

ANNEX: IPA 2007 National Programme - Component I (Part 2)

1. IDENTIFICATION

Beneficiary	The former Yugoslav Republic of Macedonia
CRIS number	2007/19297
Year	2007
Costs	EUR 22.941613 million
Implementing Authority	European Commission
Final date for concluding the Financing Agreement	at the latest by 31 December 2008
Final date for contracting	2 years from the date of the conclusion of the Financing Agreement
Final date for execution	2 years from the final date for contracting These dates apply also to the national co-financing
Sector Code	15110, 15130
Budget lines	22.02.01
Programming Task Manager	DG ELARG.B2 "The former Yugoslav Republic of Macedonia"
Implementation Task Manager	EC Delegation, Skopje DG EAC.A5 "Cooperation and international programmes"

2. PRIORITY AXES / (MEASURES) / PROJECTS

2.a Priority axes

The programme's strategic reference is the Multi-Annual Indicative Planning Document (MIPD) 2007-2009. As the MIPD outlines, given the candidate status of the country, pre-accession assistance is aimed at supporting the country's efforts to comply with the Copenhagen Criteria. Funds under IPA component 1 aim at providing for Institution Building which is needed to meet this objective. The MIPD envisages the following four major areas of intervention:

- Good governance and the rule of law
- Economic development and social cohesion
- Ability to assume the obligations of EU membership (*Acquis* adoption)
- Support to the participation in Community Programmes and Agencies

Against this background, and building on previous CARDS achievements, Part 2¹ of the IPA 2007 National Programme for Component I will provide support to the following priority areas:

- As regards good governance and the rule of law the current programme supports the implementation of the Public Administration Reform Strategy, including equitable representation and civil society issues, and the Judicial Reform with view to make procedures more efficient. It further aims at capacity building for decentralised management of EU funds.
- Support to the local infrastructure shall help improving the long term economic development prospects and the social cohesion in the country.
- As regards *Acquis* related activities, substantial support will be given to the tax administration in order to strengthen administrative capacities and to support the country's efforts in complying with EU standards. Support will also be given to certain regulatory bodies (insurance and energy sector) with view to contribute to better conditions in general and an improved business environment in particular. Further activities address the need for better statistics in line with EU standards. Also the national customs legislation has to be further aligned with the *Acquis* and border controls have to be reinforced, which will be supported by this programme through various channels.
- And finally, the programme supports the participation of the country in a series of Community Programmes which are deemed essential for the country's further cohesion process.

2.b Description of projects grouped per priority axis

The projects presented below were selected based on the following (equally important) criteria: Firstly, projects were selected on the basis of the priorities identified in the MIDP. Secondly, the existence of national (sectoral) strategies has been taken into consideration. Thus, interventions outlined below in most cases build on clearly identified and well developed national strategies. However, in some cases these strategies will be updated and improved through IPA assistance. Thirdly, the question was taken into consideration if ongoing projects needed to be followed up. Fourthly, the projects were screened on their maturity in the sense of preparedness of the intended beneficiary institutions to receive and manage the support. And finally, the projects were screened against possible overlap with ongoing assistance in the country.

It is worth mentioning that it is envisaged that deployment of - virtually all - technical assistance projects takes place towards the end of 2008. This means that most of the tenders will be launched in early 2008. In order to guarantee readiness of the tender dossiers, during 2007, assistance will be provided to the Government in the preparation of these tender dossiers (using the already existing Programme Preparation Facility). Concerning supply and works projects, in most cases the design of specifications is foreseen to be done through the main technical assistance projects. Therefore, launching of these contracts will be mainly during 2009.

¹ Part 1 of the IPA Component 1 – 2007 National Programme was approved by the IPA Committee in 4 May 2007. Part 1 provides support, on the one hand, to the police reform, and on the other hand, it establishes a project preparation facility. The IPA contribution to Part 1 is EUR 12 mn, while the national co-financing is EUR 0.4 mn.

The programme is summarized in the sections below following the structure of the major areas of intervention as outlined above.

