

ANNEX I

Annual Action Programme for the Republic of North Macedonia for the year 2020

1 IDENTIFICATION

Beneficiary	North Macedonia
Basic act:	Instrument for Pre-accession Assistance (IPA-II)
CRIS/ABAC Commitment references and budget line(s):	22.02 01 01 CRIS: 2020/041-831; EUR 46 600 000 22.02 01 02 CRIS: 2020/042-747; EUR 40 000 000
Total cost:	EUR 96 750 000
EU Contribution:	EUR 86 600 000
Method of implementation	Direct management by the European Commission and Indirect management with Council of Europe Development Bank (CEB) for the implementation of Activity 4.2.a. Improving the situation of prisons, part of Action 3: EU for Rule of law; Indirect management with International Organization for Migration (IOM) for the implementation of Action 4: EU for improved border and migration management capabilities in North Macedonia; Indirect management with North Macedonia for the implementation of Action 2: Participation in Union Programmes.
Final date for concluding Financing Agreement(s) with the IPA II beneficiary	At the latest by 31 December 2021
Final date for contracting, including the conclusion of contribution/delegation agreements	3 years following the date of conclusion of the Financing Agreement
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement.

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Final date for implementing the Financing Agreement

(date by which this programme should be de-committed and closed)

12 years following the conclusion of the Financing Agreement.



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:***

Following the COVID-19 outbreak, a major reorientation and reprogramming exercise of IPA funds was initiated, with the twofold objective of helping North Macedonia acquiring emergency health supplies and equipment as soon as possible, and addressing the social and economic fallout of the crisis on the short to medium term. This reprogramming exercise is in line with the “Communication on the global EU response to COVID 19 - JOIN (2020) 11 final”, adopted on 8 April 2020 and the Communication on Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery - Commission contribution ahead of the EU-Western Balkans leaders meeting on 6 May 2020 adopted on 29 April 2020 – COM(2020) 315 final.

Under the Action Programme for North Macedonia for the Year 2020, the COVID-19 response (EUR 50 million) will include additional urgent support through the EU Integration Facility and a dedicated Resilience contract.

The Programme will provide funding for three sectors defined in the Indicative Country Strategy Paper¹, notably Sectors "Democracy and Governance", "Rule of Law and fundamental rights", and “Competitiveness, innovation, agriculture and rural development;”.

The selection of these sectors has been made on the grounds of:

- The relevance with the key fundamentals outlined in the Western Balkans Strategy², the Commission activities to follow up to the Strategy, and the continued commitment of the Commission to support the country in reforming its systems of justice and home affairs, in fighting corruption and improving governance at all levels.
- The improved political perspectives for the country, projected in enhanced dialogue with NATO and EU create a positive political context in and outside the country, which in its turn will enhance the difficult reforms in security and justice systems, requiring strong societal consensus and support.
- The need to improve effectiveness of the EU aid by concentrating 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 maturity in the implementation of the sector approach, where significant progress was achieved in both selected sectors. The strategic framework was completed and the sector coordination was improved significantly with the establishment of Sector Working Groups, chaired by the relevant Ministers, comprising authorities, donors and civil society and meeting regularly in three formats: core/expert, technical and decision-making (over 20 meetings in 2018). The sector working groups embed the IPA programming and ensure the relevance of the EU funding to the national priorities and needs.

¹ COM(2018) 5024 of 03/08/2018

² COM(2018) 65 final of 6.2.2018: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A credible enlargement perspective for and enhanced EU engagement with the Western Balkans – https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

- The need to mitigate the health risks and counteract the negative socio-economic consequences of COVID-19 in the EU neighbour region and to support the efforts of the country to redress the markets.
- The need to upscale the EU funding in the context of opening of accession negotiations and implementation of IPA II through the EU Integration facility, which is the flexible funding mechanism allowing quick ad hoc financing for smaller projects.
- ***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 support in the selected sectors since 2007. For this period over 350 EU-funded projects are implemented across the national territory. With a total of EUR 633 million financial aid the EU ranks as the biggest donor in these sectors. Considerable support is also provided by United States, Germany and United Kingdom as well as by other smaller donors, including many of the EU members present in the country. The established sector working groups significantly improved the sector coordination in the last two years, allowing comprehensive view on the implementation of sector reforms and synergetic effects of donors' funding. The experienced gained so far clearly outline a number of factors influencing the implementation of the EU aid for the country:

- Political turbulences in the past have affected the effectiveness and efficiency of the public administration in conducting the planned reforms. Since EU funds are granted in support of these reforms, the impact of the IPA assistance weakens in the absence of an engaged state leadership able to drive the reform process. Therefore, strong governmental commitment, particularly to difficult and far-reaching reforms, as well as an inclusive high-level sector dialogue is a pre-requisite for successful implementation of the reform measures and purposeful use of the EU funds.

In this context, the transparency of the country's progress on reform agenda is a vector of development: clear information on how the objectives are met feeds into decision-making, supports resource mobilisation at all levels, enhances the public control mechanisms. Therefore, structured and reliable information on the implementation of the reforms is crucial. It requires putting in place of the planned performance assessment framework as well as shifting the focus of the sector dialogue from identification of priorities and needs to implementation and indicators-tracking.

- Institutional coordination remains weak despite some progress in the last years. The development of a new administrative culture of cooperation need to be strongly encouraged, also through enhanced participation in the sector working group, established within the sector approach.
- 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 must be strengthened and the efforts for improving the beneficiaries' performance uphold.

List of Actions foreseen under the selected Sectors:

Sector/Priority/Action	Direct management (EUR)	Indirect management	
		With entrusted entity(EUR)	With IPA II beneficiary (EUR)
Sector : Democracy and Governance			
1 - EU for Municipalities	6 000 000		
2 - Support to participation in Union Programmes			7 700 000
5 – EU Integration Facility	10 000 000		
TOTAL for the sector	16 000 000		7 700 000
Sector: Rule of law and fundamental rights			
3 - EU for Rule of Law	15 900 000	3 000 000	
4 - EU for improved border and migration management capabilities in North Macedonia		4 000 000	
TOTAL for the sector	15 900 000	7 000 000	
Sector: Competitiveness, innovation, agriculture and rural development			
6 - EU for Social and Economic Resilience	40 000 000		
TOTAL for the sector	40 000 000		

2.2. DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.

SECTOR	Democracy and Governance	EUR 23,700,000
Action 1	EU for Municipalities	EUR 6,000,000

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

- Description of the action and objectives

The overall objective of the Action is to increase the effectiveness and efficiency of local governance.

The specific objective of the Action is to pilot smart solutions for addressing community challenges in partnership with local authorities (LA) from EU Member States.

- Expected results and key performance indicators

³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

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- 1. Strengthened administrative and technical capacities of the selected municipalities to successfully develop, implement and supervise innovative projects in specific areas aimed at ameliorating the municipal policy and service delivery.
- 2. Introduction of smart and innovative municipal governance solutions in selected municipalities in key priority areas: delivery of municipal services, local jobs and skills in smart and knowledge-based economy, organization of social care and provision of community based social services and sustainable growth and circular economy.

The key performance indicators include:

- Number of local governance arrangements put in place – coordination units, interdepartmental structures, to allow innovations in municipal governance happen;
- Number of trained people (sex disaggregated data included);
- New inter-municipal, regional and international partnerships and networks developed/ Number of new partnerships between European Union - North Macedonia local authorities and between North Macedonia local authorities;
- Number of social media participants/followers;
- Number of innovative measures financed;
- Number of municipalities involved in innovative measures;
- Number of situational analysis and integrated settlement development concept put in place.

