



Brussels, 12.12.2012
C(2012) 9321 final

COMMISSION IMPLEMENTING DECISION

of 12.12.2012

adopting a National programme for the former Yugoslav Republic of Macedonia under the IPA-Transition Assistance and Institution Building Component, for the years 2012 and 2013

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adopting a National programme for the former Yugoslav Republic of Macedonia under the IPA-Transition Assistance and Institution Building Component, for the years 2012 and 2013

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹, 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 countries and potential candidates.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. 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 has established an Accession Partnership for the former Yugoslav Republic of Macedonia². The Commission has adopted on 30 June 2011 a Multi-annual Indicative Planning Document (MIPD) 2011-2013 for the former Yugoslav Republic of Macedonia³ which presents indicative allocations for the main priorities for pre-accession assistance to that country.
- (4) Considering the project proposals submitted by the former Yugoslav Republic of Macedonia, the national programme for the former Yugoslav Republic of Macedonia under the IPA Transition Assistance and Institution Building Component for the years 2012 and 2013 aims at providing assistance for public administration reform; justice, and home affairs and fundamental rights; private sector development; environment and climate change; and agriculture and rural development.
- (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 on the Financial Regulation applicable to the general budget of the European Communities⁴ 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 Communities⁵.

¹ OJ L 210, 31.7.2006, p. 82.

² Council Decision 2008/212/EC of 18 February 2008 (OJ L 080, 18.3.2008, p. 32).

³ Decision C(2011)4579 of 30.6.2011.

⁴ OJ L 357, 31.12.2002, p. 1.

⁵ OJ L 248, 16.9.2002, p.1.

- (6) The administrative capacity of the former Yugoslav Republic of Macedonia 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.
- (7) The Commission concluded on 30 October 2007 a Framework Agreement with the Government of the former Yugoslav Republic of Macedonia on the rules for co-operation and implementation of pre-accession assistance.
- (8) 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 the former Yugoslav Republic of Macedonia under the IPA-Transition Assistance and Institution Building Component for 2012 and 2013, as set out in the Annex, is hereby adopted.

This programme shall be implemented by decentralised management. To that effect, two financing agreements shall be concluded between the Commission and the Government of the former Yugoslav Republic of Macedonia in conformity with the Framework Agreement concluded between the same parties on 30 October 2007.

Article 2

In the budget year 2012, the maximum amount of the European Union contribution shall be EUR 28,159,161 to be financed through Article 22.02.01 of the general budget of the European Union.

In the budget year 2013, the maximum amount of the European Union contribution shall be EUR 28,008,356.75 to be financed through Article 22.02.01 of the general budget of the European Union, subject to the approval of the budget 2013 by the budgetary authority and commitments being available.

The implementation of this Decision is subject to the availability of the appropriations provided for in the draft budget for 2013 after the adoption of the budget for 2013 by the budgetary authority or provided for in the provisional twelfths.

Done at Brussels, 12.12.2012

*For the Commission,
Štefan FÜLE
Member of the Commission*



EUROPEAN
COMMISSION

Brussels, 3.2.2016
C(2016) 543 final

COMMISSION IMPLEMENTING DECISION

of 3.2.2016

**amending Commission Implementing Decision C(2012) 9321 final of 12 December 2012
adopting a National programme for the former Yugoslav Republic of Macedonia under
the IPA-Transition Assistance and Institution Building Component, for the years 2012
and 2013**

COMMISSION IMPLEMENTING DECISION

of 3.2.2016

amending Commission Implementing Decision C(2012) 9321 final of 12 December 2012 adopting a National programme for the former Yugoslav Republic of Macedonia under the IPA-Transition Assistance and Institution Building Component, for the years 2012 and 2013

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)⁶, and in particular Article 7(3) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union⁷, and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate countries and potential candidates.
- (2) Regulation (EC) No 1085/2006 continues to govern on the substance legal acts and commitments made up until 31 December 2013.
- (3) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. 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.
- (4) The Council has established an Accession Partnership for the former Yugoslav Republic of Macedonia⁸. The Commission has adopted on 30 June 2011 a Multi-annual Indicative Planning Document (MIPD) 2011-2013 for the former Yugoslav Republic of Macedonia⁹ which presents indicative allocations for the main priorities for pre-accession assistance to that country.
- (5) The Commission concluded on 30 October 2007 a Framework Agreement with the Government of the former Yugoslav Republic of Macedonia on the rules for co-operation and implementation of pre-accession assistance.
- (6) The Commission adopted with Decision C(2012) 9321 final of 12 December 2012 the National programme for the former Yugoslav Republic of Macedonia under the IPA-

⁶ OJ L 210, 31.7.2006, p. 82.

⁷ OJ L 298, 26.10.2012, p.1.

⁸ Council Decision 2008/212/EC of 18 February 2008 (OJ L 080, 18.3.2008, p. 32).

⁹ Decision C(2011)4579 of 30.6.2011.

Transition Assistance and Institution Building Component, for the years 2012 and 2013 under decentralised management.

- (7) As a response to the floods emergency, which hit the country on January-February 2015, the Commission has devised a recovery programme consisting of two components. The first component of the recovery programme relates to reconstruction and rehabilitation of transport infrastructure for the amount of EUR 3 012 500 and is envisaged to be implemented under the National programme for the former Yugoslav Republic of Macedonia under the IPA-Transition Assistance and Institution Building Component, for the year 2011. The second component is of the amount of EUR 6 819 261. It relates to improvement of flood prevention and mitigation response in affected areas and should be implemented under this Programme. In that respect, the budget allocations for year 2012 of the projects 'Enhanced capacity for effective management and audit of EU funds', 'Justice, Home Affairs and Fundamental Rights', 'Environment and Climate Change', 'Private sector development' and 'Agriculture and Rural Development' should be reduced accordingly.
- (8) The service contract under the Sector Fiche Public administration reform under the budget allocations for 2013 shall be transformed into a twinning contract as the most suitable implementing modality for the establishment of an institutional body for dialogue and cooperation between the Government and the civil society.
- (9) The Commission should be able to entrust budget-implementation tasks under indirect management to the entity specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that this entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds. The United Nations Development Programme (UNDP), who has been selected as implementing partner, has passed the assessment under Regulation (EU, Euratom) No 966/2012. Based on this positive assessment the authorising officer responsible deems that budget-implementation tasks can be entrusted to this entity.
- (10) The present Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of 25 October 2012 on the financial rules applicable to the general budget of the Union¹⁰ (hereinafter referred to as 'the Rules of Application').
- (11) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of the Financial Regulation and Article 111(4) of the Rules of Application.
- (12) In accordance with Article 13 (2) of Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II)¹¹, the IPA II Committee shall be competent for legal acts and commitments under Regulation 1085/2006. Therefore, the measures provided for by this Decision are in accordance with the opinion of the IPA II Committee,

¹⁰ OJ L 362, 31.12.2012, p.1.

¹¹ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (OJ L 77, 15.03.2014, p. 11).

HAS DECIDED AS FOLLOWS:

Article 1

The Annex to Commission Decision C(2012) 9321 final of 12 December 2012 is replaced by the Annex to the present Decision.

Article 2

The programme shall be implemented under indirect management mode. The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

Article 3

The Financing Agreements concluded between the European Commission and the Government of the former Yugoslav Republic of Macedonia on 2 December 2013 and 19 December 2014 shall be modified accordingly.

Done at Brussels, 3.2.2016

For the Commission
Johannes HAHN
Member of the Commission

ANNEX I

NATIONAL PROGRAMME FOR THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA UNDER THE IPA-TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2012 & 2013

1 IDENTIFICATION

Beneficiary	The former Yugoslav Republic of Macedonia
CRIS decision number	2012/022-989 2013/024-109
Year	2012 and 2013
EU contribution	2012: EUR 28 159 161 2013: EUR 28 008 356.75
Implementing Authority	Central Financing and Contracting Department in the Ministry of Finance (CFCD) in accordance with Article 53c of the 2002 Financial Regulation and upon Conferral of Management Powers, except for project 10 " <i>Participation in Union Programmes and Agencies</i> " where implementation will consist of the payment by the National Fund of the IPA part of the financial contribution to the programmes. Except for project 7 where indirect management will be implemented with the United Nations Development Programme (UNDP) in accordance with Article 58(1) (c) of the 2012 Financial Regulation.
Final date for concluding the Financing Agreement	For the 2012 funds: At the latest by 31 December 2013 For the 2013 funds: At the latest by 31 December 2014
Final date for contracting	3 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.
Budget line concerned	22.02.01: national programmes (component Transition Assistance and Institution Building) for Candidates
Programming Unit	DG NEAR, Unit D3 - The former Yugoslav Republic of

	Macedonia, Kosovo EU Delegation -Operations
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2 THE PROGRAMME

2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME

The proposed IPA National Programme (NP) 2012/2013 consists of five sector fiches and seven project fiches, supporting the following sectors: public administration, justice, home affairs and fundamental rights, private sector development, agriculture and rural development, and environment and climate change. The selection of sectors has been agreed upon with the national authorities on the basis of the priorities of the Multi-Indicative Planning Document (MIPD) 2011-2013 for the former Yugoslav Republic of Macedonia.

