



**To: H.E. Mr Samuel Zbogar**  
**Head of the Delegation of the European Union**  
**to the Republic of Macedonia**

No. 11-27/2018  
Skopje, 02.10. October 2018

Government of the Republic of  
Macedonia

Secretariat for European Affairs

**Subject: Signing of the Annual Action Programme for the Republic of Macedonia for**  
**the year 2017**

Quay Dimitar Vlahov N.4, 1000 Skopje,  
Republic of Macedonia  
Tel. +389 (0)2 3200 100  
Fax. +389 (0)2 3114 569  
www.sep.gov.mk

Dear Mr. Zbogar,

Please find enclosed the Exchange Letter for Signing the Financial Agreement between the European Commission, on behalf of the European Union and the Government of the Republic of Macedonia on behalf of the Republic of Macedonia for the Annual Action Programme for the Republic of Macedonia for the year 2017 IPA/2017/040-200, Objective 1 and IPA/2017/040-202, Objective 2, to be submitted to the European Commission at your earliest convenience.

Thank you for your cooperation,

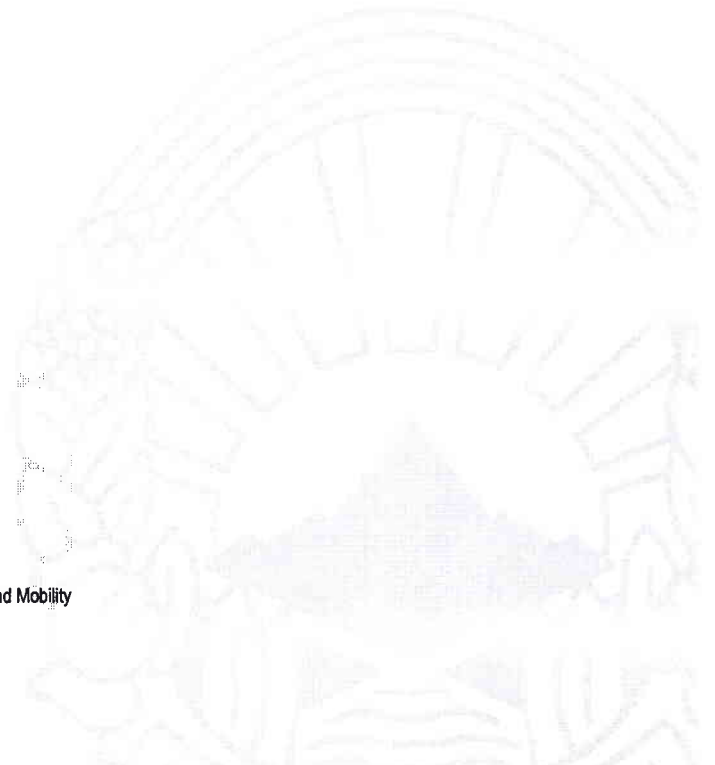
Sincerely,

**Dr. Bujar Osmani**  
**Deputy Prime Minister for European Affairs**

Prepared: Gjerasimova Ljubica  
Controlled: Evgenija Serafimovska Kirkovski, Arlinda Beqiri  
Agreed: Dragan Tilev  
Approved: Kalinka Gaber

Copy sent to:

- Ministry of Finance
- Ministry of Economy
- Ministry of Labor and Social Policy
- Ministry of Education and Science
- Ministry of Culture
- Customs Administration of the Republic of Macedonia
- Public Revenue Office
- National Agency for European Educational Programmes and Mobility
- IPA Audit Authority





# **FINANCING AGREEMENT**

## **SPECIAL CONDITIONS**

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the Union**",

of the one part, and

the former Yugoslav Republic of Macedonia, hereinafter referred to as "**IPA II beneficiary**", represented by the Secretariat for European Affairs,

of the other part,

have agreed as follows:

### **Article 1 - The Programme**

(1) The Union agrees to finance and the IPA II beneficiary agrees to accept the financing of the following Programme:

Annual Action Programme for the former Yugoslav Republic of Macedonia for the year 2017 IPA/2017/040-200, Objective 1 and IPA/2017/040-202, Objective 2

This Programme is financed from the Union Budget under the following basic act: Instrument for Pre-Accession Assistance, IPA II.<sup>1</sup>

(2) The total estimated cost of this Programme is EUR 51,610,065 and the maximum Union contribution to this Programme is set at EUR 44,643,780

This Programme requires financial contributions from both the IPA II beneficiary and the Union. The breakdown of the respective financial contributions is set out in Annex I.

(3) The Programme shall be implemented in accordance with the description provided in Annex I, which is further detailed in Action documents to be agreed on by exchange of letters between the Commission and the IPA II beneficiary.

### **Article 2 – Execution period and operational implementation period**

(1) The execution period of this Financing Agreement as defined in Article 12 of Annex II (General Conditions) is fixed at 12 years, from the entry into force of this Financing Agreement.

(2) The duration of the operational implementation period as defined in Article 12 of Annex II (General Conditions) is fixed at 6 years, from the entry into force of this Financing Agreement.

### **Article 3 – Addresses and Communication**

---

<sup>1</sup> Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 11.



All communication concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this Programme as identified in Article 1(1) and shall be sent to the following addresses:

**(1) for the Commission**

DG Neighbourhood and Enlargement Negotiations,  
15, Rue de la Loi  
B -1049 Brussels  
Belgium  
Directorate D, e-mail: NEAR-D@ec.europa.eu

**(2) for the IPA II beneficiary**

The Secretariat for European Affairs,  
Quai Dimitar Vlahov No.4,  
1000 Skopje, the former Yugoslav Republic of Macedonia,  
phone: +389 (0)2 3200 105, fax: +389(0)2 3114 569,  
e-mail: cabinet@sep.gov.mk

**Article 4 – OLAF contact point**

The contact point of the IPA II beneficiary having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be:

Snezana Petrovska, Head of Unit, "Financial police of Macedonia",  
Quai Dimitar Vlahov No.4, floor 4  
1000 Skopje, the former Yugoslav Republic of Macedonia,  
e-mail: [suzana.petrovska@finpol.gov.mk](mailto:suzana.petrovska@finpol.gov.mk)

**Article 5 – Framework Agreement**

The Programme shall be implemented in accordance with the provisions of the Framework Agreement between the European Commission and the former Yugoslav Republic of Macedonia on the arrangements for implementation of Union financial assistance to the former Yugoslav Republic of Macedonia under the Instrument for Pre-Accession Assistance (IPA II) which entered into force on 24 June 2015 (hereafter referred to as "the Framework Agreement"). This Financing Agreement supplements the provisions of the Framework Agreement. In case of conflict between, on the one hand, the provisions of this Financing Agreement and, on the other hand, the provisions of the Framework Agreement, the latter shall take precedence.

**Article 6 - Annexes**

(1) This Financing Agreement is composed of:

- (a) these Special Conditions;
- (b) Annex I: Annual Action Programme, detailing the objectives, expected results, activities, description of the budget-implementation tasks entrusted and budget of this Programme;
- (c) Annex II: General Conditions;
- (d) Annex III: Model Annual Report on the implementation of IPA II assistance as per Article(s) 58 and 59(1) of the Framework Agreement;



- (e) Annex IV: Model Financial Report as per Article 59(2) of the Framework Agreement;
- (f) Annex V: Accrual Based Accounting System Minimum Specification;
- (g) Annex VI: Ad hoc measures for entrusting budget implementation tasks.

- (2) In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between the provisions of Annex I on the one hand and, the provisions of Annex II, on the other hand, the latter shall take precedence.
- (3) Annex VI provides for ad hoc measures for entrusting budget implementation tasks under this Programme, in addition to the IPA II beneficiary duties in regard to the entrustment of budget implementation tasks provided for under this Financing Agreement, in particular Annex II.

### **Article 7 – Provisions derogating from or supplementing Annex II**

It is not possible to re-allocate funds between the amount of EUR 20,943,780 of global commitment number CRIS 2017/040-200 and the amount of EUR 23,700,000 of global commitment number CRIS 2017/040-202.

### **Article 8 – Entry into force**

This Financing Agreement shall enter into force on the date on which it is signed by the last party at the latest, 31 December year 2018.

This Financing Agreement is drawn up in duplicate in the English language, one being handed to the Commission and one to the IPA II beneficiary.

For the IPA II beneficiary:

Bujar Osmani,

Deputy Prime Minister for European Affairs and  
National IPA Coordinator

Skopje

Date:

For the Commission:

  
Genoveva Ruiz Calavera,

Director DG NEAR, Directorate D,  
Brussels

Brussels 27 July 2018

Date:





## ANNEX I

### Annual Action Programme for the former Yugoslav Republic of Macedonia for the year 2017

#### 1 IDENTIFICATION

<b>Beneficiary</b>	The former Yugoslav Republic of Macedonia
<b>CRIS/ABAC Commitment references / Budget lines</b>	2017/040-200 - 22.02 01 01 2017/040-202 - 22.02 01 02
<b>Total cost</b>	Total Cost: EUR 51,610,065 as follows: 2017/040-200 – EUR 26,460,065 - 22.02 01 01 2017/040-202 - EUR 25,150,000 - 22.02 01 02
<b>EU Contribution</b>	EU Contribution: EUR 44,643,780 allocated to: 2017/040-200 - EUR 20,943,780 - 22.02 01 01 2017/040-202 - EUR 23,700,000 - 22.02 01 02
<b>Management Mode/ Entrusted entities</b>	<ul style="list-style-type: none"> <li>• Direct management by the European Commission</li> <li>• Indirect management with beneficiary country for:               <ol style="list-style-type: none"> <li>1) Action 1: Participation in Union Programmes (UP), where implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.</li> <li>2) Action 4: EU Support for Education, Employment and Social Policy – Activities planned for achieving Result 2 (Equitable access to quality inclusive education at all levels) and Result 3 (Improved employability and access to labour market and decent work)</li> </ol> <p>The entity entrusted with budget implementation tasks is the Central Financing and Contracting Department in the Ministry of Finance (CFCD).</p> </li> </ul>
<b>Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary</b>	At the latest by 31 December 2018
<b>Final date for concluding <u>delegation agreements</u> under indirect management</b>	At the latest by 31 December 2018
<b>Final date for concluding <u>procurement and grant contracts</u></b>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
<b>Final date for operational implementation</b>	6 years following the date of conclusion of the Financing Agreement.
<b>Final date for implementing the Financing Agreement</b> (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.