(2) Assumptions and conditions

- Financial, human and material capacities of the local authorities and communities to implement innovative solutions
- Interest on behalf of the local authorities and their partners in the country and in the EU Member states to participate in the programme
- Good coordination with various donors and international partners for preparing the grounds for the municipal projects

The implementation of this Action is subject to the following conditions:

- The policy dialogue on regional development is institutionalised to allow smooth policy coordination involving central and local authorities, donors and citizens' organisations in identification of priorities and monitoring of the progress in their implementation.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities:

(3)(a) Direct management (Project approach):

Procurement:

Procurement will be used for achieving Output 1: Strengthened administrative and technical capacities of selected municipalities to successfully develop, implement and supervise innovative projects in specific areas through the implementation of Activity 1: Capacity and

partnership building activities for the preparation and implementation of the selected innovative projects, Activity 2: Advanced services to the selected municipalities to support the innovative project implementation, and Activity 3: Awareness raising, Communication, Capitalisation, Dissemination.

The **global** budgetary envelope reserved for procurement: *EUR 1,000,000*

Grants

➤ **Call for proposals "EU for Municipalities":**

- a) Purpose of the grant: This call for proposals for a conclusion of a number of grant contracts will aim at achieving Output 2: Introduction of smart and innovative municipal governance solutions in selected municipalities, through the implementation of Activity 4: Grant Scheme for Smart/Innovative Municipal Initiatives.

This entails support to the implementation of innovative solutions for the municipalities of North Macedonia in the following thematic areas (additional areas might be added based on consultations with municipalities and further assessment of their needs):

- Delivery of municipal services both at technological and organisational level, including introduction of digital technologies and e-municipalities;
- Local jobs and skills in the Self-Monitoring Analysis And Reporting Technology (SMART) and knowledge economy with a focus on introducing culture industries with business potential but still insufficient business involvement, encouraging women and Roma participation in social, political and economic life, etc.;
- Organisation of social care and provision of community based social services to support the governmental efforts for transition from institutional to community-based services and improve quality of life of vulnerable people and minorities, such as care for preschool children, Roma, the elderly, and people living with disabilities;
- Sustainable growth and circular economy with a focus on innovative management of municipal utilities (e.g. water and waste management, local public transport and urban mobility, energy efficiency), improving air quality, enhancing the sustainable use of land, water and other natural resources.

- b) Type of applicants targeted: Applicants must be local authorities of North Macedonia, acting in partnership with local authorities of any of the EU Member States.

The **global** budgetary envelope reserved for grants: *EUR 5,000,000*

(2) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

- a) With regard to the global nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: North Macedonia, European Union Member States. The supplies originating from there shall also be eligible.

- b) The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

Action 2	Support to participation in Union Programmes	EUR 7,700,000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the action and objectives

The general objective is to strengthen exchange between North Macedonia and EU Member States in the areas of education, culture, civil protection, private sector developments, labour market and employment, taxation, research and technological development (RTD) and others.

The specific objectives are:

- 1: To ensure the participation of North Macedonia in Union Programmes and Agencies;
- 2: To strengthen national capacity for participation in Union Programmes;
- 3: To improve the awareness of the European Union Programmes in the country.

- Expected results and key performance indicators

- Entry tickets for selected Union Programmes paid;
- North Macedonia's beneficiaries participate in projects funded by Union programmes and Agencies.

The key performance indicators include:

- Number of programmes for which an International Agreement has been concluded;
- North Macedonia's participation rates in the different Union Programmes;
- No of projects prepared and funded involving country participation;
- Number of beneficiaries involved in international projects;
- Number of promotion events and measures.

(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 modalities

(3)(a) Indirect management with IPA II beneficiary

This action will be implemented under indirect management by North Macedonia (Department for Contracting and Financing of EU funded programmes, CFCU), which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is the Ministry of Finance, National Fund.

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

Action 5	EU Integration Facility	EUR 10,000,000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the action and objectives

The overall objective of the Action is to contribute to a more effective EU integration process.

The specific objectives of the Action are:

1. To strengthen the capacity of democratic institutions and administration to assume the obligations stemming from the democratic process.
2. To enhance the alignment with the EU acquis and EU/International standards, support legal enforcement and the accession process, with a special focus on health sector in response to COVID-19 and communicable diseases.
3. To improve the management of the EU funds and the sector approach.

The achievement of these objectives will be measured through:

- Implementation rate of the supported sector/sub-sector strategies (by measure and/or priority) and of the Urgent Reform Priorities
- Number of legislative acts prepared in an inclusive and evidence-based process and adopted in compliance with the EU *acquis*;
- Number of Chapters which have full plans for transposition
- Vaccination coverage
- Institutions responsible for performing public health activities benefiting of EU support
- Level of biosafety in public health microbiology laboratories
- Number of Sector approach criteria met
- Level of absorption of EU funds (Contracting and disbursement rate on IPA as a whole);
- Degree of public recognition of the EU support (percentage of people recognising the EU as the main donor)
- Number of mature projects prepared for EU funding

- Expected results

→ Public administration and democratic institutions successfully implement targeted EU support and address specific ad hoc needs in very short time and cut red tape.

The key performance indicators include:

- Number of EU Integration Facility (EUIF) projects approved for funding and contracts signed;
- Number of institutions involved in projects implementation;
- No of people benefiting from the funded projects (segregated data by gender and vulnerability – where possible and applicable)
- EUIF Funds implementation rate (EUIF Contracting and disbursement rate against the total allocations);
- Percentage and number of projects completed successfully / results delivered (Number of documents adopted, Number of people trained, Number of IT tools put in use, etc.);

(2) Assumptions and conditions

- 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, Public Administration Reform, Judiciary) are well progressing.
- Sufficient interest on behalf of the public bodies and democratic institutions to develop and implement projects.

The implementation of this Action is subject to the following conditions:

- 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 and justice reforms. This is necessary to build the administrative capacity at horizontal level, i.e. for policy and legislative development and implementation as well as to ensure the functioning of the system of checks and balances.
- Governmental commitment to enhanced sector policy dialogue, projected into strengthened operation of the sector working groups, which are the platforms for defining sector priorities, sector indicators and targets with all stakeholders, as well as for monitoring and reporting on the achievement of the defined indicators and targets.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3)(a) Direct management (Project approach):

Procurement:

Procurement may be used for achieving all outputs and objectives.

The **global** budgetary envelope reserved for procurement: *EUR 7,000,000*

Grants

a) Purpose of the grants: Depending on the needs of the beneficiary country, one or more call(s) for proposal for twinning contracts or grants (including a direct grant award) may be organised in line with all objectives of the EUIF:

- To strengthen the capacity of democratic institutions and administration to assume the obligations stemming from the democratic process.
- To enhance the alignment with the EU acquis and EU/International standards, support legal enforcement and the accession process, with a special focus on health sector in response to COVID-19 and communicable diseases.
- To improve the management of the EU funds and the sector approach.

b) Type of applicants targeted:

For the twinning contracts, the applicants must be EU Member State administrations or mandated bodies.

For the grant contracts the applicants must be EU Member State administrations or mandated bodies or national agencies; legal entities, local authorities, public bodies, economic actors, non-profit organisations, established in North Macedonia.

The **global** budgetary envelope reserved for grants: *EUR 3,000,000*

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

- a) With regard to the global nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: North Macedonia and European Union Member States. The supplies originating from there shall also be eligible.
- b) The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

SECTOR	Rule of Law and Fundamental Rights	EUR 22,900,000
Action 3	EU For Rule of Law	EUR 18,900,000



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

- Description of the action and objectives

The general objective is to strengthen the rule of law.

The specific objective is to strengthen justice and home affairs systems and reinforce the respect of fundamental rights.

- Expected results and key performance indicators

- 1. Improved independence, accountability, quality and effectiveness of the justice system;
- 2. Stronger capacity to effectively implement modern investigation techniques to fight and prosecute organised crime, terrorism, money laundering and corruption;
- 3. Improved enforcement record in curbing corruption;
- 4. Enhanced protection of fundamental rights and stronger uptake of alternative means to detention;
- 5. Strengthened freedom of expression.