2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION

1. Public Administration Reform

Rationale for selection of MIPD sector

In the MIPD 2011-2013, public administration is among the seven sectors where the Commission decided to focus its assistance on. The EU has created a special working group at the level of the SAA sub-committees on Public Administration Reform (PAR) and the roadmap for the High Level Accession Dialogue (HLAD) between the European Commission and the country also lists PAR among its priorities.

Past and ongoing donor assistance

IPA has provided substantial support in this field since 2007. The EU is the de facto lead donor in the area. UK, Germany, Norway, Netherlands, France, USAID, World Bank, and UNDP have also been providing assistance through individual projects.

Coordination process and policy dialogue

Coordination and policy dialogue in this sector is ensured through a Programme Based Approach¹² (PBA) Working Group. Focal points are the Ministry for Information Society and Public Administration and the World Bank. The Ministry for Information Society and Public Administration is also responsible for monitoring the implementation of the new PAR strategy. In addition, the government has established a high level public administration committee. The working group on European integration reviews the overall implementation of the National Programme for the Adoption of the Acquis (NPAA), the fulfilment of obligations deriving from the Stabilisation and Association Agreement and the implementation of IPA and other foreign assistance in respect to this and all other sectors.

Sector readiness

¹² The programme-based approach (PBA) is defined in the DAC guidelines as a way of engaging in development cooperation based on the principle of coordinated support for a locally owned programme of development. It should involve leadership by the host country, a single comprehensive programme and budget framework, as well as a formalised process of donor coordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement. Another important feature are efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. As such it takes up core elements of the sector approach.

Essential elements of the sector approach¹³ have been formally put in place in the Public Administration Reform sector. More awareness at political level for the need to utilise the sector elements efficiently and effectively needs to be raised through increased dialogue. Full implementation of PAR will remain a major challenge for the country in the foreseeable future.

2. Justice and Home Affairs

Rationale for selection of MIPD sector

Substantial reforms in the field of Justice and Home Affairs and fundamental rights remain key criteria for accession of the country to the EU. The roadmap to the HLAD also lists the strengthening of the rule of law and fundamental rights among its priorities. The present assistance will make an important contribution to the country's efforts in attaining these strategic reform priorities.

Past and ongoing donor assistance

The largest portion of assistance available to this sector is provided by the European Union, which has implemented programmes in the field of legislative reforms, integrated border management, immigration and asylum, fight against crime and corruption. It has furthermore provided support to a number of institutions that have a key role in ensuring appropriate levels of transparency and accountability and protecting the fundamental rights of the citizens. In addition to the EU assistance, the Organisation for Security and Cooperation in Europe (OSCE), the Netherlands, Norway, Sweden, World Bank, and USAID are also providing assistance in this sector.

Coordination process and policy dialogue

The Government has made efforts to steer an efficient donor coordination mechanism through establishment of a PBA working group on Justice and Home Affairs (JHA). The Ministry of Interior and the Ministry of Justice are the focal points of this working group. The intra-governmental coordination of the reforms is further ensured by several committees and working bodies. A Government Council has been established on the fight against corruption. A specialised coordination body has also been established in order to monitor the implementation of the new Criminal Procedure Code.

Sector readiness

Important elements of the sector approach are formally in place in the Justice and Home Affairs sector. The challenge will be to raise sufficient political awareness for the necessity to streamline all efforts towards achieving a more integrated sector strategy and an effective monitoring structure through increased dialogue. The working group on JHA is attempting to play this role, but will require further strengthening to gain sufficient authority in this field.

¹³ Sector Approach is a way of working together between government, donors and other key stakeholders. It is a process aiming at broadening government and national ownership over public sector policy and resource allocation decisions within the sector, increasing the coherence between policy, spending and results, and reducing transaction costs. A sector policy and strategy, a sector coordination framework, a sector budget and medium-term expenditure perspective, as well as Sound Public Financial Management (PFM) have to be in place for a successful sector approach.

3. Private Sector Development

Rationale for MIPD sector

In the framework of the MIPD 2011-2013, economic and social development is a strategic priority for IPA assistance and a top priority of the Government. The EU and the Government are combining their efforts to improve the standard of living and economic security in the country. The development of the private sector is also reflected in the road map of the HLAD in respect to strengthening of the country's market economy.

Past and on-going assistance

Private sector development has been mostly supported through EU assistance. IPA has funded several relevant programmes, aiming at strengthening government administrative capacity for protection of competition, for modernising the Employment Service Agency and for coordination of social security systems and participation in EURES (European Employment Services Network). In business development and competitiveness, considerable assistance is available through bilateral donors, such as USAID, the United Kingdom, Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ), as well as through the World Bank, International Monetary Fund (IMF), and the European Bank for Reconstruction and Development (EBRD).

Coordination process and policy dialogue

The office of the Deputy Prime Minister is playing a pivotal role in this sector, besides a larger number of ministries. The Government has furthermore established a PBA working group on "Business Environment, Competitiveness, Innovation". The working group selected the Industrial Policy strategy to serve as key document for developing the private sector.

Sector readiness

The Government will have to streamline its horizontal coordination and monitoring of reforms in this sector to render this approach effective and operational. More awareness at political level for the necessity of following the sector wide approach needs to be raised through increased dialogue.

6. Environment and Climate Change

Rationale for MIPD sector

Assistance to the protection of the environment and climate change has been included as a priority field for IPA assistance in the MIPD 2011-2013. The former Yugoslav Republic of Macedonia has recognised the importance of addressing the protection of the environment as a matter of priority.

Past and on-going assistance

Substantial EU assistance has been provided in this sector since 2001 for institution building and legislative alignment. Implementation of the Operational Programme of IPA component III, environmental axis, started in 2011. The World Bank, the Swedish International Development Cooperation Agency (SIDA) and UNDP/Global Environment Facility are very active in the fields of protected areas and renewable energy sources.

Coordination process and policy dialogue

The Ministry of Environment and Physical Planning (MoEPP) is responsible for all international cooperation programmes. A UNDP project is helping the MoEPP to set up an efficient PBA working group on environment. It is clear, however, that donor coordination still requires further improvement.

Sector readiness

Certain elements of the sector approach are formally in place in respect to the environment and climate change sector. However, it is vital that the MoEPP together with other ministries and stakeholders in the environment sector continue improving their coordination efforts among each other to ensure a smooth mechanism for international environmental and climate cooperation. More political awareness for the need to follow the sector approach needs to be raised through increased dialogue.

This sector will also accommodate the EU recovery programme for the floods, Component 2: Improvement of flood prevention and mitigation response in affected areas

8. Agriculture and Rural Development

Rationale for MIPD sector

Assistance to agriculture and rural development is one of the priorities for IPA assistance. An important factor for the modernisation of the agricultural sector is its gradual alignment to the EU *acquis* and the relevant standards in the food safety, veterinary and phyto-sanitary field. Building of administrative capacity in the relevant national institutions to conceive and implement agriculture and rural development policies and programmes upon accession will also be of crucial importance for the future development of the sector. The institution building activities under IPA Component I complement the assistance provided under IPA Component V on agriculture and rural development.

Past and on-going assistance

The largest portion of assistance available to this sector has been provided by the European Union, starting from the previous CARDS programmes in 2001, to the recent projects included within the IPA programmes. Other active supporters in the sector are the World Bank, OSCE, SIDA and USAID. Assistance under the IPA component V for Rural Development (IPARD) is delivered based on a multi-annual programme covering the period 2007-2013. Funding is mainly granted in the form of support for private investments undertaken by natural or legal persons, such as farmers and food processing and marketing enterprises.

