With support from

Federal Ministry of Agriculture, Food and Regional Identity

by decision of the German Bundestag

APD German–Ukrainian Agricultural Policy Dialogue

Institutional Capacity for CAP Governance in Ukraine: The Example of a Managing Authority

Brigitte Mehlmauer-Larcher

Kyiv, August 2026

Agro Policy Report 01

Implemented by Berlin Economics DLG markets

Operating Partner Dorada

GFA Consulting Group General Agent BMLEH Berlin Office

About the project "German-Ukrainian Agricultural Policy Dialogue" (APD Ukraine)

The project "German-Ukrainian Agricultural Policy Dialogue (APD Ukraine)" has been implemented with the support of the Federal Ministry of Agriculture, Food and Regional Identity (BMLEH) since 2006 and is currently being implemented until 2028 at its request through the executor of GFA Consulting Group LLC, as well as a consortium consisting of BE Berlin Economics GmbH und DLG Markets GmbH.

The recipient of the project is the National Association of Agricultural Advisory Services of Ukraine „Dorada". The beneficiary of the project is the Ministry of Agrarian Policy and Food of Ukraine.

The project should support Ukraine in the areas of sustainable agriculture, efficient processing industry and international competitiveness in accordance with the principles of market and regulatory policies taking into account the development potential that arises under the Association Agreement between the EU and Ukraine. To meet this goal, the Project should provide information on German experience, as well as international European experience in development of agrarian and forestry policy framework, as well as on the organization of relevant agrarian and political institution.

APD
German-Ukrainian
Agricultural Policy Dialogue

www.apd-ukraine.de

Author: Brigitte Mehlmauer-Larcher

Disclaimer

This report is published with the support of the German-Ukrainian Agricultural Policy Dialogue (APD Ukraine). Any opinions and results, conclusions, suggestions or recommendations in the report are those of the author.

Table of Contents

Abbreviations

CAP	Common Agricultural Policy
DG	Directorate General
EAGF	European Agricultural Guarantee Fund
EAFRD	European Agricultural Fund Rural Development
EC	European Commission
EU	European Union
FFPA	Financial Framework Partnership Agreement
GAEC	Good Agricultural and Ecological Conditions
GD	General Directorate
HR	Human Resources
IACS	Integrated Administration Control System
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for Pre-accession Assistance Rural Development
LAG	Local Action Group
LDS	Local Development Strategy
MA	Managing Authority
MC	Monitoring Committee
MoU	Memorandum of Understanding
MS	Member State
NAO	National Authorising Officer
NF	National Fund
PA	Paying Agency
Reg.	Regulation
SA	Sectoral Agreement
SP	Strategic Plan
TA	Technical Assistance

01
Introduction

The Managing Authority and the Paying Agency are playing key roles in the design and implementation of Strategic Plans under the EU Common Agricultural Policy (CAP) in EU Member States and under the Instrument for Pre-Accession Assistance Rural Development (IPARD) in EU candidate countries. A clear distinction between policy formulation and implementation is given by dividing the different tasks between MA and PA.

The Managing Authority (MA) is responsible for the design of CAP /IPARD interventions and the overall implementation management.

The Paying Agency (PA) carries out mandatory functions such as the authorisation of payments, execution of payments and accounting of payments whereas the latter two ones must not be delegated;

Both, MA and PA are accountable for:

- efficient and effective management and implementation of RD programmes or Strategic Plans
- correct use of the funds and safeguarding the financial interests of the Community
- verifiability and controllability of interventions.

The following report chapters target the organisation and functions of the Managing Authority. The relationship and interaction between MA and PA are presented in chapter 5.

02

Legal Background of Managing Authority

EU Member States

Regulation (EU) 2021/2115[1], Article 123 defines the responsibilities of the Managing Authority (MA) under CAP Strategic Plans in EU Member States (MS), as presented in the following:

- Setting up on an electronic information system for data transfer
- Set out of selection criteria for interventions relating to investments, setting up of young farmers and new farmers, rural business startup, cooperation, knowledge transfer and dissemination of information. Selection criteria should be consulted with the Monitoring Committee (MC).
- Ensuring that beneficiaries and other bodies (Local Action Groups) involved in the implementation of the Strategic Plan (SP) are informed on all duties regarding keeping a separate bank account, recording of documents, providing relevant data and information on the operation funded by the SP.
- Providing information on conditionality requirements like Good Agricultural and Environmental Conditions (GAEC), Statutory Management Requirements (SMR) and the social conditionalities) for respective interventions
- Development of monitoring and evaluation plan; including providing all relevant information to the Monitoring Committee (MC);
- The monitoring committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;
- Annual performance report is drawn up, including aggregate monitoring tables, and, after the report has been submitted to the monitoring committee for its opinion, is submitted to the Commission

[1] https://eur-lex.europa.eu/eli/reg/2021/2115/oj/eng#:~:text=Article%C2%A0123-,Managing%20authority,-1.%C2%A0%C2%A0%C2%A0Each%20Member

- Providing all necessary information to the paying agency (PA), on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;
- Ensuring visibility and communication tools of EU for European Agricultural Fund Rural Development (EAFRD) and European Agricultural Guarantee Fund (EAGF) are used by beneficiaries.

Candidate Countries: example of West Balkan and Turkey

The Sectoral Agreement[2] lays down specific provisions for the management and implementation in the agriculture and rural development policy area under the Instrument for Pre-accession Assistance Rural Development (IPARD III) in accordance with Article 9 of the Financial Framework Partnership Agreement (FFPA)[3]. The SA complements the FFPA concluded with the IPA III beneficiary country.

The designation of structures, authorities and bodies relevant for the implementation of IPARD must be ensured by issuing formal acts. Following, the Managing Authority is a mandatory requirement for the implementation management of IPARD programmes in the candidate countries of the West Balkan. The MA, like the paying agency, under undergo an accreditation process by the competent national authority and the EC.

Box 1. Functions and responsibilities of Managing Authority under IPARD

According to Article 8 of the SA the MA functions and responsibilities are:

- drafting the IPARD programme and any amendments to it, including those requested by the Commission;
- defining the controllability and verifiability of the measures in the IPARD III programme in cooperation with the IPARD Paying agency;

[2] Sectoral agreement' means an arrangement concluded between the Commission and an IPA III beneficiary for implementing a specific IPA III programme, setting out the rules and procedures to be respected, which are not contained in the financial framework partnership agreement or financing agreements;

[3] Financial framework partnership agreement' means an arrangement concluded between the Commission and an IPA III beneficiary laying down the principles of the financial cooperation between the IPA III beneficiary and the Commission under this Regulation;

- selection of measures under each call for applications under the IPARD III programme and their timing, the eligibility conditions and the financial allocation per measure per call. The decisions shall be made in agreement with the IPARD Paying Agency;
- ensuring that the appropriate national legal basis for IPARD III implementation is in place and updated as necessary;
- assisting the work of the IPARD III Monitoring Committee as by providing the documents necessary for monitoring the quality of implementation of the IPARD III programme.
- set up a reporting and information system to gather financial and statistical information on progress of the implementation of the IPARD III programme based on information to be provided by the IPARD Paying Agency, and forwarding this data to the IPARD III Monitoring Committee
- propose amendments of the IPARD III programme to the Commission after consultation with the IPARD Paying Agency and following agreement by the IPARD III Monitoring Committee. These relevant authorities must be informed of the need to make appropriate administrative changes, if necessary, following a decision by the Commission to amend the IPARD III programme.
- draw up an annual action plan for the intended operations under the Technical Assistance measure to be agreed by the Monitoring Committee.
- draw up an evaluation plan in accordance with Article 56 of the SA. To be submitted to the IPARD III Monitoring Committee not later than one year after the adoption of the IPARD III programme by the Commission. Reporting to the Monitoring Committee and to the Commission on the progress made in implementing this plan.
- draw up a coherent plan of visibility and communication activities in accordance with Article 24 of the FFPA and shall consult and inform the Commission, having taken advice from the IPARD III Monitoring Committee.

To be noticed:

When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the management and implementation of those tasks in accordance with the principle of sound financial management.

03

Organizational Structure of Managing Authority

Examples EU Member States & Candidate Country

Basically, the EU Member States have the freedom to establish the organisational structure of their Managing Authorities based on the existing administrative structure of their countries. More important is that all obligatory functions are carried out in a correct way to ensure the efficient and correct use of EU funds. Important to notice: If the MA delegates tasks to other Departments/units, the MA stays responsible for the correct implementation of these tasks and should ensure that the unit receives all information required to carry out delegated tasks.

In the following, examples of the setup of Managing Authorities in EU Member States are illustrated. The examples provide a view on the different ways how the MA can be placed within the organisational structure of Ministries with competences in the field of Agriculture & Rural Development.

