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## ANNEX

### **NATIONAL PROGRAMME FOR THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA UNDER THE IPA TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2009**

#### **1. IDENTIFICATION**

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Beneficiary                                       | The former Yugoslav Republic of Macedonia                                                                                                                                                                                                                                                                                                                                        |
| CRIS number                                       | 2009/021-665, 2009/021-738                                                                                                                                                                                                                                                                                                                                                       |
| Year                                              | 2009                                                                                                                                                                                                                                                                                                                                                                             |
| Cost                                              | EUR 37 060 500                                                                                                                                                                                                                                                                                                                                                                   |
| Implementing Authority                            | The Central Finance and Contracting Department in the Ministry of Finance (CFCD), upon Conferral of Management Powers, except for the projects:<br><br>4.1 'Participation in Community Programmes and Agencies', and 4.3 'Preparatory Measures for Participation in the Lifelong Learning and Youth in Action Programmes', which will be implemented by the European Commission. |
| Final date for concluding the financing agreement | at the latest by 31 December 2010                                                                                                                                                                                                                                                                                                                                                |
| Final dates for contracting                       | 2 years following the date of conclusion of the Financing Agreements.<br><br>These dates apply also to the national co-financing.<br><br>No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166 (2) of the Financing Regulation.                                                                                       |
| Final dates for execution                         | 2 years following the end date for contracting.<br><br>These dates apply also to the national co-financing.                                                                                                                                                                                                                                                                      |
| Sector Code                                       | 11110, 11430, 12110, 15110, 15111, 15112, 15130, 15153, 15210, 15150, 15160, 16061, 16062, 21010, 23010, 31110, 41010, 52010, 91010                                                                                                                                                                                                                                              |
| Budget line(s) concerned                          | 22.020100                                                                                                                                                                                                                                                                                                                                                                        |
| Programming Task Manager                          | DG Enlargement, Unit 'The former Yugoslav Republic of Macedonia'                                                                                                                                                                                                                                                                                                                 |
| Implementation Task Manager                       | The Central Finance and Contracting Department in the Ministry of Finance (CFCD), Skopje<br><br>European Commission Delegation, Skopje                                                                                                                                                                                                                                           |

## 2. PRIORITY AXES AND PROJECTS

### 2.a Priority axes

The programme's strategic reference is the Multi-Annual Indicative Planning Document (MIPD) 2009-2011. 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. Financial assistance under IPA component I aims at providing for Transition Assistance and Institution Building which is needed to meet this objective. The MIPD envisages the following four major areas of intervention:

- Political criteria
- Socio-Economic criteria
- Ability to assume the obligations of EU membership
- Support to programming and participation in Community Programmes and Agencies

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, possible follow-up on previous and ongoing projects was taken into consideration. Fourthly, the projects were screened on their maturity in the sense of preparedness of the intended beneficiaries to receive and manage the support. And finally, the projects were screened against possible overlap with ongoing assistance in the country.

The programme is summarized in the sections below.

#### **2.a.1 Political criteria (EUR 8.742 million)<sup>1</sup>**

In reference to this priority, the programme envisages strengthening the administrative capacity of the relevant institutions to ensure sound and efficient management of EU funds, contributing to a strengthened central and local administrative capacity to implement the decentralisation process. Regarding the rule of law and good governance, this year programme gives attention to further strengthening of an independent and efficient judicial system. It further aims at providing technical and material assistance to prioritised institutions, including the Ministries of Justice, Interior, Local Self Government, and the Civil Servants Agency. Also, the national programme foresees assistance to foster civil society development and dialogue, as

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<sup>1</sup> The amounts in brackets refer to the EU contribution (excl. national co-financing).

well as to the Ministry of Culture for the revitalisation of the tourist site 'St George – Staro Nagorichane', in line with the Ljubljana Process.

### **2.a.2 Socio-economic criteria (EUR 4.037 million)**

Technical and material support is given to the State Statistical Office, to further contribute to the harmonization of the field with the EU acquis. Furthermore, technical support is provided to the Department for macro-economy of the Ministry of Finance, the Commission for Protection of Competition, and the National Bank.

### **2.a.3 Ability to assume the obligations of EU membership (EUR 17.935 million)**

The focus of this year assistance in this area is on the adoption of the *acquis* including building institutional and administrative capacity for transposing, implementing and enforcing the *acquis* according to the priorities identified in the Accession Partnership. The areas of focus are Transport, Agriculture, Environment, Energy, Information Society, Integrated Border Management, Customs, and Food Safety.