Coordination process and policy dialogue

The Ministry of Agriculture, Forestry and Water Economy and the "IPARD Monitoring Committee" are monitoring the effectiveness and the quality of the implementation of the IPARD Programme. The sectorial monitoring system is comprised of a number of other elements, such as the monitoring of the fulfilment of the Strategic plan of the Ministry, and the monitoring of the implementation of the Working Programme of the Government.

Sector readiness

Certain elements of the sector approach in respect to the fields of agriculture and rural development are formally in place. The government should, however, streamline and strengthen horizontal coordination of policies and assistance in this field. More political awareness for the necessity of following the sector approach needs to be raised through increased dialogue.

Lessons learned

The past experience in implementing EU funded projects across all sectors has shown the need for improving the quality of project management through: a) hiring additional qualified staff for management of IPA funds, b) allocating qualified administrative staff to oversee and steer the entirety of the project lifecycle, c) reducing overly frequent changes in managerial positions, d) determining well defined and achievable project objectives, e) providing appropriate working conditions for external project staff, e) allowing for sufficient flexibility with a view to modifying project activities in accordance with the latest development in the relevant field, f) better coordinating project activities with other assistance projects, g) ensuring the commitment of decision makers to project results, h) providing for efficient and effective project monitoring and follow-up, and i) high level political commitment to the sector approach in order to make it operational and to ensure its proper implementation.

These shortcomings have been addressed through political dialogue, as well as factored into the assistance under IPA 2007 and IPA 2008 support. An EU funded technical assistance project is supporting the government with the implementation of the PBA. A dedicated support project under the current national programme also aims at assisting the national authorities in the management of IPA projects (see below).

DETAILED DESCRIPTION OF SECTOR AND PROJECT FICHES

1. Public Administration Reform

Sector fiche: Public administration reform (EUR 7 400 000¹⁴)

National sector or sub-sector strategies

The Public Administration Reform Strategy 2010-2015 and its corresponding Action Plan is the principal national strategy in this sector. It indicates which activities need to be undertaken to achieve a more professional, merit-based and de-politicised public administration. This strategy is complemented by several sub strategies, including the Strategy for cooperation of the Government with the Civil Society Sector (2012-2017).

Overall MIPD sector objective

The overall MIPD objective for EU support to the sector is to improve the efficiency and effectiveness of the civil service and to reduce corruption. This objective coincides with the principal objectives of the national strategy in this field and the envisaged specific sector support objectives, including coordinating the modernisation of the administration horizontally, ensuring accountability and transparency in the use of public funds, and supporting the involvement of civil society in the policy dialogue.

Main results expected

- Reformed administrative procedures
- Further modernisation of the public administration
- Enhanced coordination of horizontal policies in respect to PAR by Ministry of Information Society and Administration
- Increased cooperation of State authorities with civil society organisations
- Enhanced capacities of State Audit Office to conduct state audits

Contribution to national sector or sub-sector strategies

This sector support will directly contribute to the implementation of the governmental PAR strategy by addressing its main priorities as outlined above. The beneficiaries include the Ministry of Information Society and Administration, the General Secretariat of the Government and the State Audit Office.

Indicative implementation modalities 2012

- 1 service contract (EUR 1 500 000)¹⁵: implementing e-governance policies and coordinating horizontal policies, tendering foreseen for Q4 2015
- 1 supply contract (EUR 500 000): purchase of IT hardware and software, tendering foreseen for Q4 2015

¹⁴ Figures in brackets indicate the total envelope per sector or project fiche, i.e. IPA contribution and national co-financing contribution (rounded figures). This particular figure furthermore includes a projected indicative contribution of EUR 150,000 from potential grant beneficiaries.

¹⁵ Figures in brackets indicate the total envelope per contract, i.e. IPA contribution and national co-financing contribution.

Indicative implementation modalities 2013

- 1 service contract (EUR 500 000): modernising public administration, tendering foreseen for Q2 2016
- 1 supply contract (EUR 1 000 000): purchase of IT hardware and software, tendering foreseen for Q2 2016
- 1 twinning contract (EUR 500 000): strengthening cooperation with civil society organisations, tendering foreseen for Q1 2016
- 1 call for proposals (EUR 1 800 000): strengthening capacities of civil society organisations, calls for proposals to be launched in Q2 2016, expected co-financing of 10% from the grant beneficiaries and 10% national contributions¹⁶
- 1 Twinning contract (EUR 1 400 000): strengthening the State Audit Office, publication of call for proposals foreseen for Q1 2016
- 1 supply contract (EUR 200 000): purchase of IT hardware and software for audit office, tendering foreseen for Q1 2017

Project fiche: Support to the consolidation of the local self-government system (EUR 2 352 941)

Overall project objective

The overall objective of the project is to support the consolidation of the local self-government system and its capacities to ensure inclusive governance and growth.

Specific project objective

The specific project objective is the consolidation of the local self-government system through ensuring a firm link between the decentralisation process and an inclusive sustainable local development process on the one side, and fiscal decentralisation and balanced regional development on the other side. It also aims at providing equal access of all citizens to better local services.

Main results expected

- Consolidation and effective implementation of the transferred competencies and resources
- Facilitation of the transfer of additional competencies and resources aimed at ensuring smart, comprehensive and sustainable local development
- Improving the financing of the local government units
- Ensuring a balanced regional development of the country

Contribution to MIPD priorities and/or sector objectives

The reform of the local government system and the decentralisation process supports economic and social development and good governance at local level. As such, it complements the priorities for IPA support in the MIPD 2011-2013. Beneficiaries are the Ministry of Local Self-Government and the Ministry of Finance.

Indicative implementation modalities 2013

¹⁶ The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants.

The action will be implemented through awarding a direct grant to the United Nations Development Programme (UNDP). The direct grant to UNDP will be governed by the EC–UN Financial and Administrative Framework Agreement. The grant will be concluded with UNDP in accordance with the Art. 168 (1) (f) of the Implementing Rules to the Financial Regulation¹⁷ on the account of UNDP's high degree of specialisation and administrative power in the field of intervention.

Due to its long standing experience in the country in the field of decentralisation, its close cooperation with the beneficiary institution, its technical expertise, its administrative capacities and its mandate, UNDP is currently the ideal partner to fully implement all measures foreseen in this project fiche. Thanks to its experience in the wider region on the issue, UNDP can further contribute its comparative knowledge on decentralisation to the project and the beneficiary institution.

2. Justice and Home Affairs

Sector fiche: Justice and Home Affairs and Fundamental Rights (EUR 9 550 000)

National sector or sub-sector strategy

The governmental work programme for the period 2011–2015 commits the country to an “uncompromising fight against corruption and crime and efficient law implementation by undertaking critical reforms in the judiciary and public administration”. In this respect, two reform processes are being implemented in parallel. The reform of the judicial system, tackling corruption and furthering fundamental rights, is complemented by the reform of the Ministry of Interior and of the police.

Overall MIPD sector objective

The overall MIPD sector objective for the coming years is the consolidation of the rule of law in the country through judiciary and penitentiary system reforms, as well as capacity-building to confront organised crime and corruption, in both public and private sectors. The objective also includes the improvement of the protection of human rights and minority rights.

Specific sector support objective

The focus of this sector support is on combating organised and serious crime, financial crime, fraudulent use of EU funds, corruption, money laundering, as well as on improving judicial cooperation, mutual recognition of court judgments, integrated border management, and prevention and protection against discrimination.

Main results expected

- Improved levels of prevention and repression of corruption has been advanced
- Capacities for fight of organised and serious crime have been further strengthened
- Capacities for fight against financial crime and fraud has been strengthened
- Judicial cooperation in civil and criminal matters has improved

¹⁷ Commission Regulation (EC, EURATOM) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

- A home affairs data storage and backup system as basis for the future Schengen Information System has been established
- Protection of personal data has been strengthened

Contribution to national sector or sub-sector objectives

The assistance under this sector fiche will contribute to the national strategies on the fight against corruption, integrated border management, financial crimes, as well as to the strategic plans of the Ministry of Justice and the Ministry of Interior. The beneficiaries will be the Ministry of Justice, the Ministry of Interior and the Directorate for Personal Data Protection.

