of project**

- 3.1 Background and justification:
- 3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

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<sup>1</sup> The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)



3.3 Results and measurable indicators:

Results and measurable indicators in relation with activity 1

Results and measurable indicators in relation with activity 2

....

3.4 Activities:

Activity 1 (including **inputs** = precise list of **contracts** to be deployed in relation to it / including where applicable national funded contracts concurring to the activity as well as identification of source of co financing funding and its availability)

Activity 2

....

3.5 Conditionality and sequencing:

3.6 Linked activities

3.7 Lessons learned

#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%(2)
Activity 1												
contract 1.1	–	–										–
contract 1.2	–	–										–
Activity 2												
contract 2.1	–	–										–
contract 2.2	–	–										–
.....												
TOTAL IB												
TOTAL INV												
<b>TOTAL PROJECT</b>												

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1			
Contract 1.2			
Contract 2.1			
Contract 2.2			
.....			

All projects should in principle be ready for tendering in the 1<sup>ST</sup> Quarter following the signature of the FA

## 6. Cross cutting issues (where applicable)

- 6.1 Equal Opportunity
- 6.2 Environment
- 6.3 Minorities

## ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
  - Reference list of relevant laws and regulations
  - Reference to AP /NPAA / EP / SAA
  - Reference to MIPD
  - Reference to National Development Plan
  - Reference to national / sectoral investment plans
- 5- Details per EU funded contract (\*) where applicable:
  - For *TA contracts*: account of tasks expected from the contractor

For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

For *grants schemes*: account of components of the schemes

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (\*\*)

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (\*\*); account of services to be carried out for the *service part* of the contract

(\*) non standard aspects (in case of derogation to PRAG) also to be specified

(\*\*) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

**ANNEX 1: Logical framework matrix in standard format**

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number	
	Contracting period ) expires	Disbursement period expires
	Total budget :	IPA budget:

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>

Pre-conditions

**ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project**

<b>Contracted</b>											
Contract 1.1											
Contract 1.2											
Contract 1.3											
Contract 1.4											
.....											
<b>Cumulated</b>											
<b>Disbursed</b>											
Contract 1.1											
Contract 1.2											
Contract 1.3											
Contract 1.4											
.....											
<b>Cumulated</b>											

\*\*

**Annex 16 — Template of Project Fiche for IPA programmes  
/ component I - decentralised management**

**Standard Summary Project Fiche – IPA decentralised National programmes**  
(maximum 12/15 pages without the annexes)

**1. Basic information**

- 1.1 CRIS Number:
- 1.2 Title:
- 1.3 ELARG Statistical code:
- 1.4 Location:

**Implementing arrangements:**

- 1.5 Implementing Agency:
- 1.6 Beneficiary (including details of SPO):

**Financing:**

- 1.7 Overall cost (VAT excluded)<sup>1</sup>:
- 1.8 EU contribution:
- 1.9 Final date for contracting:
- 1.10 Final date for execution of contracts:
- 1.11 Final date for disbursements:

□

**2. Overall Objective and Project Purpose**

- 2.1 Overall Objective:
- 2.2 Project purpose:
- 2.3 Link with AP/NPAA / EP/ SAA
- 2.4 Link with MIPD
- 2.5 Link with National Development Plan (where applicable)
- 2.6 Link with national/ sectoral investment plans(where applicable)

□

□

**4. Description of project**

- 3.1 Background and justification:
- 3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)
- 3.3 Results and measurable indicators:

---

<sup>1</sup> The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)



Results and measurable indicators in relation with activity 1  
Results and measurable indicators in relation with activity 2

....

### 3.4 Activities:

Activity 1 (including **inputs** = precise list of **contracts** to be deployed in relation to it / including where applicable national-funded contracts concurring to the activity as well as identification of source of co financing funding and its availability)

Activity 2

....

### 3.5 Conditionality and sequencing:

#### 3.6 Linked activities

#### 3.7 Lessons learned

#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING										
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION						PRIVATE CONTRIBUTION
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Activity 1													
contract 1.1	–	–											–
contract 1.2	–	–											–
Activity 2													
contract 2.1	–	–											–
contract 2.2	–	–											–
.....													
TOTAL IB													
TOTAL INV													
<b>TOTAL PROJECT</b>													

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b))

(3) Expressed in % of the **Total** Expenditure (column (a))

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1			
Contract 1.2			
Contract 2.1			
Contract 2.2			
.....			

All projects should in principle be ready for tendering in the 1<sup>ST</sup> Quarter following the signature of the FA

## 6. Cross cutting issues (where applicable)

- 6.1 Equal Opportunity
- 6.2 Environment
- 6.3 Minorities

## ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
  - Reference list of relevant laws and regulations
  - Reference to AP /NPAA / EP / SAA
  - Reference to MIPD
  - Reference to National Development Plan
  - Reference to national / sector investment plans
- 5- Details per EU funded contract (\*) where applicable:
  - For *TA contracts*: account of tasks expected from the contractor
  - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

For *grants schemes*: account of components of the schemes

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (\*\*)

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (\*\*); account of services to be carried out for the *service part* of the contract

(\*) non standard aspects (in case of derogation to PRAG) also to be specified

(\*\*) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

### ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number	
	Contracting period ) expires	Disbursement period expires
	Total budget :	IPA budget:

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>

**Pre conditions**

**ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project**

<b>Contracted</b>											
Contract 1.1											
Contract 1.2											
Contract 1.3											
Contract 1.4											
.....											
<b>Cumulated</b>											
<b>Disbursed</b>											
Contract 1.1											
Contract 1.2											
Contract 1.3											
Contract 1.4											
.....											
<b>Cumulated</b>											

\*\*

**Annex 17 — Guidance on Preparing a Standard  
Logical Framework for an IPA – project fiche**

Guidance on Preparing a Standard Logical Framework for an IPA – project fiche

**Please note**

- You should prepare a logframe before you complete your project fiche. This will help you to develop a coherent project with measurable goals that take full account of assumptions and risks.