Managing Authority of Romania

The General Directorate (GD) for Rural Development is designated Managing Authority and responsible for the entire RD policy. The GD for Rural Development is in charge for the implementation management of the RD programme incl. programme modifications. Furthermore, the GD designs the national framework for the implementation of the RD programme which determines the eligibility criteria, eligible costs, selection criteria for the implementation of measures by the Paying Agencies. The GD of Rural Development is also involved in the preparation of legal acts together with the legal department. Technical knowledge reg. agri-environment, forestry environment, organic farming, agri- food, LEADER and national CAP network, monitoring & reporting &evaluation are covered by respective units within the MA.

In total the Romanian MA counts around 100 staff members whereas more than 70 staff members are located at central level and 30 on regional level.

The legendary explanations provide information on the structure of the Managing Authority (see below).

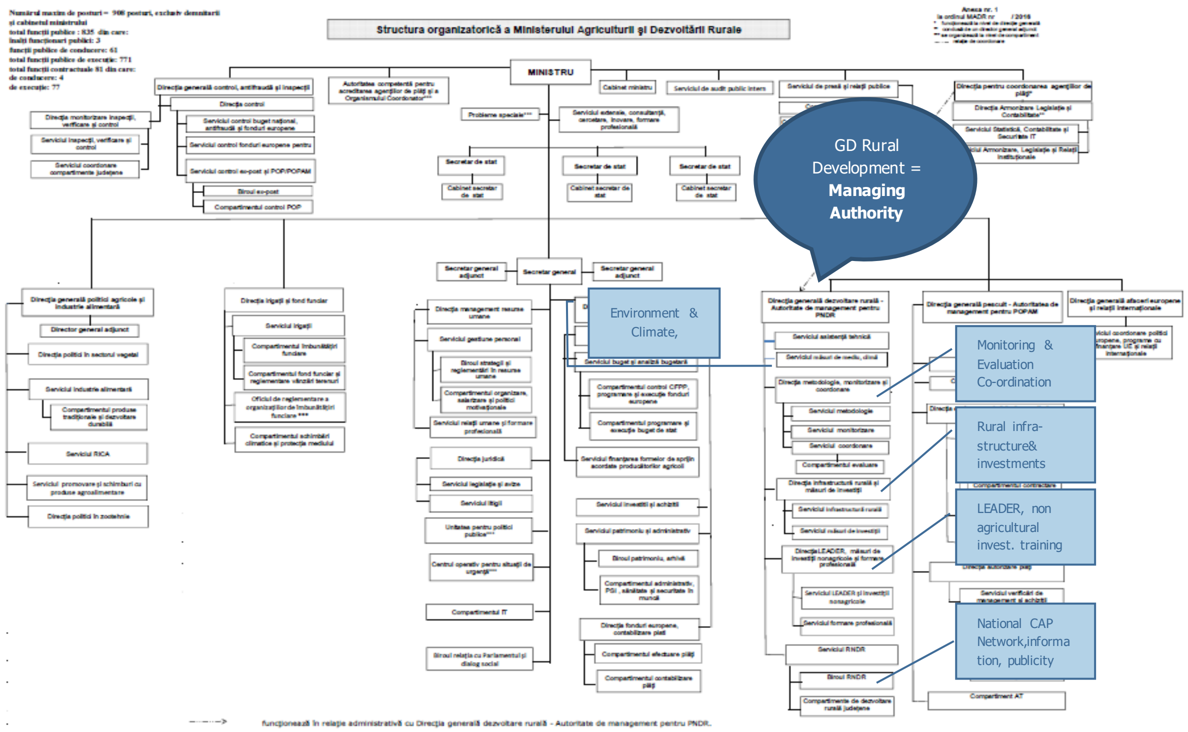

Figure 1. Organizational structure of Managing Authority of Romania

Managing Authority in Austria - The Austrian Federal Ministry for Agriculture, Forestry, Climate and Environmental Protection, Regions and Water Management

The policy areas of Agriculture and Rural Development were amalgamated under one General Directorate in a previous organisational reform process. Hence, the unit of Coordination EU Common Agricultural Policy functions as the Managing Authority for the CAP Strategic Plan including Direct Payments, Sector interventions and Rural Development. A strong work collaboration and cooperation exist with other technical Departments of the Section, like

- Agri environment, areas with natural constrains, mountain areas, organic farming
- Competitiveness and knowledge transfer in agriculture
- food systems,
- Direct payments and IACS
- Common Market Organisations / sectoral interventions e.g. wine, fruit & vegetable
- Agricultural policy, statistics & data management and evaluation (organising the tender for hiring independent experts for ex ante, midterm and ex post evaluations incl. ongoing evaluation activities)

- LEADER, innovation & cooperation; this Department is subordinated to the GD Regions & Forestry
- Afforestation, forest environment, forest infrastructure are subordinated to the GD Regions & Forestry.

The total number of staff of the MA (=Department of Coordination EU CAP) is 13 incl. the head.

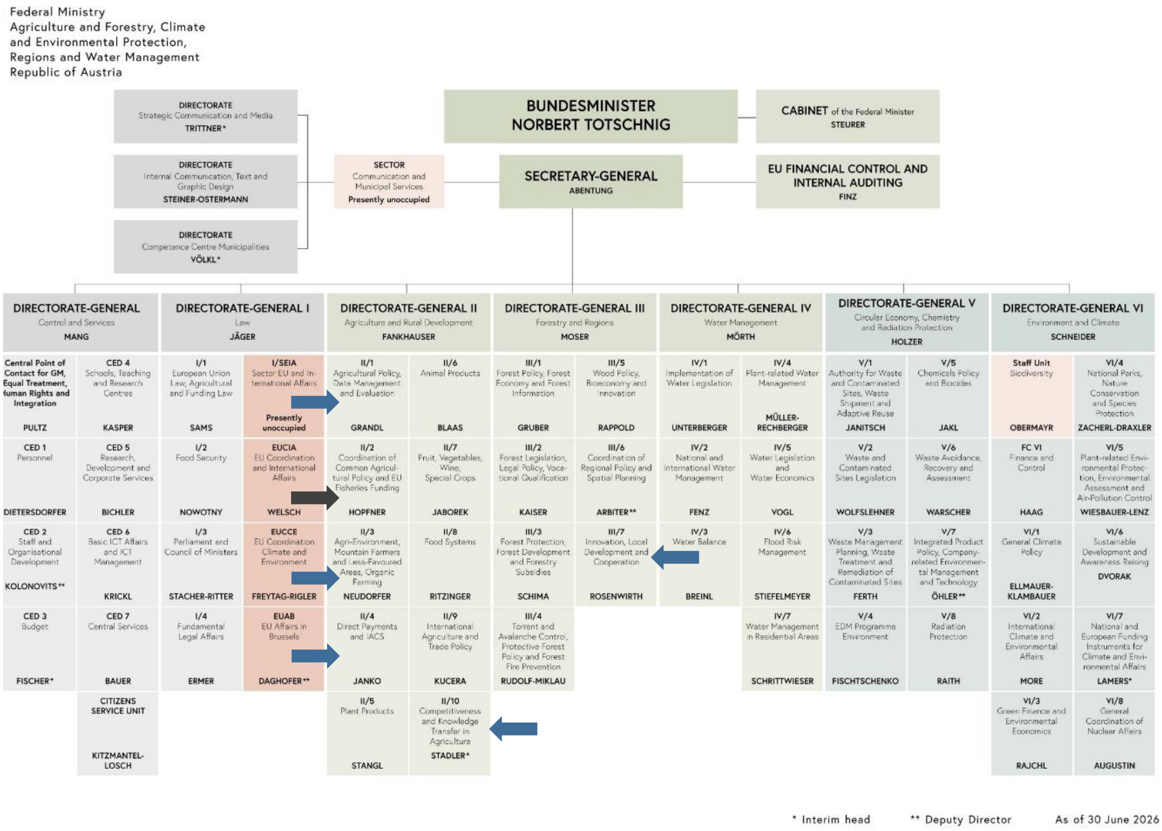

Figure 2. Organisational structure of Austrian Federal Ministry Agriculture, Forestry, Climate & Environmental Protection, Regions and Water Management

Managing Authority in Albania

The MA is a separate Directorate of Programming and Monitoring of IPARD within the Ministry of Agriculture covering the duties of an IPARDIII MA. Generally, the Albanian operational structure of the MA is quite slim, combining the horizontal functions of the MA while technical units oversee measure specific tasks.