Indicative implementation modalities 2012

- 1 service contract (EUR 1 200 000): fight against corruption and organised crime, tendering foreseen for Q3 2015
- 1 Twinning light contract (EUR 250 000): strengthening judicial cooperation in civil and criminal matters, launch of call for proposals foreseen for Q3 2015
- 1 service contract (EUR 900 000): protection of personal data, tendering foreseen for Q2 2014
- 1 supply contract (EUR 250 000): purchase of IT equipment for Directorate for Personal Data Protection, tendering foreseen for Q4 2015

Indicative implementation modalities 2013

- 1 supply contract (EUR 3 500 000): purchasing technical equipment, furniture and vehicles for the institutions fighting serious crime, and for judicial cooperation, tendering foreseen for Q3 2016
- 1 works contract (EUR 3 250 000): refurbishment of premises dealing with home affairs data system, tendering foreseen for Q3 2016
- 1 framework contract (EUR 200 000): supervision of the works, tendering foreseen for Q3 2016

Project fiche: Strengthening the operational and institutional capacities of the Customs Administration (EUR 2 000 000)

Overall project objective

The overall objective of the project is to further strengthen the administrative capacity of the Customs Administration and its capacity to implement the *acquis* and relevant reforms so as to bring the country closer to the EU Market and the Customs Union.

Specific project objective

The specific objective of the project is to meet the EU standards on prevention of illegal trading of goods, to facilitate trade and to introduce further improvements in the area of organization and management through further developing customs operations and procedures.

Main results expected

- Post clearance controls and quality of audit activities have been enhanced
- Risk management has improved on policy and operational level
- The strategic and practical use of the laboratory has been enhanced and extended

- Training strategies have improved and training has been delivered

Contribution to MIDP priorities and/or sector objectives

Under JHA, the MIPD 2011-2013 lists improvements in integrated border management and fight against corruption as sector objectives, which this project will inter alia cater to. The sole beneficiary of this project is the Customs Administration of the former Yugoslav Republic of Macedonia (CARM).

Indicative implementation modalities 2013

- 1 Twinning contract (EUR 1 600 000): alignment to the acquis and strengthening of administrative capacities, publication of the call foreseen for Q3 2015
- 1 supply contract (EUR 400 000): purchase of laboratory equipment, tendering foreseen for Q4 2015

Project Fiche: Upgrading the custom clearance facilities of the road border crossing Tabanovce (EUR 1 893 000)

Overall project objective

The overall objective of the project is to contribute to the facilitation of cross border procedures and better enforcement of relevant legislation.

Specific project objective

The specific objective of the project is to upgrade the customs clearance facilities at the road Border Crossing Tabanovce through the expansion of the existing customs terminal and its adaptation to a new import-export facility.

Main results expected

- Blueprints and overall project have been designed
- Construction works at the road Border Crossing Tabanovce have been completed
- Works have been supervised

Contribution to MIDP priorities and/or sector objectives

The project contributes to the objective of the MIPD 2011-2013 through improving cooperation among law enforcement agencies, simplifying border crossings, and improving the economic and business environment of the country. It further contributes to the implementation of the National Transport Strategy (2007-2017) by enhancing the infrastructure along Corridor X.

Indicative implementation modalities 2012

- 1 works contract (EUR 1 693 000): upgrading of border crossing, tendering foreseen for Q1 2014

- 1 service contract (EUR 200 000): tendering foreseen for Q1 2014

Project Fiche: Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kafasan (EUR 1 485 305 million)

Overall project objective

The overall objective of the project is to contribute to the facilitation of cross border procedures and better enforcement of relevant legislation.

Specific project objective

The specific objective of the project is to upgrade the customs clearance and inspection facilities at the road Border Crossing Kafasan through the construction of a customs terminal and its adaptation to an import-export facility.

Main results expected

- Blueprints for the project and tender documents have been prepared
- Border Crossing Kafasan has been upgraded
- The implementation of the construction works have been supervised

Contribution to MIDP priorities and/or sector objectives

The project contributes to the objective of the MIPD 2011-2013 through improving cooperation among law enforcement agencies, simplifying border crossings, and improving the economic and business environment of the country. It further contributes to the implementation of the National Transport Strategy (2007-2017) by enhancing the infrastructure along Corridor VIII.

Indicative implementation modalities 2013

- 1 works contract (EUR 1 485 305): upgrading of border crossing, tendering foreseen for Q1 2015
- 1 framework contract (EUR 199 000¹⁸): preparation of tender dossier, tendering foreseen for Q4 2014
- 1 framework contract (EUR 199 000¹⁹): supervision of works, tendering foreseen for Q4 2015

3. Private Sector Development

Sector fiche: Private sector development (EUR 7 577 301²⁰)

¹⁸ This framework contract will be financed through the flexible technical assistance facility foreseen under IPA National Programme 2011. The cost of this contract has therefore not been factored into the overall cost of this Project Fiche. Framework contracts are furthermore not subject to national co-financing.

¹⁹ This framework contract will be financed through the flexible technical assistance facility foreseen under IPA National Programme 2011. The cost of this contract has therefore not been factored into the overall cost of this Project Fiche. Framework contracts are furthermore not subject to national co-financing.

National sector or sub-sector strategies

The Action Plan for improvement of the Competitiveness of the country is complemented by sub strategies, such as the national Industrial Policy 2009-2020, the National Development Strategy for SMEs 2012–2013 or the Innovation Strategy Programme for Stimulating foreign Investments.

Overall MIPD sector objectives

The overall MIPD sector objective in respect to EU support in the coming years in this sector is to increase the standard of living of the citizens and to secure the physical and human capital necessary for the development of the country. Further measures are needed to ensure the country readiness to cope with competitive pressures and internal market forces within the European Union.

Specific sector support objectives

The sector specific objectives are twofold. One the hand, the aim is to improve the business environment and the institutional capacities in respect to increasing national competitiveness. On the other hand, the goal is inter alia to increase the market competitiveness and production efficiency of the companies.

Main results expected

- Institutional capacities have been strengthened and the business environment has become more competitive
- Market and production efficiency have increased
- Market innovation and access to finance have improved

Contribution to national sector or sub-sector strategies

The assistance will inter alia contribute directly to the implementation of the national strategy on improving the country's competitiveness. The beneficiaries are the Ministry of Economy, the Ministry of Finance, the State Statistical Office, the Bureau of Metrology, the Institute for Standardisation, the Entrepreneurship Supporting Agency, the Public Revenue Office, the Supervision Insurance Agency, the *Macedonia Bank for Development Promotion*, Inspectorates in the country, as well as eligible grant recipients as per IPA Programming Guide²¹.

Indicative implementation modalities 2012

- 1 Twinning contract (EUR 742 105): Capacity building for compilation of business and financial statistics, publication of call for proposal foreseen for Q4 2015
- 1 service contract (EUR 694 444): Capacity building of institutions supporting business environment, tendering foreseen for Q1 2016
- 1 supply contract (EUR 356 667): Purchase of IT equipment for establishment of one-stop-shop system for issuing business permits and licenses, tendering foreseen for Q1 2016

²⁰ This figure includes projected indicative private contributions of EUR 112 500 by potential grant beneficiaries.

²¹ Cf. IPA Programming Guide for Component I & II, Volume I, page 46.

- 1 service contract (EUR 444 444) Capacity building for e-inspectorates and PPPs. tendering foreseen for Q1 2016
 - 1 supply contract (EUR 480 000): Supporting the improvement of the country's business environment, publication of call for proposals foreseen for Q2 2015²²
 - 1 Twinning contract (EUR 700 000): Approximation of national legislation in the field of insurance with acquis and support to increasing market operations, publication of call for proposal foreseen for Q1 2015
 - 1 service contract (EUR 505 556): Innovation and access to finance, tendering foreseen for Q1 2016
 - 1 service contract (EUR 231 111) for the Institute for standardisation tendering foreseen for Q1 2016
- (Strengthening internal market integration, tendering foreseen for 2015)
- 1 Twinning light contract (EUR 249 474) for the Bureau of metrology tendering foreseen for Q1 2016
 - 1 Supply contract (EUR 780 000) for the Bureau of metrology tendering foreseen for Q1 2016
 - 1 Supply contract (EUR 240 000) for the Institute for standardisation tendering foreseen for Q1 2016

Indicative implementation modalities 2013

- 1 supply contract (EUR 40 000): Purchase IT equipment for State Statistical Office, tendering foreseen for Q3 2016
- 1 service contract (EUR 301 000): Data warehouse software development tendering foreseen for Q1 2016;
- 1 grant scheme (EUR 1 700 000²³): Enhancing socio-economic development, publication of call for proposal is foreseen for Q3 2016

6. Environment and Climate Change

Sector fiche: Environment and Climate Change (EUR 5 210 526)

National sector or sub-sector strategies

The national strategies that determine the governmental policy in this area are: The National Environmental Investment Strategy for the period 2009-2013, the Plan for Institutional Development of the National and Local Environmental Management Capacity 2009-2014, the National Strategy for Environmental Approximation, and the National Strategy for Sustainable Development for the period 2010-2030.