The logical framework, or logframe, is a planning tool for identifying and analysing problems and then defining the activities needed to resolve them. Using the structure of the logframe matrix, you can test the design of a proposed project to ensure its relevance, feasibility and sustainability. The logframe is also an essential management tool during implementation. It provides the basis for the preparation of action plans and the development of a monitoring and evaluation system.

The logframe format is as follows:

Project Logframe	Project name and number	
	Contracting period expires	Disbursement period expires
	Total Budget	IPA / pre-accession budget :

Overall objective	Objectively verifiable indicators	Sources of Verification	
•	•	•	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
•	•	•	•
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
•	•	•	•
Activities	Means		Assumptions
•	•		•
			Preconditions
			•

For a multi-project logframe, the following variation would be used.



## Log frame

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number	
	Contracting period (year 1) expires	Disbursement period (Year 1) expires
	Total budget year 1 :	IPA budget year 1:

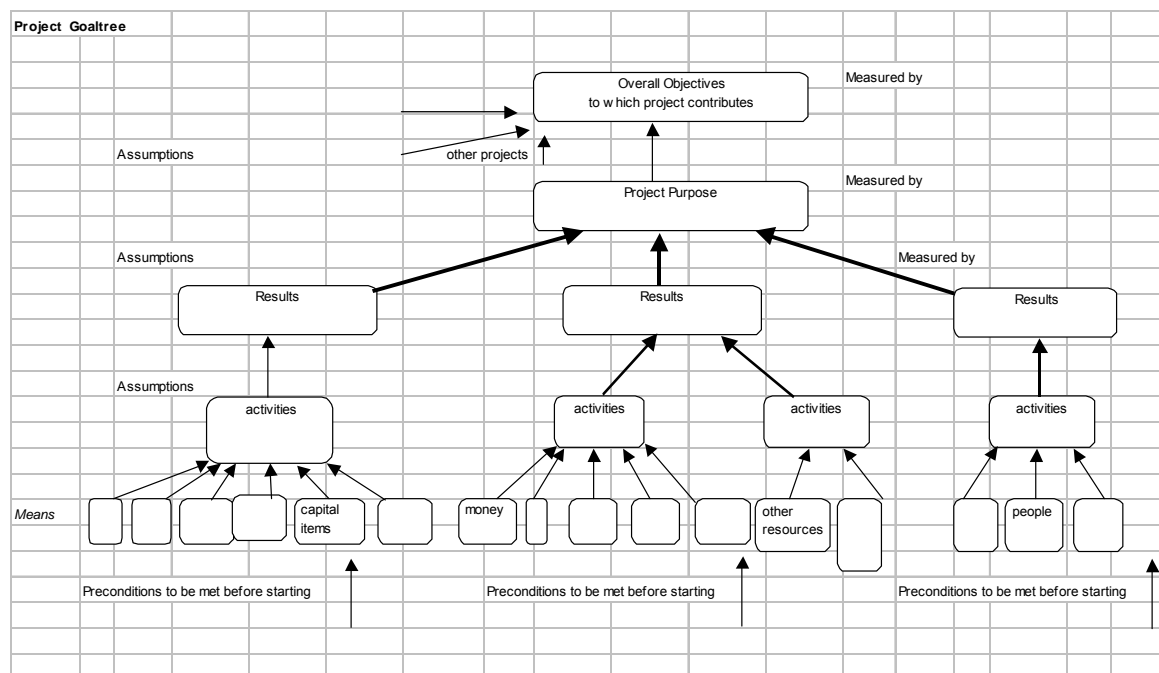
Overall objective	Objectively verifiable indicators	Sources of Verification	
•	•		
Project purpose (If necessary) Purpose Year 2 Purpose Year 3	Objectively verifiable indicators (If necessary ) OVI Year 2 OVI Year 3	Sources of Verification	Assumptions
•	•	•	•
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Results All Years <i>If necessary</i> • • Results Year 1 • Results Year 2 • Results Year 3	OVI All Years <i>If necessary</i> • • OVI Year 1 • OVI Year 2 • OVI Year 3	•	•
Activities	Means		Assumptions
• Activities Year 1 • Activities Year 2 • Activities Year 3	• Means Year 1 • Means Year 2 • Means Year 3		•

The logic behind the logframe matrix is as follows:

- If **preconditions** are met, then project **activities** can start.
- The activities use **means**, and if the **assumptions** are correct, they will achieve **results**.
- The **results** are measured by **indicators**, and if the **assumptions** are correct, they will enable the **project purpose** to be realised.
- The **project purpose** is measured by **indicators**, and if the **assumptions** are correct, it will make a contribution to the **overall objective**, measured by

➤ **indicators.**

This logic can be laid out as a "goal-tree":



In order to be clear about what the terminology used by DG Enlargement means, the definition of each term used in the logframe, starting from the top of the goal-tree, is as follows:

- The **Overall Objective** — **there can only be more than one in exceptional circumstances** — should explain why your project is important to society in terms of the long-term benefits to beneficiaries and the wider benefits to other groups.
- *Note:* The Overall Objective will not be achieved by the project alone, but will require the impacts of other programmes and projects as well. The project will therefore only make one of several contributions to the Overall Objective, as above shown.

*Note:* the overall objective will often be the application of a chapter of the *acquis* or the fulfilment of one or more of the Copenhagen criteria. If the overall objective is the implementation of a chapter of the *acquis* and the purpose is the implementation of a particular part of the *acquis*, then the assumptions at the project purpose level of the logframe matrix must include the implementation of the remainder of the chapter.

