

Project fiche 1.1: Strengthening the capacity of the institutions to manage and implement the Operational Programmes

1. Basic information

1.1 CRIS Number: 2008/20-311

1.2 Title: Strengthening the capacity of the institutions to manage and implement the Operational Programmes

1.3 ELARG Statistical code: 1.34

1.4 Location: Skopje

Implementing arrangements

1.5 Contracting Authority (EC)

European Commission, EC Delegation, on behalf of the beneficiary

1.6 Implementing Agency

European Commission, EC Delegation, on behalf of the beneficiary

1.7 Beneficiary (including details of project manager):

The project will be attached to the NIPAC, who is responsible for the overall project implementation.

The training activities will be implemented through the IPA Training Facility, which will receive support through this project. Other beneficiaries of this project are the Operational Structures under IPA as well as the final beneficiaries of IPA assistance.

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1.8 Overall costs (VAT excluded)¹: EUR 1.600.000

1.9 EU contribution: EUR 1.600.000

1.10 Final date for contracting

Two years from the date of the conclusion of the Financing Agreement

1.11 Final date for execution of contracts

Two years from the final date for contracting.

1.12 Final date for disbursements

One year from the final date for execution of contracts.

¹ The total costs of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated.

2. Overall Objective and Project Purpose

2.1 Overall Objective

The overall objective is to strengthen the administrative capacity of the country and the institutional framework in order to achieve sound and efficient management of EU funds.

2.2 Project purpose

For each IPA component, an operating structure responsible for managing and implementing the related programme must be established. The project purpose is to provide technical assistance to the Operating Structures and beneficiaries from EU financed projects in order to strengthen their capacities vis-à-vis the management of EU funds and EU financed projects.

2.3 Link with AP/NPAA/SAA

Having an accountable administration able to complete the necessary preparations to enforce programmes and create the necessary mechanisms to manage the EU funds under, is a high priority in the NPAA.

The project addresses the objectives of the SAA for “the development of civic society and democratisation, institution building and public administration reform” and for “the adoption of a common accounting system compatible with European standards.”

The Accession Partnership focuses on reinforcement of the established institutional structures and strengthening administrative capacity in the areas of programming, project preparation, monitoring, evaluation and financial management and control, particularly at the lever of line ministries, to implement EU pre-accession programmes as a preparation for the implementation of the Community's cohesion policy.

2.4 Link with MIPD

The MIPD for the period 2008-2010 states that pre-accession assistance shall help preparing the country for decentralised management of EU funds. The documents states that further assistance is necessary in order to continue the support for faster progress with the DIS. “The national administration must be endowed with the necessary structures as well as the management expertise and capacity to assume full responsibility for the decentralised management of IPA funds. Thus, assistance shall help to develop the capacity of the established DIS structures and to develop accountable administration and institutions, with appropriate level of institutional and administrative capacity, including internal controls and audits.

2.5 Link with National Development Plan

The NDP 2008-2013 is in close relation with the National Strategy for EU Integration and further indicates that there should be efficient information sharing of existing calls for proposals to the final beneficiaries, sound management, monitoring, control and audit systems established in order to properly implement the IPA programmes in decentralized

implementation of EU funds. The improved administrative capacity is a precondition to for the adequate design and implementation of the Operational Programmes

2.6 Link with national / sectoral investment plans

The project directly links to the following key strategies and action plans in the sector:

- National Strategy for European Integration
- National Programme for Adoption of the Acquis
- Pre-Accession Economic Programme (2007-2009).

3. Description of project

3.1 Background and justification

The former Yugoslav Republic of Macedonia successfully finalized the drafting of the Operational programmes for all five IPA Components. As a candidate country, it has access to all five IPA components. However, depending on the component, the prerequisite for the actual management of the assistance under IPA is that the country has an approved system in place to manage the EU funds (i.e. decentralised management of EU funds - DIS). In 2007, the process of drafting the Operational Programmes was done with significant technical assistance from the European Agency for Reconstruction and the Delegation of the European Commission.

For the period 2007-2009, reflecting the multi-annual character of majority of the Operational Programmes, the EU has allocated 210.5 million EUR for all five IPA components, to be executed under DIS. The structures for DIS are in place, the Government has appointed the necessary coordinators and bodies with the line ministries, i.e. implementing agencies, staff has been recruited and offices are allocated.