2.b.1 Good governance and the rule of law (EUR 5.1 mn)

2.b.1.1 Public Administration Reform - PAR (EUR 2 mn)

The project concerns a horizontal support to the implementation of the *PAR Strategy*, which addresses key challenges prevalent within the present administration. Support will be given to capacity building of the General Secretariat and of the *Civil Servants Agency*.

Support to the General Secretariat aims at strengthening the further development and coordination of the implementation of the PAR Strategy; enhancing the capacity of the Government for strategic planning and policy making, monitoring and coordination; supporting the implementation of the Strategy for Equitable Representation and supporting the implementation of the Strategy for Cooperation with the Civil Society Sector. Activities are likely to include the assessment of existing strategies and capacities, identifying areas of attention, developing action plans and establishing monitoring systems.

Capacity building of the Civil Servants Agency aims at strengthening the capacities in human resource management, including training management, coordination and ensuring capacity for generic training of the civil servants. It is expected that a coordination mechanism will be established with other Government sections relevant for the implementation of the human resource management actions, and that staff will be trained to strengthen the implementation of the National System for Training Coordination.

It is expected that one service contract will be concluded to support different sectors within the General Secretariat for a period of up to 24 months. The contract value will be approx. EUR 1.3 mn. A second service contract will be concluded to support the Civil Servants Agency for a period of up to 24 months. The value of the contract will be approx. EUR 0.5 mn. And finally, with view to improve strategic planning, monitoring and coordination capacities within the General Secretariat, a twinning light arrangement will be concluded for a value of EUR 0.2 mn. It is envisaged that both tenders and the call for twinning proposals will be launched in March 2008.

2.b.1.2 Support to the Judicial Reform (EUR 1.1 mn)

The project will provide support to the Administrative Court. In particular it aims at strengthening the administrative and IT capacities in the court in order to improve case management and thus to reduce the backlog of cases.

It is expected that one service contract will be concluded following an open international tender process. The duration of the contract will be for a period of 18-24 months, depending on the budget. It is envisaged to launch the tender in March 2008. The contract value will be approximately EUR 1.1 mn.

2.b.1.3 Capacity Building for the Management of EU funds (EUR 2 mn)

The Government is preparing for the establishment of the system of decentralised management of EU funds (DIS). This entails the establishment of the relevant institutions,

development of the relevant legal and regulatory environment as well as capacity building to enable appropriate implementation of all IPA components.

This project addresses these capacity building needs. It consists of 2 components:

- 1) Based on ongoing and planned CARDS assistance in support of DIS, IPA will continue to provide relevant support in order to ensure maturity of the various structures for all five IPA components where appropriate, to assist the finalisation of the accreditation process and to assist the units when starting to implement their responsibilities.
- 2) The second component will provide support – in cooperation with bilateral donors –to an IPA training facility. Under IPA, the different ministries and decentralised government units will have increasing responsibilities in preparing and implementing projects using the various contracting tools available under EU funding. Although some training has and is being provided these efforts need clearly to be continued in order to ensure a smooth functioning of the system.

It is expected that one service contract for each component will be concluded. The duration of the contracts will be for a period from 18-24 months. The contract value for component one will be approx. EUR 0.8 mn and the contract value for component two will be approx. EUR 1 mn. Additionally, a twinning light arrangement with a duration of 6-8 months will be concluded to support the DIS development for a value of EUR 0.2 mn. It is envisaged that both tenders and the call for twinning proposals will be launched in March 2008.