The key performance indicators include:

- Number of judges and prosecutors benefiting of the EU support (cumulative for the different measures and sex disaggregated);
- Number of courts benefitting of peer support;
- Number of inter-institutional joint operations and activities to investigate and prevent serious and organised crime (including money laundering, terrorist financing, terrorist and violent extremist activities, cyber-related crimes, illicit drug trafficking and smuggling of migrants);
- Number of pronounced interim measures (freezing of assets);
- Number of staff trained (sex disaggregated rank disaggregated between senior, middle management, executive level) for the suppression of serious and organised crime, money laundering and terrorism and violent extremism;
- Number of investigations conducted for violations of the requirements and big differences between assets and revenues;
- Number of irregularities/violations detected in asset declarations;
- Number of cases open by State Commission for Prevention of Corruption on the financing of political parties;
- Number of public procurement procedures analysed by the State Commission for Prevention of Corruption;
- Number of prisoners having been transferred to new/refurbished facilities / % of the overall prison population (before the start of the project and at the end) from improved detention conditions (sex disaggregated);
- Number of prisoners involved in resocialisation activities (sex disaggregated);

- Number of persons (police officers, prosecutors, judges, investigators, social worker - sex disaggregated) trained on fundamental rights, including on issues on gender equality;
- Number of cases processed by the Ombudsman and the anti-discrimination commission;
- Number of cases of sex offence and of domestic violence reported and number of investigations leading to indictment or conviction;
- Percentage of population listening/watching the radio and TV programmes of the public broadcaster (MRT)
- Number of journalists benefiting of enhanced social and economic protection

(2) Assumptions and conditions

- The country is committed to EU integration and ready to implement the reform needed to achieve the required standards in justice and home affairs area;
- There is strong societal support for the sector reforms as well as public interest in the progress of the reforms creating a bottom-up pressure for delivering on reforms;
- There is strong interest on behalf of the national players to cooperate with EU Member state peers and adopt and apply the EU practice and standards;
- The country allocates the necessary human, operational and budgetary resources to support the sector reforms in mid-term;
- Strong commitment is in place for improving the cooperation and coordination between all relevant institutions;
- Adequate and appropriate institutional and legal framework is in place.

(3) Implementation modalities

(3)(a) Indirect management with international organisation:

(i) A part of this action may be implemented in indirect management with the Council of Europe Development Bank (CEB).

- The implementation entails the realisation of *Activity 4.2.a Improving the situation of prisons*. In particular, the activity envisages the upgrade of the prison in Idrizovo, the largest penitentiary institution in the country, in which the situation was described as appalling by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment and the Ombudsman of North Macedonia. The complete reconstruction of Idrizovo prison includes the construction of open and semi-open section, reconstruction of closed section, admission unit, women section and construction of central kitchen and warehouse, infirmary and pre-trial detention unit (which upon completion will involve a transfer of this function from Shuto Orizari Skopje prison). Only the construction of the open and semi-open section has been completed in August 2018.

The discussions with CEB and the national authorities are in advanced stage; provisional agreement is still to be reached on which of the remaining construction units will be achieved with the EU funds.

- The envisaged entity has been selected using the following criteria:
 - Financial and operational capacity of the CEB,
 - Ensuring synergy of donors' funding.

Since 2010, CEB implements a major project in the country involving the reconstruction and expansion of Idrizovo prison, and construction of Kumanovo prison and Tetovo juvenile detention facility. CEB implements the project and provides a loan of EUR 46 million.

- The international organisation identified above, is currently undergoing an ex-ante assessment of its systems and procedures. Based on its compliance with the conditions in force at the time previously other indirect management actions were awarded to the organisation and based on a long-lasting problem-free cooperation, the international organisation can also now implement this action under indirect management, pending the finalisation of the ex-ante assessment and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.
- If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section (3)(b).

(3)(b) Direct management (Project approach):

Procurement:

Procurement will be used for the evaluation of the Action. This entails one framework contract.

The **global** budgetary envelope reserved for procurement is *EUR 150,000*.

If negotiations with CEB fail, that part of this action may be implemented in direct management through procurement. In such case the global budgetary envelope will raise to *EUR 3,150,000*.

Grants

➤ **Call for proposals "EU Support for Rule of Law":**

- a) Purpose of the grant: This call for proposals for a conclusion of one grant contract will aim at achieving Output 1: Improved independence, accountability, quality and effectiveness of the justice system, Output 2: Stronger capacity to effectively implement modern investigation techniques in fighting organised crime and terrorism, Output 3: Improved enforcement record in fighting corruption and Output 4: Enhanced protection of human rights through the implementation of Activity 1: Improving the capacities of judicial/justice institutions to deliver justice in transparent and accountable manner, Activity 2.1-2.5: Fighting organised crime and terrorism, Activity 3: Curbing corruption, Activity 4.1. Strengthening the capacities of the main human rights bodies to effectively implement their mandates, Activity 4.2.b soft measures for improvement of the probation system and alternative sanctions and Activity 4.5. Further improvement of human rights in judicial and home affairs system (mainstreaming component of activities 1 and 2).

This activity entails:

- Improving the capacities of judicial/justice institutions to deliver justice in transparent and accountable manner;
- Fighting organised crime, money laundering and terrorism;
- Improved enforcement record in fighting corruption;
- Strengthening the capacities of the main human rights bodies to effectively implement their mandates;
- Improvement of the probation system and alternative sanctions;
- Improvement of the knowledge and respect for fundamental rights, including the rights of women and children, and enhancing the anti-discrimination culture of judges, prosecutors, investigators, police officers, law enforcement officials, and first responders being part of other sectors of public administration.

b) Type of applicants targeted: Applicants must be EU Member State administrations or mandated bodies.

➤ **Call for proposals "Creating a future, Preventing crime, radicalisation and violent extremism"**:

a) Purpose of the grant: This call for proposals for a conclusion of a number of grant contracts will aim at achieving Output 2: Stronger capacity to effectively implement modern investigation techniques in fighting organised crime and terrorism, and Output 4: Enhanced protection of fundamental rights through the implementation of Activity 2.6. Reducing the risks of young people and vulnerable groups being attracted to violent extremism and organised crime, Activity 4.2.c Resocialisation and rehabilitation of detained persons after release and Activity 4.4. Implementation of outreach activities for young people of minority origin in vulnerable communities with the objective to encourage their effective participation in cultural, social, economic and public life.

This activity entails:

- Resocialisation and rehabilitation activities on detained persons before and after release;
- Implementation of outreach activities for young people of minority origin in vulnerable communities with the objective to encourage their effective participation in cultural, social, economic and public life.
- Reducing and addressing the risks of young people and other vulnerable groups being attracted to violent extremism and organised crime through implementation of effective outreach and prevention measures at school and in the relevant communities.

b) Type of applicants targeted: Applicants must be legal entities, local authorities, public bodies, economic actors, associations or non-profit organisations, established in North Macedonia.

➤ **Direct grant award "EU support for Juvenile and Child-friendly Justice"**:

a) Purpose of the grant: This invitation for a conclusion of one grant contract will aim at achieving Output 4: Enhanced protection of human rights, through the implementation of Activity 4.3. Developing capacities for working with children in contact with law and children exposed to violence.

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This activity entails:

- support for the full implementation of the juvenile justice law (offenders, victims, witnesses);
- developing alternative measures for children in conflict with the law and building the capacities of prosecutors, police, lawyers and mediators to implement these alternative measures;
- strengthening the access of justice to children.

b) Direct grant award:

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to United Nations Children's Fund (UNICEF).

The recourse to an award of a grant without a call for proposals is justified on the grounds of Article 195(f) of the 2018 Financing Regulation, allowing the contracting authority to award a grant without a call for proposals for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals.