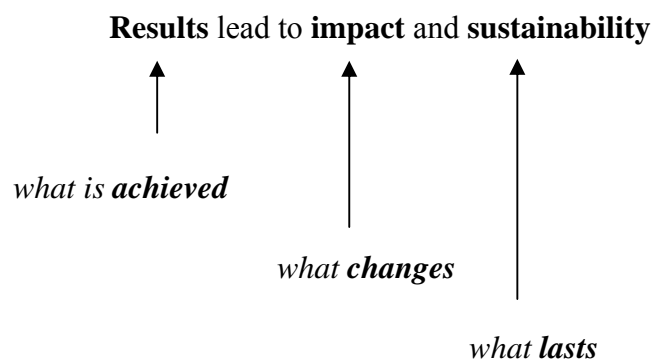
- The **Project Purpose** is the **single** central objective of your project in terms of sustainable benefits to be delivered to the project's beneficiaries. The project purpose can be derived from the core problem that the project is trying to address. For example, a problem expressed as "Financial control is unreliable, excessively centralised and produces results that are too late to be of use to policy makers" can

be stated as the project purpose "Increased timeliness and reliability of financial control with functions appropriately delegated". **If there is more than one purpose , it is likely that the purposes are repetitive, or that they overlap with results, or that the project is trying to address too many problems at once and should be split.**

*Note:* There must be a clear distinction between the purpose and the results. If the results lead to the project purpose without any assumptions in the results row of the logframe, then either the purpose is not ambitious enough, or conversely, the results are too ambitious. For example, the result "National network of testing laboratories and certification and inspection bodies functioning" is practically indistinguishable from the project purpose "Technical and management capabilities of quality infrastructure bodies developed". The purpose should be formulated along the lines of "Free movement of goods *acquis* enforced in relevant sectors".

*Note:* The project purpose plus the assumptions in the same row of the logframe matrix should lead to the overall objective.

- The **Results** are what the project's managers are responsible for achieving by the project's completion date.



*Note:* Results plus assumptions in the same row of the logframe matrix should lead to the achievement of the project purpose, provided the assumptions are correct.

- **Activities** are the specific tasks to be undertaken during your project's lifetime in order to obtain results. Activities should indicate what the person or organisation responsible for the project should do, and how the project's goods and services will be delivered.
- The **Means** are the inputs required (such as personnel, equipment, money and materials). Means should indicate the main resources to be applied: for example, twinning covenant with one RTA and two short-term advisers, training, laboratory equipment. There is no need to specify costs in this box. Means should be spelled

out in enough detail in the Activities section of the project fiche (see section 3.4 of Annex 6) to provide assurance that a credible basis exists for the projected overall costs of the project.

*Note:* Activities plus assumptions in the same row of the logframe matrix should lead to the achievement of the results, provided the assumptions are correct. Co-financing and linked activities that are important to the results should be included under assumptions in this row.

- **Objectively Verifiable Indicators (OVIs)** show whether or not objectives have been achieved at each level of the logframe hierarchy and at defined times. OVIs provide the basis for designing an appropriate monitoring system.
- **Sources of Verification** are the means by which the indicators or milestones will be recorded and made available to your project's managers or to those evaluating your project's performance.
- **Assumptions** are external factors that could affect the progress or success of your project but over which the project manager has no direct control. Such factors are sometimes referred to as "risks and assumptions", but the Commission requires that all "risks" should be expressed as "assumptions".
- **Preconditions** are requirements that must be met before your project can start.

#### ***Indicators: a special word***

Experience has shown that project designers have the greatest difficulty with **indicators**. Here are some points to bear in mind:

- Indicators are a way of measuring the extent of a project's achievements.
- As we have seen above, indicators are required for the logframe at the stage of results, project purpose and overall objective.
- Some indicators can easily be found within the project and its activities (such as basic measures of inputs, outputs and results, and information from cost-benefit analyses). But in other cases, indicators for the outputs and more usually the results or impacts need to be found outside the project, for example in national statistics.
- Some indicators are suitable for monitoring the progress of a project when it is running, while others are more suitable for using in an evaluation after the project has ended.
- Indicators should be measurable or otherwise verifiable. For this reason, they should be as precise as possible — QQTTP — regarding:
  - Quantity:** how much?
  - Quality:** how well?
  - Target group:** for whom?
  - Time:** when?

- ❑ Place:where?
- Indicators should also be SMART:
  - ❑ Specific
  - ❑ Measurable
  - ❑ Available/Achievable
  - ❑ Relevant
  - ❑ Timely
- Results indicators typically describe in numbers a measure of the concrete activities (for example physical infrastructure, training, advice) that are proposed or achieved, such as length of road in km, industrial park in square metres, number of schools, etc.

Overall objective indicators typically describe the contribution to the global objectives of the measure, priority or programme, such as net number of jobs created, extra GDP (euro) generated, etc.

***Make the logframe work for you***

The process of drawing up a logical framework is as important as its content. It should be drawn up early in the process of planning your project and elaborated, ideally, with the participation of all the interest-groups and institutions who will implement the project or be affected by it. It should be prepared before the project fiche. Sub-projects may have their own logical frameworks, but it is not necessary to submit these with the main project fiche.

The logical framework should be used for the preparation, implementation and evaluation of a project. It plays a role in each phase of the project cycle; it sets out what the project is trying to achieve; it contains objectively verifiable indicators to allow the measurement of the achievement of the objectives and effective monitoring; and it forms the basis for subsequent evaluation. It should be kept up to date during implementation: note that the *results* and *activities* may change as the project progresses, but the project *purpose* should not.

**ANNEX 18 - Mandate of the Quality Support Group (QSG),  
check list for the review of MIPDs and programming  
documents**

## Mandate of the Quality Support Group (QSG)

The objective of the QSG is to support, assess and control the quality of IPA programming, and to contribute to the improvement of the readiness for implementation. Specifically, it contributes to coherence in the programming approach and enhancement of cross fertilisation between stakeholders as well as collective learning of lessons.