### **2.a.4 Support to programming and participation in Community Programmes and Agencies (EUR 6.345 million)**

The IPA 2009 Project Preparation and Support Facility proved crucial in creating proper documentations for the EU assistance. The main purpose of the Project Preparation and Support Facility (PPSF) is to allow project preparation to proceed in a quick and effective manner. And finally, the programme supports the participation of the country in a series of Community Programmes and Agencies which are deemed essential for the country's further cohesion process.

## **2. b Description of projects grouped per priority axes and (if relevant) per measure<sup>2</sup>**

| <b>Priority Axis and project names</b> | <b>Indicative EC contribution, million €</b> | <b>Project purpose and implementation summary (type of contract/agreement, <u>indicative</u> amount and <u>indicative</u> launch date of tender procedure)</b> |
|----------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
|----------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|

### **Priority 1: Political Criteria**

|                                                                                 |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1. Support in the Implementation of the Reform of the Criminal Justice System | 1.27 | <p><u>Project purpose:</u> To promote the capacity of public prosecutors, judiciary police and other actors with an active role in criminal proceedings for implementing the new legislation in practice.</p> <p><u>Implementation:</u> <b>One service contract</b> for the implementation of Component 1 and Component 2 (EUR 977 500). Procurement procedure to start Q2 2011.</p> <p><b>One supply contract</b> for the provision of equipment for the Investigative centres (EUR 292 500). Procurement procedure to start Q4 2011.</p> |
| 1.2. Capacity Building of the Law Enforcement                                   | 1.8  | <p><u>Project purpose:</u> The project purpose is to develop national capacities for ensuring full observance of human rights by law enforcement agencies and investigative institutions, including strengthening the effectiveness of investigations of allegations</p>                                                                                                                                                                                                                                                                   |

<sup>2</sup> All budget amounts provided relate only to the IPA contribution

Agencies for  
Appropriate  
Treatment of  
Detained and  
Sentenced Persons

of torture and of ill-treatment.

Implementation: **One direct Grant Contract\*** awarded to the Council of Europe, with a value of EUR 2 000 000 (IPA contribution EUR 1 800 000). In addition, the Council of Europe will contribute with EUR 100 000 as a co-financing and the overall project value becomes EUR 2 100 000. Procurement procedure to start Q2 2010.

The grant\* will be directly awarded to the Council of Europe, in line with Art.168.1(c) of the IR which allows for grants to be awarded without a call for proposals to bodies with a de facto monopoly, since this organisation possesses the relevant competencies and previous directly-relevant experience in the country and the region, and being recognised as the lead agency in addressing the issue of human rights.

1.3. Support to the  
National Police and  
Criminal Law  
Reform

1.026

Project purpose: To strengthen the field capacities of the Bureau for Public Security, notably the units on regional and local level in the area of criminal investigation, including the cooperation with the Public Prosecutor's offices.

Implementation: **One twinning contract\*\*** (EUR 1 026 000). Procurement procedure to start in Q2 2010.

1.4. Support to  
Enhancement,  
Sustainability and  
Development of an  
Active Civil  
Society

1.5

Project purpose: The project's purpose is to strengthen the capacity of Civil Society Sector in fight against corruption and organised crime, in protection of human rights, and the NGO management and networking, including joint implementation of community based activities and social services, resource mobilisation, mobilising voluntary work, institutional cooperation between NGOs and between NGOs and the central and local government.

Implementation: Approximately **20 grants\*** will be signed after maximum **two calls for proposals** for the different areas. The contracts will have a value ranging from EUR 30 000 to EUR 150 000. The total budget from IPA for the grants is 1 500 000 EUR. Calls for proposals to be launched in Q1 2011.

1.5. Building  
Effective and  
Democratic Local  
Government

0.99

Project purpose: The project purpose is to improve the capacity of the Ministry of Local Self Government together with ZELS and a selected number of municipalities to take on the responsibilities arising from the implementation of the Law on Local Self-Government.

Implementation: **One service contract** (EUR 823 750). Procurement procedure to start in Q2 2010.

**One works contract** for the refurbishing works in a number of selected municipalities (EUR 166 250). Procurement procedure to start in Q4 2010.

1.6. Technical  
Assistance to the  
Civil Servants  
Agency and  
Strengthening the  
Implementation of  
the National  
System for  
Training  
Coordination

0.99

Project purpose: The purpose of the project is to strengthen both the national system for training coordination and the implementation of the regulatory framework relating to the management of the civil service.

Implementation: **One service contract** (EUR 990 000). Procurement procedure to start in Q2 2010.