UNICEF draws on decades of experience in child protection policy to over 120 countries, including North Macedonia since 1993, when UNICEF was the first United Nations (UN) agency to open an office in the country after declaring independence and has a proven standard-setting role in this area. With its significant global footprint and mandate to ensure the effective protection of children, UNICEF is uniquely placed in the country to provide efficient and cost-effective technical support solutions covering the full package of planned activities (capacity building of the national authorities particularly in the rule of law area, advocacy for and promotion of the rights of the children, monitoring of the child protection standards, developing and realisation of specific child protection measures). There is no other donor/development partner in the country that covers the complete list of activities and has the leverage to influence the policy making. The transfer of know-how as regards protection of children, including children victims and children in conflict with law is an integral part of UNICEF's mandate. The UNICEF has developed an undeniable capacity to offer expert advice, technical cooperation and operational assistance to states, intergovernmental, non-governmental organisations as well as directly to children, civil society organisations working with children and other stakeholders. The UNICEF services are designed to enhance efficiency of daily operations, support data collection and reduce time-consuming administrative functions, ensure optimal costs and improve service standards.

➤ **Twinning – "Promoting Freedom of expression"**

- a) Purpose of the grant: This call for proposals for a conclusion of one twinning contract will aim at achieving Output 5: Strengthened freedom of expression, through the implementation of Activity 5.1. Assistance for the reform of the Public Service Broadcaster and strengthening the capacity of the Agency for audio and audio-visual media services.

This activity entails:

- strengthening the capacity of the Public Service Broadcaster and the Agency for audio and audio-visual media services;
 - enable the production of higher-quality programmes based on proper audience segmentation and new journalistic and management approaches;
 - improve the understanding of the European standards and practices around media freedom and public broadcasting service;
 - upgrade the tools to follow and assess the public opinion on the value of public radio and TV services;
 - strengthen the supervision over the audio-visual programmes' compliance with European and national rules;
 - preparation of the national audio-visual regulator to better understand the EU media legislation and follow the work of the European Regulators Group for Audio-visual Media Services.
- b) Type of applicants targeted: Applicants must be EU Member State administrations or mandated bodies.

➤ **Direct grant award "Improving Media Ethics":**

- a) Purpose of the grant: This grant contract will aim at achieving Output 5: Strengthened freedom of expression, through the implementation of Activity 5.2. Improving the self-regulation in the media sector.

This activity entails:

- strengthening the professional and ethical standards guiding the work of the journalists;
- initiating ethical audits;
- providing capacity development opportunity for journalists;
- putting in place a monitoring mechanism identifying threats to the professional and responsible journalism.

- b) Direct grant award:

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Council of Media Ethics.

The recourse to an award of a grant without a call for proposals is justified on the grounds of Article 195(c) of the 2018 Financing Regulation, allowing the contracting authority to award a grant without a call for proposals to bodies with a de jure or de facto monopoly.

The Council of Media Ethics is the unique body for self-regulation in North Macedonia with a mission and objectives to promote and protect professional standards and ethics in the media. By its statutes, it is established as a non-governmental, non-political and non-profit organisation, which brings together its members based on the principle of free will. The Council is a body of self-regulation of the media through the application of moral sanctions on those who do not observe the professional standards and the Code of Journalists. The Council is a member of the Alliance of Independent Press Councils of Europe.

➤ **Call for proposals "Enhancing Journalists Rights"**

- a) Purpose of the grant: This call for proposals for a conclusion of a number of grant contracts will aim at achieving Output 5: Strengthened freedom of expression, through the implementation of Activity 5.3. Enhancing the role of various media association in improving the business management models and effective protection of the labour and social rights of journalists, as well as to perform the role of watchdogs and advocate for freedom of expression.
- b) Type of applicants targeted: Applicants must be legal persons, economic actors, associations or non-profit organisations, established in North Macedonia or/and the EU Member states.

The **global** budgetary envelope reserved for grants: *EUR 15,750,000*.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

- a) With regard to the global nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: North Macedonia, European Union Member States. The supplies originating from there shall also be eligible.
- b) The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

Action 4	EU for improved border and migration management capabilities in North Macedonia	EUR 4,000,000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the action and objectives:

The **overall objective** of this Action is to strengthen border and migration capabilities of the national authorities including combatting and preventing migrant smuggling and human trafficking in line with international standards.

The **specific objective** is to enhance the operational capacity of the border police and improve the border and migration management capacities and assistance of the Transit Reception Centres.

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- Expected results and key performance indicators:

- Strengthened operational capacity of the border police authorities (including guest borders guards) in North Macedonia to carry out border control, in line with EU standards;
- Improved management and capacity of the border control migration flows, including registration and identification of new arrivals, in line with EU standards;
- Improved border management capacities and assistance to migrants.

The key performance indicators include:

- Number of working days of national border police officers spent on border (sum of number of working days delivered by each redeployed border police officer per year);
- Number of average days (per month) spent on border by guest borders guards;
- Total number of hours trainings for border police officers (number of trained officers multiplied by the number of hours of training received by each trained officer);
- Number of migrants receiving assistance, including education assistance (number of migrants receiving assistance multiplied by the number of days migrant receive assistance. Indicator disaggregated: gender, adult and children);
- Number of migrants receiving medical assistance (number of medical checks provided to migrants). Indicator disaggregated: gender, adult.

(2) Assumptions and conditions

- EU integration remains a government priority, which entails a continuous political and administrative commitment to EU accession and provision of sufficient resources to support EU actions;
- Political will exists to strengthen the Rule of Law and Fundamental Rights sector;
- There is continuous commitment and cooperation of all stakeholders;
- Sufficient resources are allocated for border management and control (both human and material resources);
- Commitment exists on behalf of all national stakeholders to support the implementation of the action and to coordinate their activities, resources and efforts;
- The border police of North Macedonia together with guest officers will continue respecting all relevant standards, in particular as regards respect for fundamental rights and human dignity;
- National bodies involved in the action dispose with the needed resources (human, administrative, technical);
- The country will provide the needed complementary support for the operation of the two transit centres for migrants.
- Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding

(3) Implementation modalities

(3)(a) Indirect management with international organisation:

(i) This action will be implemented in indirect management with the International Organization of Migration.

- The implementation entails the realisation of all planned activities under the Action and achieving of all planned results.
- The envisaged entity has been selected using the following criteria:
 - Financial and operational capacity of the International Organization for Migration's (IOM), possessing technical competence and high degree of specialisation on migration issues, including in the country. With its significant global footprint and mandate to facilitate dignified, orderly and safe migration, IOM is uniquely placed in the country to provide efficient and cost-effective technical support solutions for North Macedonia covering the full package of planned activities.

The Commission signed an agreement with IOM on cooperation in addressing the challenges of the ongoing migration crisis. IOM plays a key role in the implementation of IPA 2014 regional project "Regional support to protection-sensitive migration management in the western Balkans and Turkey" as well as IPA 2016 national project focused on improving the administrative capacities in the area of migration and trafficking of human beings, including also outreach work with migrants, asylum seekers, victims of illegal trafficking. Moreover, IOM is implementing Special Measures 3 and 4 supporting the country to manage its southern border in the context of the European migration crisis. This 2020 action is complementary to all other EU funded interventions ensuring continuity and higher impact of the EU funds on the migration policy of the beneficiary country.

- The international organization identified above, is currently undergoing an ex-ante assessment of its systems and procedures. Based on its compliance with the conditions in force at the time previously other indirect management actions were awarded to the organisation and based on a long-lasting problem-free cooperation, the international organisation can also now implement this action under indirect management, pending the finalisation of the ex-ante assessment and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

- a) With regard to the global nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: North Macedonia, European Union Member States. The supplies originating from there shall also be eligible.
- b) The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of

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the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

SECTOR	Competitiveness, innovation, agriculture and rural development	EUR 40,000,000
Action 6	EU For Social and Economic Resilience	EUR 40,000,000

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

- Description of the action and objectives

The overall objective is to mitigate the economic and social impact of the COVID-19 pandemic in North Macedonia.