<b>Programming Unit</b>	DG NEAR, D3: the former Yugoslav Republic of Macedonia, Kosovo
<b>Implementing EU Delegation</b>	EU Delegation to the former Yugoslav Republic of Macedonia

## 2 DESCRIPTION OF THE ACTION PROGRAMME

### 2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- Rationale for the selection of the specific sectors under this programme:

Two sectors - *democracy and governance* and *education, employment and social policies*, - have been selected for support under this programme. The selection has been made on the grounds of:

- The need to concentrate significant financial assistance on a limited number of key priorities, thus improving the dynamics of changes in the selected sectors and strengthening the impact of the Instrument for Pre-Accession Assistance (IPA II) funds on the relevant reforms.
- The relevance with the key fundamentals outlined in the Enlargement Strategy<sup>1</sup> and the continued commitment of the Commission to the public administration reform in support of meeting the Copenhagen and Madrid membership criteria.
- The strategic planning, presented in the Indicative Strategy Paper<sup>2</sup> (ISP), which allocates 8% of all EU funds to the sector of education, employment and social policies. So far this sector has not benefited of EU funds under IPA II. The ISP also identifies some recurrent priorities such as the participation in the Union programmes.
- The maturity in the implementation of the sector approach, where both sectors have been identified as well advancing, having set clear strategic objectives and disposing of an acceptable administrative capacity to back up the implementation of the IPA actions.
- Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

The country benefits from IPA and other donors support in the selected sectors since 2007. Yet, the reforms in these sectors require a long-term approach, based on clear political commitment. The previous experience outlines some important aspects that have to be considered.

- Political turbulences have affected the efficiency of the public administration and further on, the implementation of the IPA assistance. The continuation of the sector reforms and the extension of the high-level dialogue is a pre-requisite for successful implementation of the EU funds.
- The national authorities need to demonstrate strengthened commitment to achieving the expected results independently of the implementation modality. While the EU Delegation may act as contracting authority, achieving the outcomes and impact of the actions remains primarily a responsibility of the national authorities. Hence, ownership

<sup>1</sup> COM(2016) 715 final of 9.11.2016: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions / 2016 Communication on EU Enlargement Policy – [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2016/20161109\\_strategy\\_paper\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_strategy_paper_en.pdf)

<sup>2</sup> Indicative Strategy Paper for the former Yugoslav Republic of Macedonia (2014-2020) adopted on 19/08/2014 - [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2014/20140919-csp-former-yugoslav-republic-of-macedonia.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2014/20140919-csp-former-yugoslav-republic-of-macedonia.pdf)

must be strengthened and the efforts for improving the beneficiaries' performance uphold.

- There is a need for greater transparency and information sharing with civil society and non-state stakeholders to ensure that sector policy priorities enjoy large societal support. To enhance this process, the actions have been subject to public consultations. Further, the implementation process not only envisages a stronger coordination with civil society organisations, but also their participation in meeting the action objectives, in particular through the opening of the planned grant schemes for participation of the civil society actors. The development of a new administrative culture of cooperation with civil society and non-state actors need to be strongly encouraged, also through enhanced participation of civil society organisations (CSOs) in sector working groups.
- Further efforts will be needed to strengthen the coordination among all stakeholders to ensure an efficient framework for sector support. Lack of stakeholder consultation and coordination mechanisms has been recognised as one of the weaknesses of implementing the sector wide approach in the country. A comprehensive stakeholder coordination platform is being developed, but needs to be further strengthened.

***List of Actions foreseen under the selected Sectors/Priorities:***

***Sector Democracy and Governance***

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS (DIRECT MANAGEMENT)	
Action 1: Support to participation in the Union Programmes (UP)	EUR 7,293,780		
		Action 2: EU Integration Facility (EUIF)	2,450,000
		Action 3: EU Support to the Public Administration Reform & Statistics	11,200,000
<b>TOTAL</b>	<b>EUR 7,293,780</b>		<b>EUR 13,650,000</b>

***Sector Education, employment and social policies***

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS (DIRECT MANAGEMENT)	
Action 4: EU Support for Education, Employment and Social Policy – Results 2 and 3	EUR 12,650,000	Action 4: EU Support for Education, Employment and Social Policy – Results 1,4 and horizontal (evaluation)	EUR 11,050,000
	<b>EUR 12,650,000</b>	<b>TOTAL</b>	<b>EUR 11,050,000</b>

## 2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

<b>SECTOR</b>	<b>DEMOCRACY AND GOVERNANCE</b>	<b>EUR</b> <b>20,943,780</b>
---------------	---------------------------------	---------------------------------

<i>Action 1</i>	<i>Support to participation in Union Programmes (UP)</i>	<i>Indirect management by beneficiary country</i>	<i>EUR</i> <i>7,293,780</i>
-----------------	--	---	--------------------------------

### *(1) Description of the Action, objective, expected results and key performance indicators*

The Country Strategy Paper stipulates that financial assistance can be provided through co-financing the country's participation in relevant Union Programmes and Agencies. The objective of this action is to ensure participation of the former Yugoslav Republic of Macedonia in Union Programmes by co-financing the costs of the entry-tickets/participation fees for selected Union Programmes in areas such as education, culture, civil protection, private sector developments, labour market and employment, taxation, research and technological development (RTD). Thus IPA will facilitate the progressive transfer of know-how and the strengthening of capacities of the relevant administrative bodies benefiting from the participation in Union Programmes and Agencies.

The following results are foreseen:

- Enhanced participation of the former Yugoslav Republic of Macedonia in Union Programmes;
- Increased exchanges with EU Member States;
- Strengthened ownership and responsibility (including in financial terms) for participation in Union Programmes;
- Improved awareness in the country on the Union Programmes.

The achievement of the results will be measured through the following indicators:

- Increasing No of projects prepared and funded involving country participation;
- Ratio between the value of the entry ticket and the value of the projects in which the country participates;
- Number of beneficiaries involved in international projects;
- Number of promotion events and measures.

The Union Programmes (2014-2020) shall be gradually open for the participation of the Western Balkan countries. The beneficiary country has expressed its interest in participating in 13 programmes; however the current action programme will only cover the participation in 11 of them as follows:

1. Horizon 2020
2. COSME (Programme for competitiveness of enterprises and SMEs)
3. Europe for Citizens
4. Culture (Creative Europe)
5. Media (Creative Europe)
6. Customs
7. Fiscalis

8. Civil Protection Mechanism
9. Erasmus plus
10. Programme for Employment and Social Innovation (EaSI) Progress strand
11. Erasmus plus external strand

Participation in other Union Programmes will be determined at a later stage or has been settled down through other country programmes.

The participation of the former Yugoslav Republic of Macedonia in Union Programmes shall follow the specific terms and conditions set out in the International Agreement between the European Commission and the country for each programme, in accordance with the agreements establishing the general principles for participation in Union Programmes.

***(2) Assumptions and conditions***

EU integration remains a government priority, which entails a continuous political commitment to EU accession and provision of sufficient resources to ensure the national co-financing of the country's participation in the Union programmes.

***(3) Implementation arrangements for the action:***

Indirect management with the beneficiary country

***(3)(a) Entity entrusted with budget implementation tasks***

National Fund, Ministry of Finance

***(3)(b) Short description of the tasks entrusted to the entity***

The implementation will consist in the payment of the IPA part of the financial contribution to the Union programmes by the National Fund.

<b><i>Action 2</i></b>	<b><i>EU Integration Facility (EUIF)</i></b>	<b><i>Direct management by the EU Delegation</i></b>	<b><i>EUR 2,450,000</i></b>
------------------------	--	--	-----------------------------

***(1) Description of the Action, objective, expected results and key performance indicators***

The overall objective of the action is to contribute to a more effective EU integration process. This action replenishes the EU Integration facility (EUIF), created in 2014 as a long-term, flexible, on-going funding mechanism, providing ad hoc support for smaller-scale projects of democratic institutions and public administration bodies.

The specific objectives of the EUIF are:

- 1) To strengthen the capacities of the democratic institutions and public bodies to assume the obligations stemming from the democratic process and the EU accession process;
- 2) To enhance the alignment with the EU acquis and enforce the adopted laws;
- 3) To improve the management of the EU funds and strengthen the sector approach.