1.7. Conservation  
and Revitalization  
of the Cultural –  
Tourist Site St.  
George – Staro

1.166

Project purpose: The purpose of the project is the conservation and revitalisation of the monastery complex of St. George in Staro Nagorichane.

Implementation: **One works contract**, with the procurement procedure expected for Q2 2010 (EUR 450 000).

Nagorichane

**One direct grant\*** will be awarded to the National Conservation Centre – Skopje (former Institute for Protection of Cultural Heritage). It is intended that the grant\* will be directly awarded to the this institution, in line with Art.168.1(c) of the IR which allows for grants to be awarded without a call for proposals to bodies with a de facto monopoly, since this organisation possesses the relevant competencies and previous directly-relevant experience in the country and the region, and being recognised as the lead and sole institution capable to conduct the necessary unique restoration activities in line with the project description. The procedure is to start Q2 2010 (EUR 318 000).

**Two framework contracts** are envisaged. One will be for preparations of the tendering procedure to start in Q1 2010 in the amount of EUR 199 000. The second FWC will assist the beneficiary in the supervision of the works in the amount of EUR 199 000. The procedure is to start Q2 2010.

**Priority 2:  
Economic Criteria**

- |                                                                                                                                                                                       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1. Strengthening the Capacity of the Ministry of Finance for Macroeconomic Analysis and Policy Formulation in order to Improve Policy Making and Meet the Criteria for EU Accession | 1.217 | <p><u>Project purpose:</u> To improve the economic analysis skills in the Ministry of Finance, aiming to design a coherent medium and long-term macro-fiscal framework.</p> <p><u>Implementation:</u> <b>One twinning contract**</b> for the development of the capacity of the macroeconomic department for economic analysis and modelling and improvement of the process of budget planning in the MoF (EUR 902 500). Procurement procedure to start Q2 2010.</p> <p><b>One service contract</b> to improve the organisation of data, in particular developing effective data base and data storage in the Macroeconomic Policy Department (EUR 315 000). Procurement procedure to start Q2 2010.</p> |
| 2.2. Review of Legal, Organizational and Resource Requirements for the National Bank in the process of European Central Bank and European System of Central Banks Accession           | 0.405 | <p><u>Project purpose:</u> To strengthen the institutional capacity of the National Bank by reviewing the legal, organizational and resource requirements for alignment with the standard institutional and operational framework of the European System of Central Banks and European Central Bank.</p> <p><u>Implementation:</u> <b>One direct grant</b> between the ECB and the European Commission, based on article 168.1(c) (de facto monopoly). Procedure to start Q3 2010 (EUR 405 000).</p>                                                                                                                                                                                                     |
| 2.3. Support to the State Statistical Office for Capacity Building and Improving Compliance of Statistics with EU Standards                                                           | 1.465 | <p><u>Project purpose:</u> To develop the capacity of the State Statistical Office to improve compliance with the EU acquis in statistics, with a focus on national accounts, economic statistics, and social statistics.</p> <p><u>Implementation:</u> <b>One twinning contract**</b> (EUR 1 140 000). Procurement procedures to start Q2 2010.</p> <p><b>One supply contract</b> (EUR 225 000). Procurement procedure to start Q3 2011.</p> <p><b>One framework contract</b> for supporting the software solutions in the amount of EUR 100 000. Procurement procedure to start Q3 2011.</p>                                                                                                           |
| 2.4. Assistance to the Commission for Protection of Competition for State Aid Control                                                                                                 | 0.95  | <p><u>Project purpose:</u> To enhance the capacity of CPC to manage and enforce EU state aid policies, to raise knowledge and understanding by state aid providers and to improve the overall planning, reporting and monitoring of state aid.</p> <p><u>Implementation:</u> <b>One twinning contract**</b> (EUR 950 000). Procurement procedure</p>                                                                                                                                                                                                                                                                                                                                                     |

(CPC)

to start Q2 2010.

**Priority 3: Ability to assume the obligations of EU membership (Acquis Communautaire)**

3.1. Enhancing the Administrative Capacity of Telecom and Media Authorities for Efficient Regulation of New Digital and Multiple Play Services

0.81

Project purpose: To enhance the capacities of telecom and media regulators in their tracking of communications markets developments, implementation of the EU regulatory framework for electronic communications and for audiovisual media services, for their performing of different types of content regulation and for the building an efficient consumer protection system.

Implementation: **One service contract** (EUR 810 000). Procurement procedure to start Q2 2010.

3.2. Institution Building of the Administrative Capacity for Agriculture and Rural Development Policy Implementation

2.597

Project purpose: To strengthen the national and regional capabilities that are required to tackle the priorities for EU accession and market-orientated reforms and development in the sector.