### 1. Scope and responsibilities

The scope of the QSG is to contribute to the improvement of the quality of the MIPDs and the annual/multi-annual programming documents (components I and II)<sup>1</sup> prepared by DG ELARG through systematic screening, enhanced coherence, and better coordination of proposals for programming.

To fulfil its responsibilities, the QSG shall:

- provide quality support throughout the process;
- assess in accordance with the checklist whether the objectives and choices in the MIPDs and the Programming Documents are properly derived from the annual strategy paper, Council conclusions and European/Accession partnerships.
- provide quality control to check that documents are compliant with the regulatory framework of the Financial Regulation, the IPA regulations, and consistent with IPA programming guide and procurement rules;
- enhance best practices and ensure that lessons learnt are taken into account;
- check on how QSG recommendations have been taken into account

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<sup>1</sup> CBC programming documents implemented under the responsibility of DG REGIO are not submitted to QSG

## 2. Structures and operations

### Membership and other participants

The QSG shall consist of a representative/*suppléant* of each ELARG Directorate who is to be nominated by their respective Director, as well as one representative/*suppléant* of the designated DGs. To ensure continuity, these representatives/*suppléants* shall only be replaced by written procedure and in really justified cases.

Members:

- Chairman                      Director D/*suppléant*
- Directorates A, B, C:        3 HoUs/3 *suppléants*
- Directorate D:                HoU D1/*suppléant*
- Directorate E:                HoUs E3 and E4/*suppléants*

Other participants:

Participants from other DGs will be invited if and when requested by the Chairman (in particular from DGs AGRI, EMPL and REGIO).

Other participants attend the meetings as observers<sup>2</sup> and can provide oral comments during the meeting.

### Chair

The Quality Support Group is chaired by the Director for Financial Instruments and Regional Programmes (Directorate D) or by his/her *suppléant* in case he/she is not available.

### Secretariat

The QSG is supported in its work by a Secretariat (D1).

### Schedule

The QSG convenes when the MIPDs or annual/multi-annual programming documents for components I and II are ready for submission.<sup>3</sup>

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<sup>2</sup> At present there is one observer from the JRC-IRMM, but other participants could be invited if and when requested.

<sup>3</sup> For cost-effectiveness reasons, if feasible, the QSG will convene to examine several MIPDs and/or programming documents. Financing Proposals that contain no project fiches will not be reviewed by the QSG. Only CBC multi-annual programming documents at internal WB borders (or their revision) will be reviewed by the QSG. Annual financing decisions in subsequent years will not be.



## Process and procedures

The Quality Support Group process consists of the three following steps:

### Step 1- Written assessment

- The country team (operational unit) sends the draft MIPD or annual/multi-annual programming document for components I or II to D1 who circulates it to the members of the QSG, requesting their written assessments in no more than 5 working days, in accordance with the checklist.
- For the MIPDs and annual/multi-annual programming documents, the QSG members from Directorates A, B, C as well as D1 and E4 assess whether the strategic choices for assistance are properly underpinned by a consolidated assessment of needs and priorities and make concrete recommendations as required. In particular QSG members will assess whether the following elements are reflected in the MIPDs:
  - main messages of the relevant strategy paper
  - comparability between the different MIPDs is ensured, taking into account the respective specificities, strengths and weaknesses of each country;
  - documents are as concise and clear as possible.
- For the annual/multi-annual programming documents, the QSG members from Directorates D (D1) and E (E3 and E4) carry out consistency, legality and regularity checks against the programming guidelines and procurement rules and make concrete recommendations as required.<sup>4</sup>
- The secretariat of the QSG consolidates and circulates these recommendations no later than 2 days after having received them, and convenes a meeting for the following week.

**Step 2 - QSG meeting:** The meeting of the QSG is convened. The Head of the operational unit concerned presents for discussion the final draft MIPD or annual/multi-annual programming document. The QSG members deliberate on the recommendations as consolidated in the paper circulated earlier by the secretariat of the QSG. The focus of discussion during the meeting should be on strategic objectives and choices, and their compliance with the strategy paper and other key documents, rather than on matters of a more technical matter. The conclusions of the deliberations of the QSG are issued as recommendations by the Group on the changes that need to be made to the text. The Head of Unit concerned sets out any arguments for instances where he/she disagrees with the advice given.

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<sup>4</sup> The financial circuits for the commitment of the credits must be followed in parallel

**Step 3 - Follow up of QSG meeting:** The Secretariat issues a table for the treatment of recommendations no later than 5 working days following the meeting. The operational unit concerned then sends the completed table to the members of the QSG (at the very latest when the Inter-service Consultation is launched), specifying either

- what changes will be/ have been made to the text in accordance with the recommendations of the QSG; or
- if the recommendation has not been taken into account, what the arguments are for not taking the advice given.

**Further actions:**

- The operational unit launches the Inter-service Consultation with the subsequently modified MIPD or annual/ multi-annual programming document.
- The members of the QSG ensure that recommendations of their deliberations are effectively disseminated in views of improving quality of programming.

## Annex 1:

### QSG template and checklist for written assessments of MIPDs

#### 0. Overall assessment

#### 1. Assessment of past and on-going assistance (section 1.2 of MIPD)

*This section should assess whether there is an appropriate account of past/on-going assistance and related lessons learned.*

<i>Past and on-going EU assistance and lessons learnt</i>	<i>Comments</i>	<i>Recommendation</i>
<i>Does this section record the operational achievements and performance of past and on-going EU assistance?</i>		
<i>Has Operations' assessment referred to in the MIPD taken into account these achievements and performance of past and on-going EU assistance?</i>		

<i>Relevant IFI and bilateral assistance</i>	<i>Comments</i>	<i>Recommendation</i>
<i>Does this section reflect the operational performance of past and on-going International Financial Institutional and other bilateral/multilateral assistance?</i>		
<i>Are complementarity, coordination and coherence between EU assistance and IFI and other bilateral/multilateral assistance considered?</i>		
<i>Has Operations' assessment referred to in the MIPD taken into account past and on-going IFI and other bilateral/multilateral assistance?</i>		