- Expected results and key performance indicators

The expected results are:

- Strengthened resilience of the micro- and small enterprises in COVID-19 and post-COVID-19 period;
- Strengthened safety net for self-employed and unemployed people;
- Improved services for the micro- and small enterprises;
- Improved public services to self-employed and unemployed people.

The results will be measured through the following indicators:

These results will be measured against the following indicators⁴:

- Number of micro- and small enterprises supported;
- Number of unemployed and self-employed people supported;
- Number of applications received for credits and for grants;
- Number and value of credits and grants agreed for micro- and small enterprises;
- Number of days to disburse the targeted funds to micro- and small enterprises;
- Number of applications received for self-registration and for opening of new jobs;
- Number of economic operators established through self-registration/ registration of start-up;
- Number of companies which created new jobs;

⁴ The first two indicators will be used for the calculation of the variable tranche.

- Number of days to disburse the targeted funds to unemployed and self-employed people.

(2) Assumptions and conditions

- The population will follow the measures of the physical distancing and containment in order to minimise the risk of overheating the health system in North Macedonia and prevent more severe restriction on economic and social life of the country.
- The improvement in the health situation in Europe and in the rest of the world during the second half of the year will allow gradual rebound in the economic activity, increase in the activities of the exporting companies and prevention of significant drop of foreign direct investment and remittances.
- The adopted COVID-19 governmental measures have the potential to restore the vitality of the economy and mitigate the negative socio-economic impact of pandemic.
- The parliamentary election will be conducted according to the rules and laws of the country and in line with the international standards for democratic elections, and the new Government will reconfirm the European integration as a main political priority of the country, dedicating to it the necessary resources and commitment.

(3) Implementation modalities

(3)(a) Direct management through Budget Support

a) Eligibility for budget support

As regards the policy criteria, there is a reasonable ground to assess the policy framework, based on the Economic Reform Programme (ERP), as relevant and credible. North Macedonia has been implementing stability-oriented policies in the context of the ERP under the guidance of European Commission. The ERP 2020-2022 sets out structural reforms plans that are broadly in line with the priorities identified by the Commission. The policy guidance set out in the joint conclusions of the Economic and Financial Dialogue between the EU and Western Balkans and Turkey of May 2019 has been partially implemented. The assessment of the implementation of ERP 2020-2022 is made and joint policy guidance 2020 was adopted on 19 May 2020. Until the COVID-19 pandemic, North Macedonia has been ranked among the best performers of the enlargement group. The positive trend over the last few years in the implementation of the Policy Guidance and the ERP measures is a good indicator of the relevance and the credibility of the economic reforms.

As regards the macroeconomic stability, the COVID-19 pandemic has considerably weakened the performance of the country on the key macro-economic indicators. Until the COVID-19 outbreak, the economy of North Macedonia was growing at a strong pace supported by crucial institutional and governance reforms. In the past decade, the country has maintained a track record of low inflation, moderate fiscal deficit, and a stable financial sector. The high level political commitment to macro-economic stability was well indicated by the efforts invested in development of mid-term budgetary framework, preparation of a new organic budget law, some progress on the structural reforms such as fighting informality. Intense dialogue with the Commission and the international donors was maintained. The COVID-19 pandemic puts at risk the favourable macroeconomic performance of the North Macedonia. Preliminary projections, taking into account the COVID-19 consequences, point to a decline in

annual Gross Domestic Product (GDP) and recession. The International Monetary Fund (IMF) expects general government deficit of EUR 730 million (6.5 percent of GDP) in 2020 before receding to about 3 percent in 2021. The financing gap has been estimated to EUR 320 million. The Government has swiftly enacted measures to stabilise the economic and social situation, allocating around EUR 550 million (circa 5,5% of GDP) for three sets of measures to address firms' liquidity constraints, protect jobs and support the unemployed and vulnerable groups. These measures correspond to the needs of the country and are in line with the European Union practices. Overall, the country's response to the crisis has been assessed as relevant and credible to restore the key macroeconomic balances. Through the ERP process, the authorities have expressed their strong commitment, once the COVID-19 crisis is over, to rebuild fiscal buffers and implement the structural reform agenda to help preserve debt sustainability and speed up income convergence to European Union countries.

As regards the Public Finance Management and Budget Transparency and Oversight, there is reasonable grounds to consider that the eligibility criteria are met by the country. High-level political commitment has been demonstrated by the Ministry of Finance and by the Government towards significant improvements in the Public Finance Management (PFM) system. This has been also confirmed both by the State Audit Office (SAO) and Parliament. 71% of all measures defined in the PFM reform programme (2018-2021) were fully or partially implemented by the end of 2019. The existing legal and institutional framework is supportive to the reforms, and sufficient human and financial resources are allocated. There are good monitoring, co-ordination, and performance assessment mechanisms allowing the ongoing follow-up on the PFM Reform programme. The PFM policy dialogue is organised through the PFM Sector working group and there is a positive trend in increasing the involvement of civil society, businesses, academia etc. as correctives both in the budgetary cycle as well as in the oversight processes. The improvements in transparency have been recognised by the 2019 Open Budget Index.

b) Objectives

The objective of the Resilience Contract is to mitigate the economic and social impact of the COVID-19 pandemic in North Macedonia.

c) Expected results

The expected results are:

- Strengthened resilience of the micro- and small enterprises in COVID-19 and post-COVID-19 period;
- Strengthened safety net for self-employed and unemployed people;
- Improved services for the micro and small enterprises;
- Improved public services to the self-employed and unemployed people.

d) Main budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development, engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

e) Complementary actions

No complementary actions are envisaged for this budget support intervention

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

- a) With regard to the global nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: North Macedonia, European Union Member States. The supplies originating from there shall also be eligible.
- b) The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult

3. BUDGET

3.1 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR THE REPUBLIC OF NORTH MACEDONIA FOR THE YEAR 2020

	Indirect management		Direct management	Total EU contribution (EUR)	IPA-II beneficiary or other third party contribution (EUR)	Total (EUR)	
	with IPA-II beneficiary	with entrusted entity					
	EU contribution (EUR)	EU contribution (EUR)	EU contribution (EUR)				
Objective 01 ⁵	1: Democracy and governance	7,700,000	0	16,000,000	23,700,000	9,750,000	33,450,000
	Action 1: EU for Municipalities	0	0	6,000,000	6,000,000	1,250,000	7,250,000
	Action 2: Support to participation in Union Programmes	7,700,000	0	0	7,700,000	7,700,000	15,400,000
	Action 5: EU Integration Facility	0	0	10,000,000	10,000,000	800,000	10,800,000
	2: Rule of law and fundamental rights	0	7,000,000	15,900,000	22,900,000	400,000	23,300,000
	Action 3: EU for Rule of Law	0	3,000,000	15,750,000	18,750,000	400,000	19,150,000
	Procurement: Evaluation	0	0	150,000	150,000	0	150,000
	Action 4: EU for improved border and migration management capabilities in North Macedonia		4,000,000		4,000,000	0	4,000,000
TOTAL for the objective	7,700,000	7,000,000	31,900,000	46,600,000	10,150,000	56,750,000	
Objective 02	6: Competitiveness and innovation	0	0	40,000,000	40,000,000	0	40,000,000
	Action 6: EU for Social and Economic Resilience	0	0	40,000,000	40,000,000	0	40,000,000
	TOTAL for the objective	0	0	40,000,000	40,000,000	0	40,000,000
TOTAL for the Annual Action Programme		7,700,000	7,000,000	71,900,000	86,600,000	10,150,000	96,750,000

⁵ Objective 1 and Objective 2 will be covered by two separate Financing agreements

4 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 Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (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 the European Commission (DG NEAR) 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

5 EVALUATION

Having regard to the importance and nature of the actions of this annual programme, final evaluation(s) will be carried out for all actions via independent consultants contracted by the Commission.

The evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that all actions contain innovative elements for North Macedonia.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.



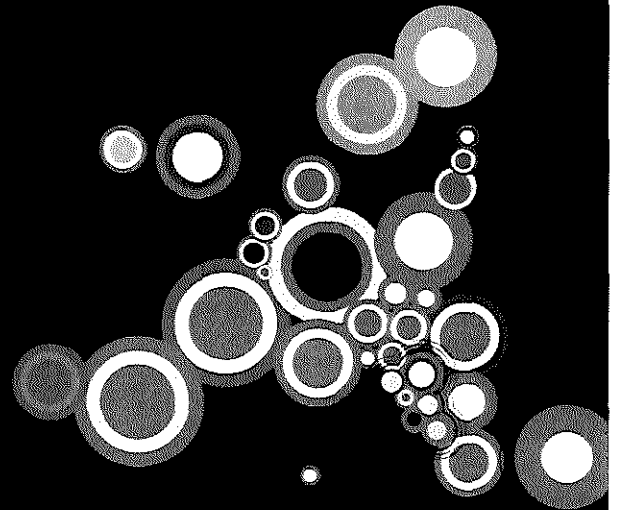
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

ANNEX IA BUDGET SUPPORT

of the Financing Agreement concerning the “Annual Action Programme for the Republic of North Macedonia for the year 2020” – Objective 2.

REPUBLIC OF NORTH MACEDONIA

EU for Social and Economic
Resilience in North Macedonia



Action Summary

This Action will support North Macedonia in mitigating the negative socio-economic impact of COVID-19. It will provide funding for governmental measures focused on improving the resilience of the micro and small enterprises and on supporting the reintegration of unemployed women and men into the labour market. The action reinforces the gender and youth sensitive approach in providing aid and supports the greening of the recovery.

Action Identification			
Action Programme Title	Annual Action Programme for the Republic of North Macedonia for the Year 2020		
Action Title	EU for Social and Economic Resilience in North Macedonia		
Action ID	IPA 2020/42-747/06.06/MK/EU4Resilience		
Sector Information			
IPA II Sector	Competitiveness, Innovation agriculture and rural development		
DAC Sector	51010-General budget support-related aid		
Budget			
Total cost	EUR 40,000,000		
EU contribution	EUR 40,000,000		
Management and Implementation			
Method of implementation	Direct management (Budget support)		
<i>Direct management:</i> EU Delegation	EU Delegation to North Macedonia		
Implementation responsibilities	EU Delegation to North Macedonia		
Location			
Zone benefiting from the action	North Macedonia		
Timeline			
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2021		
Final date for concluding contribution/delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation		
Final date for operational implementation	6 years following the conclusion of the Financing Agreement		
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement		
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>

Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers¹			
Migration ²	x	<input type="checkbox"/>	<input type="checkbox"/>
COVID response	<input type="checkbox"/>	<input type="checkbox"/>	x

¹ These markers have a different scope/rationale than the DAC codes. Posting criteria related to the encoding of the financial breakdown in CRIS/ABAC

² Please refer to note Ares(2019)1031349 of 19/02/2019.

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DESCRIPTION OF THE ACTION

1.1. Objectives/results

The overall objective is to mitigate the economic and social impact of the COVID-19 pandemic in North Macedonia.

The expected results are:

- Strengthened resilience of the micro- and small enterprises in COVID-19 and post-COVID-19 period;
- Strengthened safety net for self-employed and unemployed people;
- Improved services for the micro and small enterprises;
- Improved public services to the self-employed and unemployed people.

These results will be measured against the following indicators³:

- Number of micro- and small enterprises supported;
- Number of unemployed and self-employed people supported;
- Number of applications received for credits and for grants;
- Number and value of credits and grants agreed for micro- and small enterprises;
- Number of days to disburse the targeted funds to micro- and small enterprises;
- Number of applications received for self-registration and for opening of new jobs;
- Number of economic operators established through self-registration/ registration of start-up;
- Number of companies which created new jobs;
- Number of days to disburse the targeted funds to unemployed and self-employed people.

1.2. Main activities

1.2.1. Budget support

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development, engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

1.2.2. Complementary support

No complementary actions are envisaged for this budget support intervention.

1.3. Intervention logic

This Resilience Contract is a result of the technical and policy dialogue between the EU Delegation and the Government, with the involvement of the donors and branch organisations. The intensive discussions, although held in the restrictive pandemic environment, still explored the most effective ways to support the economy in the COVID-19 emergency and the recovery phase. The supported measures complement other EU and donors' projects.

³ The first two indicators will be used for the calculation of the variable tranche.

Specifically, the support is focused on micro, small and medium-sized enterprises (MSMEs), the unemployed and the self-employed. These categories have been assessed as the most fragile in the COVID-19 aftermath.

The latest data of the State Statistical Office (2018) shows that only 20% of the employees are employed in large enterprises:

	%	No of employees by typology of enterprise
All employees in private sector	100	422,016
All employees in microenterprise (1-10)	35.9	151,371
All employees in small enterprise (11-50)	21.3	89,950
All employees in medium enterprise (51-300)	22.5	95,062
All employees in large enterprise (51-300)	20.3	85,688

Furthermore, though the labour market continued to improve, the unemployment rate remained high compared to peers in the region. The employment rate improved to 47.3% in 2019, while unemployment rate declined to 17.3%, down 3.5 pp. The participation rate improved marginally (to 57.2%) but in the most dynamic regions around technological zones labour shortages continued.

COVID-19 pandemic risks to revert the positive trend on the labour market. The recent administrative data on unemployment already show an increase by 8.9% for March 2020 compared to March 2019 and 11.3% for April 2020 compared to April 2019. The number of unemployed persons registered in the Employment Service Agency on 18 May 2020 reached 117,277 persons while 9,970 persons lost their job in the period 11 March - 18 May 2020. The total number of applicants for Guaranteed Minimum Assistance in March 2020 is 1,234. In April 2020, this number increased to 4,021 persons which represents an increase of 326%.

There is an urgent need to revert the negative trend at the labour markets and stimulate business to preserve jobs and even – create new jobs to mitigate the COVID-19 impact. Therefore, the EU funding will support three governmental measures:

- 1). Interest-free credit line with a grant component addressed to micro and small companies affected by COVID-19, managed by the Development Bank of North Macedonia;
- 2). Grant line for unemployed people, wishing to self-register or establish a small start-up, managed by the Employment Service Agency (ESA);
- 3). Grant line for established entities (micro, small and medium) creating new jobs, managed by the Employment Service Agency (ESA).

An agreement has been reached with the Government of North Macedonia on the formal adoption of the application of these measures before the first tranche of the budget support. Preliminary information was announced by the Government with the support package of 17 May 2020.

For this purpose, the budget support contract will assist North Macedonia through financial transfers, policy dialogue, performance and capacity development. A rolling policy dialogue matrix will be developed to frame the policy dialogue and to serve as basis for reporting on progress and impact of the policy measures. It will be complemented with registered minutes of key meetings and correspondence.

The Action promotes gender and youth sensitive approach. It introduces preferential treatment for women and young people engaged in economic activities. Businesses owned (50% share required) or managed/chaired by women and/or young people will have the opportunity to benefit from the grant component and deduct a part of the credit. A minimum of 50% of the beneficiaries (companies, unemployed or self-employed) of the supported measures should be women and at least 30% - young people up to 29 years old. The logical framework, subject to ongoing monitoring and reporting, includes sex- and age-disaggregated indicators, which will oblige the authority to provide detailed information on the sex and age profile of the beneficiaries.