Implementation: **One service contract** for the upgrade of the Land Parcel Identification System within the Integrated Administration and Control System. The TOR will be developed during 2009 and launched in Q1 2010 (EUR 702 000).

**A twinning project/contract\*\*** for the gradual introduction of the cross-compliance into direct payments scheme, to be launched in Q2 2010 (EUR 902 500).

**A second twinning project/contract\*\*** to strengthen the implementation of the new legislation on organic agriculture production and sub-component and the set-up of the systems for development and protection of quality agriculture products and foodstuffs. The project will be launched in Q2 2010 (EUR 655 500).

**One supply contract**, sub-divided in appropriate Lots, to provide the IT equipment for the two components, as well as the necessary laboratory equipment within the State Phytosanitary Laboratory, designated for testing of the soil, water and other parameters, as well as organic agricultural production and products (EUR 337 500). Procurement procedure to start Q3 2010.

3.3. Capacity Building of the Competent Authorities for Food Safety, Veterinary and Phytosanitary Policy

1.744

Project purpose: To improve the institutional framework for food safety, in the country by strengthening the existing system of competent bodies and institutions in order to ensure an integrated multidisciplinary approach, covering all food chain stages.

Implementation: **One service contract** (EUR 1 744 425). Procurement procedure to start Q3 2010.

3.4. Strengthening the Administrative and Operational Capacity of the State Transport Inspectorate for Effective Enforcement of the

0.72

Project purpose: To improve the operational, management and administrative capacity of the State Transport Inspectorate in order to be able to implement responsibilities with regards to road transport inspection deriving from the EU acquis as transposed in the Law on Road Transport, Law on Public Roads and the Law on Transport of Carriage of Dangerous Goods by Road and Rail.

Implementation: **One service contract** for technical assistance (EUR 720 000). Procurement procedure to start Q2 2010.

Road Transport  
Legislation

- 3.5. Strengthening the Administrative Capacity of the Energy Department in the Ministry of Economy and the Energy Agency 1.701 Project purpose: To strengthen institutional capacities of the Ministry of Economy's Energy Department and the Energy Agency, for developing, monitoring and evaluating the energy sector reforms necessary for the alignment with the Energy acquis and other relevant EU obligations.  
Implementation: **One service contract** (EUR 1 701 000). Procurement procedures to start Q2 2010.
- 3.6. Strengthening the Institutional Capacity for Approximation and Implementation of Environmental Legislation in the Areas of Water Management and Nature Protection 2.985 Project purpose: To further approximate and implement the environmental acquis, through strengthening the administrative capacities for environmental management in the fields of water management and nature protection.  
Implementation: **One service contract** will cover the strengthening of the national administrative capacities for nature conservation and implementation of the obligations from the Birds and Habitats Directives (EUR 1 080 000). Procurement procedure to start Q2 2010.  
**A second service contract** will cover the strengthening of the national administrative capacities for water management (EUR 1 530 000). Procurement procedure to start Q2 2010.  
**One or more supply contracts** for the supply of prioritised equipment (EUR 375 000). Procurement procedure to start Q2 2011.
- 3.7. Strengthening the Capacity of the Customs Administration 2.91 Project purpose: The strengthening of the operational capacity of the national Customs Administration in accordance with EU standards in the core Customs and Taxation business areas of the European Community Customs tariff and to ensure full compatibility and interoperability of the Customs IT systems with the related EU Customs IT interoperability systems. (The concerned Integrated Tariff Environment systems are TARIC, European Binding Tariff Information, Quota, Surveillance, the European Customs Inventory of Chemical Substances).  
Implementation: **One service contract** for ITE-related project management on related business change management (EUR 900 000). Procurement procedure to start Q2 2010.  
**A second service contract** for ITE Development - Software Development Service (EUR 1 710 000). Procurement procedure to start Q1 2010.  
**One supply contract** for provision of necessary equipment is foreseen (EUR 300 000). Procurement procedure to start Q2 2011.
- 3.8. Strengthening the Blood Safety System 0.897 Project purpose: The strengthening of the blood safety system, through appropriate implementation of the national legislation in the area of blood safety, aligned with the EU acquis, as well as through providing safe, optimal and self-sustainable supply with blood and blood components to all health institutions in the country.  
Implementation: **One service contract** (EUR 433 800). Procurement procedure to start Q2 2010.  
**One supply contract** (EUR 463 350). Procurement procedure to start Q2 2010.
- 3.9. Integrated Border Management 3.57 Project purpose: The overall purpose of the project is the completion of the existing digital radio TETRA communication system.  
Implementation: **One service contract** to support the development of the TETRA project (including the development of specifications and supervision of installation) (EUR 720 000). Procurement procedure to start Q2 2010.