NAO, as the head of NF, shall bear overall responsibility for the financial management of EU funds in the country and is responsible for the legality and regularity of the underlying transactions. NAO is responsible for effective functioning of management and control systems. NF shall be in charge of tasks of financial management of assistance, under the responsibility of NAO, and in particular is responsible for organising bank accounts, requesting funds from EC, authorising transfer of funds received from EC to the operating structures or to the final beneficiaries and for financial reporting to EC. The CFCD (Central Financing and Contracting Department) will have the full responsibility for the preparation and management of the EU funds (i.e. tendering, contracting and paying). The CFCD will delegate some of these tasks to the line ministries through Operational Agreements. Therefore, the line ministries have to develop their ability to take these responsibilities on board and – in the future - to assume the responsibilities of the management of EU structural and cohesion funds. It is of great importance to bring the administrative capacity of the units designated as (future) managing authority up to the level required for efficient and correct implementation of the funds under each component, to continue to improve the capacity at the level of technical preparation of programmes to be co-financed by EU and national funds, and to further improve the monitoring and evaluation capacity of the institutions for effective and efficient implementation of the programmes.

Under the IPA Component I Operational Programme for 2007, the establishment of the IPA Training Facility is foreseen. This facility is intended to coordinate and implement the training activities that are developed to strengthen the institutional capacities for the management of EU funds. Part of these training activities are financed through the IPA programme, part of these activities are financed through bilateral assistance. The IPA Training Facility, therefore, will ensure an organized and coordinated training approach.

Although capacity strengthening is also done through other projects (CARDS, IPA 2007), additional support is needed under IPA 2008 to ensure maturity of the various structures and assist the units when starting to implement their responsibilities in accordance with the IPA regulation. It is assumed that accreditation of the DIS structures will materialise before the present project will start its operations. This project has to be seen as follow up of the IPA 2007 project, focused on the institutions to be accredited for Decentralised Implementation System (DIS) and to provide support to build up an IPA training facility.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

There is a great need to further strengthen the capacity of the institution to fully undertake the programming process and to implement EU funds accordingly. It is believed that by providing a consolidate support to the different institutions synergies and co-operation between the institutions can be appropriately stimulated.

As regards catalytic effects, developing the DIS structure and the IPA training facility will not only provide for management of EU funds, it also will increase the government capacity at large to manage external assistance in general, which may lead to increased efficiency and effectiveness in the overall use of external assistance.

3.3 Results and measurable indicators²

The project intends to realise the following results:

- A coordinated approach for training staff of the Operational Structures, NAO, NF and CFCD
- NAO/NF have sufficient capacities for sound financial management of EU funds and effective functioning of management and control systems
- The different Operational Structures have sufficient capacities to:
 - o Develop Operational Programmes
 - o Monitor and evaluate the activities
 - o Coordinate different agencies involved in the activities
 - o Manage contracts (tendering, contracting, contract implementation, payments)

² Please note that some of the indicators have not yet been quantified or been given a benchmark. This will be done during the development of the detailed Terms of Reference.

- Final beneficiaries of IPA assistance have sufficient knowledge of IPA procedures to submit project proposals that are eligible for funding.

The measurable indicators are:

- A training plan for each Operational Structure, NAO, NF and CFCD is jointly agreed and approved by NIPAC
- Training plan is being implemented according to the plan
- The IPA Training facility fulfils its coordination role and implements selected training activities
- Operational Programmes are developed according to agreed upon time-schedules
- Operational Programmes lead to a Commission Decision as per time schedule
- Monitoring and evaluation reports are produced according to agreed upon formats
- Coordination mechanisms are in place and different stakeholders participate
- Projects are tendered and contracted as per time-schedule (in the Operational Programmes)
- Payments are made as per contractual arrangement.

3.4 Activities

The following activities will be implemented:

a) Human Resource Development:

- Implement a training needs assessment of the different Operational Structures and the NF;
- Develop a Training Plan; and
- Implement prioritised training activities.

b) Strategic and Operational management:

- Assess and – if required develop or reinforce – strategic plans for the different Operational Structures, including the NF;
- Assess and – if required develop or reinforce – operational procedures for the different Operational Structures, including monitoring and evaluation arrangements; and
- Assess and – if required develop or reinforce – cooperation arrangements between the different Operational Structures, including the NF.

c) Cooperation and Coordination:

- Assess – and if required develop or reinforce – for each of the Operating Structures the arrangements for coordination of external/donor assistance; and

- Assess – and if required develop or reinforce – for each of the Operating Structures the arrangements for cooperation and coordination with other (national) stakeholders; i.e. other structures than the Operational Structures.

d) Beneficiary support:

- Develop a methodology for training final beneficiaries of IPA assistance, and implement prioritised training activities.
 - o These different final beneficiaries include e.g. municipalities, Non Governmental Organizations, Unions, Chambers of Commerce; and
 - o It is expected that training will specifically be needed in practical aspects of regulations, procedures, documentation for project development and implementation under IPA rules and regulations (tender dossiers, the selection criteria, application forms, grant schemes, etc.).