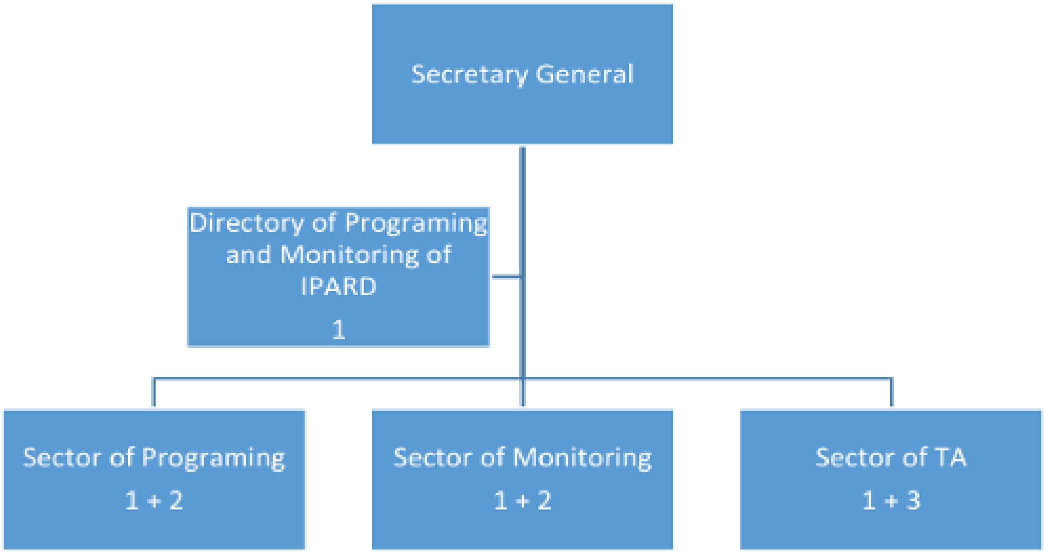

Figure 3. Organisational Chart of Managing Authority Albania (Candidate Country)

Conclusion

It is up to the EU Member States' decision on the most appropriate setup of the Managing Authority for their CAP Strategic Plan. The MA is established in the Ministry with the Common Agricultural Policy incl. Rural Development.

In case of **Romania the MA** is an own General Directorate including several technical units relevant for Rural Development and has regional branches located in the regional agricultural administration.

While in **Austria, the Managing Authority** is a department which carries out the main functions assigned to a MA and interacts with other technical departments like agri-environment, forestry, food, competitiveness, LEADER, innovation & cooperation, plant production to carry out its functions.

In case of **the IPARD III country Albania**, the MA is established as own "Directory for Programming & Monitoring".

Set up and operationalize MA in Ukraine

The current proposal of the organisational structure and functions of the Managing Authority under the Ukrainian responsible Ministry (either Ministry of Economy, Environment, Agriculture of Ukraine or Ministry of Agricultural Policy and Food) covers mainly horizontal functions. Which include programming, programme modifications, monitoring & evaluation & reporting, coordination of activities of the Monitoring Committee. The proposal foresees that already existing technical units are dealing with Direct Payments, area-based RD interventions like agri-environmental schemes including organic farming, investments, advisory service, irrigation.

Given these current plans for the MA following additional competences should be tackled directly by the MA and/ or technical units.

- Set up and operating a CAP national network in house or outsourced
- Implementation of LEADER including the selection of Local Action Groups (LAGs), rules of procedures for LAGs, structure and content list of local development strategy (LDS).
- Definition of rural areas of Ukraine
- Definition of i) areas with natural or other area-specific constrains and ii) areas with specific disadvantages resulting from certain requirements (e.g. NATURA 2000[4], river basin management plans[5]).
- The establishment of Integrated Administrative Control System (IACS) operated by the Paying Agency is assigned under the Direct Payment unit of the Directorate Agriculture. In course of the IACS preparatory work the setup of land parcel identification system (LPIS), animal register and farm register are of upmost importance as they form the basis of the IACS functioning.
- Coordination and collaboration of work with technical bodies in charge of food safety incl. hygienic standards, environmental protection, animal welfare and occupational safety.

Figure 4 is a model example for the organisational structure of a Managing Authority where all the horizontal functions like overall programming, monitoring & reporting, evaluation, coordination, communication are assigned directly to the newly established MA. While programming of RD interventions / measures, Direct Payments and Sector interventions are assigned to the RD Directorate and Agriculture Directorate. The interventions/measures under LEADER and Technical Assistance (TA) are assigned to the MA.

[4] Natura 2000 agricultural and forest areas designated pursuant to Habitat Directives 92/43/EEC to protect flora & faun and Bird Directive 2009/147/EC to protect wild birds and their habitats in protected areas;

[5] River management plans according to Water Framework Directive 2000/60 EC and Floods Directive 2007/60 EC

Directorate Managing Authority	RD Directorate	Agriculture Directorate	Forestry Directorate
Unit Monitoring & Reporting, Evaluation, Statistics, Data Analysis	**Unit Investment** Agricultural holdings, Young farmers, Producer groups	**Unit** Direct Payments, IACS, GAEC	**Unit Investment** Forest environment, Afforestation
Unit Programming, Programme modification, Budget planning	**Unit** Advisory service, Training, Cooperation, AKIS	**Unit** Food processing, Quality schemes	
Unit LEADER, CAP Network, Communi-cation & PR	**Unit Investment** Rural infrastructure, Non-agricultural activities	**Unit Investment** Sector interventions (e.g. wine, fruit & veg., apiculture, olives)	
Unit Coordination, MC, Paying Agency Technical bodies	**Unit Area-based** Agri-environment, Organic farming, Areas with natural/ other specific constrains		

Figure 4. Model of possible organisational structure of Ukraine Managing Authority and technical units

The work collaboration and coordination of the MA with other technical units should be defined in the "rules of operations of the ministry" laying down the organisational structure, responsibilities & tasks of each unit. Given the newly assigned tasks an update of the existing rules of operations of the ministry" will become necessary to ensure the fulfilment of all new obligations regarding the implementation of the EU CAP.

The coordination and collaboration with the Paying Agency are laid down in an e.g. Memorandum of Understanding duly agreed and signed by both parties (see chapter 4).

Additionally important is the information sharing and assigning of tasks to the relevant technical bodies like the food and veterinary agencies, environmental authority as well as labour inspectorate. These authorities are in charge to confirm the complementarity of investment projects with respective national and EU standards. In case of IPARD in the candidate countries, the complementarity of investment projects must be proofed at least with national minimum standards.

Box 1. MA responsibilities and tasks related to programming

In case of the development of a new the CAP Strategic Plan the minister issues an order to set up the programming organisation for a new multiannual programming document.

The MA has the core function of the programme development, responsible for

- Steering and overseeing the development process
- Set up of working groups for the respective chapters and design of interventions
- Compilation of the individual chapters of the SP developed by MA and / or technical units
- Reporting to the ministry's political management for strategic decision taking
- Work liaison with technical units of Ministry, Paying Agency, other line Ministries, regional governments, research institutions, relevant authorities (veterinary, phytosanitary, food safety, environment & climate,
- Organising the stakeholder consultation process
- Organisation of the ex-ante evaluation including contract management
- **Important** work liaison with EC / DG Agri

Technical units are obliged based on their assigned tasks to contribute actively to the development of the programme and specifically to the design of interventions in the frame of their competences.

Phase I

until 2026

- Designation of MA, organisation & functions, head of MA, staffing plan, adopting legal acts
- HR management incl. recruitment, training needs
- Start preparation internal manuals procedures, templates
- Completion ARD programme, def. rural areas, ANC,
- Data processing & analysis unit to be nominated

Phase II

beyond 2026

- Continouse work on internal manuals of procedures
- Memorandum of Understanding (MoU) with PA
- Establishment of MC incl. statutory rules
- Establishment of Management Information System with PA

Figure 5. Overview on the allocation of tasks as planned for Phase 1 and Phase 2.

In **Phase I** (2026), the MA, its core functions and the head of the MA should be designated by minister's order, horizontal functions should be assigned to MA, respective staffing including recruitment of new staff members, training needs analysis and trainings carried out; development of internal manual of procedures and update of Agriculture Rural Development Programme;

While the development of interventions / measures can be taken over by respective technical units e.g. Directorates for RD and/ or Agriculture. How Phase II will be organised in detail will depend on progress made in 2026. Best case is to complete pending internal manuals of procedures, concluding a MoU, establishment of MC incl. selection of representatives of socio-economic partners, representatives of interest groups, public authorities, NGO of environmental sector, vulnerable groups. Nomination of members with observer status only.

04

Accreditation of Managing Authority under IPARD

(also called entrustment with budget implementation tasks)

The Managing Authorities under IPARD undergo an accreditation process which is not the case for MAs in EU Member States.

Generally, the Sectoral Agreement defines the criteria for the accreditation of the operating structure (= MA+ PA) and the management structure of IPARD (National Fund and support office of National Authorising Officer).

Box 3. Entrustment with budget implementation tasks

Reference to the Sectoral Agreement TITLE 3:

Specific provisions relating to entrusting the IPA beneficiaries with budget implementation tasks.

Article 23 Common requirements

At the moment of sending the request for being entrusted with budget implementation tasks, the structures and authorities of the management and control system as defined in Articles 10 and 11 of the FFPA shall have a well-defined administrative organisation and system of internal verifications with full internal rules of procedure, clear institutional and personal responsibilities, which comply with the criteria set out in the FFPA and Annex 2 to this Agreement regarding the following areas:

- **control environment;**
- risk management;
- control activities;
- **information and communication;**
- monitoring of the internal control framework.

To be noticed: The criteria applying for the Managing Authority are in highlighted in bold, namely control environment, information and communication)**.**

The National Authorising Officer (NAO)[6] shall be satisfied that the administrative and internal control arrangements of the Managing Authority offer the following guarantees:

- the requisite documents are presented within the time-limit and in the form stipulated by the Agreements;
- the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to electronic documents within the meaning of the Agreements.