**One supply contract** for the delivery and installation, as well as associated training of the TETRA system is envisaged (EUR 2 850 000). Procurement procedure to start Q1 2011.

**Priority 4:  
Support Programmes**

|                                                                                                                 |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1. Participation in Community Programmes and Agencies                                                         | 1.633 | <p>Project purpose: To co-finance the costs of the "<b>entry-tickets</b>" for the participation in Community Programmes and Agencies. After the conclusions of the MoU establishing the countries' participation in a Community programme, the Commission awards for each entry-ticket a grant for the reimbursable amount. The IPA funds are transferred to the country as reimbursement after it has paid its entry-tickets to the programme, on the basis of a grant, request for funds by the beneficiary and proof of payment.</p> <p><u>Implementation:</u> The participation of the beneficiary country in Community programmes shall follow the specific terms and conditions set out for each such programme in the memorandum of understanding to be concluded by the Commission and the beneficiary country, in accordance with the agreements establishing the general principles for participation of the beneficiary country in Community programmes. It shall include provisions on both the total amount of the beneficiary country's contribution and the amount funded by assistance under the IPA regulation. As regards the entry tickets for the programmes for which a MoU is in force or enters in force by the end of 2009, contracting and payments are expected between Q1 and Q3 2010. For the other programmes, contracting and payments to be done during the Q4 2010 or Q1 2011.</p> |
| 4.2. Project Preparation and Support Facility (PPSF)                                                            | 2.712 | <p><u>Project purpose:</u> To allow project preparation to proceed in a quick and effective manner. The PPSF will support the preparation and early implementation of activities under the five IPA components.</p> <p><u>Implementation:</u> It is envisaged to deploy <b>10 to 30 framework</b> contracts, with a concentration of tenders in late 2010 and in the course of 2011 - 2012. The PPF will consist of funds covering the financing of short term or long term technical assistance (e.g. framework contractors) amounting from EUR 50 000 to EUR 199 999 per project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 4.3. Preparatory Measures for Participation in the Lifelong Learning (LLP) and Youth in Action (YiA) Programmes | 2     | <p><u>Project purpose:</u> To provide support to prepare the national agency (capacity building) to manage the programmes (complete the recruitment and training of the staff) under LLP and YiA, as well as to develop information campaigns for the potential beneficiaries and implement pilot activities.</p> <p><u>Implementation:</u> The measures will consist of activities which will be implemented according to a work plan to be agreed between the "National Agency for European Educational Programmes and Mobility", and DG EAC. It is envisaged that 2 direct grants agreements without call for proposals (one for LLP, and one for YiA) will be signed by DG EAC with the National Agency in the Q1 2010, for a maximum grant of 2 million € (total costs are estimated at EUR 2.6 million).</p> <p>Both grants will be awarded on the basis of Art. 168.1(c) of the Implementing Rules (direct award), the beneficiary (National Agency for the European Educational Programmes and Mobility) having a de jure monopoly.</p>                                                                                                                                                                                                                                                                                                                                                                    |

\* The essential selection and award criteria for the grants are laid down in the Practical Guide to contract procedures for EC external actions.

\*\* The essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.

## **2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor coordination.**

A large number of areas that are presently proposed to be supported through the IPA 2009 programme have previously received support through CARD or IPA 2007 and are to receive funds from IPA 2008 or by other donor agencies.

In the area of public administration reform support is given by UK, to enhance administrative capacities in particular for EU integration and complements the undertaken activities of developing a sustainable Human Resources Development Strategy. In the area of transport, energy and environment, support is provided from donors such as WB, GEF, Austria and Germany-KfW, Sweden.

The area of Integrated Border Management has received support from CARDS 2004 onwards; in addition to the EU assistance to the Criminal Justice system, the penitentiary system and the decentralisation process, they are complemented by allocations from OSCE, Norway, UK, USAID and other bilateral and multilateral contributions. Agriculture, phyto-sanitary, veterinary services have a significant support from Sweden and Germany.

In all cases, efforts are undertaken to avoid overlap and stimulate cooperation and foster complementing project activities

The present programme is – where relevant - designed to follow-up on these previous activities with a specific focus to strengthen the implementation capacities of the beneficiaries. With this, the programme, in its totality, is addressing one of the key findings recurring in several evaluations, i.e. although the legal and organisational reform is taking place, implementation ‘on the ground’ lags behind.