Management and contracting arrangements

The project is attached to the NIPAC, who is responsible for overall project implementation. The training in different fields will be done through the IPA Training Facility, situated in SEA. The different Operating Structures will receive capacity building support, as well as the NAO and NF, and final beneficiaries will receive training.

As a rather large number of different beneficiaries will be involved in the project, a comprehensive steering committee will be established to ensure appropriate inclusion of the different stakeholders.

Through the Service Contract a team leader would be engaged responsible for the overall activity implementation and sound management of the project. He/She will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting. The core project team will be placed within the NIPAC office. Next to the team leader, additional expertise will be engaged to build capacities of the structures in place and the final beneficiaries.

The expected contracting arrangements are:

Financed through IPA:

- 1 Service contract will be concluded following an international restricted tender procedure to support the project with duration of 12 to 24 months. Implementation is expected to start in second quarter of 2010 and the contract value will be approx. EUR 1.6 Million.

3.5. Conditionality and sequencing

The projects should further include the following conditions in the preparation phase:

1. Endorsement by all key stakeholders of the Terms of Reference for the contract to be engaged;
2. Appointment of counterpart personnel by the beneficiary before the launch of the tender process;
3. Allocation of working space and facilities by the beneficiary for technical assistance before the launch of the tender process;

4. Participation by the beneficiary (representation decided by the NIPAC) in the tender process as per EU regulations;
5. Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project; and
6. Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.

In the event that conditions are not met, suspension or cancellation of projects will be considered.

3.6 Linked activities

In the process of capacity building of the institution part of the DIS structures, different technical assistance has been provided.

A first component of technical assistance has been provided for the implementation of the DIS Phase 1 (October 2005 to January 2006), which performed a gap assessment of the targeted national institutions and Implementing Agencies (IAs), and the procedures insofar operational, to determine to which extent the conditions of the DIS were being met. This gap assessment and gap plugging was based on the requirements under the Phare programme. However, in compliance with the Implementing Rules for the Instrument for Pre-Accession assistance, new structures, functions and requirements were introduced. Therefore, in order to assess the current situation in the establishment of DIS and to point out the issues which need improvement, a gap assessment review project has been contracted (March-June, 2007). Under the same project, a technical assistance was provided to the State audit Office (Audit Authority), in order to identify potential gaps and to strengthen its administrative capacity.

Two framework projects in charge of phase 2 (gap plugging) of DIS under PHARE were implemented from July to December 2006 under DIS phase 2. They covered two components:

- a. support for the CFCU (ex-CFCD), NF, SEA and the line ministries in drafting their internal procedures;
- b. trainings and IT support for the CFCU, NF, SEA and the line ministries.

Trainings were organized for the staff of the IPARD Agency through a Technical Assistance Project also financed by the European Commission.

A Long Term technical assistance project started in August, 2007, for a period of 18 months. This TA project aims to “plug the gaps” (DIS phase 2) identified by the DIS Phase 1 assessment. The experts provide technical assistance to the targeted institutions – the CFCD, NF and Line Ministries – in the further preparation for DIS. They advise and assist the institutions to make the necessary changes and improvements. This project will be extended with six months to help the line ministries to prepare Manuals of Procedures and will take over the IPARD support after the completion of the current Technical support provided until December 2008.

In the course of 2008, the preparations for commencement of the Capacity Building to implement EU funds are to start (IPA 2007). The objective of this project is to support the government institutions to manage EU funds according to the IPA regulation through the Decentralised Implementation System (DIS) and to provide support to build up an IPA training facility.

Several donor agencies (including Member States) provide training support to the Government, also in the context of preparation for IPA.

The present project is complementary to support provided to the Paying Agency for support of Rural Development (ASPARD) through the agricultural project in this Operational Programme 2008.

3.7 Lessons learned

CARDS implementation, as documented in progress reviews, monitoring and evaluations reports, highlighted a number of common difficulties in project implementation, including insufficient availability of national (counterpart) staff, insufficient budget, late approval of relevant legislation etc. These lessons learned have been translated into conditionalities (see par. 3.5).

4. Indicative Budget (amounts in EUR mn)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
1 Service Contract	X	-	1.6	1.6	100							-
TOTAL IB			1.6	1.6	100							
TOTAL INV												
TOTAL PROJECT			1.6	1.6	100							

Amounts net of VAT

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

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

5. Indicative Implementation Schedule

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 Service Contract for IPA support and training	Q4 2009	Q2 2010	Q2 2012

6. Cross cutting issues

The cross-cutting issues will be addressed throughout the project. Up to 10% of the budget of the individual service contracts for capacity building – through short term expertise - 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, in particular when developing project ToR, state actors specifically addressing (one of) the cross cutting issues shall be consulted. Specific attention will be paid to transfer knowledge to trainees on mainstreaming the cross cutting issues into future IPA plans.