2.b.2 Economic development and social cohesion (EUR 7 mn)

2.b.2.1 Local infrastructure for social and economic cohesion (EUR 7 mn)

The aim is to assist municipalities with building the essential infrastructure to support both social and economic development. The programme will consist of three components:

- 1) Implementation of small-scale infrastructure projects in municipalities. With view to improve access to better quality services and infrastructure for a wider range of the community in their municipalities and to reduce disparities between municipalities in terms of the quality of infrastructure and services. A total of 14 projects are expected to be implemented, with a focus on areas such as environment, local roads, sewage and on areas for which the responsibilities since July 2005 were decentralised to the municipalities (i.e. social welfare and child protection, sport and recreation, health care, education, environment, culture and urban planning).
- 2) Training of selected ministry and municipal staff and where appropriate staff of communal enterprises. The training will focus on the new areas for which competencies were decentralised in order to improve the skills of municipal staff in managing infrastructure programmes.
- 3) Support to the implementation of a Municipal Award project which is targeted at municipalities that have significantly improved their public services. The awards will consist of a local infrastructure project for each of the three awarded municipalities.

Under component 1 for each of the infrastructure projects a works contract will be concluded (with an average value of approx. EUR 0.4 mn each). Additional EUR 1.7 mn will be co-financed from the national budget. It is envisaged to launch the tenders between July 2008 and March 2009 (evenly distributed over that period). It is expected that one service contract

will be concluded to support the implementation of component 1 and 2. The duration of the contract will be for a period of up to 40 months. It is envisaged that the tender will be launched in January 2008. The service contract value will be approx. EUR 1.8 mn. Finally, one framework contract will be concluded to implement component 3. The duration of the contract will be for a period of 6-12 months. It is envisaged that the tender will be launched in July 2008. The contract value will be up to EUR 0.2 mn.

2.b.3 Implementation of the Acquis. (EUR 9 mn)

2.b.3.1 Energy Regulatory Commission and Insurance Supervisory Agency (EUR 2 mn)

Supporting the regulatory bodies in the economic sphere, the programme is expected to contribute to both *acquis* harmonisation and development of a favourable business environment, which would then have a positive impact on economic development. The programme aims to strengthen the capacities of regulatory bodies and to improve primary and secondary legislation in these areas. Close coordination with other international assistance in the sector is important.

The project consists of the following two components:

- 1) Support to the Energy Regulatory Commission in order to strengthen its capacities, to support further alignment of the national legislation with the *Acquis*, to help reducing the risk of corruptive activities and to support the development of rulebooks on the quality of supply, monitoring and security in the electricity and gas sector.
- 2) Support to the Insurance Supervisory Agency. The Government is expected to legally establish the supervisory agency during 2007, after which the project will support the agency to become fully functional. Furthermore, regulatory and supervisory legislation in the area of insurance (especially support to transposing of the relevant EU legislation) will be reviewed and adapted where relevant, internal rules and procedures to eliminate risks of corruption will be (further) developed, and staff will be trained, transferring EU best practices.

With regard to the Energy Regulatory Commission it is expected that 1 service contract will be concluded with a value of EUR 0.9 mn and a duration of 18 to 24 months. In addition, the Energy regulator will benefit from a Twinning Arrangement (18 to 24 months) with a value of approx. EUR 0.6 mn. It is expected to launch both, the tender and the call for twinning proposals in March 2008. As regards the Insurance Supervisory Agency it is envisaged that 1-2 service contracts will be concluded with a cumulative value of EUR 0.3 mn and a duration of 6-18 months. In addition, the Agency will benefit from a Twinning Light arrangement (6 months) with a value of EUR 0.2 mn. It is envisaged to launch one tender as well as the call for twinning proposals in March 2008 and to launch the remaining tender in September 2008.

2.b.3.2 Tax Reform (EUR 2 mn)

The project will assist the implementation of the tax reform strategy and strengthen the capacity of the Taxation and Customs Unit in the Ministry of Finance and of the Public Revenue Office (PRO).

The project will entail three main components:

1. Further harmonization of the *acquis*, in particular in the area of direct taxation.
2. Strengthening the administrative capacity of the PRO through training of staff and improved communication channels. Particular focus will be given to internal audit, tax fraud and to professional standards.
3. Support to a pilot office for small and medium taxpayers in the city of Stip.