<i>Lessons Learned</i>	<i>Comments</i>	<i>Recommendation</i>

<i>Does this section clearly reflect lessons learned from other relevant past programmes (Phare, SAPARD, ISPA, CARDS and Turkey pre-accession instrument)?</i>		
<i>Does Operations' assessment referred to in the MIPD clearly reflect those lessons learned?</i>		

## **2. Assessment of the extent to which strategic objectives in the MIPD are properly underpinned and to which the strategic choices reflect those strategic objectives, needs and priorities**

### **Strategic objectives for IPA assistance (section 2.2.1 of MIPD)**

*This section should assess whether the main strategic objectives for assistance are properly underpinned by a consolidated assessment of the challenges, needs and relative importance of the priorities (as laid out in the European and Accession Partnerships, National Programme for the Adoption of the Acquis, Enlargement Package/Regular Reports, negotiation framework and Stabilisation and Association Agreements and the country's sectoral strategies)*

### **Strategic choices for IPA assistance (Section 2.2.2 of MIPD)**

*This section should assess the strategic choices for assistance within each component for the three-year horizon and how they have been translated from the consolidated assessment of needs and priorities set out in section 2.2.1.*

<b>Strategic choices for IPA assistance</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Are the strategic choices consistent with the assessment of strategic priorities set out notably in the Strategy Paper and with the main strategic objectives derived from these priorities?</i>		
<i>Is the MIPD's assistance strategy consistent with the country's own priorities?</i>		
<i>Are the strategic choices sufficiently underpinned by sectoral strategies?</i>		
<i>Is there an explanation of the measures taken to ensure co-ordination, complementarity and synergy of assistance between the different components?</i>		
<i>To what extent are the additionality and catalytic</i>		

<i>principles respected?</i>		
<i>What evidence is there that proposed support assistance is an appropriate means to meet the strategic choices?</i>		

### **Multi-annual planning by component (section 2.3 of MIPD)**

*In application the questions in this section do not necessarily represent benchmarks but rather serve as indicative starting points to guide the written assessment. The treatment of them will depend on the particular circumstances of the country concerned and the component involved.*

<b>Objectives and choices</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Are the objectives and choices set out for the component consistent with strategic objectives and choices as specified on section 2.2 of the MIPD?</i>		

<b>Programmes to be implemented in pursuit of these objectives and the type of assistance to be provided</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Is the type of assistance to be provided likely to meet objectives?</i>		
<i>What arrangements are planned to assess cost effectiveness?</i>		

<b>Expected results, indicators of achievement/ source of verification and time-frame</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Are objectives defined in terms of expected results?</i>		
<i>What are the expected results and impacts and what are the associated indicators or sources of verification identified?</i>		
<i>Are expected results consistent with the strategic choices identified?</i>		
<i>Are plans for monitoring clearly set out?</i>		

<i>What types of evaluation are planned to be carried out during the lifetime of the plan?</i>		
<i>Have the major risks associated with meeting the strategic choices been identified and assessed?</i>		

<i>Financial indications</i>	<i>Comments</i>	<i>Recommendation</i>
<i>Are indicative financial envelopes indicated?</i>		
<i>Are the funding allocations consistent with achieving the strategic choices?</i>		

## Annex 2:

### QSG Checklist – IPA Financing Proposals and project fiches / components I and II<sup>198</sup>

#### I. Strategy, Objectives and Description

Checks / comments / recommendations by all QSG members
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1.1 Strategy	Comments	Recommendation
<i>Are the priority axes consistent with those set out in the MIPD'</i>		
<i>Are the proposed measures, objectives and choices sufficiently underpinned by sectoral strategies?</i>		
<i>To what extent are the additionality and catalytic principles respected?</i>		

1.2 Objectives and Description	Comments	Recommendation
<i>Are the proposed areas of intervention under each priority axe consistent with the strategic objectives and choices of the MIPD?</i>		

1.3. Programme Readiness	Comments	Recommendation
<i>Have elements of programme readiness (incl. legislation in place), sequencing, absorption capacity, and limited funding been taken into account?</i>		

<sup>198</sup> For component I only Financing Proposals with project fiches are submitted to the QSG. For component II only programmes between IPA countries are submitted to the QSG.

<b>1.4 Logic of overall objectives, project purpose, results and activities (particularly as set out in the project fiches):</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Are overall objectives, project purpose, results and activities coherent and clearly relate to what is mentioned in the Background, and identical to the log-frame? Can the project results be realistically achieved by the end of the project, are they sustainable and not overambitious? Is the expertise requested (from public/TW or private sector/TA) appropriate in view of the nature of job/sector to be addressed? Clear link between INV and IB components?</i>		

<b>1.5 Lessons learned</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Are lessons learnt from other relevant past programmes (Phare, SAPARD, ISPA, CARDS and Turkey pre-accession instrument) clearly reflected?</i>		

<b>1.6 Donor Coordination</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Has a link to and coordination with other related activities, donors and projects been properly addressed? Has complementarity with national strategies been ensured?</i>		

<b>1.7 Co-financing</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Is co-financing ensured?</i>		

<b>1.8 Other Points</b>	<b>Comments</b>	<b>Recommendation</b>
<i>Are there any major points on financing, regularity and legality which could seriously impede the implementation of the programme?</i>		



**Annex 3:**

**Table for treatment of recommendations - MIPDs**

<p><b><i>MIPD</i></b></p> <p><b>Follow-up on recommendations by the QSG</b></p> <p>Country:</p> <p>QSG meeting date:</p>
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QSG recommendation	Action taken. Please make specific references to the pages where the changes have been introduced. If no action has been taken, explain the reasons why.