The following cross-cutting issues should be addressed:

- Equal opportunities and non-discrimination;
- Support to minority and vulnerable groups;
- Environmental protection;

Equal opportunities and non-discrimination

The training activities will include a specific component to train beneficiary staff in the different aspects of mainstreaming gender in programme and project development as well as monitoring the implementation.

Support to minority and vulnerable groups

Where the main reference is the Ohrid Framework Agreement, in an EU context, the IPA training activities will include a specific component to train beneficiary staff in the different aspects of mainstreaming minority and vulnerable groups in programme and project development as well as monitoring and evaluation.

Environmental protection

The training activities will include a specific component to train beneficiary staff in the different aspects of mainstreaming environment in programme and project development as well as monitoring, evaluation and implementation.

ANNEXES

1 - Log Frame in Standard Format

2 - Amounts contracted and Distributed per Quarter over the full duration of Programme

3 - Description of Institutional Framework

4 - Reference to laws, regulations and strategic documents

- Reference list of relevant laws and regulations
- Reference to AP/NPAA/EP/SAA
- Reference to MIPD
- Reference to National Development Plan
- Reference to national/sectoral investment plans

5 – Details per EU funded contract (*) where applicable:

- *For TA contracts*: account of tasks expected from the contractor
- *For Twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
- *For Grant schemes*: account of components of the scheme
- *For Investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria
- *For works contracts*: reference list of feasibility study for the constructing works part of the contract as well as a section on investment criteria (**); account of services to be carried out for the service part of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and construction works):

- Rate of return
- Co-financing
- Compliance with state aids provisions
- Ownership of assets (current and after project completion)

ANNEX 1 - Logical Framework in Standard Format

LOGFRAME PLANNING MATRIX FOR Capacity Strengthening the capacity of the institutions to manage the Operational Programmes	Programme name and number: Strengthening the capacity of the institutions to manage and implement the Operational Programmes		
	Contracting period expires two years from the date of the conclusion of the Financing Agreement	Execution period expires two years from the final date for contracting	Disbursement period expires one year from the final date for execution of contracts.
		Total budget: EUR 1.6 million	IPA budget: EUR 1.6 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective is to strengthen the administrative capacity of the country and the institutional framework in order to achieve sound and efficient management of EU funds.	<ul style="list-style-type: none"> - Timely contacting of support project - Availability of beneficiary agencies and staff 	<ul style="list-style-type: none"> - Contracting records commission - Establishment records of Training Facility - Accreditation dossiers for DIS 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
For each IPA component, an operating structure responsible for managing and implementing the related programme must be established. The project purpose is to provide technical assistance to the Operating Structures and beneficiaries from EU financed projects in order to strengthen their capacities vis-à-vis the management of EU funds and EU financed projects.	<ul style="list-style-type: none"> - Timely delivery of the programming document by the Government to the Commission - Timely implementation of the project tender processes - Approved accounts 	<ul style="list-style-type: none"> - MIPD updates - Delivery dates of Operational Programmes - Contract records - Audit reports 	DIS accreditation will be implemented before the Summer of 2009. Staff turnover in the operating structure and DIS structures will remain limited.
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>The project intends to realise the following results:</p> <p>The project intends to realise the following results:</p> <ul style="list-style-type: none"> - A coordinated approach for training staff of the Operational Structures, NAO, NF 	<p>The measurable indicators are:</p> <ul style="list-style-type: none"> - A training plan for each Operational Structure, NAO, NF and CFCD is jointly agreed and approved by NIPAC 	<ul style="list-style-type: none"> - Project reports - Monthly reports from different institutions - Government reports - Progress Reports (Commission) 	<ul style="list-style-type: none"> - Availability of staff for training

<p>and CFCD</p> <ul style="list-style-type: none"> - NAO/NF have sufficient capacities for sound financial management of EU funds and effective functioning of management and control systems - The different Operational Structures have sufficient capacities to: <ul style="list-style-type: none"> o Develop Operational Programmes o Monitor and evaluate the activities o Coordinate different agencies involved in the activities o Manage contracts (tendering, contracting, contract implementation, payments) - Final beneficiaries of IPA assistance have sufficient knowledge of IPA procedures to submit project proposals that are eligible for funding. 	<ul style="list-style-type: none"> - Training plan is being implemented according to the plan - The IPA Training facility fulfils its coordination role and implements selected training activities - Operational Programmes are developed according to agreed upon time-schedules - Operational Programmes lead to a Commission Decision as per time schedule - Monitoring and evaluation reports are produced according to agreed upon formats - Coordination mechanisms are in place and different stakeholders participate - Projects are tendered and contracted as per time-schedule (in the Operational Programmes) - Payments are made as per contractual arrangement. 		
Activities	Means	Costs	Assumptions
<p>The following activities will be implemented:</p> <p>a) Human Resource Development:</p> <ul style="list-style-type: none"> - Implement a training needs assessment of the different Operational Structures and the NF; 	<p>Technical Assistance</p>	<p>Euro 1.6 Million</p>	<ul style="list-style-type: none"> - Appropriate expertise is available - Beneficiary institutions can make (qualified) staff available.