Furthermore, when economic conditions allow, the government measures should support greening the recovery. The EU Green Deal sets the criteria for enhancing the sustainability and the digital transformation of the economy. The approach should adapt to the conditions of the market: the aim is to transform gradually North Macedonia into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. The logical framework introduces the obligation for the authorities to report on the business profile of the supported entities and the relation of the supported businesses to the Green deal. The grant component is accessible, in parallel to ownership/management criteria giving preference to women or young persons, only to companies which put focus on innovation, green economy, restructuring their business and introduction of digitalized management/products and new technologies sales channels.

2. IMPLEMENTATION

2.1. Rationale for the amounts allocated to budget support

The amount allocated for the budget support operation is EUR 40 million. This amount relates to the cost of the Governmental measures to mitigate the consequences of COVID-19, which amount at present to EUR 555 million.

The amount of the budget support and the structure of the planned disbursements are also linked to the overall fiscal situation in the country and are intended to support the state in easing the fiscal pressure over the state budget. The IMF expects the general government deficit of EUR 730 million (6.5% of GDP) in 2020 before receding to about 3% in 2021. The estimated financing gap amounts at EUR 530 million.

No complementary support is planned.

2.2. Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

1. Satisfactory progress in the implementation of the Policy Guidance of the Economic Reform Programme, relevant to Covid-19, and of the agreed government measures to support micro, small and medium enterprises, self-employed and unemployed people, and continued credibility and relevance thereof. This involves the official adoption by the Government of the support measures before the first tranche and satisfactory achievement of the targets of the planned measures before the second tranche;
2. Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
3. Satisfactory progress in the implementation of the reforms on public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
4. Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

b) The disbursement of the variable tranches will depend on the achievement of the following indicators:

- Number of micro- and small enterprises supported;
- Number of supported self-employed and unemployed people.

The chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the National IPA Coordinator may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

2.3. Budget support details

The budget support component consists of two fixed tranches to be disbursed indicatively in:

- September/October 2020: EUR 32 million (80%);
- February/March 2021: EUR 8 million (20%) comprising of a fixed component of EUR 3 million and a variable component of EUR 5 million.

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into denar (MKD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

2.4. Organisational set-up and responsibilities

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the relevant governance structures set up for governing the implementation of the action.

2.5. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system and elaborate regular (not less than annual) progress reports. Every report shall provide an accurate account of implementation of the reform, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details. The final report, narrative and financial, will cover the entire period of the action implementation.

Given the short period of implementation of the operation, the country will produce two reports: an interim report to support the request of the second instalment and a final report. The reports will be produced by the implementing partners and their accuracy and content will be verified in accordance with the internal procedures of the Government. Also, on a monthly basis, statistical data on the implementation of the measures focusing on the outcome level should be produced by the implementing partners and shared, including a brief description of any difficulty encountered in the implementation of the measures and risks arising vis-à-vis the pre-condition agreed upon.

The implementation of the operation will be discussed in the Sector Working Group on Competitiveness and Innovation and the Sector Working Group on Education, Employment and Social Policy. The sector working groups (SWG) comprise authorities, donors and civil society. They are chaired by the respective ministers and convene in decision-making format from 2 to 4 times a year, and in technical format – at least once per month. The SWG focus the policy dialogue on sector priorities and on the implementation of the agreed indicators and targets and they naturally serve as a platform for programming and public monitoring of the EU aid.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

2.6. Evaluation and audit

Having regard to the nature of the action, an ex-post evaluation will be carried out for this action via independent consultants contracted by the Commission. The cost of the evaluation will be covered through the EU Integration Facility 2020.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Budget Support operation was meant to cater for specific outcomes linked to the emergency and recovery needs of an exceptional event.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary.

APPENDIX 1: INDICATIVE SELECTION OF RESULT INDICATORS

The inputs, the expected direct and induced outputs and all the indicators, and targets included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.¹

Results chain			Indicator	Source of data
IMPACT	Impact (overall objective)	<i>To mitigate the economic and social impact of the COVID-19 pandemic in North Macedonia</i>	% of GDP	Government report
			% of employment	IMF report
OUTCOMES)	Outcome 1 (specific objective)	<i>Strengthened resilience of the micro- and small enterprises in COVID`-19 and post-COVID-19 period</i>	<i>Number of micro- and small- enterprises supported (minimum target: 2,000)</i> <i>(Breakdown of supported entities by sex and age of the owners and managers, by business profile and its relation to the green deal, by municipality and region)</i>	Government report WB reports IMF reports Evaluation report
	Outcome 2 (specific objective)	<i>Strengthened safety net for self-employed and unemployed people</i>	<i>Number of supported self-employed and unemployed people (minimum target: 1,600 people including self-employed² and unemployed³)</i> <i>(Breakdown by sex-, age, employment category, municipality and region)</i>	Government report WB reports M&E report

¹ It is recommended to use sex-disaggregated data when available.

² In 2019, 1323 self-employed people benefited of this active labour measure.

³ In 2019, 2004 unemployed persons benefitted from this active labour measure.

Results chain		Indicator	Source of data	
INDUCED OUTPUT(S)	Induced Output(s)	1.1 Improved services for the micro and small enterprises	<p><i>Number of applications received for credits and for grants</i></p> <p><i>Number and value of credits and grants agreed for micro- and small enterprises</i></p> <p><i>Number of days to disburse the targeted funds to micro- and small enterprises</i></p>	<p>Government report</p> <p>Implementing authority report</p> <p>M&E report</p>
	Induced Output(s)	2.1 Improved public services to the self-employed and unemployed people	<p><i>Number of applications received for self-registration and for opening of new jobs</i></p> <p><i>Number of economic operators established through self-registration/ registration of start-up</i></p> <p><i>Number of companies which created new jobs</i></p> <p><i>Number of days to disburse the targeted funds to unemployed and self-employed people</i></p>	<p>Government report</p> <p>Implementing authority report</p> <p>M&E report</p>

LIST OF ANNEXES

- 1. Performance indicators used for disbursements**
- 2. Disbursement arrangements and timetable**



ANNEX 1: Performance indicators used for disbursements

Indicator 1: Number of micro and small enterprises supported

Programme: Third Package of Measures for mitigating the economic and social impact of COVID-19

Objective: To mitigate the economic and social impact of COVID-19

Action: Interest-free credit line with grant component

Department responsible: Cabinet of the Deputy Prime Minister for Economic Affairs, Ministry of Finance and Development Bank of North Macedonia

Description of the Indicator

Indicator type: Quantitative

Measurement unit: Absolute number. A detailed breakdown of supported entities by sex and age of the owners and managers, by business profile and its relation to the green deal, by municipality and region is required.

Periodicity of measurement: Monthly/For the whole duration

Last known result: The interest-free credit line was announced by the Prime-Minister on 17 May 2020. It is still not operational. Therefore no baseline data are available.

However, the Development Bank of North Macedonia operates a similar interest-free credit line dedicated to overcoming the consequences of COVID-19 in the sectors of tourism, transport and catering, with a total budget of EUR 5.7 million. For the first month of operation it attracted 712 applications, amounting to over EUR 5 million. 136 projects were approved for financing by end of April 2020 (submissions and approvals are ongoing). These figures certify for high interest of the business and sufficient capacity of the Development bank to manage an intervention of this scope but cannot be considered as baseline data since the credit line differs in scope, value and grant component

Development and quality of the indicator

Method of data collection: Administrative data

Departments responsible for collection: Development Bank of North Macedonia

Method of calculation: Enumeration of the signed credit contracts. The disbursement will be proportionate to the level of achievement of the target, which has a weight of 75% in the full structure of indicators. For example, if 65% of the target value is achieved, the disbursement will be 65% of the value associated to this indicator (or $65\% \times 75\% \times \text{EUR } 5 \text{ million EUR}$).