It is expected that one service contract will be concluded for a duration of 18-24 months. The contract value will be approx. EUR 1.4 mn. In addition, one twinning light arrangement will be concluded for a value of approx. EUR 0.2 mn and a duration of 6-8 months. It is envisaged that both, the tender and the call for twinning proposals will be launched in March 2008. In order to implement component 3, one works contract and probably one supply contract will be concluded during 2008. The combined value of these contracts will be approx. EUR 0.5 mn, of which approx. EUR 0.13 mn will be co-financed from the national budget. It is envisaged that the tenders will be launched in July 2008.

2.b.3.3 The State Statistical Office (EUR 2 mn)

This project aims to address the need for developing an overall system for production of quality statistics, including: establishing uniform systems for storing data including a metadata policy, as well as standards and guidelines for production and dissemination of statistics including a micro data access policy. Particular attention is envisaged to further develop key priority statistics for the Stabilisation and Association Process such as macro-economic and business statistics. In addition assistance will be initiated in various social statistics as alignment with the *acquis* in these areas will also become a high priority in the EU accession process.

It is expected that one service contract will be concluded for a period of 18-30 months. The contract value will be approx. EUR 1.8 mn. It is envisaged to launch the tender in March 2008. Furthermore, one supply contract could be concluded. The contractor of the service contract will provide input for the needs that most urgently need to be met for the implementation of the activities in the service contract. It is envisaged to launch the tender in April 2009. The contract value would be approx. EUR 0.27 mn, of which approx. EUR 0.07 mn will be co-financed by the national authorities.

2.b.3.4 Customs Reform (EUR 3 mn)

Support in the area of customs consists of three components:

1. Support to the implementation of the *Customs Reform Strategy*, and particularly the harmonization of the customs *legislation* with the *acquis* and best practice, in order to establish a sound and modern legal foundation for the Customs business.
2. Support the customs administration with information technology equipment in order to promote an automated and more efficient declaration processing and revenue collection system.
3. Reinforcement of border controls through the revision of border operations, with specific focus towards the EU external borders, and the implementation of modern enforcement techniques.

It is expected that a service contract will be concluded for each component for a period of 12-36 months and with a total value of approx. EUR 2.4 mn. It is envisaged to launch the tenders in October 2007. Furthermore, two supply contracts will be concluded to provide selected IT infrastructure elements for a total value of EUR 0.8 mn (including government co-financing of EUR 0.2 mn). It is envisaged that the tenders will be launched in September 2008.

2.b.4 Programming Support and Community Programmes (EUR 1.84 mn)

2.b.4.1 Community Programmes and Agencies (EUR 0.941613 mn)

In accordance with the Framework Agreement on participation in Community Programmes signed in November 2005, Memoranda of Understanding are being negotiated to establish the specific terms and conditions for participation in several Community programmes, including the financial contribution (the "entry ticket") to be paid by the country.

The main purpose of the project is to co-finance the costs of the "entry-tickets" for the participation in several of these Community Programmes and Agencies (i.a. Progress, Media, Culture, Citizens for Europe, Fiscalis, Customs and Life)

The Commission signs for each entry-ticket a payment contract with the beneficiary over the co-financing amount. Overall, there will be approx. 8 such payment (grant) contracts. The maximum possible rate of co-financing will be 90%. Contracting and payments are expected to be done during the first quarter 2008. A part of the funds may be used also for specific preparatory or accompanying measures for programmes which require prior administrative and or legal preparations, to build capacity for their implementation.

2.b.4.2 Preparatory measures for the Lifelong Learning and Youth in Action programmes (EUR 0.9 mn)²

Participation in the Lifelong Learning and Youth in Action programmes is conditional on the fulfilment by the candidate countries of requirements concerning the capacity of national structures – called the National Agency – to ensure sound financial management of the programmes. A national agency to manage these programmes is currently being established in the country. The aim of the project is to assist the country in the fulfilment of these requirements.

Four direct grant agreements will be concluded with the future national agency. The total value of the grants will be EUR 0.9 mn. It is envisaged that two direct awards will be granted in the first quarter 2008 and two in the third quarter 2008. The implementation period of the grants will be approximately one year. The beneficiary will contribute additional EUR 0.1 mn to the overall allocation.