**Annex 4:****QSG Table for treatment of recommendations – Annual and multi-annual programming**

<b><i>Annual and Multi-annual Programming</i></b>
<b>Follow-up on recommendations by the QSG</b>
Country:
QSG meeting date:

<b>QSG recommendation</b>	<b>Action taken. Please make specific references to the pages where the changes have been introduced. If no action has been taken, explain the reasons why.</b>

The chairperson takes a decision on each measure reviewed, based on the issues raised and advice provided by other group members and participants. The primary responsibility of each member is to provide useful advice which will help to ensure that the proposed action is of high quality.

The QSG intervenes at two points in the process:

- at the end of the identification stage, when the QSG supports quality by giving guidance for further preparatory work
- at the end of the formulation stage, when the QSG assesses the quality of the key documents before a financing decision is made

Once the programming document has been adopted, the geographical service is requested to provide the QSG Secretariat with the final version of the document.

**Annex 19 — Instructions on Twinning and Twinning  
Light – Check list Twinning**

## Instructions on Twinning and Twinning Light

Independent assessment of the Twinning instrument has pointed out that “the programming process drives all subsequent activity”, that “insufficient account is taken of the absorption capacity of the beneficiary”, and that “over-optimism at the programming stage tends to propagate unrealistic expectations at all subsequent stages”. The Court of Auditors Report on Twinning released in May 2003 has, moreover, criticised the tendency to over-emphasise Twinning at the expense of other instruments also eligible for EU support.

It is important to realise that the resources that Twinning/Twinning Light wants to mobilise are scarce and the political repercussions of failure not negligible. Therefore, the Commission has a duty to be particularly careful and precise in programming for Twinning/Twinning Light. The importance of concrete, precise and operational objectives is crucial.

The decision whether to implement a project through standard **Twinning or Twinning Light** is taken at the programming stage, based on the scope of needs to be addressed.

The Twinning/Twinning Light methodology for implementing pre-accession funded IB projects rests on a number of fundamental assumptions:

- The beneficiary is committed to, owns and drives the reform process. This is made explicit by putting the onus on the PCC/CC to fix the overall result and benchmarks and to allocate identifiable human and financial resources.
- Moreover the know-how required to address the needs identified is primarily located in the administrations (or mandated bodies, where appropriate) of the MS. Experience confirms that the private sector cannot deliver successful projects in such circumstances. That is the justification for dispensing with a traditional tendering procedure. For certain sectors this distinction is clear (JHA, agriculture, environment, finance), for others the dividing line is sometimes more ambiguous (industry, transport)
- The project targets a concrete, operational (mandatory) result, which can be sustained even after project completion. Therefore, terminology such as “improved” and “upgraded” or similar is to be avoided. The ideal definition of a desirable final result could be e.g.: “Reduction of waiting time at border post x from average 2 hours to 20 minutes” or “Procedure for measurement of air quality in place and compliant with EU standard” or “x staff trained and capable of applying particular Acquis-related standards by the end of the project, with a view to y in place by accession”.

These principles apply to standard Twinning projects as well as Twinning Light projects. Before indicating “Twinning” or “Twinning Light” as implementing methodology, reflect carefully whether these underlying principles apply.

- **Suitable subjects for Twinning/Twinning Light:** As for all projects, Twinning/Twinning Light projects will be based on priorities identified in the Accession Partnerships and actions set out in the Action Plans for reinforcing administrative and judicial capacity. There will be cases where the relationship with the Acquis will be easily established, but there will also be cases where Twinning is the most suitable method for the achievement of a desired result in a broader sense of

the Acquis or in fulfilment of the Copenhagen criteria. It is likely that this scenario will become more frequent as the mechanism becomes more established and the obvious implementation capacities are satisfactorily achieved. Relevant examples could be the capacity of accountants to deliver transparent financial reports, i.e. establishing professional practices pursuant to the 4<sup>th</sup> Directive. Another could be the respect of the Copenhagen criteria in relation to human rights or general civil service structures. Whatever the purpose of the Twinning project may be, it has to be clearly defined. Items such as "training of judges" with no further specification are certainly not appropriate, as it represents a means and not an objective. It is particularly important to be specific about the critical mass of suitably trained staff needed to be able to implement the specific Acquis-related areas, on accession.

- It is important to consult and involve other relevant DGs at this early stage, as they are the experts on the Acquis; we need their support and must endeavour to make them take on co-ownership of Twinning projects.
- **Design of Twinning/Twinning Light projects:** The design of Twinning/Twinning Light projects should always be vertical and based on the building blocks necessary for implementing legislation, i.e. legal base (laws, procedures), institutional competence and organisation, implementing tools/management systems, training/awareness of implementers and end-users. The final result targeted and intermediary benchmarks should be as concrete and measurable as possible (avoid terms like “improved” or “upgraded”, but also “Alignment with the Schengen Acquis” as too imprecise and over-ambitious). **There is no need for a single project to reach the ultimate state of compliance.** It is acceptable and preferable for a project to target a more modest but achievable intermediate benchmark.
- Contrary to traditional TA projects, for standard Twinning projects the emphasis is on outputs, whereas the definition of detailed inputs should be limited and left to be defined by Twinning partners. They will share the responsibility for the achievement of the targeted result. Ideally, the benchmarks for the subsequent Twinning contract should already be identifiable from the project fiche.
- For Twinning Light projects, on the other hand, the emphasis needs to be on a description of the beneficiary’s work schedule to move the reform process forward, comparable to a skeleton contract. The inputs required from the MS partner need to be specified in detail, similar to a traditional TA project, while still targeting an operational result under the sole responsibility of the beneficiary.
- **Size and scope of Twinning/Twinning Light projects:** This is one of two key elements on which the distinction between Twinning and Twinning Light is based. Full scale Twinning should be foreseen for the reform of a significant part of the administration responsible for complex subject matters. The definition of a standard Twinning project continues to include the continuous presence of a RTA in the PCC/CC (this is the other key distinguishing factor). The minimum size of a Twinning project is partially conditioned by the cost for a RTA, which runs to an average of 140,000 EUR a year. A RTA alone cannot be expected to have the full range of expertise required for the implementation of the project and must be complemented by a Project Leader and short-term experts. As a consequence, 350,000 EUR should be considered a minimum per project.
- As regards the upper limit for a standard Twinning project, experience has shown that the design of Twinning usually renders spending more than 2 mio EUR on a single

project nonsensical. An average size could be considered ca € 1-1.5 mio EUR. We need to get away from the artificial construction of packages, which characterised the early Twinning projects. Each Twinning project needs to make sense in itself. If this results in three, four or more projects in the same ministry or sector this is acceptable as long as the basic principles of Twinning are respected.