The examinations shall be conducted according to methods equivalent to internationally accepted auditing standards.

- The National Authorising Officer (NAO) shall keep the management and operating structure under constant supervision in accordance with Article 14(1) of the FFPA.
- *[IPA III beneficiary]* shall establish a system that ensures that any information suggesting that the management and operating structure does not comply with the criteria is communicated to the NAO without delay.

See Annex 1 Sectoral Agreement IPARD III, Annex 2 FFPA IPA III

Control environment

1. Ethics and integrity policies
    a. demonstrating commitment by the organization to integrity and ethical value
    b. ensuring the culture for the organisation required by top management is understood throughout the organisation
    c. ensuring that procedures exist to identify and avoid conflicts of interests
2. Supervision by management of tasks delegated to subordinates
    a. ensuring that oversight procedures and structures are developed, including reporting from subordinate actors
    b. ensuring that accountability is supported by proactive and continued supervision

[6] The National Authorising Officer is part of the management structure of IPA(RD). The NAO acts as sole interlocutor to the EC, provides accounting information, assess any operational changes in PA / MA, informs EC on changes; is high ranked official on ministerial level (mostly Ministry of Finance).

3. Establishment of structures, reporting lines, and authorities and responsibilities

    a. ensuring that structures are defined and established at all levels in a way to enable achievement of assigned objectives and that tasks and functions to entities are allocated respectively

    b. ensuring that all entities and individuals have proper legal bases and full legal authority to carry out their assigned tasks and functions

    c. ensuring that reporting lines are designed within and between the entities to guarantee necessary flow of information to manage the activities of each entity and to enable accountability over all levels of organisation

    d. ensuring that authority and the level of responsibility is defined and assigned based on demonstrated competence and allocated tasks such as for:

        Senior management

        i. retains authority over significant decisions, reviews management's assignments, establishes directives, guidance and control to enable management and other staff to understand and carry out their internal control responsibilities Management –

        ii. guides and facilitates the execution of senior management directives and instructions at their respective entity level

        Personnel

        iii. understands the entity's standards of conduct, assessed risks to objectives, and the related control activities at their respective levels, the expected information and communication flow, and monitoring activities relevant to their achievement of the objectives

4. Staff planning, recruitment, retention, training and appraisal

    a. ensuring that adequate numbers and quality of staff are in place at all levels to reach the objectives

    b. ensuring that no member of staff is in doubt as to the extent of their responsibilities with the view of achieving the set objectives

    c. ensuring that mission statements, job descriptions, etc. are up to date and known to all staff

   d. ensuring that staff in "sensitive posts" are identified and that appropriate controls (including, where appropriate, rotation policies) are applied to "sensitive posts"

5. Accountability for allocated tasks and responsibilities
   a. establishing performance measures, incentives, and other rewards appropriate at all levels considering the achievement of objectives
   b. ensuring regular performance evaluation of staff at all levels and exercising appropriate follow-up, for example in terms of reward or disciplinary actions
   c. ensuring that pressure is applied in the organisation positively to ensure achievement of objectives and negative pressures, for example in terms of unrealistic performance targets or conflicting objectives, are avoided.
   d. ensuring that pressure is applied in the organisation positively to ensure achievement of objectives and negative pressures, for example in terms of unrealistic performance targets or conflicting objectives, are avoided.

Information and communication

1. Information to support functioning of internal controls
   a. ensuring that processes are in place at all levels to identify the information required and expected to support the functioning of the other components of internal control and the achievement of the organisation's objectives
   b. ensuring that information is obtained from all relevant sources including both internal and external sources
   c. ensuring that information is captured from relevant sources and processed into meaningful, actionable information to meet defined information requirements ensuring that produced information is timely, current, accurate, valid, complete, sufficient, accessible, protected, and verifiable and retained in order to be used in assessment of internal controls and achievement of objectives
2. Internal communication
   a. ensuring that processes are in place to communicate required information to enable all staff, including management, to understand and carry out their internal control responsibilities

b. ensuring that communication exists between senior management and other levels of the organisation so that senior management have the information needed to fulfil its role with respect to the organisation's objectives

c. ensuring that separate communication channels, such as "whistle-blower" hotlines, are in place and serve as fail-safe mechanism to enable anonymous or confidential communication when normal channels are inoperative or ineffective

d. ensuring that the chosen method of communication considers the timing, recipient, and nature of information

3. External communication

   a. ensuring that processes are in place to communicate required information in a relevant format and timely to external parties, including the European Commission, the European Court of Auditors, etc.

   b. ensuring inbound communication channels to allow input from external parties providing all levels of organisation, including the senior management, with relevant information

   c. ensuring that relevant information from external parties, including the European Commission, the European Court of Auditors, etc., reaches the relevant levels of the organisation, including the senior management

   d. ensuring that separate communication channels, e.g. in case of denunciations or "whistleblowing", are in place and enable anonymous or confidential communication up to the level of senior management

   e. ensuring that the method of communication considers the timing, recipient, and nature of communication as well as legislative and regulatory requirements and expectations.

Internal rules of procedures

Given the long list and complexity of work tasks assigned to the Managing Authority, internal operational procedures support the application of standardised approaches and commonly agreed work processes. Operational procedures lay down work-flow process and define rules of actions to carry out specific tasks and are linked to job positions. They include timelines, data sources, standardised documents and checklists and support the capacity building of involved staff. Internal procedures are living documents and should be developed / adjusted by those people working with the procedures to create ownership and understanding of assigned duties.

Written procedures enable a continuity of work processes even in absence of an employee and / or an employee is leaving the organization permanently. Existing gaps of technical know-how can be more easily substituted if written procedures are existing. A clear tracking system of updated latest version is required and interfaces of work processes with other operational tasks should be followed up. E.g. operational procedures on monitoring & reporting are closely linked with evaluation and impact assessment.

Internal Manuals of procedures cover:

- Horizontal manual of procedures
- Programming & programme modifications
- Monitoring & reporting
- Evaluation
- Coordination
- Technical Assistance
- Irregularities

Box 2. Example tentative list of documents of horizontal manual of procedures

Appendix 1 - Organisation Chart of ministry

Appendix 2 - Managing Authority - current organisational chart

Appendix 3- Managing Authority Relationship with EC and other IPARD Institutions

Appendix 4 - Code of Ethics and Conduct for Managing Authority members

Appendix 5 - Operations on Budget Preparation and Implementation of the Ministry

Appendix 6 - Workload Analysis
Annex I – Calculation sheet
Annex II – Employment action plan for the period of the WLA

Appendix 7 - Job Description templates

Annex 7.1 Job Description template for the Head of the Managing Authority
Annex 7.2 Job Description Template for Division for Programming and Coordination
Annex 7.3 Job Description Template for Division of Monitoring Evaluation and Reporting
Annex 7.4 Job Description Template for Division of Competitive Skills, Diversification and LEADER
Annex 7.5 Job Description Template for Division of Agri-Environmental Polices and LFA
Annex 7.6 Job Description Template for Division for Technical Assistance, Communications and Publicity
Annex 7.7 Job Description Template for Support staff

Appendix 8- Human Resource (HR) Policy of ministry
Annex 8.1 Declaration of Confidentiality and Impartiality
Annex 8.2 Job Analysis Template
Annex 8.3 Job Descriptions Template
Annex 8.4 Statement of familiarity with the Job description
Annex 8.5 CV format
Annex 8.6 Induction Checklist
Annex 8.7 Annual Goal Setting Form
Annex 8.8 Employee Self-Assessment Questionnaire (2)
Annex 8.9 Template for Civil servant's appraisal form
Annex 8.10 Template for Report for Appraisal of Civil Servants
Annex 8.11 Template for Annual Training Programme
Annex 8.12 Training Needs Assessment Survey Form
Annex 8.13 Scheme of involvement of the HR Department and the MA line managers in the preparation of information and decision-making
Annex 8.14 Training Evaluation Questionnaire
Annex 8.15 Personal Training Register

Appendix 9 - Minute Template for Management Review Meeting

Appendix 10 – Documentary Management, Archiving and IT Security

A tentative list of documents is attached in Annex 3.

05

Work relation between Managing Authority and Paying Agency

The work collaboration and coordination between MA and PA are of upmost importance for an efficient implementation management of funds.

A Memorandum of Understanding (MoU) is concluded between the MA and PA laying down the functions of both institutional units in terms of the implementation of the IPARD Programme.

Box 3. Content list of Memorandum of Understanding between MA and PA under IPARD (summarized)

Scope:

- Reporting: Annual and Final Implementation Report, data provision of PA
- Verifiability and controllability: Ongoing verifiability and controllability of measures / interventions
- Selection of measures under call for applications: annual plan for launching calls for applications, information on the results of the calls for applications
- Programme monitoring: data provision for programme monitoring activities, monitoring committee
- Programme publicity, information and visibility: publicity,
- Preparation, amendments, evaluation of Agriculture & Rural Development Programme and evaluation
- Communication: Internal and external communication
- Coordination and general provisions: Training activities cooperation, regular meetings between PA and MA, internal audit reports of MA
- Final provisions: contact person, settlement of disputes

The following Box 6 illustrates the importance of an appropriate functioning of the Paying Agency responsible for the operational implementation of CAP interventions.