2.c Overview of past and on going assistance (EU / IFI / bilateral and national assistance) including lesson learned and donor co-ordination

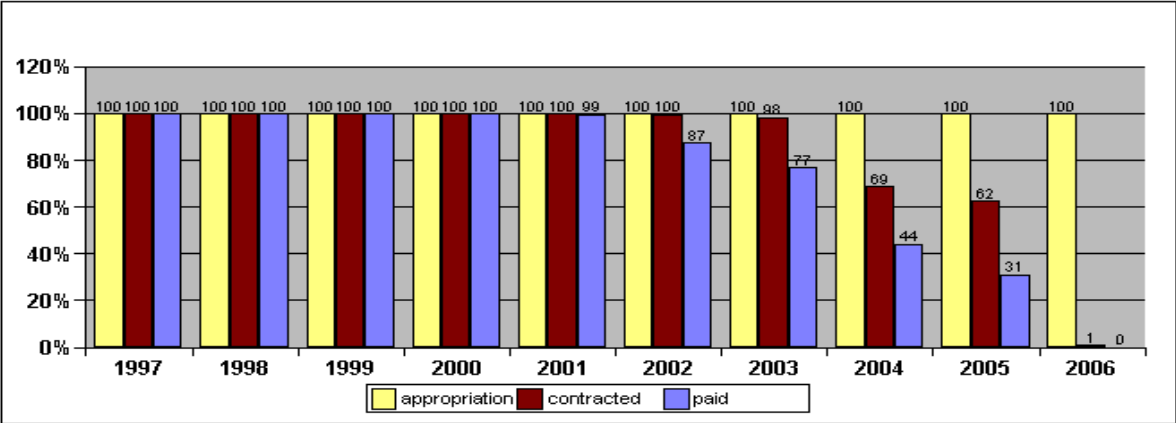
Over the past decade the EU has delivered substantial support to the country through various programmes such as ECHO, Obnova or PHARE. In 2001, CARDS was launched to focus on

² The implementation of this project will be sub-delegated to the Commission DG Education and Culture.

political, institutional and economic transition. The total assistance of the EU to the country since 1992 amounts to more than EUR 810 mn.

The EU’s main institution for managing assistance in the region - the European Agency for Reconstruction (EAR) - has been efficient in delivering assistance. Starting its operations in 2002, the EAR took over responsibility for the previous programmes and took forward the implementation of CARDS. The EU assistance portfolio managed by the Agency in the country amounts to some EUR 326 mn. By the end of the first half of 2007 more than 80% of total had been contracted, and more than 70% disbursed.

Graph 1: Total EU assistance to the former Yugoslav Republic of Macedonia: contracting and payment rates



With EU financial support and with the help of other donors significant progress has been made in the country as regards strategic planning, alignment with the acquis and organisational developments. Virtually every sector is now endowed with a sector specific strategy; against the background of the activities as envisaged in this programme, this also includes the PAR Strategy (with strong engagement by UK) and the Judicial Reform Strategy, where also the World Bank is currently very active.

As regards capacity building for DIS, so far CARDS assistance has been provided through short-term TA projects. A long term assistance project is expected to start in mid 2007.

Local infrastructure has received significant CARDS support with some 100 projects and with a total value of around EUR 45 mn. Other major players in this field are especially KfW, USAID and the Dutch Government.

Strengthening the public financial sector has been one of the key programmes under CARDS – with a large twinning project operational to establish the Public Internal Financial Control system. Various other donors, notable the IMF, World Bank, USAID and the German, Swedish and Dutch Governments are providing support in this area. Despite substantial support from the EU and other donors in the area of statistics, clearly further efforts are necessary. Improvements in customs management have been mainly supported through the regional CARDS programme. International donors that have provided support include USAID, the Italian and French Governments, the World Bank and the IMF.