The key performance indicators for the EUIF include:

- Number of Urgent Reform Priorities addressed;

- Implementation rate of the supported Sector/sub-sector Strategies (by measure and/or priority);
- Number of legislative acts adopted in an inclusive and evidence-based way and in compliance with the acquis;
- Number of Sector approach criteria met;
- Level of absorption of EU funds improved (contracting and disbursement rate);
- Financial management and control systems operate smoothly indicated by number of major audit findings and audit error rate;
- Degree of public recognition of the EU support.

As direct results of the action:

- Targeted EU support will be provided to public administration and democratic institutions to address specific ad hoc needs in very short time and cut red tape;
- Capacity of the administration to address ad hoc challenges is improved;
- Specific challenges of the democratic process and country's accession are addressed quickly and effectively.

The achievement of these direct results will be measured through:

- Number of project proposals submitted under the EUIF / Number of proposals approved for funding;
- Number of institutions involved in submission of proposals / Number of institutions involved in project implementation;
- Average length of project launch (duration from submission of project proposal until contract signature);
- EUIF Funds implementation rate (EUIF Contracting and disbursement rate);
- Percentage of projects completed successfully/ results delivered - Number of documents adopted, Number of people trained, Number of IT tools put in use etc.;
- Number of people benefiting from the funded projects (data segregated by gender, ethnicity, vulnerability).

## ***(2) Assumptions and conditions***

The following assumptions relate to the implementation of this action:

- EU integration remains a government priority, which entails a continuous high-level political commitment to EU accession, support for the reforms and active participation in the sector policy dialogue.
- Macroeconomic and political stability is maintained.
- Key reforms (such as Public Finance Management (PFM), Public Administration Reform (PAR), Judiciary) are launched and well progressing.
- Sufficient interest exists on behalf of the public bodies and democratic institutions to develop and implement projects.

The implementation of the action is conditional on:

- Governmental commitment to the EU accession process translated into allocation of sufficient resources for the sector reforms, high-level support for the reforms and active participation in the sector policy dialogue.
- Governmental commitment on public administration reform which is necessary to build horizontal capacities for policy and legislative development and implementation
- Advancement in the sector approach as per the developed roadmaps.

**(3) Implementation arrangements for the action:**

Direct management by the EU Delegation.

**(3)(c) Essential elements of the action**

**Procurement:**

- a) global budgetary envelope reserved for procurement: EUR 2,450,000
- b) indicative number and type of contracts: 5-10 service/supply/works
- c) indicative time frame for launching the procurement procedure: 12-33 months after the conclusion of the Financing Agreement.

<b>Action 3</b>	<b>EU Support to the Public Administration Reform &amp; Statistics</b>	<b>Direct management by the EUD</b>	<b>EUR 11,200,000</b>
-----------------	--	-------------------------------------	-----------------------

**(1) Description of the Action, objective, expected results and key performance indicators**

The overall objective of the action is to reform the public administration in the country in line with the Principles of Public Administration.

The specific objectives of the action are:

- To optimise overall institutional framework, enhance public service delivery and strengthen ethics, integrity, transparency and accountability of public administration;
- To improve the quality and availability of statistical data and enhance their use in development and coordination of public policies.

The following key performance indicators will be applied to measure how the purpose is achieved:

- Percentage of indicators included in the SIGMA<sup>3</sup> baseline measurement report<sup>4</sup> being improved;
- Percentage of user satisfaction with the administrative services and servants;

<sup>3</sup> SIGMA (Support for Improvement in Governance and Management) is a joint initiative of the OECD and the European Union, principally financed by the EU.

<sup>4</sup> <http://www.sigmaweb.org/publications/Baseline-Measurement-2015-fYRMacedonia.pdf>

- Corruption perception index (score and positive trend) and Global Corruption Barometer;
- Percentage of statistics aligned with EU *acquis* (Social, Business and National Accounts) / Compliance level calculated with the method of Eurostat's strategy for statistical cooperation under IPA II increased to 85% based on the currently existing EU *acquis* in statistics;
- Availability of statistical infrastructure for rational and efficient statistical production (business register, population register and other registers linked to each other in an interoperable way);
- Availability of IT infrastructure for efficient statistical production (Integrated data collection system, IT system for classification management, Metadata driven IT system for editing, imputation, validation, aggregation and analysis);
- Use of the harmonised statistics in state planning (Indicators dashboard /Number of indicators/harmonised statistics used in strategic planning, monitoring and reporting on key documents i.e. Economic Reform Programme, Employment and Social Reform Programme, key sector strategies).

The action is expected to deliver the following results:

- Streamlined and optimised institutional framework;
- Strengthened systems ensuring transparency, integrity and ethics in the public institutions;
- Improved delivery, quality, number and scope of public services to citizens and to business (e-Government);
- Improved alignment with the *acquis* in the field of macro-economic, business and social statistics;
- Strengthened capacity in production and dissemination of EU compliant statistics.

## **(2) Assumptions and conditions**

The following assumptions relate to the implementation of this Action:

- The Government further supports the reform of the regulatory and institutional framework in line with EU standards and policies;
- The country implements the newly adopted PAR Strategy according to the adopted action plans;
- Cooperation among the national partners is assured (state administrations, institutions, CSOs, private sector, etc.);
- Cooperation among the owners of administrative data sources is ensured and access to relevant administrative data is given for statistical production purposes;
- Relevant staff in the public administration is retained with adequate skills and turnover contained;
- Government is willing to change administration operations to take advantage of the functionality offered by the new technologies;
- The national support system for SMEs responds to the business sector needs;
- Financial and human resources necessary to implement the reform are allocated and made available timely and in line with the milestones of the PAR Strategy 2017-2022.



The main pre-condition for implementation of this Action is the finalisation and adoption of a credible PAR Strategy 2017–2022 in line with the Principles of the Public Administration. In addition, the implementation of the PAR Strategy will be subject to extended monitoring by the Commission services in coordination with the national stakeholders. Lack of commitment to the implementation of the strategy, indicated by lack of resources for the strategy implementation or big delays in achieving the objectives, targets and indicators of the strategy, may lead to a termination of this Action.

**(3) Implementation arrangements for the action:**

Direct Management by the EU Delegation.

**(3)(c) Essential elements of the action (for direct management)**

**Procurement:**

- a) global budgetary envelope reserved for procurement: EUR 11,200,000
- b) indicative number and type of contracts: 9 service/supply
- c) indicative time frame for launching the procurement procedure: 6-12 months after the conclusion of the Financing agreement, with the exception of the contract for evaluation of the action impact, the procurement for which will be launched in the third quarter of 2021.

<b>SECTOR</b>	<i>Education, Employment and Social Policies</i>	<b>EUR</b> <b>23,700,000</b>
---------------	--	---------------------------------

<b>Action 4</b>	<i>EU Support for Education, Employment and Social Policies</i>	<i>Direct Management by the EUD</i>	<b>EUR</b> <b>11,050,000</b>
		<i>Indirect management by Beneficiary Country</i>	<b>EUR</b> <b>12,650,000</b>

**(1) Description of the Action, objective, expected results and key performance indicators**

The overall objective of the action is to improve the effectiveness of the country's policy in the sectors of education, employment and social inclusion.

The specific objective of the action is to reduce the high rate of unemployment, increase labour market participation, in particular of young people and women, increase access to quality education and training, improve skills matches and modernise the social protection system

The following key performance indicators will be applied to measure how the purpose is achieved:

- Number of persons in employment, including self-employment 6 months upon benefiting from employment programmes or services of this Action;

- Percentage of early leavers from education and training: percentage of population aged 18-24 with, at most, a lower secondary education and not in further education and training;
- Decreased drop-out rates (segregated data for primary, secondary-gymnasium, VET);
- Number of persons benefiting from non-institutional (alternative) community based social services;
- Trade Union density rate and Employers organisations density rate.

The following direct results are expected:

- Strengthened sector governance, policy framework and statistics;
- Equitable access to quality inclusive education at all levels;
- Improved employability and access to labour market and decent work;
- Improved quality and availability of social services.

### ***(2) Assumptions and conditions***

The following assumptions relate to the implementation of this action:

- The country continues to address the priorities, objectives and measures set out in the Employment and Social Reform Programme and the respective sub-sector planning documents, meet their obligations as defined in the Accession Partnership and the National Programme for the Adoption of the Acquis and provide the needed funding for this.
- Social partners, civil society organisations, universities, schools, training and consultancy providers, business sector, municipalities demonstrate a will and capacity to be involved in implementation of the activities.
- There is indigenous interest in entering in social entrepreneurship, employment and education on behalf of the target groups.
- Economic stability to ensure job creation and revenue flow.
- Political stability to ensure all commitments are implemented.

The following conditions will apply:

- Given the importance of the sector reform for achieving the results of this action, the signature of the planned contract is conditional on the adoption of the following key documents: Economic and social reform programme and Comprehensive education strategy and action plan containing realistic budget estimations 2017-2020.
- The beneficiary institutions should demonstrate sufficient capacity and provide adequate resources to allow the implementation of the activities and the absorption of the envisaged IPA aid. The beneficiary country must ensure continuity in the efforts to improve the education, employment and social integration policies and guarantee the sustainability of what has been achieved under IPA I.

### ***(3) Implementation arrangements for the action:***

The action will be implemented under two management modalities:

- Direct management by the EU Delegation will be the modality for the implementation of the activities designed for achieving Result 1 (Strengthened sector governance, policy framework and statistics) and Result 4 (Improved quality and availability of social services), as well as for the horizontal activity (evaluation).