Box 6. Paying Agency in EU integration process

In the EU integration context, the establishment of the Paying Agency is one of three main benchmarks for Chapter 11 "Agricultural Policy and Rural Development" and considering by EU side as milestone for the Ukraine's EU accession. The reason is due to the importance of this institution for the overall CAP support architecture and to ensure that payments of the CAP funds are legal, regular, and properly accounted for. Considering the variety of approaches to design the organization structure of the PA, it is crucial for Ukraine to learn the best practices and evaluate different experiences from both EU member States and Candidate Countries to decide on the best solution for Ukraine.

From the EU perspective, the proper functioning of the PA is a key element for the protection of the Union's financial interests, and it is an obligation for the EU countries pursuant to Article 59 of Regulation (EU) 2021/2116, towards checks on the legality and regularity of operations financed by the EAGF[7] and EAFRD[8]; effective prevention against fraud, by preventing, detecting and correcting irregularities and fraud; penalties which are effective, proportionate and dissuasive in accordance with Union or national law, and; the recovery of undue payments.

[7] EAGF: European Agriculture Guarantee Fund for financing Direct Payment and Sector interventions

[8] EAFRD European Agricultural Fund Rural Development for financing Rural Development interventions

06

Monitoring Committee

The monitoring on the progress of the implementation of the Strategic Plan in EU MS and IPARD programme in candidate countries is undertaken by reference to the defined indicators in the Programme. A Monitoring Committee (MC) shall be established after adopting the Programme / SP and is chaired by a high ranked official with voting rights. Representatives of the EC, (NAO and NIPAC in case of IPARD) participate in the MC meetings as observers.

MC is responsible to:

- examine the results of the programme, in particular the achievement of the targets set for the different measures and the absorption of financial allocations to those measures. The MA must ensure that relevant information and data are provided to the members of MC incl. difficulties experienced and results on verifications.
- specific information is required like
- consider and approve any amendments of the Programme proposed by the MA for submission to the EC.
- propose amendments of the Programme after consultation with the MA
- consider and approve annual & final implementation reports
- examine the evaluations of the IPARD III programme referred to in Article 57
- consider and approve the plan of visibility and communication activities as well as any subsequent updates of the plan.
- consider and approve of an indicative annual action plan for the implementation of technical assistance activities including indicative amounts for information purposes.

All final documents of MC meetings shall be made public. The monitoring committees shall meet at least twice per 12 months.

Box 7. Composition of MC of Austrian CAP Strategic Plan 2023-2027 (example)

Number of MC members: in total 48 + 1 chairperson,

- About 50 % are representatives of national and regional government bodies (federal ministries, paying agency, federal authority for environment, federal authority for equal opportunities,)
- About 50 % are socio economic partners and NGOs like chamber of agriculture, chamber of labour, chamber of commerce, union of agricultural workers, various associations e.g. agricultural producers, small farmers, mountainous farmers, LAGs' umbrella organisation, national parks, NGOs of environment & climate, women, youth, social services,

Statutory rules of MC should be developed to define operational functioning of the MC, indicating responsibilities and tasks of MC members incl. substitution person; decision taking and voting modus, timing and recoding of meetings;

The selection of organizations invited to nominate a MC member is based on certain criteria:

- Have a stake and relevance in the agricultural and RD policy design and implementation
- Complementarity to agriculture and RD interventions
- Representing a significant number of farmers, rural actors, food processors ect.
- Technical capability and skills to actively contribute

07
Recommendations

To set up and operationalize the Managing Authority following points should be considered

- Clear designation of MA on national level including adoption of legal provisions and political commitment to empower the MA to carry out assigned tasks.
- Role of MA to be reinforced within the Ministry to ensure proper management function and implementation management,
- Summarizing MA functions / tasks in one administrative unit to ensure proper implementation, or delegation with clear rules and timeline for delivery of delegated functions.
- Head of MA should be senior staff member with excellent coordination & communication skills and knowledgeable on rural development policy
- Equal power of MA and paying agency, Memorandum of Understanding to lay down provisions of tasks & duties, cooperation / coordination mechanism
- Development of internal manuals of procedures of MA tasks with strong involvement of staff members to build ownership and understanding of content; to work on internal rules need also a good understanding of EU legal framework of CAP and MA functional responsibilities.
- MA should actively involve in approval of calls for applications in terms of budgeting, timing, conditions (eligibility) and budget planning for interventions
- Capacity building and coordination with technical bodies to ensure understanding and appropriate approval of compliance of interventions with national / EU standards as precondition for funding
- Active role of MA in negotiations with commercial banks reg. provisions of for credit lines and required collateral to secure credits for private contributions to investment projects
- Secretarial functions for monitoring committee are time consuming and requires sufficient resources; capacity building for MC members to transfer information and knowledge on main functions and duties of MC.

- Human resource management to retain skilled and experienced staff, providing development options and career planning for staff members, tailored training and capacity building regarding EU institutions and decision making process, EU CAP legal and implementation , framework, language skills ect.
- MA staff with background in conceptual & analytical work, data management, agri-economy & environment, rural & local development; work experience in public sector.

08

Action Plan (07-12/ 2026)

The following action plan covers **Phase I** to establish and start the work on the functional operation of the Managing Authority (2026).

Task	Activities	Responsible	Timing
Set up of managing authority organisational structure			
	Designation of Managing Authority (MA)within organisation of Ministry Designation of Head of MA	Political management RD unit	Quarter 3 /2026
Legal Framework			
	Legal act reg. establishment organization & functioning of MA, Legal act reg. establishment organization & functioning of PA Legal act reg. nomination of Head of MA position	Legal Department RD unit Government / Parliament	Quarter 3/2026
Functional operations & HR management			
	Update of organisational structure & functioning of Agricultural & Rural Development policy within Ministry Workload analysis of MA with staff planning Update & new job descriptions according to new tasks		Quarter 3-4/2026

	Nomination of responsible staff, Hiring new staff Training needs analysis & organisation of trainings (tutoring, TAIEX, Twinning)		
Internal manual of procedures			
	Half year plan for MA activities Kick off development of internal manual of procedures, establishment of working groups Establishment of coordination mechanism with PA Close work liaison with EU Delegation, desk officer in EU Commission	Managing Authority, Agriculture & RD units, Dep. EU affairs	Quarter 3-4/2026
Agriculture & Rural Development Programme – up date			
	Collection values for context indicators for comprehensive socio-economic analysis Extended SWOT, prioritizing needs Linking SWOT-strategy-interventions Update description of intervention Implementation management Organisation of consultation process - results	Managing Authority Technical units involved	Quarter 3/ 2026
Setting up of Monitoring Committee after			
	List of organisations to be invited Development of statutory rules of MC Working procedures of secretariat of MC	Managing Authority,	Quarter 3-4 /2026 (after adoption of programme)

09

List of Annexes

- Annex 1 Sectoral Agreement (SA) IPARD III
- Annex 2 Financial Framework Partnership Agreement (FFPA) IPA III
- Annex 3 Tentative list of documents for accreditation of Managing Authority under IPARD

SECTORAL AGREEMENT

BETWEEN

THE GOVERNMENT OF *"country"*

AND

THE EUROPEAN COMMISSION

SETTING OUT

PROVISIONS FOR THE MANAGEMENT AND IMPLEMENTATION OF UNION FINANCIAL ASSISTANCE TO *[IPA III beneficiary]* UNDER THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE IN THE POLICY AREA 'AGRICULTURE AND RURAL DEVELOPMENT' (IPARD III)

TABLE OF CONTENTS

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

on the one part, and

the Government of *[IPA III beneficiary]*, acting for and on behalf of *[IPA III beneficiary]*,

on the other part,

and together, jointly referred to as "the Parties"

Whereas:

(1) On 11 March 2014, the European Parliament and the Council adopted Regulation (EU) No 231/2014 establishing an instrument for pre-accession assistance[1] (hereinafter referred to as the "IPA III Regulation"). This instrument constitutes the legal basis for the provision of financial assistance to the beneficiaries listed in Annex I to the IPA III Regulation to support them in adopting and implementing reforms in different sectors, including in particular the agricultural sector, required in order to comply with the Union's values and to progressively align to the Union's rules, standards, policies and practices, with a view to Union membership.

(2) On 2 May 2014, the Commission adopted Implementing Regulation (EU) No 447/2014[2], which sets out the applicable management and control provisions (hereinafter referred to as the "IPA III Implementing Regulation").

(3) In accordance with Article 5 of the IPA III Implementing Regulation, financial framework partnership agreements may be complemented by sectoral agreements setting out specific provisions for the management and implementation of IPA III assistance in specific policy areas or programmes.