As was the case in the IPA 2008 programme, many lessons learned have been translated into conditions for implementation. These include the allocation of sufficient staff and budget, allocation of working space, arrangement of legal requirements, etc. In the past, these issues regularly were a cause for delays in project implementation.

The government expressed its commitment to improve effectiveness of foreign assistance and with the greater support of the donor community in the country developed a new concept of coordination "Programme-Based Approach" (PBA). The Government's Secretariat for European Affairs took again the lead for overall donor coordination by organising a meeting in December 2008 with representatives from bilateral and multilateral cooperation institutions. It became clear that before entering into discussions at sectoral level, agreement had to be reached among beneficiaries and donors on guiding principles. The government became aware of the necessity to recover donor coordination through a significantly strengthened national coordination mechanism, driven by the EU accession process. These views and ideas were laid down by a working group of donors (EC, WB, UN, Austria, Sweden, US and Switzerland) and the SEA plus the Ministry of Finance. The core of these working groups is the future use of a (PBA) which reflects the definitions by the OECD and the elements of the Paris Declaration on Aid Effectiveness and ensures that its implementation reflects, complements and enhances the beneficiary's effort to join the EU.

The present programme consist of projects that show the cooperation with other international agencies and EU bodies such as the Council of Europe in the area of human rights, as well as with the European Central Bank in the area of economic and monetary union, with a total value of (EUR 2.12 million). The present programme was discussed in the country with the international community and representatives from the Civil Society on 27-28 October 2008 and on 6/8 April 2009.

In addition, particular attention will be given to the projects financed under the Multi-Beneficiary IPA programmes, managed by the European Commission, which are linked to numerous sectors of common interest, such as justice, social issues, statistics, environment and refugees. In particular, three broader programmes of the Multi-Beneficiary IPA are including some projects managed at national level: (1) the project on civil society development, included in the broader Civil Society Facility; (2) the projects of infrastructures, included in the Financial Crisis Facility; and (3) municipal infrastructures, included in the Municipal Window.

#### **2.d Horizontal issues**

Horizontal or cross cutting issues, such as equal opportunities, support to minorities and vulnerable groups, civil society dialogue, environmental protection, good governance and fight against corruption 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 contracts 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 that each cross-cutting issue is appropriately mainstreamed.

The mainstreaming of the cross cutting issues is regarded on two different levels: (a) ensuring that the internal policies, structure or operating procedures of the beneficiary agency will conform to and promote the relevant principles, and (b) ensuring that the products, outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to and promote the relevant principles.

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

#### **2.e Conditions**

Agreement on the 2009 IPA Component I programme will depend on the national government ensuring the availability of sufficient resources and adequate organisational structures in the national authorities, in particular in the NIPAC office.

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 (cumulative)**

**Number of contracts per year contracted and source**

|                                                        | 2010       |    | 2011       |    | 2012        |    |
|--------------------------------------------------------|------------|----|------------|----|-------------|----|
|                                                        | EU         | NF | EU         | NF | EU          | NF |
| Number of Service Contracts contracted                 | 4          |    | 11         |    |             |    |
| Number of Supply Contracts contracted                  |            |    | 5          |    | 2           |    |
| Number of Work Contracts contracted                    |            |    | 2          |    |             |    |
| Number of Twinning contracted                          |            |    | 6          |    |             |    |
| Number of Direct Grant Awards contracted               | 4          |    | 1          |    |             |    |
| Number of Framework Contracts contracted               | 11         |    | 12         |    | 10          |    |
| Number of Call for proposals – grant scheme contracted |            |    | 2          |    |             |    |
| Number of Direct payments (CA & CP)                    | 16         |    |            |    |             |    |
| Total Contract per year contracted (cumulative)        | 35         | 0  | 74         | 0  | 86          | 0  |
| <b>Contracting Rate (%)</b>                            | <b>41%</b> |    | <b>86%</b> |    | <b>100%</b> |    |

**Notes:**

(i) The tables consist of all contracts envisaged in the project fiches.

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

Concerning the indicative roadmap for decentralisation of EU-assistance with ex-ante control (DIS), the situation is the following:

The establishment of the management and control system was decided by the Government in October 2005, following the changes in IPA Regulations it was revised in December 2006. The National Fund (NF) and the Central Contracting and Financing Department (CFCD) were established and the Programme Authorising Officer (PAO), the Competent Accrediting Officer (CAO) and the Senior Programme Officers (SPOs) have been nominated. In the first half of 2007 a Gap Assessment to comply with the new IPA Implementing Regulation has been carried out and the National Authorities have submitted a Gap Assessment report to the Commission. In a subsequent step, gap plugging was done during the second half of 2007-beginning of 2008. Following a compliance assessment and the accreditation of the system, the CAO submitted the application to the Commission for conferral of management on 23 January 2009. The Commission completed a verification mission in March 2009, which identified a substantial number of 'high risks' in the services of the NAO, NIPAC and line ministries. The final report of ELARG-auditors is expected to be delivered by July 2009 at the latest.