- Indirect management with beneficiary country is selected as the implementation modality for the activities designed in the context of Result 2 (Equitable access to quality inclusive education at all levels) and Result 3 (Improved employability and access to labour market and decent work).

**(3)(a) Entity entrusted with budget implementation tasks**

Central Contracting and Financing Department (CFCD), Ministry of Finance

**(3)(b) Short description of the tasks entrusted to the entity**

The entrusted entity shall be responsible for carrying out all tasks relating to the implementation of the activities designed for achieving Result 2 and Result 3 of the action in accordance with the principle of sound financial management and for ensuring the legality and regularity of the underlying transactions and the expenditures occurred in the implementation of the relevant part of the action. In particular, the entrusted entity shall be responsible for procurement, contracting and payments, contract management, monitoring of the implementation at contract and action level, for provision of information and ensuring adequate visibility of the EU support, for reporting on the implementation and achievement of the results and indicators, and the evaluation thereof whenever relevant.

**(3)(c) Essential elements of the action (for direct management)**

**Procurement:**

- a) the global budgetary envelope reserved for procurement: EUR 4,350,000
- b) the indicative number and type of contracts: 5 service/supply
- c) indicative time frame for launching the procurement procedure: 6-12 months after the conclusion of the Financing agreement, with the exception of the contract for evaluation of the action impact, which is expected to be launched in the third quarter of 2021

**Grant – Call for proposal (1) "Optimisation and improvement of the social community services"**

- a) Objectives and foreseen results:

The objective of the grant scheme is to optimise and improve the social community services and enable persons with disabilities and others to live in the community with appropriate community based support. The grant scheme will result into the development and implementation of new social services or expanding and improving already existing social services such as community based housing, small group homes, day-care centres, home-care, personal assistance, rehabilitation and other support social services. The grant scheme is expected to decrease the number of persons entering into institutional care and increase the number of vulnerable persons living in the community.

- b) The essential eligibility criteria:

The applicants eligible for funding can be legal entities or natural persons. Funding can be granted to civil society organisations and private entities.

Participation will be open to applicants established in the former Yugoslav Republic of Macedonia.

The types of actions eligible for financing can cover direct services to specific target groups, investments, capacity building, research, advocacy, monitoring,

communication and visibility activities, as well as other activities directly linked to the objectives of the grant scheme.

- c) The essential selection criteria are financial and operational capacity of the applicant.
- d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- e) Maximum rate of EU co-financing  
The maximum possible rate of EU co-financing for grants under this call is 90 % of the eligible cost of the action. 10% co-financing should be provided by the grant beneficiaries.
- f) Indicative amount of the call: EUR 1,700,000
- g) Indicative date for launch of the call for proposals:  
The call for proposals will be launched within the timeframe of 6 months after the conclusion of the Financing agreement, indicatively in the first quarter of 2018.

### **Grant – Call for proposal (2) "Support to social enterprises"**

- a) Objectives and foreseen results:  
The objective of the grant scheme is to enhance the economic independence and increase the social impact of the social enterprises. The grant scheme will result into improving the performance of social enterprises on the market or stepping-up on new markets, developing new services, improving the services to the clients as well as ensuring better protection of the employees of the social enterprises. Funds can be provided for establishing new social enterprises or extending the scope of work of existing social enterprises.
- b) The essential eligibility criteria:  
The applicants eligible for funding can be legal entities or natural persons. Funding can be granted to civil society organisations, and private entities.  
Participation will be open to applicants established in the former Yugoslav Republic of Macedonia.  
The types of actions eligible for financing can cover investments in equipment or technologies, capacity building and advisory support, market research, business, financial, IT marketing or other services, communication and visibility activities, as well as other activities directly linked to the objectives of the grant scheme.
- c) The essential selection criteria are financial and operational capacity of the applicant.
- d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- e) Maximum rate of EU co-financing  
The maximum possible rate of EU co-financing for grants under all calls is 90 % of the eligible cost of the action. 10% co-financing should be provided by the grant beneficiaries.
- f) Indicative amount of the calls: EUR 500,000
- g) Indicative date for launch of the call for proposals:  
The calls for proposals will be launched within the timeframe of 12 months after the conclusion of the Financing agreement, preferably in the third quarter of 2018

### **Grant – Call for proposal (3) "Combating discrimination by improving inclusiveness in compulsory education"**

a) Objectives and foreseen results:

The objective of the call for proposals, which has to results in the selection of one grant, is to strengthen the school participation and improve the quality of additional teaching service offered to vulnerable children from minority origin, children with disabilities and other groups of vulnerable children. Two key results are expected. First, the grant will ensure the development and implementation of a scholarships and tutoring support scheme and will improve the system for identification of vulnerable children and students and those with special needs at municipal and school level. The capacities of the national authorities to manage similar schemes in future will also be upgraded. Second, the grant will improve the competences of school staff dealing with vulnerable groups and will provide support to teachers working with students and parents in either carrying out formative assessments or targeted/tailored instruction.

b) The essential eligibility criteria:

The applicants eligible for funding can be legal entities such as civil society organisations or international organisations.

Participation will be open to applicants established in the former Yugoslav Republic of Macedonia or in a Member State of the European Union or in a country covered by Article 10 of the IPA Regulation 236/2014 as well as to international organisation operating in the country.

The types of actions eligible for financing can cover direct educational, health care, childcare services to specific target groups, scholarships, investments, capacity building, research, advocacy, monitoring, communication and visibility activities, as well as other activities directly linked to the objectives of the respective grant scheme and provided in the former Yugoslav Republic of Macedonia.

c) The essential selection criteria are financial and operational capacity of the applicant.

d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) Maximum rate of EU co-financing

The maximum possible rate of EU co-financing for grants under all calls is 90 % of the eligible cost of the action. 10% co-financing should be provided by the grant beneficiary.

f) Indicative amount of the calls: EUR 2,500,000

g) Indicative date for launch of the call for proposals:

The calls for proposals will be launched within the timeframe of 12 months after the conclusion of the Financing agreement, preferably in the second quarter of 2018

### **Grant – Call for proposal (4) "Facilitating social inclusion of Roma"**

a) Objectives and foreseen results:

The objective of the grant scheme is to facilitate the social inclusion of Roma people in society. The grant scheme will result into developing new or improving existing services aimed at better integrating Roma people in school, work or the community, improving housing and living conditions, ensuring better access to health and child care.

b) The essential eligibility criteria:

The applicants eligible for funding can be legal entities or natural persons. Funding can be granted to public and administrative bodies, civil society organisations, public enterprises or private entities.

Participation will be open to applicants established in the former Yugoslav Republic of Macedonia or in a Member State of the European Union or in a country covered by Article 10 of the IPA Regulation 236/2014 as well as to international organisation.

The types of actions eligible for financing can cover direct services to specific target groups, scholarships, investments, capacity building, research, advocacy, monitoring, communication and visibility activities, as well as other activities directly linked to the objectives of the respective grant scheme.

- c) The essential selection criteria are financial and operational capacity of the applicant.
- d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- e) Maximum rate of EU co-financing  
The maximum possible rate of EU co-financing for grants under all calls is 90 % of the eligible cost of the action. 10% co-financing should be provided by the grant beneficiaries.
- f) Indicative amount of the calls: EUR 1,000,000
- g) Indicative date for launch of the call for proposals:  
The calls for proposals will be launched within the timeframe of 16 months after the conclusion of the Financing agreement, preferably in the first quarter of 2019.

#### **Grant - Direct grant award (5) "Strengthening the social dialogue"**

- a) Objectives and foreseen results:

The objective of this direct grant is to further strengthen the National Economic and Social Council (NESC) and enhance the social dialogue at national and local level, particularly as regards labour rights, labour disputes, as well as addressing key labour market challenges. It will result into extending NESC legal mandate and competences, enhancing NESC's participation in the national policy dialogue over economic and social reforms, and improving the capacities of the NESC standing committees on labour relations and wages, employment and labour market policy, social security and occupational safety and health. The contract will also re-adjust and strengthen the mechanism for peaceful settlement of labour disputes. It is also expected to impact significantly on the implementation of some fundamental rights, including freedom of association, right to strike, right to collective bargaining. The action will also result into improved social dialogue at local level, where 15 local economic and social councils (LESCs) have been already created. These LESCs will be further empowered to play the role of a driver in concluding local employment pacts, addressing among other youth unemployment. Finally, the contract is expected to strengthen the capacities of the social partners through investing into their local and regional offices (where needed) and dramatically improving the services offered.

- b) Justification for the use of an exception to calls for proposals:

The International Labour Organisation (ILO) has been designated as the contractor for the implementation of Activities 1.2, 1.3 and 1.4. on the grounds of Article 190 (1) (f)<sup>5</sup> of the Rules of Application and based on:

---

<sup>5</sup>Article 190 (1)(f) of the Rules of Application - The direct awards are based on Article 190 (1)(f) of the Rules of Application on account of its technical competence and high degree of specialization on migration issues.