(4) *[IPA III beneficiary]* is eligible for assistance under the IPA III Regulation.

(5) On [xxx] a financial framework partnership agreement was concluded between the Government of *[IPA III beneficiary]* and the Commission on the arrangements for implementation of Union financial assistance to *[IPA III beneficiary]* under IPA III (hereinafter referred to as the "FFPA").

(6) Rural development programmes are to be implemented by *[IPA III beneficiary]* on the basis of indirect management in accordance with Article 62(1)(c) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council[3] (hereinafter referred to as the “Financial Regulation”) and they have to indicate the actions to be financed with IPA III assistance. The selected types of actions have to be of a nature similar to those provided for under Regulation (EU) No 1305/2013 of the European Parliament and of the Council[4].

(7) In some sections of the FFPA the level of detail of the rules for the implementation of rural development programmes is not sufficient. It is therefore necessary to set out further details for the implementation and management of the assistance in the agriculture and rural development policy area of IPA III in a sectoral agreement in accordance with Article 9 of the FFPA.

(8) As a sectoral agreement should complement the FFPA, the structure of this Agreement follows the structure of the FFPA,

HAVE AGREED AS FOLLOWS:

---

[1] Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p. 11).

[2] Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 132, 3.5.2014, p. 32).

[3] Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

[4] Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

SECTION I GENERAL PROVISIONS

ARTICLE 1 SCOPE

This Agreement lays down specific provisions for the management and implementation of the assistance in the agriculture and rural development policy area of IPA III (IPARD III) in accordance with Article 9 of the FFPA.

It complements the FFPA concluded with *[IPA III beneficiary]* in accordance with Article 5(1) and (2) of the IPA III Implementing Regulation for the implementation of IPA III. In case of conflict between this Agreement and the FFPA, the provisions of the FFPA shall prevail.

ARTICLE 2 COMPLIANCE WITH THE AGREEMENTS

(1) *[IPA III beneficiary]* shall take all necessary steps to ensure the proper execution of all assistance activities and to facilitate the implementation of the IPARD III programme in compliance with the FFPA and this Agreement (hereinafter together referred to as "the Agreements"). *[IPA III beneficiary]* shall also comply with the IPARD III programme and the Financing Agreement referred to in Article 3 of this Agreement.

(2) In case of conflict between the Agreements and IPARD III programme, the provisions of the Agreements shall prevail.

(3) The Sectoral Agreement shall be amended whenever the Commission considers it is appropriate for the best programming and financial implementation of the IPARD III programme for the [IPA III beneficiary]. For substantial amendments, in the opinion of the Commission, the signing and conclusion procedure will be followed. Technical and non-substantial changes can be proposed by the Commission following the Exchange of Letters procedure that will be completed with the agreement of [IPA III beneficiary].

ARTICLE 3 FINANCING DECISIONS AND FINANCING AGREEMENTS

Following the entry into force of the FFPA and of this Agreement, and after the adoption by the Commission of a financing decision approving the IPARD III programme, a Financing Agreement shall be concluded in accordance with Article 6(3) of the IPA III Implementing Regulation.

The Financing Agreement shall set out the breakdown of the multi-annual legal commitments and the period of validity of those commitments, which shall be broken down over several years into annual instalments.

The Financing Agreement shall be revised on an annual basis to take account of the amounts provided for in the budget of the Union and, where appropriate, to consider amendments to this Agreement.

ARTICLE 4 CONSISTENCY WITH OTHER ACTIONS AND INSTRUMENTS

(1) In addition to Article 5(1)(b) of the FFPA, the Commission and *[IPA III beneficiary]* shall ensure consistency and co-ordination of assistance within and between the IPARD III programme, the other relevant actions under the IPA III Regulation and IPA III Programming Framework and assistance from the European Investment Bank and other international financial instruments, at the levels of planning, programming and implementation.

(2) Any overlap between actions covered by assistance provided under the different Windows of IPA III Programming Framework shall be avoided.

SECTION II RULES FOR INDIRECT MANAGEMENT BY THE IPA III BENEFICIARY

TITLE 1: SET-UP OF MANAGEMENT AND CONTROL SYSTEMS

ARTICLE 5 IMPLEMENTING PRINCIPLES

The implementation of the IPARD III programme shall be carried out by *[IPA III beneficiary]* on the basis of indirect management.

ARTICLE 6 FUNCTIONS AND COMMON RESPONSIBILITIES OF THE STRUCTURES AND AUTHORITIES

The structures and authorities set out in Article 10(1)(c) and Article 10(2) of the FFPA shall be established, by a formal act, carrying out the functions and responsibilities set out in Annex 1 to this Agreement.

ARTICLE 7 FUNCTIONS AND RESPONSIBILITIES OF THE NATIONAL AUTHORISING OFFICER

(1) The National Authorising Officer (hereinafter referred to as the "NAO") shall be responsible for establishing a management structure as referred to in Article 10(2) of the FFPA.

(2) In addition to Clause 2 of Annex A to the FFPA, the NAO shall act as the sole interlocutor with the Commission for all questions relating to IPARD as regards:

(a) the distribution of Union texts and guidelines relating thereto to the management and control system and to any other bodies responsible for their implementation, as well as their harmonised application;

(b) the request for being entrusted with budget implementation tasks referred to in Article 13(1) of the FFPA;

(c) the availability to the Commission of a full record of all accounting information required for statistical and control purposes.

(3) The NAO shall assess any proposed changes in the implementing or paying arrangements of the operating structure and management structure. The NAO shall inform the Commission, with copy to the Audit Authority, of any substantial change, including NAO's assessment, appropriate explanations, justifications and supporting documents for examination and approval in advance of their implementation.

ARTICLE 8 FUNCTIONS AND RESPONSIBILITIES OF THE MANAGING AUTHORITY

(1) The Managing Authority shall be responsible for preparing and implementing the IPARD III programme in accordance with Annex 1 to this Agreement.

(2) The Managing Authority shall carry out its functions with a view to the effective implementation of the IPARD III programme.

(3) In accordance with Article 10(1)(c) of the FFPA, it shall also be responsible for:

(a) drafting the IPARD III programme and any amendments to it, including those requested by the Commission;

(b) the controllability and verifiability of the measures, to be defined in the IPARD III programme in cooperation with the IPARD Agency;

(c) the selection of measures under each call for applications under the IPARD III programme and their timing, the eligibility conditions and the financial allocation per measure, per call. The decisions shall be made in agreement with the IPARD Agency;

(d) ensuring that the appropriate national legal basis for IPARD III implementation is in place and updated as necessary;

(e) assisting the work of the IPARD III monitoring committee as referred to in Article 52 of this Agreement, notably by providing the documents necessary for monitoring the quality of implementation of the IPARD III programme.

(4) The Managing Authority shall in accordance with Clause 4(3)(a)(i) of Annex A to the FFPA, set up a reporting and information system to gather financial and statistical information on progress of the IPARD III programme, also on the basis of information to be provided by the IPARD Agency, and shall forward this data to the IPARD III monitoring committee, in accordance with arrangements agreed between *[IPA III beneficiary]* and the Commission, using where possible computerised systems permitting the exchange of data with the Commission and linked to the reporting and information system to be set up by the NAO in accordance with Clause 2(4)(f) of Annex A to the FFPA.

The reporting and information system should contribute to the annual and final implementation reports referred to in Article 59 of this Agreement.

(5) The Managing Authority shall propose amendments of the IPARD III programme to the Commission, with a copy to the National IPA Co-ordinator (hereinafter referred to as "NIPAC"), after consultation with the IPARD Agency, and following agreement by the IPARD III monitoring committee. The Managing Authority shall be responsible for ensuring that the relevant authorities are informed of the need to make appropriate administrative changes when such changes are required following a decision by the Commission to amend the IPARD III programme.

(6) Each year the Managing Authority shall draw up an action plan for the intended operations under the Technical Assistance measure, which shall be submitted to the IPARD III monitoring committee for agreement.

(7) As referred to in Clause 4(3)(a)(iv) of Annex A of the FFPA, the Managing Authority shall draw up an evaluation plan in accordance with Article 56 of this Agreement. It shall be submitted to the IPARD III monitoring committee as referred to in Article 52 of this Agreement not later than one year after the adoption of the IPARD III programme by the Commission. It shall report to the IPARD III monitoring committee and to the Commission on the progress made in implementing this plan.

(8) The Managing Authority shall draw up a coherent plan of visibility and communication activities in accordance with Article 24 of the FFPA and shall consult and inform the Commission, having taken advice from the IPARD III monitoring committee. The plan shall in particular show the initiatives taken and those to be taken, with regard to informing the general public about the role played by the Union in the IPARD III programme and its results.

(9) When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the management and implementation of those tasks in accordance with the principle of sound financial management.

ARTICLE 9 FUNCTIONS AND RESPONSIBILITIES OF THE IPARD AGENCY

(1) The IPARD Agency shall be allocated the functions and responsibilities in accordance with Annex 1.