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.

### 3. BUDGET (AMOUNTS IN EUR)

#### 3.1. Indicative budget table

| Financing Proposal - Indicative Budget table (amounts in EUR)                                                                         |                           |                            |                        |                   |                            |                        |                  |             |                                  |                  |            |  |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|------------------------|-------------------|----------------------------|------------------------|------------------|-------------|----------------------------------|------------------|------------|--|
| IPA 2009 –<br><u>Decentralised</u><br>mode –<br><u>Public and IFI's</u><br><u>contribution</u><br><u>taken into</u><br><u>account</u> | Institution Building (IB) |                            |                        | Investment (INV)  |                            |                        | Total            |             | Total IPA Community contribution |                  |            |  |
|                                                                                                                                       | Total expenditure         | IPA Community contribution | National contribution* | Total expenditure | IPA Community contribution | National contribution* | (IB + INV)       |             | Total IPA Community contribution |                  |            |  |
|                                                                                                                                       | EUR                       | EUR                        | EUR                    | EUR               | EUR                        | EUR                    | EUR              | EUR         | EUR                              | EUR              |            |  |
|                                                                                                                                       | (a)=(b)+(c)               | (b)                        | (c)                    | (d)=(e)+(f)       | (e)                        | (f)                    | (g)=(a)+(d)      | (h)=(b)+(e) | (2)%                             | (2)%             |            |  |
| <b>I Priority axis</b><br><b>Political Criteria</b>                                                                                   |                           |                            |                        |                   |                            |                        |                  |             |                                  |                  |            |  |
| 1.1 Support in the Implementation of the Reform of the Criminal Justice System                                                        | <b>8 079 388</b>          | <b>7 515 250</b>           | <b>564 138</b>         | <b>1 635 666</b>  | <b>1 226 750</b>           | <b>408 916</b>         | <b>9 715 054</b> | <b>75%</b>  | <b>25%</b>                       | <b>8 742 000</b> | <b>24%</b> |  |
|                                                                                                                                       |                           |                            |                        |                   |                            |                        |                  |             |                                  |                  |            |  |
| 1.2 Capacity Building of the Law Enforcement Agencies for Appropriate Treatment of Detained and Sentenced Persons                     | <b>2 000 000</b>          | 1 800 000                  | 200 000                | <b>0</b>          | 0                          | 0                      | <b>2 000 000</b> | 0%          | 0%                               | <b>1 800 000</b> |            |  |
| 1.3 Support to the National Police and Criminal Law Reform                                                                            | <b>1 080 000</b>          | 1 026 000                  | 54 000                 | <b>0</b>          | 0                          | 0                      | <b>1 080 000</b> | 0%          | 0%                               | <b>1 026 000</b> |            |  |
| 1.4 Support to Enhancement, Sustainability and Development of an                                                                      | <b>1 500 000</b>          | 1 500 000                  | 0                      | <b>0</b>          | 0                          | 0                      | <b>1 500 000</b> | 0%          | 0%                               | <b>1 500 000</b> |            |  |









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

The National Programme referred to in this Financing Proposal is in the amount of EUR 37 060 500 and will be implemented by decentralised management with ex-ante control, upon Conferral of Management Powers, except for the projects 4.1 and 4.3, which will be implemented by centralised management.

The Community contribution, which represents 87% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of decentralised management is based on the **public expenditure**. Joint co-financing will be used as a rule.

Since this years programme is based on the DIS principles, the projects were programmed under joint co-financing, where the minimum rates for co-financing are  $\geq 10\%$  for Institution Building,  $\geq 25\%$  for Investments (Supply contracts), 5% for Twinning, of the public expenditure at the level each project (project have both institution building-IB and investment -INV components).

The national co-financing for the year 2009 has increased (from around EUR 2.7 million in 2007 to EUR 5.371 million), although not all the projects comply with the minimum threshold for co-financing above mentioned. This relative improvement reflects the commitment of the country to increase the ownership of the process, following the changes in government and the situation where conferral of management has not been undertaken by the national authorities yet. The national co-financing funds have been clearly earmarked in the national budget and clear commitments have been taken by the government, NIPAC, NAO and the final beneficiaries in line with the IPA Implementing Regulation.