- Technical competence and high degree of specialisation of ILO in promoting, managing and advocating for effective and efficient social dialogue involving governments, employers and workers representatives at central and local level and implementing policies safeguarding the rights at work.
  - The transfer of know-how as regards social protection and dialogue on work-related issues is an integral part of ILO's mandate. The ILO has developed an undeniable capacity to offer expert advice, technical cooperation and operational assistance to states, intergovernmental, non-governmental organizations and other stakeholders.
  - With its significant global footprint and mandate to facilitate social dialogue, ILO is uniquely placed in the country to provide efficient and cost-effective technical support solutions covering the full package of planned activities.
- c) the name of the beneficiary: UN International Labour Organisation (ILO)
- d) The essential selection criteria are financial and operational capacity of the applicant. The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- e) indicative amount of the grant: EUR 1,000,000
- f) Maximum rate of EU co-financing:  
The maximum possible rate of EU co-financing for grants under this call is 90 % of the eligible cost of the action. 10% co-financing should be provided by the grant beneficiary.
- g) Indicative date for signing the grant agreement: Q4 2018

### 3 BUDGET

#### 3.1 INDICATIVE BUDGET TABLE - COUNTRY ACTION PROGRAMME FOR FORMER YUGOSLAV REPUBLIC OF MACEDONIA

	Indirect Management with the IPA II beneficiary			Other implementation arrangements				MM <sup>6</sup>	Total EU contribution for 2017
	EU Contribution	IPA II beneficiary Cofinancing	Total expenditure		EU Contribution	IPA II beneficiary Cofinancing	Total expenditure		
<b>1 - Democracy &amp; Governance</b>	<b>7,293,780</b>	<b>5,259,285</b>	<b>12,553,065</b>		<b>13,650,000</b>	<b>257,000</b>	<b>13,907,000</b>		<b>20,943,780</b>
Action 1: Support to participation in Union Programmes	7,293,780	5,259,285	12,553,065					IM BC	7,293,780
				Action 2: EU Integration Facility	2,450,000	0	2,450,000	DM	2,450,000
				Action 3: EU Support for PAR & Statistics	11,200,000	257,000	11,457,000	DM	11,200,000
<b>7 - Education, Employment and Social Policies</b>	<b>12,650,000</b>	<b>682,000</b>	<b>13,332,000</b>	<b>7 - Education, Employment and Social Policies</b>	<b>11,050,000</b>	<b>768,000</b>	<b>11,818,000</b>		<b>23,700,000</b>
Action 4: EU Support for Education, Employment and Social policies	12,650,000	682,000	13,332,000	Action 4: EU Support for Education, Employment and Social policies	11,050,000	768,000	11,818,000	Mix	23,700,000
<b>TOTALS</b>	<b>19,943,780</b>	<b>5,941,285</b>	<b>25,885,065</b>		<b>24,700,000</b>	<b>1,025,000</b>	<b>25,725,000</b>		<b>44,643,780</b>

<sup>6</sup> IMBC = Indirect management with beneficiary country; DM = Direct management by EU Delegation, Mix = Indirect management with beneficiary country and Direct management by the EU Delegation

20



#### **4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

##### **DIRECT MANAGEMENT:**

Part of this programme shall be implemented by direct management by the Union Delegation in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

##### Twining:

Twining projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

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

Twining grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

##### **INDIRECT MANAGEMENT:**

Part of this programme shall be implemented by indirect management by the former Yugoslav Republic of Macedonia in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

#### **5 PERFORMANCE MONITORING ARRANGEMENTS**

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, the National IPA Co-ordinator (NIPAC) will collect information on the performance of the actions and programme (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

In addition, evaluation is envisaged and included in the budget of the programme to assess the efficiency, effectiveness, impact and sustainability of two key actions, namely Action 3: European Support for PAR& Statistics and Action 4: EU Support for Education, Employment and Social policies.

## ANNEX II - GENERAL CONDITIONS

### Contents

<b>ANNEX II - GENERAL CONDITIONS .....</b>	<b>1</b>
<b>Part One: Provisions Applicable to Activities for which the IPA II beneficiary is the Contracting Authority.....</b>	<b>2</b>
Article 1 - General principles.....	2
Article 1a - Duty to inform, administrative sanctions, and failure to act.....	3
Article 2 - Visibility and communication .....	4
Article 3 - <i>Ex-ante</i> controls on grant and procurement procedures and on <i>ex post</i> controls on contracts and grants to be performed by the Commission.....	4
Article 4 - Bank accounts, accounting systems, and cost recognised .....	5
Article 5 - Provisions on payments made by the Commission to the IPA II beneficiary .....	6
Article 6 - Interruption of payments .....	6
Article 7 - Recovery of funds.....	7
<b>Part Two: Provisions Applicable to Budget Support .....</b>	<b>7</b>
Article 8 - Policy dialogue .....	7
Article 9 - Verification of conditions and disbursement.....	7
Article 10 - Transparency of budget support .....	8
Article 11 - Recovery of budget support.....	8
<b>Part Three: Provisions Applicable to this Financing Agreement Irrespective of the Management Mode.....</b>	<b>8</b>
Article 12 - Execution period, operational implementation period and contracting deadline .....	8
Article 13 - Permits and authorisation .....	9
Article 14 - Reporting requirements .....	9
Article 15 - Intellectual property rights .....	9
Article 16 - Consultation between the IPA II beneficiary and the Commission.....	9
Article 17 - Amendment of this Financing Agreement.....	10
Article 18 - Suspension of this Financing Agreement .....	10
Article 19 - Termination of this Financing Agreement.....	11
Article 20 - Dispute settlement arrangements.....	11

## **Part One: Provisions Applicable to Activities for which the IPA II beneficiary is the Contracting Authority**

### **Article 1 - General principles**

- (1) The purpose of Part One is to lay out the rules for implementing the entrusted budget-implementation tasks as described in Annex I and to define rights and obligations of the IPA II beneficiary and the Commission respectively in carrying out these tasks.

Part One shall apply to the budget-implementation tasks entrusted to the IPA II beneficiary related to the Union contribution alone, or combined with funds of the IPA II beneficiary or funds of a third party, in case such funds are implemented in joint co-financing, i.e. where they are pooled.

- (2) The IPA II beneficiary shall remain responsible for the fulfillment of the obligations stipulated in this Financing Agreement and in the Framework Agreement, even if it sub-delegates to other entities identified in Annex I to carry out certain entrusted budget implementation tasks. The Commission, in particular, reserves the right to suspend payments, and to suspend and/or terminate this Financing Agreement on the basis of the acts, omissions and/or situations of any designated entity.

- (3) The tasks referred to in paragraph 1 of this Article shall be carried out by the IPA II beneficiary in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts in external actions, in force at the time of the launch of the procedure in question (PRAG), as well as in accordance with the required visibility and communication standards referred to in Article 2(2).

The IPA II beneficiary shall conduct the procurement and grant award procedures, conclude the resulting contracts, and ensure that all relevant documents for audit trail are in the language of this Financing Agreement.

- (4) The IPA II beneficiary shall respect the minimum rate of its contribution specified in Annex I. In case of contributions from both the IPA II beneficiary and the Union, the IPA II beneficiary contribution shall be made available at the same time as the corresponding contribution from the Union.

- (5) The IPA II beneficiary shall keep all relevant financial and contractual supporting documents from the date of the entry into force of this Financing Agreement or as from an earlier date in case if the procurement procedure, call for proposals or direct grant award procedure was launched prior to the entry into force of this Financing Agreement:

- (a) For procurement procedures in particular:

- a) Forecast notice with proof of publication of the procurement notice and any corrigenda;
- b) Appointment of shortlist panel;
- c) Shortlist report (incl. annexes) and applications;
- d) Proof of publication of the shortlist notice;
- e) Letters to non-shortlisted candidates;
- f) Invitation to tender or equivalent;
- g) Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication;

- h) Appointment of the evaluation committee;
  - i) Tender opening report, including annexes;
  - j) Evaluation / negotiation report, including annexes and bids received;<sup>1</sup>
  - k) Notification letter;
  - l) Cover letter for submission of contract;
  - m) Letters to unsuccessful candidates;
  - n) Award / cancellation notice, including proof of publication;
  - o) Signed contracts, amendments, riders, implementation reports, and relevant correspondence.
- (b) For calls for proposals and direct award of grants in particular:
- a) Appointment of the evaluation committee;
  - b) Opening and administrative report including annexes and applications received;<sup>2</sup>
  - c) Letters to successful and unsuccessful applicants following concept note evaluation;
  - d) Concept note evaluation report;
  - e) Evaluation report of the full application or negotiation report with relevant annexes;
  - f) Eligibility check and supporting documents;
  - g) Letters to successful and unsuccessful applicants with approved reserve list following full application evaluation;
  - h) Cover letter for submission of grant contract;
  - i) Award/cancellation notice with proof of publication;
  - j) Signed contracts, amendments, riders and relevant correspondence.

In addition, financial and contractual documents referred to in paragraph 5(a) and (b) of this Article shall be complemented by all relevant supporting documents as required by the procedures referred to in section 3 of this Article, as well as all relevant documentation relating to payments, recoveries and operating costs, for example project and on the spots checks reports, acceptance of supplies and works, guarantees, warranties, reports of supervising engineers.

All relevant financial and contractual documents shall be kept for the same duration in accordance with Article 49 of the Framework Agreement.

#### **Article 1a - Duty to inform, administrative sanctions, and failure to act**

- (1) The IPA II beneficiary shall inform the Commission immediately when a candidate, tenderer or applicant is in a situation of exclusion from participating in procurement and grant award procedures, has committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

---

<sup>1</sup> Elimination of unsuccessful bids five years after the closure of the procurement procedure.

<sup>2</sup> Elimination of unsuccessful applications three years after the closure of the grant procedure.