In accordance with Article 10(1) of the FFPA, it shall also be responsible for:

(a) providing a confirmation to the Managing Authority on the controllability and verifiability of the measures in the IPARD III programme;

(b) making calls for applications and publicising terms and conditions for eligibility with prior agreement with the Managing Authority on the issues raised in Article 8(2)(c) of this Agreement;

(c) selecting the projects to be implemented;

(d) laying down contractual obligations in writing between the IPARD Agency and the recipients, including information on possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work. The IPARD Agency may continue to contract or enter into commitments under this Agreement for a specific measure up to the date when *[IPA III beneficiary]* starts to contract or to enter into commitments for this measure under any successor IPARD III programme;

(e) follow-up action to ensure progress of projects being implemented;

(f) reporting on progress of measures being implemented against indicators;

(g) ensuring that the recipient is made aware of the Union's contribution to the project;

(h) ensuring irregularity reporting at national level;

(i) ensuring that the NAO, the management structure and the Managing Authority receive all information necessary for them to perform their tasks;

(j) ensuring compliance with the obligations concerning publicity referred to in Article 23 of the FFPA.

(2) In respect of investments in infrastructure projects of a type that would normally be expected to generate substantial net revenue, the IPARD Agency shall assess, prior to entering into contractual arrangements with a potential recipient, whether the project is of this type. Where it can be concluded that it is, the IPARD Agency shall ensure that the public aid from all sources does not exceed 50% of total costs related to the project and considered as eligible for Union co-financing.

(3) The IPARD Agency shall ensure that for any project under the IPARD III programme the accumulation of public aid granted from all sources does not exceed the maximum ceilings for public expenditure set out in Article 32.

TITLE 2: CONTROL SYSTEMS

ARTICLE 10 GENERAL PROVISIONS ON APPLICATIONS FOR SUPPORT, PAYMENT REQUESTS AND OTHER DECLARATIONS

(1) *[IPA III beneficiary]* shall provide appropriate procedures for submitting applications for support and/or payment requests and other declarations relating to rural development measures.

(2) The results of the administrative and on-the-spot verifications shall be assessed to establish whether there is a risk for other similar operations, recipients or other bodies, of non-compliance with the eligibility criteria and any other applicable obligations imposed in the Agreements and the IPARD III programme, whether the necessary level of control is practiced and corrective and preventive actions are necessary.

(3) Where applicable, administrative and on-the-spot verifications on eligibility shall take into account suspected cases of non-compliance reported by other services, bodies or organisations.

ARTICLE 11 ADMINISTRATIVE VERIFICATIONS

(1) Administrative verifications shall be carried out on all applications for support, payment requests or other declarations required to be submitted by a recipient or by a third party, and shall cover all elements that can be checked and are appropriate to be checked by means of administrative verifications. The procedures shall require recording of the control work undertaken, the results of the verification and the measures taken in the event of discrepancies.

(2) Administrative verifications on applications for support shall ensure the compliance of the operation with applicable obligations established by the Agreements, including those of other obligatory standards and requirements. The verifications shall in particular include verification of:

(a) the eligibility of the operation for which support is requested;

(b) the eligibility criteria set out in the IPARD III programme, commitments and other obligations of the operation for which support is requested;

(c) compliance with the selection criteria;

(d) the eligibility of the costs of the operation;

(e) the compliance of the operation for which support is requested with applicable national and Union rules on, in particular, and where relevant, public procurement, public aid and the other appropriate obligatory standards established by national legislation or established in the Agreements (including the IPARD III programme);

(f) the reasonableness of the costs proposed, which shall be evaluated using a suitable evaluation system, such as reference costs, standard unit costs, a comparison of different offers or an evaluation committee;

(g) the reliability of the recipient, with reference to any third party information, such as court decisions, initiated criminal procedures by the public prosecutor, initiated bankruptcy procedure.

(3) Administrative verifications on payment requests shall include a verification of:

(a) the delivery of the products and services co-financed. Contractual pre-financing by a contracting authority may qualify as eligible expenditure up to 10% of the amount of the contract;

(b) the reality of the expenditure claimed;

(c) the completed operation and fulfilment of the conditions compared with the operation for which the application for support was submitted and granted;

(d) the reasonableness of the costs claimed, which shall be evaluated using a suitable evaluation system, and the payments made.

(4) Administrative verifications shall include procedures to avoid double financing with other Union or national schemes. Where financing from other sources exists, those verifications shall ensure that the total support received does not breach the maximum permissible aid ceilings.

(5) Administrative verifications shall also cover the documents referred to in Article 36(7).

(6) Indications of irregularities shall be followed-up by an appropriate administrative procedure.

ARTICLE 12 ON-THE-SPOT-VERIFICATIONS

(1) [IPA III beneficiaries] shall organise on-the-spot verifications on applications for support and payment requests using an appropriate methodology (physical visits or using alternative means) and shall cover all elements that can be checked at the time of the verification. Those verifications shall cover all operations at least once during the project implementation period and shall, to the extent possible, be carried out before the final payment is made. However in exceptional circumstances, duly recorded and explained, [*IPA III beneficiary]* can decide that an on-the-spot verification is not necessary.

(2) Advance notice of on-the-spot verifications may be given, provided that the purpose of the control is not jeopardised. If the advance notice is given more than 48 hours before the on-the-spot verification, it shall be limited to the minimum necessary, depending on the nature of the measure and the operation being co-financed.

(3) Where appropriate, on-the-spot verifications provided for in this Agreement shall be carried out at the same time as any other checks provided for in Union or national law. The duration of on-the-spot verifications shall be strictly limited to the minimum time period necessary.

(4) The inspectors undertaking the on-the-spot check shall not have been involved in administrative verifications of the same operation.

(5) The Financing Agreement concluded by the Commission and *[IPA III beneficiary]*, or any amendment thereof, may provide that an individual measure be subject of on-the-spot verifications on a sampling basis. In such a case, the Financing Agreement shall also indicate the minimum sample size, the criteria to be applied for the selection of the sample and how the sample size shall be increased in case the verifications reveal a high frequency of irregularities.

ARTICLE 13 CONTENT OF THE ON-THE-SPOT-VERIFICATIONS

(1) On-the-spot verifications shall verify that the operation has been applied for and implemented in accordance with the applicable rules and shall cover all the eligibility criteria, commitments and other obligations relating to the conditions for the granting of support, which can be checked at the time of the verification. They shall ensure that the operation is eligible.

(2) On-the-spot verifications shall verify the accuracy of the data declared by the recipient against underlying documents.

This includes a verification that the applications and payment requests submitted by the recipient are supported by accounting or other documents, including, where necessary, a check on the accuracy of the data in the payment request on the basis of data or commercial documents held by third parties.

(3) On-the-spot verifications shall verify that the use or intended use of the operation is consistent with the use described in the application for support and for which the support was granted. On-the-spot verifications shall include a verification in the place where the operation is implemented (by a physical visit or using alternative means) or, if the operation is intangible, verification with the operation promoter.

ARTICLE 14 *EX-POST* VERIFICATIONS

(1) *Ex-post* verifications shall be carried out on investment operations to verify the respect of commitments laid down in Article 33(6) or in the IPARD III programme.

(2) The controllers for the *ex-post* verifications shall not have been involved in any *ex-ante* verifications of the same investment operation, unless other controllers did at least one on-the-spot verification in between.

(3) The *ex-post* verifications shall be carried out within five years of the date of final payment to the recipient. All investments shall be checked at least once during the five-year period.

(4) The *ex-post* verifications, carried out throughout the five-year period, shall be based on an analysis of the risks and financial impact of different operations, groups of operations or measures.

(5) The sample of approved operations to be checked in accordance with paragraphs 3 and 4 shall take into account in particular:

(a) the need to check an appropriate mix of types and sizes of operations;

(b) any risk factors which have been identified following national or Union verifications;

(c) the need to maintain a balance between measures.

(6) *Ex-post* verifications could be done using alternative means.

ARTICLE 15 CONTROL REPORT

(1) Every on-the-spot verification under this Title shall be the subject of a control report which makes it possible to review the details of the verifications carried out. The report shall indicate in particular:

(a) the measures and applications or payment requests checked;

(b) the persons having taken part in verification;

(c) whether notice of the check was given to the recipient and, if so, the period of prior notice;

(d) the results of the verifications and, where applicable, any particular observations;

(e) any further control measures to be carried out.

(2) In case of on-the-spot verifications, the recipient shall be given the opportunity to sign the report during the check, to attest the recipient’s presence at the check and to add observations.

Where any non-compliance is found, the recipient shall receive a copy of the control report.

(3) Paragraph (1) and the second subparagraph of paragraph (2) shall apply *mutatis mutandis* to *ex-post* verifications under this Title.

ARTICLE 16 AREA-RELATED MEASURES

(1) For the purposes of this Title, 'area-related measures' means measures for which support is based on the size of the area declared.

(2) Without prejudice to Articles 11(1) and 12, the verifications of area-related measures shall also comply with the rules set out in Articles 17 to 22.