<ul style="list-style-type: none"> - Develop a Training Plan - Implement prioritised training activities <p>b) Strategic and Operational management:</p> <ul style="list-style-type: none"> - Assess and – if required develop or reinforce – strategic plans for the different Operational Structures, including the NF; - Assess and – if required develop or reinforce – operational procedures for the different Operational Structures, including monitoring and evaluation arrangements. - Assess and – if required develop or reinforce – cooperation arrangements between the different Operational Structures, including the NF <p>c) Cooperation and Coordination:</p> <ul style="list-style-type: none"> - Assess – and if required develop or reinforce – for each of the Operating Structures the arrangements for coordination of external/donor assistance - Assess – and if required develop or reinforce – for each of the Operating Structures the arrangements for cooperation and coordination with other (national) stakeholders; i.e. other structures than the Operational Structures. <p>d) Beneficiary support:</p> <ul style="list-style-type: none"> - Develop a methodology for training final beneficiaries of IPA assistance, and implement prioritised training activities. <ul style="list-style-type: none"> o These different final beneficiaries include e.g. municipalities, Non 			
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<p>Governmental Organizations, Unions, Chambers of Commerce.</p> <ul style="list-style-type: none"> ○ It is expected that training will specifically be needed in practical aspects of regulations, procedures, documentation for project development and implementation under IPA rules and regulations (tender dossiers, the selection criteria, application forms, grant schemes, etc.). 			
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Pre conditions

1. Endorsement by all key stakeholders of the Terms of Reference, specifications for the individual contracts to be engaged;
2. Appointment of counterpart personnel by the beneficiary before the launch of the tender process;
3. Allocation of working space and facilities by the beneficiary for technical assistance before the launch of the tender process;
4. Participation by the beneficiary in the tender process as per EU regulations;
5. Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project; and
6. Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.

In the event that these conditions are not met, suspension or cancellation of tendering projects will be considered.

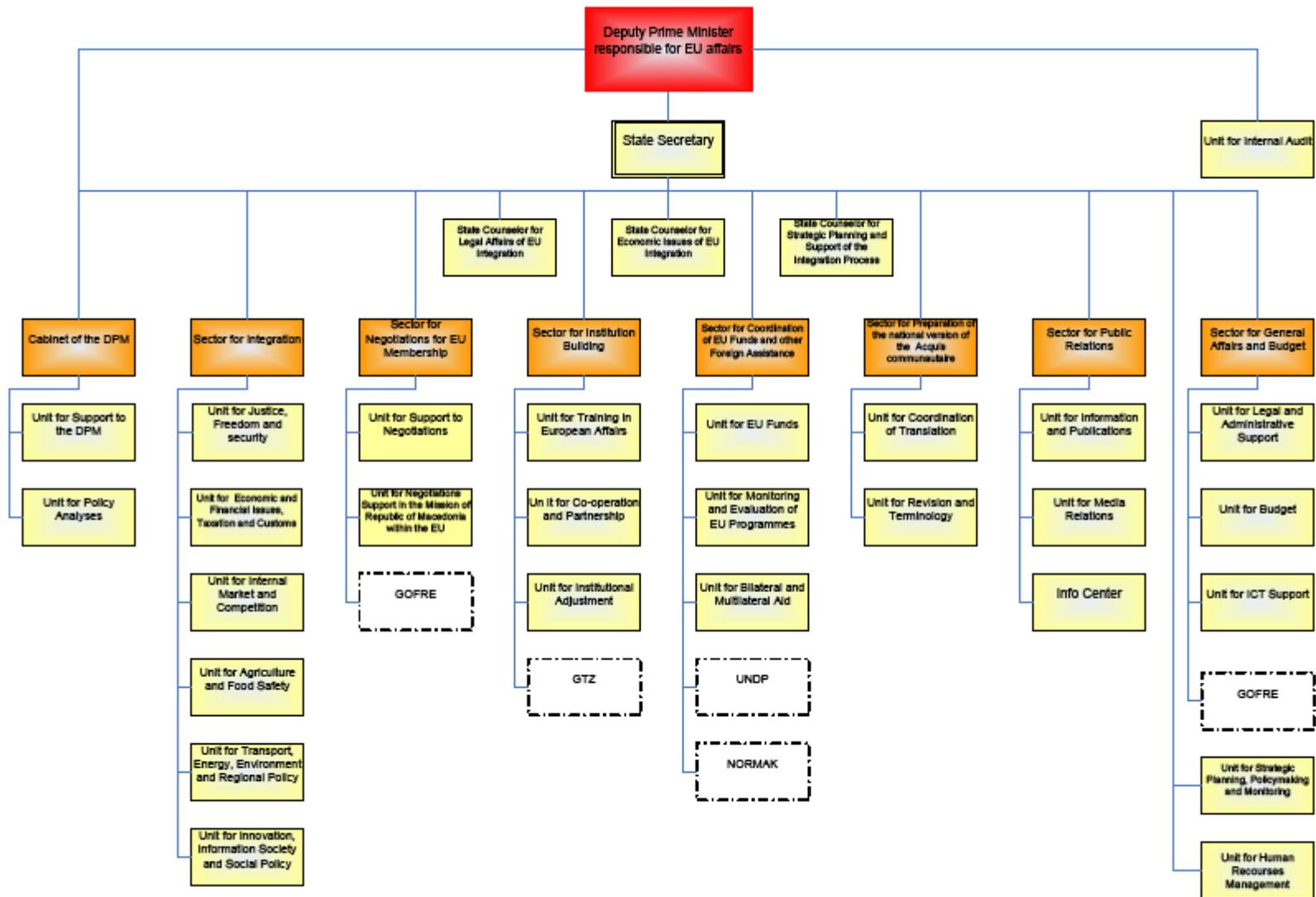
ANNEX 2 - Amounts (in mill EUR) contracted and Distributed per Quarter over the full duration of Programme (IPA funds only)