- (2) The IPA II beneficiary shall take into account the information contained in the Commission's 'Early Detection and Exclusion System' (EDES) when awarding procurement and grant contracts. Access to the information can be provided through the liaison point(s) or via consultation using the following means: (European Commission, Directorate-General for Budget, Accounting Officer of the Commission, BRE2-13/505, B-1049 Brussels, Belgium and by email to BUDG-C01-EXCL-DB@ec.europa.eu in copy to the Commission address identified in Article 3 of the Special Conditions).
- (3) Where the IPA II beneficiary becomes aware of an exclusion situation in the implementation of the tasks described in Annex I, the IPA II beneficiary shall impose upon an economic operator or a grant applicant an exclusion from its future procurement or grant award procedures. The IPA II beneficiary may also impose a financial penalty proportional to the value of the contract concerned. Exclusions and/or financial penalties shall be imposed following an adversarial procedure ensuring the right of defence of the person concerned. The IPA II beneficiary shall notify the Commission in accordance with paragraph 1 of this Article.
- (4) In respect of paragraph 3 of this Article, the IPA II beneficiary is considered in failure to act, if it does not impose exclusion and/or a financial penalty upon the economic operator or grant applicant.
- (5) In the case of a failure to act, the IPA II beneficiary shall notify the Commission explaining the reasons for its failure to act. The Commission reserves the right to exclude an economic operator or a grant applicant from future EU financed award procedures, and/or impose a financial penalty on an economic operator or a grant applicant between 2 % and 10 % of the total value of the contract concerned.

#### **Article 2 - Visibility and communication**

- (1) In accordance with Article 24(3) of the Framework Agreement, the IPA II beneficiary shall take the necessary measures to ensure the visibility of EU funding for the activities entrusted to it, and prepare a coherent plan of visibility and communication activities which should be submitted to the Commission for an agreement within 2 months after the entry into force of this Financing Agreement.
- (2) These communication and visibility activities shall comply with the Communications and Visibility Manual for EU External Actions laid down and published by the Commission in force at the time of the activities.

#### **Article 3 - *Ex-ante* controls on grant and procurement procedures and on *ex post* controls on contracts and grants to be performed by the Commission**

- (1) The Commission may exercise *ex ante* controls on the tendering of contracts, launch of calls for proposals and the award of contracts and grants for the following stages of procurement or grant award:
  - (a) approval of contract notices for procurement, work programmes for calls for proposals, and any corrigenda thereof;
  - (b) approval of tender dossiers and guidelines for applicants on grants;
  - (c) approval of the composition of Evaluation Committees;
  - (d) approval of evaluation reports and award decisions<sup>3</sup>;
  - (e) approval of contract dossiers and contract addenda.
- (2) With regard to *ex ante* controls the Commission shall decide:
  - (a) to perform *ex ante* controls on all files, or

<sup>3</sup> For service contracts this steps includes *ex ante* controls concerning approval of the shortlist.

- (b) to perform *ex ante* controls on a selection of such files, or
  - (c) to completely dispense with *ex ante* controls.
- (3) If the Commission decides to perform *ex ante* controls in accordance with paragraph 2(a) or (b) of this Article, it shall inform the IPA II beneficiary of the files selected for *ex ante* controls. The IPA II beneficiary shall provide all the documentation and information necessary to the Commission upon being informed that a file has been selected for *ex ante* control, at the latest at the time of submission of the contract notice or the work programme for publication.
- (4) The Commission may decide to perform *ex post* controls, including audits and on-the-spot controls, at any time on any contracts or grants awarded by the IPA II beneficiary arising out this Financing Agreement. The IPA II beneficiary shall make available all the documentation and information necessary to the Commission upon being informed that a file has been selected for *ex post* control. The Commission may authorize a person or an entity to perform *ex post* controls on its behalf.

#### **Article 4 - Bank accounts, accounting systems, and cost recognised**

- (1) After the entry into force of this Financing Agreement, the National Fund and the operating structure of the IPA II beneficiary that is the Contracting Authority for the Programme shall open at least one bank account denominated in euro. The total bank balance for the Programme shall be the sum of the balances on all the Programme bank accounts held by the National Fund and all participating operating structures in the IPA II beneficiary.
- (2) The IPA II beneficiary shall prepare and submit to the Commission disbursement forecast plans for the duration of the implementation period of the Programme. These forecasts shall be updated for the annual financial report referred to in Article 14(2) and for each request for funds. The forecasts shall be based on a documented detailed analysis (including the planned contracting and payment schedule per contract for the following fourteen months) which shall be available to the Commission on request.
- (3) The initial disbursement forecast plan shall contain summary annual disbursement forecasts for the whole implementation period and monthly disbursement forecasts for the first fourteen months of the Programme. Subsequent plans shall contain summary annual disbursement forecasts for the balance of the implementation period of the Programme and monthly disbursement forecasts for the following fourteen months.
- (4) The IPA II beneficiary is required to establish and maintain an accounting system in accordance with Clause 2(3)(b) of Annex A to the Framework Agreement which will hold at least the information for the contracts managed under the Programme indicated in Annex V.
- (5) Cost recognised in the accounting system maintained under the section 4 of this Article must have been incurred, paid and accepted and correspond to actual costs proven by supporting documents and shall be used when appropriate to clear pre-financing paid by the IPA II beneficiary under local contracts.
- (6) The IPA II beneficiary shall provide to the Commission reports as follows:
- (a) Cut-off report - as set out in Article 14(4);
  - (b) Annual reports as set out in paragraphs (2) to (4) of Article 14;
  - (c) Request for funds reports as referred to in Article 5.

### **Article 5 - Provisions on payments made by the Commission to the IPA II beneficiary**

- (1) The IPA II beneficiary shall submit its initial disbursement forecast for the Programme, prepared pursuant to Article 4(2), with the first pre-financing payment request. The first pre-financing payment shall be for 100 % of the forecast disbursements for the first year of the disbursement forecast plan.
- (2) The IPA II beneficiary shall submit subsequent pre-financing payment requests when the total bank balance for the Programme falls below the disbursements forecast for the following five months of the Programme.
- (3) Each request for additional pre-financing shall be supported by following documents:
  - a) A summary of all disbursements made for the Programme;
  - b) The bank balances for the Programme at the cut-off date of the request;
  - c) A forecast of disbursement for the Programme for the following fourteen months at the cut-off date of the request in accordance with Annex IV point (d).
- (4) The IPA II beneficiary may request for each subsequent pre-financing the amount of total disbursements forecast for the fourteen months following the cut-off date of the request, less the balances referred to in section 3(b) of this Article at the cut-off date of the request for funds increased by any amount funded by the IPA II beneficiary under paragraph 5 of this Article and not yet reimbursed.

The Commission reserves the right to reduce each subsequent pre-financing payment if the total bank balances held by the IPA II beneficiary under this Programme and on all other IPA I or IPA II programmes managed by the IPA II beneficiary exceeds the disbursement forecast for the next fourteen months.

- (5) Where the payment is reduced under paragraph 4 of this Article, the IPA II beneficiary must fund the Programme from its own resources up to the amount of the reduction. The IPA II beneficiary may then request the reimbursement of that funding as part of the next request for funds as specified in paragraph 4 of this Article.
- (6) The Commission shall have the right to recover excessive bank balances which have remained unused for more than twelve months. Before exercising this right, the Commission shall invite the IPA II beneficiary to give reasons for the delay in disbursing the funds and demonstrate a continuing need for them within the next following two months.
- (7) Interest generated by the bank accounts used for this Programme shall not be due to the Commission.
- (8) Following Article 33(4) of the Framework Agreement, if interruption of time limit for payment request exceeds two months, the IPA II beneficiary may request a decision by the Commission on whether the interruption of time limit is to be continued.
- (9) The final financial declaration referred to in Article 37(2) of the Framework Agreement shall be submitted by the NAO no later than 16 months after the end of operational implementation period.

### **Article 6 - Interruption of payments**

- (1) Without prejudice to the suspension or termination of this Financing Agreement according to Articles 18 and 19 respectively, as well as without prejudice to Article 39 of the Framework Agreement, the Commission may interrupt payments partially or fully, if:
  - (a) the Commission has established, or has serious concerns that the IPA II beneficiary has committed substantial errors, irregularities or fraud questioning the legality or regularity of the underlying particular transactions in the implementation of the Programme, or has failed to comply with its obligations under this Financing Agreement, including obligations regarding the implementation of the Visibility and Communication plan;



- (b) the Commission has established that or has serious concerns, whether the IPA II beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under this or other Financing Agreements, provided that those errors, irregularities, fraud or breach of obligations have a material impact on the implementation on this Financing Agreement or call into question the reliability of the IPA II beneficiary's internal control system or the legality and regularity of the underlying expenditure.