Overall, the impact of EU assistance so far is largely satisfactory. However, building on the experience gained from programming and implementing EU funds in the country, and as documented in progress reviews, monitoring and evaluations reports the following lessons have been learned:

- As project implementation is regularly hampered by either insufficient staff or insufficient operational or financial resources, stronger conditionalities had to be defined in the current project fiches, especially as regards the tasks of the beneficiary. In addition, project readiness and absorption capacity has now become a pre-requisite for the selection of projects.
- In the past, a lack of adequate donor coordination and insufficient government leadership in coordinating among ministries where putting a strong burden on programming and implementation of assistance. Therefore, through joint efforts between the beneficiary and the EAR, donor coordination has undergone a positive development since late 2005. The Government now organises monthly coordination meetings followed-up by a regular operational level coordination mechanism, run by the relevant ministry.
- In general it is important to strengthen public administration capacities at all levels in order to ensure sustainability of the activities and enhance full ownership on behalf of the beneficiary institutions through stronger participation along the project cycle.

2.d Horizontal issues

Cross cutting issues, such as equal opportunities, support to minorities and vulnerable groups, environmental protection and good governance, have become an integral part of each project fiche. The mainstreaming of the cross cutting issues in each project shall ensure that strategies, policies, structures and operating procedures of the beneficiary are in conformity with the principles defined in the various project fiches. Up to 10% of the budget of the service contract for tender support supervision and training may be allocated to assist the different beneficiaries to comply with European standards and best practices, implement relevant existing Government strategies and develop internal measures to ensure each cross-cutting issue is appropriately mainstreamed.

The mainstreaming of the cross cutting issues is regarded on two different levels:

- 1) Ensuring that the internal policies, structure or operating procedures of the beneficiary agency will conform to and promote the relevant principles outlined per section below.
- 2) Ensuring that the products, outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to and promote the relevant principles outlined per section below.

Throughout the project cycle state actors specifically addressing the cross cutting issues shall be consulted.

2.e Conditions

The programme includes the following conditionalities:

- 1) Endorsement by all key stakeholders of the ToRs, specifications for the individual contracts to be engaged;
- 2) Appointment of counterpart personnel by the beneficiary before the launch of tenders;
- 3) Allocation of working space and facilities by the beneficiary for technical assistance before the launch of tenders;

- 4) Arrangement by the beneficiary of all legal procedures to allow construction, refurbishment activities before the launch of tenders;
- 5) Participation by the beneficiary in the tender process as per EU regulations;
- 6) Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project;
- 7) Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

2.f Benchmarks (cumulated)

	2008		2009		2010	
	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched	31	0	33	9		
Number of Twinning arrangements	5		5			
Direct grants	6		6			
Number of direct payments (to co-finance entry tickets for participation in Community Programmes)	7		8			
Contracting rates	94	0	100	100		

* In case of parallel national co-financing

2.g Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission:

A roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex ante* controls by the Commission will be developed once the Commission has conferred the management powers to the national authorities.

Concerning the indicative roadmap for decentralisation with *ex-ante* control (DIS), the situation is the following: The establishment of the management and control system was decided by the Government in December 2006. The National Fund (NF) and the Central Contracting and Financing Unit (CFCU) were established and the Programme Authorising Officer (PAO), the Competent Accrediting Officer (CAO) and the Senior Programme Officers (SPOs) have been nominated. As a first step, in 2005 a gap assessment related to the decentralisation of the management of EU funds was initiated and the results have been presented to the Commission. An update of the gap assessment to comply with the new IPA Implementing Regulation has been prepared in the first half 2007 and, subsequently, the National Authorities have submitted a Gap assessment report. In a subsequent step, gap plugging will be done during the second half 2007, followed by a compliance assessment. Following the accreditation of the system we then expect the CAO to submit the application to the Commission for conferral of management.