Contracted	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Contract 1 TA for IPA support and training			1.6								
Cumulated			1.6								
Disbursed											
Contract 1 Service Contract for IPA support and training			0.4		0.4		0.4		0.2		0.2
Cumulated			0.4		0.8		1.2		1.4		1.6

ANNEX 3 – Description of Institutional Framework

SECRETARIAT FOR EUROPEAN AFFAIRS

I. ORGANIGRAM



II. Dynamics of Employment in SEA

The Secretariat for European Affairs currently has in total 59 full time employees and 23 persons are engaged through an agency of temporary employments (based on service contracts). According to the new Rulebook on Systematization of Jobs in SEA 222 posts are envisaged.

The horizontal coordination of the process of programming and monitoring the Instrument for Pre-Accession and the process of conferral of management for DIS, is done by the Sector for Coordination of Foreign Assistance, where 7 people are employed full time, and 4 are on contractual basis. The Sector is strongly supported by three ongoing projects which account for additional 6 people, aiming at strengthening the capacity of the Sector.

Gradually, according to the NPAA, the Secretariat envisages the following pace of employments:

2008 -30

2009 - 5

2010 - 5

TOTAL: 40

III. MANDATE

According to the Law on Organisation and Operation of the State Administrative Bodies, Official Gazette, No.58/00, 44/02, and the Law on the Government of the former Yugoslav Republic of Macedonia, Official Gazette, No.59/00, 12/03, 55/05, 115/07, The Secretariat for European Affairs is a government body, performing activities in the area of European integration as the main interlocutor for communication with the Commission. In its daily activities, SEA is the main national body entirely responsible for coordination of donor assistance in the country and donor coordination, responding to the National Coordinator of Foreign Assistance, the Deputy Prime Minister in charge of European Affairs.

IV. BUDGET OF THE SEA

The present structure of the Secretariat functions with the budget of 168.000.000,00 MKD for 2008.

V. BRIEF DESCRIPTION OF THE SECTORS IN SEA

The structure of the organisational forms established within the Secretariat is the following:

Cabinet of the Deputy Prime Minister responsible for European Affairs which consists of the following units:

- Unit for Professional and Administrative Support
- Unit for Policy Analyses

Sector for Integration

- Unit for Justice, Freedom and Security
- Unit for Internal Market and Competition
- Unit for Agriculture and Food Safety
- Unit for Economic and Financial Issues, Taxation and Customs Union
- Unit for Transport, Environment, Energy and Regional Policy
- Unit for Innovation, Information Society and Social Policy

Sector for support of the negotiations for membership of the former Yugoslav Republic of Macedonia in the European Union, which consists of the following units:

- Unit for Legal Support of the Negotiations and
- Unit for Negotiation Support within the Mission of the country to the EU (Administrative and Technical Support of the Negotiations).