#### **Article 7 - Recovery of funds**

- (1) In addition to cases referred to in Article 41 of the Framework Agreement, the Commission may recover the funds from the IPA II beneficiary as provided in the Financial Regulation, in particular in case of:
  - (a) the Commission established that objectives of the Programme set out in Annex I are not achieved;
  - (b) non eligible expenditure;
  - (c) non respect of the contribution rate, as provided in Annex I;
  - (d) expenditure incurred as a result of errors, irregularities, fraud or breach of obligations in the implementation of the Programme, in particular in the procurement and grant award procedure.
- (2) In accordance with national law, the IPA II beneficiary shall recover the Union contribution paid to the IPA II beneficiary from recipients who were in any situation defined in paragraph 1 points b) or d) of this Article or referred to in Article 41 of the Framework Agreement. The fact that the IPA II beneficiary does not succeed in recovering all or part of the funds shall not prevent the Commission from recovering the funds from the IPA II beneficiary.
- (3) Amounts unduly paid or recovered by the IPA II beneficiary, amounts from financial, performance and pre-financing guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed by the IPA II beneficiary on candidates, tenderers, applicants, contractors or grant beneficiaries, to the IPA II beneficiary shall be either re-used for the Programme or returned to the Commission.

## **Part Two: Provisions Applicable to Budget Support**

#### **Article 8 - Policy dialogue**

The IPA II beneficiary and the Commission commit to engage in a regular constructive dialogue at the appropriate level on the implementation of this Financing Agreement.

#### **Article 9 - Verification of conditions and disbursement**

- (1) The Commission shall verify the conditions for the payment of the tranches of the budget support component, as identified in Annex I and Annex IA.
- (2) Where the Commission concludes that the conditions for payment are not fulfilled, it shall inform the IPA II beneficiary thereof without undue delay.
- (3) Disbursement requests submitted by the IPA II beneficiary shall be eligible for EU financing provided that they are in accordance with the provisions set out in Annex I and Annex IA and that they are submitted during the operational implementation phase.

- (4) The IPA II beneficiary shall apply its national foreign exchange regulations in a nondiscriminatory manner to all disbursements of the budget support component.

#### **Article 10 - Transparency of budget support**

The IPA II beneficiary hereby agrees to the publication by the Commission, of this Financing Agreement and any amendment thereof, including by electronic means, and of such basic information on the budget support which the Commission deems appropriate. The content of such publication shall be in accordance with the EU laws applicable to the protection of personal data.

#### **Article 11 - Recovery of budget support**

All or part of the budget support disbursements may be recovered by the Commission, with due respect to the principle of proportionality, if the Commission establishes that payment has been vitiated by a serious irregularity attributable to the IPA II beneficiary, in particular if the IPA II beneficiary provided unreliable or incorrect information, or if corruption or fraud was involved.

### **Part Three: Provisions Applicable to this Financing Agreement Irrespective of the Management Mode**

#### **Article 12 - Execution period, operational implementation period and contracting deadline**

- (1) The execution period is the period during which the Financing Agreement is implemented and includes the operational implementation period as well as a closure phase. The duration of the execution period is stipulated in Article 2(2) of the Special Conditions, and it shall start on the entry into force of this Financing Agreement.
- (2) The operational implementation period is the period in which all operational activities covered by procurement, grant contracts and delegation agreements are completed. The duration of this period is stipulated in Article 2(2) of the Special Conditions, and it shall start on the entry into force of this Financing Agreement.
- (3) The execution and operational implementation periods shall be respected by the Contracting Authority when concluding and implementing procurement, grant contracts and delegation agreements within this Financing Agreement.
- (4) Costs related to the activities shall be eligible for EU financing only if they have been incurred during the operational implementation period; the costs incurred by the IPA II beneficiary before the entry into force of the Financing Agreement shall not be eligible for EU financing.
- (5) The procurement and grant contracts shall be concluded at the latest within three years of the entry into force of the Financing Agreement, except:
- (a) amendments to contracts already concluded;
  - (b) individual procurement contracts to be concluded after early termination of an existing procurement contract;
  - (c) contracts relating to audit and evaluation, which can be signed after operational implementation;
  - (d) change of the entity charged with entrusted tasks.

- (6) A procurement or grant contract which has not given rise to any payment within two years of its signature shall be automatically terminated and its funding shall be de-committed, except in case of litigation before judicial courts or arbitral bodies.

### **Article 13 - Permits and authorisation**

Any type of permit and/or authorisation required for the implementation of the Programme shall be provided in due time by the competent authorities of the IPA II beneficiary, in accordance with national law.

### **Article 14 - Reporting requirements**

- (1) For the purpose of the general reporting requirements to the Commission set out in Article 58 of the Framework Agreement and the specific reporting requirements under indirect management set out in Articles 59(1) of the Framework Agreement on the annual report on the implementation of IPA II assistance, the NIPACs shall use the template provided for in Annex III to this Financing Agreement.
- (2) For the purpose of the specific reporting requirements under indirect management set out in point (a) of Article 59(2) of the Framework Agreement on the annual financial report or statements, the NAO in the IPA II beneficiary shall use the templates provided for in points (a) and (b) of Annex IV to this Financing Agreement.
- (3) For the purpose of Article 59(4) of the Framework Agreement, the NIPAC shall submit a final report on the implementation of IPA II assistance of this Programme to the Commission no later than four months after the last disbursement to its contractors or grant beneficiaries.
- (4) For the purpose of Article 59(6) of the Framework Agreement the NAO shall provide by 15 January of the following financial year in electronic format a copy of the data held in the accounting system established under Article 4(4). This should be supported by a signed un-audited summary financial report in accordance with point (c) of Annex IV.

### **Article 15 - Intellectual property rights**

- (1) Contracts financed under this Financing Agreement shall ensure that the IPA II beneficiary acquire all necessary intellectual property rights with regard to information technology, studies, drawings, plans, publicity and any other material made for planning, implementation, monitoring and evaluation purposes.
- (2) The IPA II beneficiary shall guarantee that the Commission, or anybody or person authorised by the Commission, shall have access and the right to use such a material. The Commission will only use such material for its own purposes.

### **Article 16 - Consultation between the IPA II beneficiary and the Commission**

- (1) The IPA II beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further pursuant to Article 20.

- (2) Where the Commission becomes aware of problems in carrying out procedures relating to the implementation of this Financing Agreement, it shall establish all necessary contacts with the IPA II beneficiary to remedy the situation and take any steps that are necessary.
- (3) The consultation may lead to an amendment, suspension or termination of this Financing Agreement.
- (4) The Commission shall regularly inform the IPA II beneficiary of the implementation of activities described in Annex I which do not fall under Part One of these General Conditions.

#### **Article 17 - Amendment of this Financing Agreement**

- (1) Any amendment of this Financing Agreement shall be made in writing, including an exchange of letters.
- (2) If the IPA II beneficiary requests an amendment, the request shall be submitted to the Commission at least six months before the amendment is intended to enter into force.
- (3) The Commission can amend the Model Documents in Annex III, IV and V without this necessitating an amendment to this Financing Agreement. The IPA II beneficiaries shall be informed in writing about any such amendment and its entry into force.

#### **Article 18 - Suspension of this Financing Agreement**

- (1) The Financing Agreement may be suspended in the following cases:
  - (a) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary breaches an obligation under this Financing Agreement;
  - (b) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary breaches any obligation set under the procedures and standard documents referred to in Article 18(2) of the Framework Agreement;
  - (c) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary does not meet requirements for entrusting budget implementation tasks;
  - (d) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary decides to suspend or cease the EU Membership accession process;
  - (e) The Commission may suspend this Financing Agreement if the IPA II beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption;
  - (f) This Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage. If force majeure impacts only part of the Programme, the suspension of the Financing Agreement can be partial;

- (g) Neither of the Parties shall be held liable for breach of its obligations under this Financing Agreement if it is prevented from fulfilling them by force majeure, provided it takes measures to minimise any possible damage.
- (2) The Commission may suspend this Financing Agreement without prior notice.
- (3) The Commission may take any appropriate precautionary measure before suspension takes place.
- (4) When the suspension is notified, the consequences for the on-going or to be signed procurement and grant contracts, and delegation agreements shall be indicated.
- (5) A suspension of this Financing Agreement is without prejudice to the interruption of payments and termination of this Financing Agreement by the Commission in accordance with Article 6 and Article 19.
- (6) The parties shall resume the implementation of the Financing Agreement once the conditions allow with the prior written approval of the Commission. This is without prejudice to any amendments of this Financing Agreement which may be necessary to adapt the Programme to the new implementing conditions, including, if possible, the extension of the operational implementation and execution periods, or the termination of this Financing Agreement in accordance with Article 19.

#### **Article 19 - Termination of this Financing Agreement**

- (1) If the issues which led to the suspension of this Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate the Financing Agreement at 30 days' notice.
- (2) Except when the Commission acts as the Contracting Authority, this Financing Agreement shall be automatically terminated, if no payment has been made within the period of two years after this Financing Agreement entered into force.
- (3) When the termination is notified, the consequences for the on-going procurement and grant contracts, delegation agreements and such contracts or grants, and delegation agreements to be signed shall be indicated.
- (4) The termination of this Financing Agreement shall not preclude the possibility of the Commission to make financial corrections in accordance with Articles 36 to 44 of the Framework Agreement.

#### **Article 20 - Dispute settlement arrangements**

- (1) Any dispute concerning the Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 16 may be settled by arbitration at one of the parties' request.
- (2) Each party shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.

- (3) Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
- (4) Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

Period covered by the report:

01/01/20XX-31/12/20XX

Report issued on XX/XX/20XX

**Annual Report on the implementation of IPA II assistance under direct and indirect management by [country] submitted by the National IPA Coordinator**

**I. Executive Summary**

1. Reference to the objectives of the Country Strategy Papers and a brief overview of challenges in the sectors
2. Involvement in programming
3. Relations with the European Commission.
4. Problems encountered in meeting the required conditions for implementation and in ensuring sustainability, related measures taken/planned, recommendations for further action.
5. Relevant issues stemming from the IPA II beneficiary's participation in the IPA monitoring committee and in sectoral monitoring committees (including Joint Monitoring Committee for CBC), if any.
6. Involvement in Multi-country actions and any related issues.
7. Monitoring and evaluation activities, main lessons learned & follow-up to recommendations.
8. Communication and visibility activities.
9. Donor coordination.