- Twinning Light, on the other hand, should target very specific areas of limited scope and where the need for adaptation to EU standards is limited. It is more likely to concern specific implementation rather than general or legal frameworks. Often cited examples are the Insurance Supervisory Authority or Roads Inspectorate.
- The ceiling for each Twinning Light project is in principle 250,000 EUR.
- **Duration:** The minimum duration for a standard Twinning project is 1 year. As regards the maximum length, it is conditioned by the expiry of the FA's execution period. The lapse of time between launch of a request for proposals from MS to endorsement of a contract should not exceed 8 months. In fact, the contracting process should be shortened as much as is possible, so as to allow a timely start to the project.
- No minimum duration has been set for Twinning Light projects, but their maximum duration has been capped at 8 months in principle. Twinning Light projects are subject to the same disbursement constraints as standard Twinning projects.
- **Key elements required:** For both standard Twinning as well as Twinning Light projects, it is essential that there is clear designation of the PCC/CC beneficiary organisation, including nominated counterpart staff and reserved resources to cover costs arising. There must be evidence that the beneficiary has the capacity to absorb the assistance provided and that there is an understanding that the assistance represents value added to rather than substitution of own efforts. This fundamental element applies to both standard Twinning and Twinning Light, and is absolutely indispensable for Twinning Light.
- The compulsory inclusion of a RTA in standard Twinning projects has already been mentioned. In practice, the RTA must be backed by a Project Leader in the MS, and the two must be seen as a complementary team at the core of the project. Other elements to be included in Twinning projects are short-term missions and training. For standard Twinning projects their determination should be left to the partners when they elaborate the contract. Even then, the exact unit numbers of inputs are subject to change during implementation, taking account of the generous flexibility inherent to Twinning.
- **For Twinning Light, on the other hand, short-term missions and training constitute the sole inputs** There is no long-term RTA because of the limited scope and short duration of the project and the PCC/CC commitment towards its implementation. Continuity is ensured by a single expert from the MS who is responsible for the input. In some cases this expert might be a resident "twin" for the full period. **Therefore, the inputs must be defined precisely, similar to terms of reference for traditional TA.** The responsibility of the Member State is limited to the inputs. Responsibility for the result rests with the PCC/CC.
- **Formal place in project documents:** Twinning/Twinning Light projects will most often be part of a larger project, possibly comprising investment and/or TA elements. **It is extremely important to make it very clear what part of the overall project**

**fiche is to be implemented through standard Twinning/Twinning Light.** MS must be able to identify what they are expected to respond to without any trouble. The delineation between Twinning/Twinning Light and traditional TA has to be made crystal clear, also during implementation. The budget table in the fiche should not only specify the amounts available for the investment and TA components, but also clearly state the amount allocated to the Twinning/Twinning Light component. The separate reference number of the Twinning/Twinning Light project should appear directly below the overall Desirée project number in the beginning of the fiche.

- For standard Twinning, the entire project fiche is circulated to MS to solicit proposals. For Twinning Light projects separate stand-alone TORs must be elaborated for distribution to MS.

**Unattributed envelope for Twinning Light projects:** Twinning Light is intended to be a quicker and easier way of mobilising MS expertise to help CCs address problems of limited scope. While some of the needs are identifiable at the programming stage, others may present themselves in between two programming exercises, especially as a result of problems arising in the negotiations (or the monitoring of compliance with commitments entered into during negotiations). To allow for flexibility and speed in responding to such needs, it is recommended to earmark an envelope in each country programme, amounting to an estimation of the number of projects. Their detailed programming will be subject to approval by the HoD and TL responsible for the country in question.

<b>Checklist Twinning - project fiche</b>		
<b>Project name</b>		
<b>Project number</b>		
<b>Twinning number</b>		
	Yes/No	Comment
RELEVANCE: Background provides the required acquis/ Regular Report /Accession Partnership and NPAA / European Partnership link?		
Background provides sufficient information to MS to understand the requested assignment (max 2 pages)?		
Detailed description of the beneficiary institution and context in the BC, methodology for reform?		
Coordination with other related activities and projects properly described and ensured/ overlap avoided, including donor coordination?		
Mandatory results are formulated as joint results between MS and BC and can be achieved at the end of the project + measured by indicators?		

Coherent Logframe approach Objectives-Results-Activities?		
Expertise is best provided by the public sector in MS, i.e. TW rather than TA?		
RTA profile included? (civil servant, min. 3 years exp. with acquis, , relevant experience and language knowledge, min. 12 months duration) - profile realistic and allows for fair competition?		
RTA tasks clearly defined in the fiche?		
High level project leader foreseen for MS, incl. profile?		
High level Project leader clearly identified for BC as well as day-to-day RTA counterpart/project manager?		
Indicative tasks and Profiles of STEs identified? (no overlaps)		
Identified (limited) private sector inputs if necessary (e.g. IT specialists, auditor)?		
All indicative inputs/activities clearly specified and linked to budget (translation, study visits, RTA assistant, training materials, facilities, visibility, final audit) etc.? Indication if financing from IPA or national cofinancing?		
Bias to certain MS avoided?		
Project duration clear? (min 12 + 3 months)		
Indicative timetable of activities included?		
Sustainability of activities is ensured? e.g. practical manuals prepared, training of trainers, follow-up, evaluation/assessment in the end?		
Adequate membership in Steering Committee and all relevant parties included during the project implementation?		
Language issues addressed (interpretation and translation)?		
Total EC budget available for the TW indicated?		
Available/required cash cofinancing in budget as well as other (in kind) provisions from BC indicated (office space, computer etc.)?If required local experts to be provided by BC from cofinancing?		