Sector for Institution Building, which consists of the following units:

- Unit for Training in European Affairs
- Unit for Co-operation and Partnership
- Unit for Institutional Adjustment

Sector for Preparation of the National Version of the *Acquis communautaire* (the body of EU legislation), which consists of the following units:

- Unit for Translation Coordination
- Unit for Revision and Terminology

Sector for Coordination of EU Funds and other Foreign Assistance, which consists of the following units:

- Unit for EU funds
- Unit for Bilateral and Multilateral Assistance
- Unit for Monitoring and Evaluation of the EU Programmes

Sector for Public Relations

- Unit for Information and Public Relations
- Unit for Media Relations
- Info Centre

Sector for General Affairs and Budget, which consists of the following units:

- Unit for Legal and Administrative Support
- Unit for Budget
- Unit for Information Technology Communication
- Unit for Strategic Planning, Policy Making and Monitoring
- Unit for Human Resources Management

VI) BRIEF DESCRIPTION OF THE SECTORS IN THE SECTOR FOR COORDINATION OF EU FUNDS AND OTHER FOREIGN ASSISTANCE

The Sector for Coordination of EU funds and other foreign assistance is competent for performing the following activities and tasks:

- assists the National Aid Coordinator (the member of the Government responsible for European affairs) in programming the priorities of the country for using the foreign assistance and monitoring their realisation;
- coordination and monitoring of the utilization of EU programmes and instruments for support of the process of European integration of the country;
- coordination and monitoring of the decentralised system of foreign support management;
- foreign assistance coordination from the EU Member States;
- coordination of other bilateral and multilateral foreign assistance related to reforms complementary to the process of integration of the country in the European Union;

- participation in the negotiations with the European Union, its Member States and with the international organisations for the use, scope and value of the programmes;
- provision of expert and administrative support of the working bodies of the Government for issues in the area of foreign assistance coordination;
- programming, enforcing and monitoring the implementation of the programmes and projects whose beneficiary is the Secretariat;
- support of the ministries and other state administrative bodies in the preparation of the draft projects and programmes for assistance and their implementation;
- keeping and updating databases for foreign assistance;
- cooperation and coordination with the other sectors within the Secretariat and with other state administrative bodies and other issues related to the foreign assistance coordination.

Unit for Utilization of European Funds

The Unit for Utilization of the European Programmes and Instruments performs activities in relation to programming the use, scope and value of the EU programmes, their monitoring and preparation of reports for realisation of the programmes; coordinating and monitoring the utilization of EU programmes and instruments; coordination and monitoring of the decentralised system of foreign assistance management; coordination of the utilization of the Community programmes; coordination of the utilization of the TAIEX instrument by the country; coordination of the utilization of the Twinning instrument by the country; coordination of the utilization by and the participation of the country in other EU programmes and instruments for support of the process of European integration of the country; programming, enforcing and monitoring the programmes and projects whose beneficiary is the Secretariat; support of the ministries and other state administrative bodies in the preparation of the draft projects and programmes for assistance and their implementation; expert and administrative support of the working bodies of the Government for issues in the area of foreign assistance and other issues in relation to the foreign assistance coordination; and other issues related to the process of foreign assistance coordination.

Unit for Bilateral and Multilateral Assistance

The Unit for Bilateral and Multilateral Assistance performs activities in relation to coordination of the bilateral foreign assistance from the EU Member States and of other bilateral and multilateral foreign assistance related to the reforms complementary to the process of integration of the country in the European Union; participation in negotiations with the EU Member States, the other countries and with the international organisations for the use, scope and value of the programmes; programming, enforcing and monitoring the bilateral programmes and projects whose beneficiary is the Secretariat; support of the ministries and other state administrative bodies in the preparation of the draft projects and programmes for assistance and their implementation; drawing up reports on the realisation of the programmes and projects supported with foreign assistance; keeping and updating databases for foreign assistance; expert and administrative support of the working bodies of the Government for issues in the area of foreign assistance; and other issues related to the process of foreign assistance coordination.

Unit for Monitoring and Evaluation of EU Programmes

A new separate Unit for monitoring and evaluation of EU Programmes, will be established for the purposes of the monitoring and evaluation. It will serve NIPAC as her technical support/secretariat in the work of the IPA Monitoring Committee, but in the same time it will be the core of the Sectoral Monitoring Committee for the first IPA component. Its staff will be also involved in the work of the other Sectoral Monitoring committees for the other components. It will serve NIPAC as a supervision body pre-checking the reports on implementation (as defined in Article 61(3) that should be submitted

by SPOs to the Sectoral Monitoring Committees, and eventually to NIPAC and the IPA Monitoring Committee. It will also establish a network of contact points within the ministries/beneficiaries which will serve as source of information. Staff working in this unit will also participate, when necessary into the work of Steering Committees of different projects.