Overall MIPD sector objective

The overall goal of EU support to the sector is to help creating a cleaner, safer environment for citizens of the former Yugoslav Republic of Macedonia.

Specific project objective

²² Project part of TAIB 2010 programme. The Call for tender 135702 could not be launched.

²³ excluding 112 500 EUR private contribution

The specific sector support objectives are: strengthening the administrative and institutional capacities for the implementation of the EU Water Framework Directive (WFD), the water acquis, , the nature protection acquis, as well as the air quality related acquis.

Main results expected

The administrative and technical capacities of the beneficiaries have been strengthened in respect to the implementation of the relevant acquis in the fields of waste management, water management, nature protection and air management.

Contribution to national sector or sub-sector strategies

The support in this sector will contribute to the implementation of the above mentioned national strategies and their specific objectives, aside from the national programme on the adoption of the acquis (NPAA). The beneficiary is the Ministry of Environment and Physical Planning.

Indicative implementation modalities 2012

- 1 Twinning contract (EUR 1 010 526): Waste management, tendering foreseen for Q4 2015
- 1 Twinning contract (EUR 1 100 000): Air management, tendering foreseen for Q2 2014
- 1 supply contract (EUR 800 000): Purchase IT and technical equipment for exchanging and managing information on and monitoring water, waste, air management, nature and climate change, as well as purchase of vehicles, tendering foreseen for Q1 2016

Indicative implementation modalities 2013

- 1 Twinning contract (EUR 1 200 000): Water management, tendering foreseen for Q2 2016
- 1 Twinning contract (EUR 1 100 000): Nature protection, tendering foreseen for Q2 2016

Project Fiche "EU recovery programme for floods: Improvement of flood prevention and mitigation response in affected areas (EUR 6 819 261)

National sector or sub-sector strategies

The project is a response to the floods emergency, which hit the country in the beginning of 2015. Following the floods, a Rapid Damage and Needs Assessment and Report was issued; whereby the estimates post-disaster damages and losses across all sectors of the economy at a total amount of EUR 35.7 million, out of which 62% in damages and 38% in losses. Most damages and losses had occurred in agriculture and housing sectors resulting with 1 920 persons and about 3 500 agriculture holdings directly affected. In addition 200 roads and 53 bridges were damaged or destroyed and 9 schools were damaged directly affecting 1 800 students. The Report includes a Recovery Framework which details the activities that need to be implemented in order to restore normality to the affected areas and communities using the principle "Build Back Better" as guidance. It contains a set of short-term measures for an amount of EUR 85.8 million which need to be urgently implemented as a part of the recovery process, but also mid-term and long-term interventions for an amount of respectively EUR

331 million and EUR 744 million aimed at establishing solid basis for prevention of similar disasters in future.

The irrigation and drainage sector is one of the most affected sectors. It is reckoned that 26% of the drainage system 17% of the irrigation system and 3% of the dams were damaged by the floods in 32 municipalities. The existing dams are primarily serving the needs of flood protection but also providing support to the irrigation system and therefore their rehabilitation has a twofold purpose and will be tackled under this project even though it as a mid-term perspective. Other activities such a regulation of river basins including cleaning and dredging of river beds and reconstruction of their embankments will be equally important to immediately restore floods response capacities.

As a response to the floods emergency, the Commission has devised a recovery programme consisting of two components:

- Component 1 - Reconstruction and rehabilitation of transport infrastructure, which will be implemented under IPA 2011 national programme and will be focused on urgent reconstruction and rehabilitation of bridges and roads.
- Component 2 - Improvement of flood prevention and mitigation response in affected areas, which will be implemented under this programme. This component will support the implementation of various specific measures such as, inter alia, improving the state of existing flood control infrastructure (drainage channels), enhancing discharge capacities of river channels at critical sections, reconstruction and better management of dams/reservoirs, reconstruction of irrigation infrastructure. The measures will be combined to optimize benefits for the population and the environment.

Specific project objective

To support the recovery of damages following the recent floods in the country.

Main results expected

- Improvement of flood prevention and mitigation response in affected areas including, inter alia:
 - a) improving the state of existing flood control infrastructure (drainage channels),
 - b) enhancing discharge capacities of river channels at critical sections,
 - c) reconstruction and better management of dams/reservoirs,
 - d) reconstruction of irrigation infrastructure.

The measures will be combined to optimize benefits for the population and the environment.

The project will be implemented by the United Nations Development Programme (UNDP) under the Indirect Management modality. Delegation Agreement is expected be concluded with UNDP in Q1 2016 with duration of 24 months.

Component 1 will be implemented under the National programme for the former Yugoslav Republic of Macedonia under the IPA-Transition Assistance and Institution Building Component, for the year 2011.

8. Agriculture and rural development

Sector fiche: Agriculture and Rural Development (EUR 5 774 837)

National sector or sub-sector strategies

This sector support directly links to the National Strategy for the Development of Agriculture and Rural Development (NARDS) for the period 2007-2013. It is based around five strategic policy issues: i) to increase sector competitiveness; ii) to achieve food quality and safety; iii) to achieve sustainable resource management; iv) to improve living conditions in rural areas; v) to reform the regulatory and institutional framework.

Overall MIPD sector objectives

The overall MIPD sector objective is to contribute to the sustainable development of the agricultural sector as well as to the implementation of EU standards and *acquis* concerning the common agricultural policy and related policy areas.

Specific sector objectives

The specific objective is to develop a common sector-wide approach and understanding of the priorities in Agriculture and Rural Areas which will contribute to the implementation of the Common Agricultural Policy of the EU.

Main results expected

- Implementation of IPARD beyond 2013 has been supported
- Land consolidation activities have been introduced
- Quality control of produced ortophoto maps and digitalised agriculture land use layers
- The Farm Accountancy Data Network has been finalised
- The tobacco sector has been reformed in accordance with EU's Common Market Organisation (CMO)

Contribution to national sector or sub-sector objectives

The main goal of the Agriculture and Rural Development Sector is to reinforce its ability to compete in the integrated regional markets through increasing the efficiency of agricultural production, processing and marketing, gradual alignment to EU standards and the *acquis*, and through building viable rural communities. The beneficiary will be the Ministry of Agriculture, Forestry and Water Economy.

Indicative implementation modalities 2012

- 1 service contract (EUR 1 210 000): support for the preparation and implementation of IPARD beyond 2013, tendering foreseen for Q1 of 2016
- 1 service contract (EUR 1 200 000) for ensuring ortophoto images and FR, FADN and LPIS software, tendering foreseen for Q1 2016

- 1 service contract (EUR 80 000) for controlling the ortophoto images, tendering foreseen for Q2 2016

Indicative implementation modalities 2013

- 1 Twinning contract (EUR 800 000): Farm Accountancy Data Network, publication of call foreseen for Q3 2016
- 1 service contract (EUR 950 000): reform of the tobacco sector, tendering foreseen for Q3 2016
- 1 supply contract (EUR 1 534 837): purchase of technical and IT equipment, as well as vehicles, tendering foreseen for Q2 2016

Project fiche: Further alignment of food safety, veterinary and phytosanitary policies with EU requirements (EUR 2 801 473)

Overall project objective

The overall objective of this project is further institutional and administrative capacity building with respect to food and feed safety, veterinary and phytosanitary policy.

Specific objective

The specific project objectives include provision of additional assistance to the Food and Veterinary Agency and Phytosanitary directorate in order to improve their overall ability for implementing the EU *acquis* and other relevant obligations.

Main results expected

- The capacity of animal health and veterinary public health services regarding disease surveillance and implementation of hygiene standards in primary production for food of animal origin has been strengthened
- The capacity of Phytosanitary Directorate has been strengthened
- Oral vaccination against rabies and Classical Swine Fever has been followed up on

Contribution to national sector or sub-sector strategies

This project contributes to the national sector and sub-sector strategies in respect to achieving sustainable development of the agricultural sector as well as the implementation of EU standards and *acquis* concerning the common agricultural policy and related policy areas. The sole beneficiary is the Food and Veterinary Agency (FVA).