*In case of indirect management the executive summary should also cover:*

10. Overall implementation of IPA assistance under indirect management (max. one page).
11. Main horizontal problems encountered in the implementation of IPA assistance and subsequent measures taken/planned (max. half page).
12. Recommendations for further actions (max. half page).
13. Audits – main findings and recommendations and corrective actions taken

## II. Information per Sector

**Sector title<sup>1</sup>:** [*Transport*]

Narrative part: summary per sector, including the following information:

1. Involvement in programming
2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document).
3. Coordination with other instruments and/or donors/ IFI's within the sector
4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting

*Under indirect management the following information should also be included:*

5. Operating structure(s) in place and related changes, if relevant: [*Ministry of Transport*]
6. Information on the implementation of programmes in the sector
7. Main achievements in the sector
8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.
9. Recommendations for further actions
10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken

**Sector title: Cross-Border Cooperation<sup>2</sup>**

1. Involvement in programming as appropriate.
2. Progress made in implementing the CBC programme and in particular in achieving the specific objectives per thematic priority (including qualitative and quantitative elements indicating progress in relation to targets)
3. A summary of problems encountered in implementing the CBC programme and any corrective actions taken, as well as recommendations for further corrective actions.

---

<sup>1</sup> As per the sectors in the indicative Strategy Papers.

<sup>2</sup> For Cross-border Cooperation specific reporting is required.



Annex III Model Annual Report

4. Monitoring, including data collection arrangements and where applicable evaluation activities.
5. Communication and visibility activities.
6. Coordination with the partner country.

*Under indirect management the following information should also be included:*

1. Operating structure in place and related changes, if relevant.
2. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.
3. Recommendations for further actions
4. Implemented audits – main findings & recommendations and corrective action taken

**II a. Performance indicators in the [e.g. Transport] sector covering both direct and indirect management:**

**Indicators<sup>3</sup> per programme**

Financing Agreement/Programme reference <sup>4</sup>	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2014 <sup>5</sup> )
2014 country programme	<i>Reduction of average travel time of passengers between major urban centres by transport mode</i>					
2014-20xx multiannual programme	<i>Reduced transportation costs per unit of output</i>					

<sup>3</sup> These should be mostly outcome, as well as selected relevant output indicators

<sup>4</sup> It has to be consistent with the way of programming (annual, multi-annual with or without split commitments) and with the NAO report

<sup>5</sup> Number of columns to be adjusted for all years from 2014 up to the year of the reporting period. Values should be cumulative.

**II b. Overview at the action level for sector [e.g. Transport]**

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
[2014 country programme]	Electrification of the railway line from xxx to border with xxx	e.g. Service contract for preparation of ToR for the works contract signed and under implementation. tender for works contract to be launched in the second quarter of 2015		e.g. The service contract for the preparation of ToR for the works contract was delayed as the negotiated procedure failed and had to be re-launched	e.g. change of local law, like alignment with and implementation of the fourth Railway package	

*Under indirect management the following annexes should also be provided:*

**Annex 1**

Overview of the functioning of the management and control systems (including changes in the institutional structure) (max. one page).

Transparency, visibility, information and communication activities in line with FWA (max. one page)

**Annex 2**

Success stories (N.B. this section may be used for the annual financial assistance report prepared by the European Commission)

**Annex 3**

Annual procurement plan

*For both direct and indirect management, the following annex should be provided:*

**Annex 4**

Sector approach roadmap – achievements (highlighting whether planned targets have been fulfilled or not)

PA | beneficiary financial report (1)

Programme bénéficiaire	Niveau d'agrégation	Prévisions Budget	Ligne d'opération budgétaire						Moyens affectés				Moyens affectés				Moyens affectés		Années d'engagement (fin)			
			Comptabilisé	Décaissés	Engagés	Engagés	Engagés	Engagés	Total	Coût	Total	Total	Total	Engagés	Engagés	Total	Total	Total		Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
	EU contribution		EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution	EU contribution
	National contribution		National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution	National contribution
	Other contribution		Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution	Other contribution
	Total		Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
NP0101	NP0102-0103																					
CSF 2014-2020																						

MW



## IPA II beneficiary financial report (\*)

Programme Reference	Financing Agreement contract number	Programme EU Contribution Budget	Local Contract Activities							Total Open Pre-financing	Open Pre-financing %	
			Total Amount Contracted	Contracted %	Total Amount Decommited on closure	Decommited %	Total Amount Disbursed	Disbursed %	Total Costs Recognised			Costs %
1	2	3	4	5	6	7	8	9	10	11	12	13
				4/3*100%		6/4*100%		8/4*100%		10/4*100%		12/4*100%
NP2010	2010/123-456											
Sub-programme Action												

(\*) 15 February





**IPA II beneficiary financial report (\*)**

Programme Reference	Financing Agreement contract number	Programme EU Contribution Budget	Local Contract Activities				Total Open Pre-financing	Bank Balances Total
			Total Amount Contracted	Total Amount Decommited on closure	Total Amount Disbursed	Total Costs Recognised		
1	2	3	4	5	6	7	8	9
<b>NP2010</b>	<b>2010/123-456</b>							

(\*) 15 January



Annex IV (d) - payments forecast

Programme Reference	Planned Disbursement Forecasts (Add years as necessary)																
	Monthly Disbursement Forecast (12 months for first pre-financing/ 14 months for subsequent prefinancing)												Total Year	Year 2	Year 3		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	1		
NP2010															0		
CBC AA/BB 2010															0		

SM



Annex V to the Financing Agreement  
Accrual Based Accounting System Minimum Specification

The accounting system of the IPA II beneficiary shall meet following requirements:

1. Reflect the organisational structure put in place for the internal control systems suited to the performance of duties. In particular before an operation is authorised, all aspects (both operational and financial) of the operation have to be verified by members of staff other than the one who initiated the operation. The person dealing with the verification cannot be subordinated to the initiator of the transaction.
2. Include an audit trail for all transactions and amendments.
3. Possess adequate physical and electronic security including back-up and recovery systems.
4. The accounting system should hold at least the following information for the local contracts managed under each programme:
  - (a) Contract reference;
  - (b) Contract value including any amendments;
  - (c) Contract signature dates (both parties);
  - (d) Contract implementation start date;

This is in addition to the contract signature date and may differ from it, as when the contract works start date is given after the signature of the contract through an Administrative Order.

- (e) Contract implementation end date including any amendments:

This is the final date on which eligible costs can be incurred. It does not include any guarantee period or time allowed for report preparation by the contractor.

- (f) Total paid (cash) by contract;

- (g) Pre-financing paid by contract;

Explicit recognition and recording on the balance sheet of contractually required pre-financing.

- (h) Cost recognised – direct (by contract);

Explicit recognition of cost as a charge to expenses for the year. Some payments will directly cover costs already incurred. No pre-financing is involved. They may be final

Annex V to the Financing Agreement  
Accrual Based Accounting System Minimum Specification

payments where any pre-financing has already been cleared or interim payments where pre-financing has been cleared or where the contract does not include the provision of pre-financing.

(i) Cost recognised -- indirect (by contract);

Explicit recognition of cost as a charge to expenses for the year. Some invoices or cost claims submitted by a grant beneficiary or contractor will relate to costs that are covered by pre-financing paid earlier in the implementation period of the grant agreement or contract. In these cases the payment made will be less than the reported cost. It may even be zero if all the cost is covered by pre-financing. (it will certainly be zero if the reported costs are insufficient to absorb the pre-financing and a recovery order is issued for the unused balance of the pre-financing.) In all such cases the system should record the full value of the reported eligible cost as expenses for the year and reduce the balance of pre-financing by the amount of cost offset against the pre-financing when determining the amount payable.

(j) Recovery orders to reduce pre-financing (by contract);

Recognition of the reduction of pre-financing on the balance sheet following a recovery of unused pre-financing.

(k) Recovery orders to reduce cost (by contract);

When a recovery is made against cost that had earlier been accepted – possibly following an investigation for fraud. In such cases the recorded costs for the year must be reduced if the cost was accepted in the same year as the subsequent recovery; or income must be recorded where the cost was accepted in an earlier year than that of the recovery.

(l) Supplier's invoice date for each invoice or other document accompanied by a financial report giving rise to recognised costs;

(m) Recovery context information on ineligible cost and recoveries.

**Annex VI: Ad hoc measures for entrusting budget implementation tasks under Annual Action Programme for the former Yugoslav Republic of Macedonia for the year 2017**

The conditions stipulated in Annex VI of the Financing Agreements for the *Country Action Programme for the former Yugoslav Republic of Macedonia for the year 2014* - IPA/2014/037-701 and IPA/2014/037-706 are applicable in their entirety to this Financing Agreement.

This Financing Agreement shall also be subject to the obligation by the former Yugoslav Republic of Macedonia to implement any further condition(s) and/or recommendation(s) set out in any Commission's correspondence and/or audit report(s) related to the entrustment of budget implementation tasks.

DN