3. BUDGET (amounts in EUR mn)

3.1. Indicative budget table

	EU – IPA assistance				Total Co-financing		Total (IPA plus Co-financing)	
	Institution Building	Investment	Total in EUR	Total in %	EUR	(%)	EUR	(%)
Priority axe 1: Good governance and the rule of law	5.1		5.1	100			5.1	100
<u>Project 1.1:</u> Public Administration Reform	2		2	100			2	100
<u>Project 1.2:</u> Support to Judicial Reform	1.1		1.1	100			1.1	100
<u>Project 1.3:</u> Capacity Building for the Management of EU funds	2		2	100			2	100
Priority axe 2: Economic development and social cohesion	2	5	7	80	1.7	20	8.7	100
<u>Project 2.1:</u> Local infrastructure for social and economic cohesion	2	5	7	80	1.7	20	8.7	100
Priority axe 3: Acquis implementation	7.8	1.2	9	96	0.402	4	9.402	100
<u>Project 3.1:</u> Regulatory and Supervisory Bodies	2		2	100			2	100
<u>Project 3.2:</u> Tax Reform	1.6	0.4	2	94	0.132	6	2.132	100
<u>Project 3.3:</u> State Statistical Office	1.8	0.2	2	97	0.07	3	2.07	100
<u>Project 3.4:</u> Customs Reform	2.4	0.6	3	94	0.2	6	3.2	100
Priority axe 4: Programming support and Participation in Community Programmes and Agencies	1.8		1.841613	89	0.212	11	2.053613	100
<u>Project 4.1:</u> Participation in Community Programmes and Agencies	0.941613		0.941613	89	0.112	11	1.053613	100
<u>Project 4.2:</u> Preparatory measures for the Lifelong-Learning and Youth in Action programmes	0.9		0.9	89	0.1	11	1	100
TOTAL	16.7	6.2	22.941613	91	2.314	9	25.255613	100

3.2 Principle of Co-Financing applying to the projects funded under the programme

The Community contribution has been calculated in relation to the total eligible expenditure. In the event of grants, final beneficiaries shall contribute with a minimum of 10% to the total eligible operation's costs of the project, both for investment and institution building projects.

For the present programme, in cases of investments, the beneficiary contributes with 25% to the total eligible operation's costs. The contribution of the beneficiary to the entry tickets for participating in Community Programmes amounts to at least 10% for each programme.

4. IMPLEMENTATION ARRANGEMENTS

4.1 Method of implementation

The programme will be implemented on a centralised basis by the European Commission, EC Delegation, in accordance with Article 53a of the Financial Regulation³ and the corresponding provisions of the Implementing Rules⁴.

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 applicable to service, supply and works contracts financed by the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "*Practical Guide to contract procedures for EC external actions*" ("Practical Guide") as published on the EuropeAid website⁵ at the date of the initiation of the procurement or grant award procedure.

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.

³ 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), as last amended by Council Regulation (EC, Euratom) 1995/2006 of 13 December 2006 (OJ L 390, 30.12.2006, p. 1).

⁴ Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euroatom) No 1605/2002 (OJ L 357, 31.12.2002, p. 1), as last amended by Commission Regulation No 478/2007 of 23 April 2007 (OJ L 111, 28.4.2007, p. 13).

⁵ http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

The twinning manual is available on the Website of DG ELARG at the following address:
http://ec.europa.eu/enlargement/pdf/financial_assistance/institution_building/manual_2005_en.pdf

4.4 Environmental Impact Assessment and Nature Conservation

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

The procedures for environmental impact assessment as set down in the EIA-directive⁶ fully apply to all investment projects under IPA. If a project falls within the scope of annex 1 or annex 2 of the EIA-directive, the implementation of the EIA-procedure must be documented⁷.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats Directive must be documented⁸.

5. MONITORING AND EVALUATION

5.1 Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

5.2 Evaluation

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carries out strategic evaluations.

6. 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 Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and

⁶ DIR 85/337/EEC; OJ L 175/40; 5.7.1985, as amended

⁷ in Annex EIA to the corresponding investment project fiche.

⁸ in Annex Nature Conservation to the corresponding investment project fiche

inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96⁹.

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

7. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature¹⁰, 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.

⁹ OJ L 292; 15.11.1996; p. 2

¹⁰ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.