Indicative implementation modalities 2012

- 1 Twinning contract (EUR 751 473): strengthening animal health and veterinary public health services, start of tendering foreseen for Q1 2016
- 1 supply contract (EUR 1 000 000): purchase of vaccines, start of tendering foreseen for Q2 2016
- 1 supply contract (1 050 000 EUR): supply of equipment for official controls and for border inspection facilities (BIP) Blace and Tabanovce²⁴, start of tendering foreseen for Q1 2016

²⁴ Project part of TAIB 2010 programme: the Call for tender 135590 could not be launched .

9. Support and other activities

Project fiche: Enhanced capacity for effective management and audit of EU funds (EUR 3 100 000)

Overall project objective

The overall objective of this project is to increase the know-how and effectiveness of the national administrations involved in the management and audit of EU funds.

Specific project objective

The specific project objective is to continue strengthening the capacities of the country's Decentralised Implementing Structures (DIS) for sound and efficient management and audit of EU funds. It will also assist the structures in the use of the future IPA Regulation.

Main results expected

Strengthened capacities of DIS Structures for sound and efficient management and audit of EU funds.

Contribution to national sector or sub-sector strategies

This project assists the national authorities in completing the process of conferral of management for DIS and improving the contracting rates of IPA assistance. The beneficiary institutions will be the National Authorising Officer (NAO) and National Fund (NF), CFCD and beneficiary institutions, the NIPAC Secretariat and the Audit Authority (AA).

Indicative implementation modalities 2012

- 1 Twinning light contract (EUR 250 000): strengthening NAO, NF, CFCD, operation structures, NIPAC and AA, publication of call foreseen for Q4 2015
- 1 Twinning light contract (EUR 250 000): strengthening NIPAC office publication of call foreseen for Q4 2015
- 1 Twinning contract (EUR 600 000): strengthening the audit authority, publication of call foreseen for 2015
- 1 supply contract (EUR 500 000): purchase technical equipment and vehicles for improving on-the-spot checks, tendering foreseen for 2015
- Several service contracts (EUR 1 500 000): flexible technical assistance to i.a. prepare projects, tendering foreseen for 2014-2015-2016

Project fiche: Participation in Union Programmes and Agencies (EUR 10 235 000)

Overall project objective

The overall objective of this project is to support the country's participation in Union Programmes and Agencies.

Specific project objective

The specific project objective is to co-finance the costs of the "entry-tickets" which the beneficiary has to pay for the participation in Union Programmes and Agencies, and, by those means, to facilitate the progressive transfer of know-how and the strengthening of capacities of the relevant administrative bodies benefiting from the participation in Programmes and Agencies.

Main results expected

The beneficiary country has expressed its interest in participating inter alia in the following programmes and agencies in the medium term:

Union Programmes: Horizon 2020; COSME, PROGRESS; Europe for Citizens; Creative Europe; Fiscalis; Customs; Health for Growth; Civil Protection Mechanism and Civil Protection Financial Instrument; Erasmus for all.

Union Agencies: European Monitoring Centre for Drugs and Drug Addiction (EMCDDA); European Fundamental Rights Agency (FRA); European Environmental Agency (EEA); European Centre for Disease Prevention and Control (ECDC); European Medicines Agency (EMA); European Food Safety Authority (EFSA).

Contribution to MIDP priorities and/or sector objectives

As participation in Union programmes can entail sizeable expenditure for a partner country, the MIPD promotes IPA support for the country's participation in selective programmes and agencies with a view to co-financing the costs.

Implementation modalities

The participation of the former Yugoslav Republic of Macedonia in Union programmes shall follow the specific terms and conditions set out for each such programme in the memorandum of understanding to be concluded by the European Commission and the former Yugoslav Republic of Macedonia, in accordance with the agreements establishing the general principles for participation in Union programmes. It shall include provisions on both the total amount of the contribution of the country and the amount funded by assistance under the IPA Regulation.

2.3 CROSS-CUTTING ISSUES

The following cross-cutting issues have been given specific attention in the programming process: Equal opportunities and non-discrimination, environmental protection and climate change, respect for and protection of minorities and vulnerable groups, civil society/stakeholders involvement and good governance, with particular attention to fight against corruption. These priorities will be addressed at project level through factoring in relevant existing horizontal policies and through specific activities within the projects.

2.4 ASSUMPTIONS AND PRE-CONDITIONS

1. Sufficient and sufficiently qualified human resources are allocated to the relevant departments to manage this and other IPA National Programmes under DIS.
2. The government remains firmly committed to its European integration path.
3. The sector based approach is understood by and met with the necessary support from all stakeholders in the government.

2.5 ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS WITHOUT *EX ANTE* CONTROLS BY THE EUROPEAN COMMISSION

The national authorities are expected to develop a roadmap with indicative benchmarks and time limits to achieve decentralisation without ex ante controls by the Commission in 2013.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE (DECENTRALISED MANAGEMENT)

BUDGET 2012

2012	Institution Building (IB)					Investment (INV)					Total	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*		(IB + INV)					
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-100%	(c)	-100%	(d)=(e)+(f)	(e)	-100%	(f)	-100%	(g)=(a)+(d)	(h)=(b)+(e)	-200%	(i)=(c)+(f)		
1. SF on PAR	1,500,000	1,350,000	90%	150,000	10%	500,000	325,000	65%	175,000	35%	2,000,000	1,675,000	84%	325,000	16%	
<i>Measures No. 1 & 3 (Operations 1.1, 1.2, 1.3, 1.4, 3.1, 3.2)</i>	1,500,000	1,350,000	90%	150,000	10%	500,000	325,000	65%	175,000	35%	2,000,000	1,675,000	84%	325,000	16%	
2. SF on JHA	2,350,000	2,127,500	91%	222,500	9%	250,000	187,500	75%	62,500	25%	2,600,000	2,315,000	89%	285,000	11%	
<i>Measure No. 1 & 2</i>	1,200,000	1,080,000	90%	120,000	10%	0	0	0%	0	0%	1,200,000	1,080,000	90%	120,000	10%	
<i>Measure No. 4</i>	250,000	237,500	95%	12,500	5%	0	0	0%	0	0%	250,000	237,500	95%	12,500	5%	
<i>Measure No. 6</i>	900,000	810,000	90%	90,000	10%	250,000	187,500	75%	62,500	25%	1,150,000	997,500	87%	152,500	13%	
<i>Measure No. 7</i>	0	0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%	
3. SF on PSD	3,567,134	3,295,000	92%	272,134	8%	1,856,667	1,392,500	75%	464,167	25%	5,423,801	4,687,500	865%	736,301	135%	

2012	Institution Building (IB)					Investment (INV)					Total	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*		(IB + INV)					
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-100%	(c)	-100%	(d)=(e)+(f)	(e)	-100%	(f)	-100%	(g)=(a)+(d)	(h)=(b)+(e)	-200%	(i)=(c)+(f)		
<i>Measure No. 1 (Operation 1.1 - twinning contract)</i>	742,105	705,000	95%	37,105	5%	0	0	0%	0	0%	742,105	705,000	95%	37,105	5%	
<i>Measure No. 1 (Operation 1.2 one TA and one supply)</i>	694,444	625,000	90%	69,444	10%	356,667	267,500	75%	89,167	25%	1,051,111	892,500	85%	158,611	15%	
<i>Measure No. 1 (Operation 1.2 one new TA)</i>	444,444	400,000	90%	44,444	10%	0		0%	0	0%	444,444	400,000	90%	44,444	10%	
<i>Measure No. 1 (Operation 1.3 one supply)</i>	0	0	0%	0	0%	480,000	360,000	75%	120,000	25%	480,000	360,000	75%	120,000	25%	
<i>Measure No. 2 (Operation 2.1 - twinning contract)</i>	700,000	665,000	95%	35,000	5%	0		0%	0	0%	700,000	665,000	95%	35,000	5%	
<i>Measure 3 (Operation 3.1 - TA for inovation and technology)</i>	505,556	455,000	90%	50,556	10%	0	0	0%	0	0%	505,556	455,000	90%	50,556	10%	