ANNEX 4 - Reference to laws, regulations and strategic documents:

4.a) Reference list of relevant laws and regulations

Key laws and regulations on Management of EU funds:

- Constitution, 1991;
- Law on Internal Audit in the Public Sector, 2004;
- Law on PIFC, 2006;
- Law on State Audit, 2004;
- Law on Public Procurement, 2004;
- Law on Budgets, 2004;
- Law on Accounting for Budget and Budget Users, 2002;
- Rulebook on Accounting for Budget and Budget Users, 2003;
- Rulebook on the Manner of Performing Internal Audit Operations, 2003;
- Manual on the Manner of Acting of the Budget Users and the Spending Units during the Treasury Operations, 2004;
- Manual on the Keeping Records of the Assumed Liabilities by the Budget Users and the Spending Units, 2003;
- Manual on Internal Audit, 2004;
- Manual on the Manner of Opening and Closing the Accounts of the Budget Users and the Spending Units in the Treasury Ledger, 2001;
- Manual on Revenue Classification, 2004;
- Manual on Expenditure Classification, 1997;
- Law on Calculation and Collection of Public Revenues, 2004;
- Law on Payment Operations, 2003;
- Law on Expropriation, 2003;
- Law on Rights, Obligations and Responsibilities of the State Administration Bodies, 2002;
- Law on Execution of the Budget for the respective year.
- Rules of Procedure for Operation of the Government, 2006;
- The Methodology on Strategic Planning and Preparation of the Annual Work Programme of the Government, 2003;
- The Methodology on Policy Analysis and Co-ordination, 2006;
- Law on Government, 2003;
- Law on Organisation and Operation of the State Administrative Bodies, 2002;
- Law on Civil Servants, 2004;
- The Code of Ethics for Civil Servants, 2004;
- Law on Administrative Inspection, 2004;
- Law on Prevention of Corruption, 2004;
- Law on Free Access to Public Information, 2006;
- Law on State Administrative Bodies Organization and Performance, 2002;

4.b) Reference to AP/NPAA/SAA

Reference to the SAA: The programme addresses the objectives of the SAA for “the development of civic society and democratisation, institution building and public administration reform”. The programme also addresses the requirements of the SAA Article 83 for “the adoption of a common accounting system compatible with European standards.”

Reference to the Accession Partnership:

Reference to the EC Opinion and to the Analytical Report for the Opinion:

Reference to the Progress Report: The progress reports states following:

NPAA action plan

4.c) Reference to MIPD

The MIPD for the period 2008-2010 states that pre-accession assistance shall help preparing the country for decentralised management of EU funds. The documents states that further assistance is necessary in order to continue the support for faster progress with the DIS. “The national administration must be endowed with the necessary structures as well as the management expertise and capacity to assume full responsibility for the decentralised management of IPA funds. Thus, assistance shall help to develop the capacity of the established DIS structures and to develop accountable administration and institutions, with appropriate level of institutional and administrative capacity, including internal controls and audits. “

4.d) Reference to National Development Plan

The NDP 2008-2013 is in close relation with the National Strategy for EU Integration and further indicates that there should be efficient information sharing of existing calls for proposals to the final beneficiaries, sound management, monitoring, control and audit systems established in order to properly implement the IPA programmes in decentralized implementation of EU funds. The improved administrative capacity is a precondition to for the adequate design and implementation of the Operative Programmes

4.e) Reference to national / sectoral investment plans

The project directly links to the following key strategies and action plans in the sector:

- National Strategy for European Integration
- National Programme for Adoption of the Acquis
- Pre-Accession Economic Programme (2007-2009).

ANNEX 5- Details per EU funded contract

Project Management and Administration

The project is attached to the NIPAC, who is responsible for overall project implementation. The training in different fields will be done through the IPA Training Facility, situated in SEA. The different Operating Structures will receive capacity building support and final beneficiaries will receive training.

As a rather large number of different beneficiaries will be involved in the project, a comprehensive steering committee will be established to ensure appropriate inclusion of the different stakeholders.

Through the Service Contract a team leader would be engaged responsible for the overall activity implementation and sound management of the project. He/She will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting. The core project team will be placed within the NIPAC office. Next to the team leader, additional expertise will be engaged to build capacities of the structures in place and the final beneficiaries.

The contracting arrangements are as follows:

- 1 Service contract will be concluded following an international restricted tender procedure to support the project with duration of 12 to 24 months. Implementation is expected to start in second quarter of 2010, and the contract value will be approx. EUR 1.6 Million.