Means of interpretation

Known limits and bias: NA

Means of interpretation: NA

Documentation schedule

Target: 2,000 micro and small enterprises
Delivery date: By end of January 2021

Indicator 2: Number of supported self-employed and unemployed people

Programme: Employment and Social Reform Programme (ESRP) (Active Labour Measures)
Objective: To support job creation
Action: Support for unemployed/self-employed people starting own business
Grants for companies opening new jobs

Department responsible: Ministry of Labour and Social Policy, Employment Service Agency

Description of the Indicator

Indicator type: Quantitative
Measurement unit: Absolute number. A detailed breakdown of the beneficiaries according to sex, age, employment category, municipality and region is required.
Periodicity of measurement: Monthly/For the whole duration
Last known result: 1). Support for unemployed/self-employed people starting own business. In 2019 the total number of beneficiaries under this active labour measure reached 1,323 persons.
2). Grants for companies opening new jobs – In 2019 a total of 2,004 unemployed persons found jobs thanks to the programme.
However, achieving similar levels may be difficult in post-COVID period witnessing decreased capacity for job creation across whole economy.

Development and quality of the indicator

Method of data collection: Administrative data
Departments responsible for collection: Employment Service Agency
Method of calculation: Enumeration of the number of supported persons. The disbursement will be proportionate to the level of achievement of the targets. For example, if 65% of the target value is achieved, the total disbursement will be 65% of the value associated to this indicator (or 65% x 25% x 5 million EUR)

Means of interpretation

Known limits and bias: NA

Means of interpretation: The self-employed people could also include informal workers. They are expected to formally apply as unemployed job seekers, but the application process will collect information on their previous engagement in the informal sector (which is also additionally scored). The statistics on the implementation of the action will differentiate these ex-informal workers.

Documentation schedule

Target: 1,600 persons
Delivery date: By end of January 2021

ANNEX 2: Disbursement arrangements and timetable

1. Responsibilities

On the basis of the disbursement conditions stipulated in this Financing Agreement, the Ministry of Finance will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

Table A: Indicative disbursement timetable

Country fiscal year	Year 1 (2020)				Year 2 (2021)				Total
Type of tranche	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Fixed tranche 1				32					32
Fixed tranche 2					3				3
Variable tranche 1					5				5
Total				32	8				40

3. General conditions for the disbursement of each tranche

The general conditions set out in Table B shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents on the general conditions.

Table B: General conditions for the release of all tranches

Area	General conditions	Verification source
Public Policy	Satisfactory progress in the implementation of the <i>Policy Guidance of the Economic Reform Programme</i> , relevant to Covid-19 <i>and of the agreed government measures to support micro, small and medium enterprises, self-</i>	Economic Reform Programme (ERP) and Commission's ERP assessment with analysis of the progress in implementation since signature of the contract and yearly implementation reports. Governmental decision on COVID-19 related measures Governmental report on the implementation of the COVID-19 related measures

	<p>employed and unemployed people, and continued credibility and relevance thereof. This involves the official adoption by the Government of the support measures before the first tranche and satisfactory achievement of the targets of the planned measures before the second tranche</p>	<p>Reports of the Development Bank of North Macedonia on the implementation of the interest-free credit lines and other support measures</p> <p>Reports of the Employment Service Agency on the implementation of the governmental measures for supporting employment</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG EMPL, DG ECFIN),</p> <p>Third party assessments i.e. WB, IMF</p>
Macroeconomic stability	<p>Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;</p>	<p>DG ECFIN annual assessment and ECOFIN Council annual recommendations.</p> <p>Conclusions of the SA Sub-committee on Economic and Financial issues.</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Third party assessment, e.g. IMF, World bank</p>
Public financial management	<p>Satisfactory progress in the implementation of the reforms on public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme</p>	<p>Annual implementation report of the PFM Reform Programme</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG BUDG and other relevant DGs).</p> <p>Third party assessment, e.g. World Bank.; PEFA, PIMA, etc</p>
Budget Transparency	<p>Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information</p>	<p>Annual implementation report of the PFM Reform Programme</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG BUDG and other relevant DGs).</p> <p>Third party assessment, e.g. World Bank.</p> <p>Third part assessment, e.g. Open Budget Index., PEFA</p>

4. Specific conditions for the disbursement of tranches

Not applicable.

5. Variable tranche calculation

The disbursements of variable tranches, once the general conditions have been met, will be in proportion to the achievement of each target as described in Table C.

Where serious doubts exist about the quality of the data provided, a data verification exercise may be carried out to inform payment decisions. An external expert may be recruited to verify data claims on a sample basis, verifying data directly where possible or through cross-checking data with other, typically non-governmental, stakeholders.

In exceptional cases, where exceptional events or changing circumstances have prevented meeting the agreed targets, it may be possible to waive or neutralise an indicator and transfer the related amount to the other indicator and/or extend the duration period of the operation and the reporting. Such cases must be requested by the Ministry of Finance to the responsible Director of the European Commission and can be authorised by the latter through an exchange of letters between the two parties.

Table C: Variable Tranche

Indicator	Baseline	Target	Weight	Max value
1 - Number of micro and small enterprises supported	0	2,000	75%	3,750,000
2 - Number of supported self-employed and unemployed people	3,327 (2019)	1,600	25%	1,250,000

ANNEX II - GENERAL CONDITIONS

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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. For the purpose of Part One of this Financing Agreement every reference to grant contracts shall also include contribution agreement and every reference to grant beneficiaries shall also include organisations having signed contribution agreements.
- (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;¹
 - 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;²
 - 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.

- (6) For the purpose of the application of Article 25 of the Framework Agreement on data protection, personal data shall be:
- processed lawfully, fairly and in a transparent manner in relation to the data subject;
 - collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;
 - adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
 - accurate and, where necessary, kept up to date;
 - processed in a manner that ensures appropriate security of the personal data and

¹ Elimination of unsuccessful bids five years after the closure of the procurement procedure.

² Elimination of unsuccessful applications three years after the closure of the grant procedure.

- kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed.

Personal data included in documents to be kept by the IPA II beneficiary in accordance with Article 1.5 has to be deleted once the deadlines set out in Article 1.5 have expired.

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

- (1) When applying the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts, the IPA II beneficiary shall accordingly ensure that no EU financed procurement or grant contract is awarded to an economic operator or grant applicant if the economic operator or grant applicant who either itself, or a person having powers of representation, decision making or control over it is in one of the exclusion situations provided for in the relevant procedures and standard documents of the Commission.
- (2) 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.
- (3) 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).
- (4) 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.
- (5) In respect of paragraph 4 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.
- (6) 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 decisions³;
 - (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
 - (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

³ For service contracts this steps includes *ex ante* controls concerning approval of the shordist.

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 IPAlI 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(1) 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 contribution 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 contribution 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, grant contracts and contribution agreements shall be concluded at the latest within three years of the entry into force of the Financing Agreement, except:
 - (a) amendments to procurement contracts, grant contracts and contribution agreements 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, grant contract or contribution agreement 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 or if the IPA II beneficiary is guilty of grave professional misconduct proven by any justified means. Grave professional misconduct is to be understood as any of the following:
 - a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or
 - any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
 - (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, grant contracts, and contribution 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) When the termination is notified, the consequences for the on-going procurement and grant contracts, contribution agreements and such contracts or grants, and contribution agreements to be signed shall be indicated.
- (3) 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 title¹: [*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 Cooperation²

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.

¹ As per the sectors in the indicative Strategy Papers.

² 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:

Indicators³ per programme

Financing Agreement/Programme reference⁴	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2014⁵)
<i>2014 country programme</i>	<i>Reduction of average travel time of passengers between major urban centres by transport mode</i>					
<i>2014-20xx multiannual programme</i>	<i>Reduced transportation costs per unit of output</i>					

³ These should be mostly outcome, as well as selected relevant output indicators

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

⁵ 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
<i>[2014 country programme]</i>	<i>Electrification of the railway line from xxx to border with xxx</i>	<i>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</i>		<i>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</i>	<i>e.g. change of local law, like alignment with and implementation of the fourth Railway package</i>	

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)