2012	Institution Building (IB)					Investment (INV)					Total	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*		(IB + INV)					
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-100%	(c)	-100%	(d)=(e)+(f)	(e)	-100%	(f)	-100%	(g)=(a)+(d)	(h)=(b)+(e)	-200%	(i)=(c)+(f)		
<i>Measure 3 (Operation 3.2-Twinning for metrology)</i>	249,474	237,000	95%	12,474	5%	0	0	0%	0	0%	249,474	237,000	95%	12,474	5%	
<i>Measure 3 (Operation 3.2-TA for standartisation)</i>	231,111	208,000	90%	23,111	10%	0	0	0%	0	0%	231,111	208,000	90%	23,111	10%	
<i>Measure 3 (Operation 3.2-supply for metrology)</i>	0	0	0%	0	0%	780,000	585,000	75%	195,000	25%	780,000	585,000	75%	195,000	25%	
<i>Measure 3 (Operation 3.2-supply for standartisation)</i>	0	0	0%	0	0%	240,000	180,000	75%	60,000	25%	240,000	180,000	75%	60,000	25%	
6. SF on Environment and Climate Change	2,110,526	2,010,000	95%	100,526	5%	800,000	600,000	75%	200,000	25%	2,910,526	2,610,000	90%	300,526	10%	
<i>Measure No. 1</i>	1,010,526	960,000	95%	50,526	5%	0	0	0%	0	0%	1,010,526	960,000	95%	50,526	5%	

2012	Institution Building (IB)					Investment (INV)					Total	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*		(IB + INV)					
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-100%	(c)	-100%	(d)=(e)+(f)	(e)	-100%	(f)	-100%	(g)=(a)+(d)	(h)=(b)+(e)	-200%	(i)=(c)+(f)		
<i>Measure No. 4</i>	1,100,000	1,050,000	95%	50,000	5%	0	0	0%	0	0%	1,100,000	1,050,000	95%	50,000	5%	
<i>Measure No. 5</i>	0	0	0%	0	0%	800,000	600,000	75%	200,000	25%	800,000	600,000	75%	200,000	25%	
8. SF on Agriculture and Rural Development	2,490,000	2,241,000	90%	249,000	10%	0	0	0%	0	0%	2,490,000	2,241,000	90%	249,000	10%	
<i>Measure No. 1</i>	1,210,000	1,089,000	90%	121,000	10%	0	0	0%	0	0%	1,210,000	1,089,000	90%	121,000	10%	
<i>Measure No. 2</i>	1,200,000	1,080,000	90%	120,000	10%	0	0	0%	0	0%	1,200,000	1,080,000	90%	120,000	10%	
<i>Measure No. 3</i>	80,000	72,000	90%	8,000	10%	0	0	0%	0	0%	80,000	72,000	90%	8,000	10%	
PF on Food Safety	751,473	713,900	95%	37,573	5%	2,050,000	1,537,500	75%	512,500	25%	2,801,473	2,251,400	80%	550,073	17%	
PF on Management of EU Funds	2,600,000	2,395,000	92%	205,000	8%	500,000	375,000	75%	125,000	25%	3,100,000	2,770,000	89%	330,000	11%	
PF on Participation in Union Programmes	2,000,000	1,340,000	67%	660,000	33%	0	0	0%	0	0%	2,000,000	1,340,000	67%	660,000	33%	

2012	Institution Building (IB)					Investment (INV)					Total	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*		(IB + INV)					
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-100%	(c)	-100%	(d)=(e)+(f)	(e)	-100%	(f)	-100%	(g)=(a)+(d)	(h)=(b)+(e)	-200%	(i)=(c)+(f)		
PF on Border Crossing with Serbia	200,000	180,000	90%	20,000	10%	1,693,000	1,270,000	75%	423,000	25%	1,893,000	1,450,000	77%	443,000	23%	
PF on EU recovery program for floods	409,156	409,156	100%	0	0%	6,410,105	6,410,105	100%	0	0%	6,819,261	6,819,261	100%	0	0%	
TOTAL	17,978,289	16,061,556	89%	1,916,733	11%	14,059,772	12,097,605	86%	1,962,167	14%	32,038,061	28,159,161	87.89%	3,878,900	12.11%	

BUDGET 2013

2013	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution		Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*						
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%
	(a)=(b)+(c)	(b)	-1	(c)	-1	(d)=(e)+(f)	(e)	-1	(f)	-1	(g)=(a)+(d)	(h)=(b)+(e)	-2	(i)=(c)+(f)	
1. SF on PAR	4,050,000	3,730,000	92%	320,000	8%	1,200,000	900,000	75%	300,000	25%	5,250,000	4,630,000	88%	620,000	12%
<i>Measures No. 2 (Operations 2.1, 2.2, 2.3)</i>	500,000	450,000	90%	50,000	10%	0	0	0%	0	0%	500,000	450,000	90%	50,000	10%
<i>Measures No. 2 (Operation 2.4)</i>	0	0	0%	0	0%	1,000,000	750,000	75%	250,000	25%	1,000,000	750,000	75%	250,000	25%
<i>Measures No. 4</i>	2,150,000	1,950,000	91%	200,000	9%	0	0	0%	0	0%	2,150,000	1,950,000	91%	200,000	9%
<i>Measures No. 5</i>	1,400,000	1,330,000	95%	70,000	5%	200,000	150,000	75%	50,000	25%	1,600,000	1,480,000	93%	120,000	8%
2. SF on JHA	200,000	200,000	100%	0	0%	6,750,000	5,062,500	75%	1,687,500	25%	6,950,000	5,262,500	76%	1,687,500	24%
<i>Measure No.</i>	0	0	0%	0	0%	3,500,000	2,625,000	75%	875,000	25%	3,500,000	2,625,000	75%	875,000	25%

2013	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*							
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-1	(c)	-1	(d)=(e)+(f)	(e)	-1	(f)	-1	(g)=(a)+(d)	(h)=(b)+(e)	-2	(i)=(c)+(f)		
<i>I & 2 & 3</i>																
<i>Measure No. 5</i>	200,000	200,000	100%	0	0%	3,250,000	2,437,500	75%	812,500	25%	3,450,000	2,637,500	76%	812,500	24%	
3. SF on PSD	2,001,000**	1,733,400	87%	267,600	13%	40,000	29,100	73%	10,900	27%	2,041,000	1,762,500	86%	278,500	14%	
<i>Measure 1 (Operation 1.1 - SSO supply)</i>	301,000	270,900	90%	30,100	10%	40,000	29,100	73%	10,900	27%	341,000	300,000	88%	41,000	12%	
<i>Measure 3 (Operation 3.1)</i>	1,700,000**	1,462,500	86%	237,500	14%	0	0	0%	0	0%	1,700,000	1,462,500	86%	237,500	14%	
6. SF on Environment and Climate Change	2,300,000	2,185,000	95%	115,000	5%	0	0	0%	0	0%	2,300,000	2,185,000	95%	115,000	5%	
<i>Measure No. 2</i>	1,200,000	1,140,000	95%	60,000	5%	0	0	0%	0	0%	1,200,000	1,140,000	95%	60,000	5%	
<i>Measure No. 4</i>	1,100,000	1,045,000	95%	55,000	5%	0	0	0%	0	0%	1,100,000	1,045,000	95%	55,000	5%	

2013	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*							
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-1	(c)	-1	(d)=(e)+(f)	(e)	-1	(f)	-1	(g)=(a)+(d)	(h)=(b)+(e)	-2	(i)=(c)+(f)		
8. SF on Agriculture and Rural Development	1,750,000	1,615,000	92%	135,000	8%	1,534,837	1,151,128	75%	383,709	25%	3,284,837	2,766,128	84%	518,709	16%	
<i>Measure No. 4</i>	800,000	760,000	95%	40,000	5%	0	0	0%	0	0%	800,000	760,000	95%	40,000	5%	
<i>Measure No. 5</i>	950,000	855,000	90%	95,000	10%	1,534,837	1,151,128	75%	383,709	25%	2,484,837	2,006,128	81%	478,709	19%	
PF on Local Self-government	2,352,941	2,000,000	85%	352,941	15%	0	0	0%	0	0%	2,352,941	2,000,000	85%	352,941	15%	
PF on Customs	1,600,000	1,520,000	95%	80,000	5%	400,000	300,000	75%	100,000	25%	2,000,000	1,820,000	91%	180,000	9%	
PF on Participation in Union Programmes	8,235,000	6,468,250	79%	1,766,750	21%	0	0	0%	0	0%	8,235,000	6,468,250	79%	1,766,750	21%	
PF on Border Crossing	0	0	0%	0	0%	1,485,305	1,113,978.75	75%	371,326.25	25%	1,485,305	1,113,978.75	75%	371,326.25	25%	

2013	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution			Total National public contribution	
	Total public expenditure	IPA EU contribution		National public contribution*		Total public expenditure	IPA EU contribution		National public contribution*							
	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR	EUR	%	EUR	%	
	(a)=(b)+(c)	(b)	-1	(c)	-1	(d)=(e)+(f)	(e)	-1	(f)	-1	(g)=(a)+(d)	(h)=(b)+(e)	-2	(i)=(c)+(f)		
with Albania																
TOTAL	22,488,941	19,451,650	86.49%	3,037,291	13.51%	11,410,142	8,556,707	74.99%	2,853,435	25.01%	33,899,083	28,008,357	82.62%	5,890,726	17.38%	

□ This figure excludes an indicative private contribution of EUR 150 000

★★ This figure excludes an indicative private contribution of EUR 112 500.