## Annex 20 — Template for the EU contribution to the participation of beneficiary countries in Community programmes/agencies

### **EU Contribution to the participation of the Government of [insert name of the beneficiary country] in the Community programme/agency [insert the name of the Community programme/agency] under the IPA-Transition Assistance and Institution Building component in [insert year]**

(1) Article 8(3) of Council Regulation (EC) No 1085/2006<sup>1</sup> of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (hereafter: "the IPA Framework Regulation") states that assistance may be granted to support the participation of the beneficiary countries of IPA in Community programmes/agencies.

(2) [For Community programmes] Article 70 of Commission Regulation (EC) No 718/2007<sup>2</sup> of 12 June 2007 implementing the IPA Framework Regulation (hereafter: "the IPA Implementing Regulation") stipulates that such assistance shall not exceed the limit laid down in the national programme;

[For Community Agencies] Such assistance shall not exceed the limit laid down in the national programme, in accordance with Article 71(2) of the IPA Implementing Regulation;

(3) Decision [reference] of [dd/mm/yyyy] adopting a national programme for [name of the country] foresees the participation of this country in the Community programme/agency [insert the name of it] for a maximum amount of Community contribution of EUR [...], and a maximum rate of co-financing of [...];

(4) [For Community programmes] On [insert date] the Commission concluded with the Government of [country] a Protocol<sup>3</sup> to the Stabilization and Association Agreement on a Framework Agreement on the general principles for the participation of [country] in Community programmes;

(5) On [insert date], both parties concluded a Memorandum of Understanding on the association of [country] to the [name of the Community programme/agency], which establishes detailed terms and conditions governing the participation of [country] in the [name of the Community programme/agency];

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

<sup>2</sup> OJ L 170, 29.6.2007, p. 1.

<sup>3</sup> OJ L [...], dd/mm/yyyy, p. [...].

(6) *[For Community programmes]* The Protocol and the Memorandum of Understanding mentioned above constitute the legal framework which governs the participation of *[country]* in the *[name of the Community programme]*, and form an integral part of this Contribution;

*[For Community agencies]* the Memorandum of Understanding mentioned above constitute the legal framework which governs the participation of *[country]* in the *[name of the Community agency]*, and form an integral part of this Contribution;

(7) The EU Contribution is considered as a reimbursement of the eligible costs actually incurred by the Government of *[country]* for its participation in the *Community programme/agency*, in the meaning of Article 108a of Council Regulation (EC, Euratom) No 1605/2002<sup>4</sup> of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.

(8) The national agency *[insert the name]* is responsible for the participation of *[country]* in the *[name of the Community programme/agency]*.

(9) The Commission service concerned will send to the Mission of *[country]* to the EU a request for the total financial contribution of EUR [...] for the participation in this *Community programme/agency* ("call for funds"). The *[name of the national agency]* should send the totality of that amount as per the call for funds to the Commission service responsible. When making the payment, the *[name of the national agency]* should quote the reference number indicated in the call for funds, and send simultaneously a copy of the payment order to the relevant Commission service.

(10) After having proceeded with the above-mentioned payment of EUR [...], the *[national IPA coordinator, in the case of centralized management, or the National Authorizing Officer, in the case of decentralized management]* will request from the Financial Execution Unit of the Directorate General for Enlargement the transfer of the full amount of the IPA co-financing, which is EUR [...], as indicated in paragraph 3. The request should be accompanied by a copy of the payment order to the relevant Commission service. The Community contribution will be paid within 45 days of the reception by the Directorate General for Enlargement of the request for payment to the following bank account *[insert bank account number and IBAN number]*.

**Date**

**The Authorizing Officer by Sub-delegation**

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<sup>4</sup> OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation no 1995/2006 of 13 December 2006 (OJ L 390, 30.12.2006, p. 1).

**Annex 21 — Template with the list of the projects to be financed from the annual programmes to be sent to the Member States during the consultation process**

**List of projects** (NN projects amounting to an overall amount of Community assistance of XX M€ to be financed through Article 22.02.BB of the general budget of the European Communities for 20YY).

<b>Priority axis</b>	<b>IPA support (€)</b>	<b>Project Purpose / main activities</b>
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<b>Priority axis 1</b> <i>[Political Criteria]</i>	<i>(Total priority axis)</i>	
<b>XX20YY/1/1:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>XX20YY/1/2:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
.....	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>Priority axis 2</b> <i>[Socio-Economic Criteria]</i>	<i>(Total priority axis)</i>	
<b>XX20YY/2/1:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>XX20YY/2/2:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
.....	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>Priority axis 3</b> <i>[Ability to assume the obligations of membership]</i>	<i>(Total priority axis)</i>	
<b>XX20YY/3/1:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>XX20YY/3/2:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
.....	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>Priority axis 4</b> <i>[Supporting]</i>	<i>(Total priority axis)</i>	

<i>Programmes]</i>	<i>axis)</i>	
<b>XX20YY/4/1:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>XX20YY/4/2:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
....	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>Priority axis 5</b> <i>[Civil Society Dialogue]</i>	<i>(Total priority axis)</i>	
<b>XX20YY/5/1:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>XX20YY/5/2:</b> <i>(name of the project)</i>	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
....	<i>(amount)</i>	Project purpose and description of the activities and objectives to be achieved. Method of implementation.
<b>TOTAL</b>		