In the case of grants, final grant beneficiaries should contribute with a minimum of 10 % of the eligible expenditure of the project, both for investment and institution building projects and a minimum of 5% of the eligible expenditure in the case of twinning.

The funding for Grants (IB+INV) is project and/or action based. Although not shown in the indicative budget table above, the final beneficiaries will contribute with a minimum of 10% of the eligible expenditure of the action, amounting to more then EUR 166 666 (to be further determined during the detailed design phase of the Guidelines for applicants).

The direct awarded grants to the international organisations have different level of co-financing and IPA participation. The grant to CoE will be 90 % financed from the IPA budget, where the CoE is participating with EUR 0.1 million in addition to the national co-financing of 10%.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Method of implementation**

This programme shall be implemented by decentralized management, upon Conferral of Management Powers, in accordance with article 53c of the Financial Regulation<sup>3</sup> and the corresponding provisions of the Implementing Rules<sup>4</sup>, except for the projects 4.1 and 4.3, which will be implemented by centralised management, as per article 53a. More concretely, the project 4.1 will be implemented by the EC Delegation at Skopje, and the project 4.3 will be implemented by DG EAC. For projects implemented by decentralised management, the Beneficiary Country will continue to ensure that the conditions laid down in Art. 56 of the Financial Regulation are respected at all times.

The ex-ante control by the Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the Commission allows for decentralised management without ex-ante controls as referred in Article 18 of the IPA Implementing Regulation.

### **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 Contracting Authorities shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>5</sup> at the date of the initiation of the procurement or grant award procedure.

The Commission shall use also the procedural guidelines and standard templates and models facilitating the application of the above rules provided for on DG BUDGET website at the date of the initiation of the grant award.

### **4.3. Implementation Principles for Twinning Projects**

This year's programme has included six (6) full Twinning Arrangements in areas such as Criminal Law Reforms, Agriculture, Macroeconomics, Competition Policy and Statistics. 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.

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<sup>3</sup> Regulation 1605/2002 (OJ L 248, 16.9.2002, p.1)

<sup>4</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1)

<sup>5</sup> Current address: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the Website of DG ELARG at the following address: [http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)

#### **4.4. Environmental Impact Assessment and Nature Conservation**

All investments shall be carried out in compliance with the relevant Community environmental legislation. None of the projects which are part of this programme fall within the scope of EIA-directive<sup>6</sup>. Therefore, no environmental impact assessment needs to be made for each project<sup>7</sup>, equivalent to that provided for by the EIA-directive.

Since none of the projects envisaged are likely to affect sites of nature conservation importance, there is no indication to conduct an appropriate nature conservation assessment for the programme/ projects<sup>8</sup>, equivalent to that provided for in Art. 6 of the Habitats Directive<sup>9</sup>.

### **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 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, where relevant, ex post evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation with an aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

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<sup>6</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40).

<sup>7</sup> Cf. Annex EIA to the corresponding investment project fiche.

<sup>8</sup> Cf. Annex Nature Conservation to the corresponding investment project fiche

<sup>9</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

After the conferral of management powers, the responsibility for carrying out interim evaluations shall lie with the beneficiary country, without the Commission's rights to perform any ad hoc interim evaluations of the programmes it deems necessary.

Ex post evaluation shall remain a prerogative of the Commission even after the conferral of management powers to the beneficiary country.

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

The Commission may also carry out strategic evaluations.

## **6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES; FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS**

### **6.1. Audit, Financial Control and Anti-fraud measures**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>10</sup>.

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

### **6.2. Financial adjustments**

The national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the Community assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community assistance.

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

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<sup>10</sup> Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

### **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**

Beneficiary countries shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006<sup>11</sup>. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union; non disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts.

Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission

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<sup>11</sup> OJ L371, 27.12.2006, p. 1.

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 Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the Commission and the beneficiary country [*or, where the latter does not exist, in the Financing Agreement implementing this programme*].

A financial correction may arise following:

- i) identification of a specific irregularity, including fraud; or
- ii) identification of a weakness or deficiency in the management and control systems of the beneficiary country;

If the Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Community financing.

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

## **7. NON SUBSTANTIAL REALLOCATIONS OF FUNDS**

The authorising officer by delegation (AOD) or the authorising officer by sub-delegation (AOSD) of the European Commission, in line with the delegation of powers conferred upon him 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.

## **8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME**

Limited adjustments in the implementation of this programme affecting elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>12</sup>, may be undertaken by the authorising officer by delegation (AOD) or by the authorising officer by sub-delegation (AOSD) of the European Commission, in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>12</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.