Amounts net of VAT

* 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) Sector or Project rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the Sector or the (stand-alone) Project with reference to the total IPA EU contribution of the entire FP

3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME

The IPA EU contribution, which represents 87.89% of the total budget allocated to this programme for 2012 and 82.62% of the total budget allocated to this programme for 2013, 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.

The requirements for co-financing of INV (25%) and IB (10%, except for twinnings and grants) have been complied with. In the case of grants, the EU contributes with a maximum of 90 % of the eligible expenditure of the project and with a maximum of 95% of the eligible expenditure where twinning is proposed. As indicated in the footnotes of the above indicative budget table, the grant beneficiaries from the call for proposals foreseen in the sector fiches on public administration reform and private sector development will contribute to the eligible expenditure of the actions, amounting to a total cumulative private contribution of EUR 150 000 and EUR 112 500 respectively.

No co-financing is envisaged for the EU recovery programme, which is conceived as a contribution of the Union to manage the post-disaster phase following the floods emergency of January and February 2015.

4 IMPLEMENTATION

4.1 MANAGEMENT MODES AND IMPLEMENTATION MODALITIES

This programme shall be implemented by decentralized management, in accordance with article 53c of the Financial Regulation²⁵ and the corresponding provisions of the Implementing Rules. The former Yugoslav Republic of Macedonia 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 European Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the European Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation²⁶.

Project Fiche "EU recovery programme for floods: Improvement of flood prevention and mitigation response in affected areas will be implemented under indirect management with UNDP in accordance with Article 58(1) (c) of the 2012 Financial Regulation and the corresponding provisions of its Rules of Application.

The justification is based on the following factors:

- Expertise and capacity - UNDP globally and in the country has extensive experience in both management and implementation of projects including financial management, procurement of works, services, equipment and materials, recruitment of staff and contracting of experts. The UNDP office in Skopje has considerable capacity in terms of structure, staff and means for operations and monitoring in order to successfully carry out the activities foreseen under this component. The office has a staff of 50,

²⁵ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

²⁶ 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) (OJ L 170, 29.6.2007, p. 1).

including programme specialists in the areas of nature protection, climate change and disaster risk reduction, as well as social inclusion, employment, local and regional development, and good governance and decentralization. The local UNDP team has substantive knowledge and extensive experience particularly in development and management of large-scale projects concerning an integrated river basin management in accordance with the key principles of the EU Water Framework and Floods Directives and disaster risk management on local, regional and national levels. In particular, beyond its core staff members, the UNDP can rely on an extensive network of international, regional and local professional experts in the area of river basin management and disaster risk management, who can be mobilised as appropriate to counsel the Government and local municipalities in the recovery efforts. As part of the UN family, UNDP also has direct, cost-effective access to the expertise of other UN agencies. The UNDP has been entrusted with similar tasks following the floods emergency in Albania, Bosnia and Herzegovina and Serbia. Thus UNDP developed a specific expertise in this area. The other possible actor considered was the World Bank office in Skopje but due to their other engagement in implementation of rural infrastructure project, they were concerned that the existing PIU will be overburden and unable to successfully implement the action.

- Complementarity with on-going UNDP actions – UNDP launched the Emergency Floods Coordination Support project and is at present implementing a 1,000,000 CHF project to enhance the overall resilience of communities of the Strumica River Basin to the flooding hazard committed by the Swiss Agency for Development and Cooperation. By this the UNDP has become the main actor in the country dealing with mitigation and floods recovery actions. The synergy of the EU and other donors' funds will provide additional benefits for the country and will decrease the risk of overlaps in donors' funding.
- Adherence to the EU rules - UNDP has explicitly engaged to ensure maximum visibility of the EU contribution following the provisions of the respective EU-UNDP agreement and the Joint Visibility Guidelines for EC-UN Actions in the Field.

In respect of the above and the specificities of the actions, it is considered that the UNDP has technical competence and high level of degree of specialization with sufficient technical and administrative capacity and is best placed to implement the portfolio of activities in a most efficient and effective way.

Concerning the tasks to be entrusted to UNDP please refer to the section Project Fiche "EU recovery programme for floods: Improvement of flood prevention and mitigation response in affected areas" under sector 6 Environment and Climate Change, where a short description of the activities to be implemented by the entrustment entity and the expected results to be achieved is presented.

4.2 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 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 EU external actions" ("Practical Guide") as published on the DEVCO website at the date of the initiation of the procurement or grant award procedure. The essential selection and award criteria for the award of grants are laid down in the Practical Guide, namely (i) the quality of the action proposed in the application as regards its relevance to the set of objectives and priorities set out in the Calls for proposals, (ii) its effectiveness and feasibility, (iii) sustainability, and iv) budget cost-effectiveness.

The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants

The general rules for procurement and grant award procedures shall be defined in the respective Delegation Agreement between the Commission and UNDP.

4.3 IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS

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 Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the website of DG NEAR. The essential selection criteria are: (i) financial capacity to sustain its activity for the duration of the action, with the exception of natural persons receiving scholarships, public bodies and international organisations, and (ii) operational capacity consisting in professional competencies and qualifications required to complete the proposed action. The essential award criteria are: (i) the relevance of the proposal in relation to the objectives set out in the Twinning Project Fiche, (ii) the methodology of the activities developed in the proposal, and (iii) the overall sustainability of the proposal.

4.4 ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION

All investments shall be carried out in compliance with the relevant EU environmental legislation.

1. 5 MONITORING AND EVALUATION

5.1 MONITORING

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 European 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

Programmes shall be subject to ex ante evaluations, as well as interim and/or, 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 EU 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 former Yugoslav Republic of Macedonia, without prejudice on the European Commission's rights to perform any ad hoc interim evaluations of the programmes it deems necessary.

Ex post evaluation shall remain a prerogative of the European Commission even after the conferral of management powers to the former Yugoslav Republic of Macedonia.

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

2. 6 AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES; FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS

3. 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 verification of tendering and contracting carried out by the EU Delegation in the former Yugoslav Republic of Macedonia.

In order to ensure the efficient protection of the financial interests of the European Union, 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) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.²⁷

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

²⁷ OJ L 292, 15.11.1996, p. 2.

6.2 Financial adjustments

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 EU assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the EU assistance.

In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the EU assistance paid to the beneficiary in accordance with national recovery procedures.

6.3 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.

6.4 Preventive Measures

The former Yugoslav Republic of Macedonia 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 1828/2006²⁸. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the European Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the former Yugoslav Republic of Macedonia shall inform the European 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 former Yugoslav Republic of Macedonia 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

²⁸ OJ L371, 27.12.2006, p. 1.

exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Union's 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 Union's financial interests.

The authorities of the former Yugoslav Republic of Macedonia, 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 European 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, the European 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 European Commission and the former Yugoslav Republic of Macedonia.

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 European 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 EU financing.

The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the European Commission following the criteria and procedures provided for in the IPA Implementing Regulation.

4. 7 NON SUBSTANTIAL REALLOCATION OF FUNDS

The authorising officer by delegation (AOD), or the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him/her by the AOD, in accordance with the principles of sound financial management, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

5. 8 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 nature²⁹, 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.

²⁹ These essential elements of an indicative nature are, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.