ARTICLE 16A ANIMAL-RELATED MEASURES

(1) For the purposes of this Title, 'animal-related measures' means measures for which support is based on the number of animals declared.

(2) Without prejudice to Articles 11(1) and 12, the verifications of animal-related measures shall also comply with the rules set out in Articles 17 to 22.

ARTICLE 17 ADMINISTRATIVE VERIFICATIONS OF AREA-RELATED MEASURES

(1) The administrative verifications shall permit the detection of non-compliances. The verifications shall cover all elements that are possible and appropriate to control by means of administrative verifications, with a view to establishing that:

  (a) the eligibility criteria, commitments and other obligations are fulfilled;

  (b) there is no double financing through other Union schemes;

  (c) the aid application or payment request is complete and submitted within the relevant time-limit and, where applicable, that supporting documents have been submitted and that they prove eligibility;

  (d) there is compliance with long-term commitments, where appropriate.

(2) Where appropriate, the administrative verifications shall include cross-verifications between the agricultural parcels as declared in the application and/or payment request and the information as contained in national registers, to verify the eligibility of the areas as such.

(3) Indications of non-compliance resulting from cross-verifications shall be followed-up by any other appropriate administrative procedure, and where necessary, by an on-the-spot verification.

ARTICLE 18 ELEMENTS OF ON-THE-SPOT VERIFICATIONS OF AREA-RELATED MEASURES

(1) On-the-spot verifications shall cover all the agricultural parcels for which aid is requested.

(2) On-the-spot verifications shall cover the area measurement and verification of the eligibility criteria, commitments and other obligations of the recipient under the measures.

ARTICLE 19 AREA MEASUREMENT

(1) The area measurement of the agricultural parcel as part of an on-the-spot verification shall be carried out on all agricultural parcels for which an aid application and/or payment request has been submitted.

(2) The Financing Agreement concluded by the Commission and *[IPA III beneficiary]*, or any amendment thereof, may provide that the actual area measurement of the agricultural parcel as part of an on-the-spot verification be limited to a randomly

selected sample of parcels. If such a case applies the Financing Agreement shall also indicate the minimum sample size. When this sample verification reveals any non-compliance, all agricultural parcels shall be measured, or conclusions from the measured sample shall be extrapolated.

(3) Agricultural parcel areas shall be measured by any means proven to assure measurement of a quality at least equivalent to that obtained by Global Navigation Satellite Systems (GNSS) or ortho-imagery.

(4) A single value buffer tolerance shall be defined for all area measurements performed using GNSS and/or ortho-imagery. For this purpose the measurement tools used shall be validated for at least one validation class of buffer tolerance below the single value. However, the single tolerance value shall not exceed 1.25 m.

The maximum tolerance with regard to each agricultural parcel shall not, in absolute terms, exceed 0.1 ha.

(5) The total area of an agricultural parcel may be taken into account in the measurement provided that it is fully eligible. In other cases the net eligible area shall be taken into account.

ARTICLE 20 VERIFICATION OF ELIGIBILITY CONDITIONS AND COMMITMENTS OF AREA-RELATED MEASURES

(1) The verifications shall be carried out by any means that allow the control of the different commitments and obligations of the recipient.

(2) Where one single control method is not sufficient for the purpose of paragraph 1, the control system shall provide for multiple control means, which, together, allow to comply with paragraph (1).

ARTICLE 21 CONTROL REPORT OF AREA-RELATED MEASURES

(1) Every on-the-spot verification of area-related measures shall be the subject of a control report which makes it possible to review the details of the verifications carried out and to draw conclusions on the compliance with the eligibility criteria, commitments and other obligations. The report shall indicate in particular:

  (a) the measures and applications or payment requests checked;

  (b) the persons present;

  (c) the agricultural parcels checked, the agricultural parcels measured including, where applicable, the result of the measurements per measured agricultural parcel and the measuring methods used;

  (d) where applicable, the results of the measurement of non-agricultural land for which support under rural development measures is being claimed and the measuring methods used;

  (e) whether notice of the check was given to the recipient and, if so, the period of prior notice;

  (f) indications of any specific control measures to be carried out in the context of individual measures;

  (g) any further control measures to be carried out;

  (h) indication of any non-compliance found that could require follow-up during the following years.

(2) The recipient shall be given the opportunity to sign the report during the check to attest the recipient's presence at the check and to add observations. Where any non-compliance is found the recipient shall receive a copy of the control report.

ARTICLE 22 REDUCTIONS AND EXCLUSIONS IN RELATION TO THE SIZE OF AREA AND THE NUMBER OF ANIMALS

(1) If the area determined is found to be greater than that declared in the payment request, the area declared shall be used for the calculation of the aid.

If the area declared in the payment request exceeds the area determined, the aid shall be calculated on the basis of the area determined.

However, where the difference between the total area determined and the total area declared in the payment request for a measure is less than or equal to 0,1 hectare, the area determined shall be considered equal to the area declared.

The third subparagraph shall not apply where the difference represents more than 20 % of the total area declared for payments.

If a maximum limit or a ceiling has been set for the area eligible for support, the number of hectares declared in the payment request shall be reduced to the limit or ceiling.

(2) In the case referred to in the second subparagraph of paragraph (1), the aid shall be calculated on the basis of the area determined reduced by twice the difference found if that difference is more than either 3% or two hectares, but not more than 20% of the area determined.

If the difference is more than 20% of the area determined, no aid shall be granted.

(3) If the number of animals declared in an aid application or payment claim exceeds that determined as a result of administrative verifications or on-the-spot verifications, the aid or support shall be calculated on the basis of the animals determined.

Where a difference is found between the number of animals declared and that determined, the total amount of support to which the recipient is entitled under that support measure shall be reduced by:

a) the percentage to be established in accordance with paragraph XXX of this Article if it is not more than 10%, and

b) twice the percentage to be established in accordance with paragraph XXX, if it is more than 10 %, but not more than 20 %.

If the difference is more than 20% of the number of animals determined, no aid shall be granted.

In order to establish the percentage by which the amount of support shall be reduced, the number of animals declared and found with non-compliances shall be divided by the number of animals determined in respect of the aid application or payment claim for the claim year concerned.

ARTICLE 22BIS NON-COMPLIANCE WITH THE ELIGIBILITY CRITERIA OTHER THAN THE SIZE OF AREA OR NUMBER OF ANIMALS, COMMITMENTS OR OTHER OBLIGATIONS

(1) The support claimed shall be refused or withdrawn in full where the eligibility criteria are not complied with.

(2) The support claimed shall be refused or be withdrawn in full or in part where the following commitments or other obligations are not complied with:

(a) commitments established in the rural development programme; or

(b) where relevant, other obligations of the operation established by Union or national law or established in the rural development programme, in particular public procurement, State aid and other obligatory standards and requirements.

(3) When deciding on the rate of refusal or withdrawal of support following the non-compliance with the commitments or other obligations referred to in paragraph 2, account shall be taken of the severity, extent, duration and reoccurrence of the non-compliance related to conditions for support referred to in paragraph 2.

The severity of the non-compliance shall depend, in particular, on the importance of the consequences of the non-compliance, taking into account the objectives of the commitments or obligations that were not met.

The extent of the non-compliance shall depend, in particular, on its effect on the operation as a whole.

The duration shall depend, in particular, on the length of time for which the effect lasts or the possibility of terminating this effect by reasonable means.

The reoccurrence shall depend on whether similar non-compliances have been found earlier during the last four years in case of the same beneficiary and the same measure or type of operation.

(4) In case of multiannual commitments or payments, withdrawals based on the criteria referred to in paragraph 3 shall also apply to the amounts already paid in the previous years for the same operation.

TITLE 3: SPECIFIC PROVISIONS RELATING TO ENTRUSTING THE IPA III BENEFICIARY WITH BUDGET IMPLEMENTATION TASKS

ARTICLE 23 COMMON REQUIREMENTS

(1) At the moment of sending the request for being entrusted with budget implementation tasks, the structures and authorities of the management and control system as defined in Articles 10 and 11 of the FFPA shall have a well-defined administrative organisation and system of internal verifications with full internal rules of procedure, clear institutional and personal responsibilities, which comply with the criteria set out in Annex B to the FFPA and Annex 2 to this Agreement regarding the following areas:

(a) control environment;

(b) risk management;

(c) control activities;

(d) information and communication;

(e) monitoring of the internal control framework.

In respect of the Managing Authority the criteria as set out in Annex B to the FFPA and Annex 2 to this Agreement regarding risk management, control activities and monitoring of internal control framework shall not apply.

The role of the Managing Authority under the Technical Assistance measure, if applicable, shall be described in the IPARD III programme.

(2) *[IPA III beneficiary]* may lay down further criteria to take account of the size, responsibilities and other specific features of the management and control system.

(3) Following the signature of the FFPA and of this Agreement, and after the adoption by the Commission of a financing decision approving the IPARD III programme, a request for entrustment with budget implementation tasks and the supporting annexes, shall be submitted to the Commission.

ARTICLE 24 PREPARATIONS FOR SENDING THE REQUEST FOR BEING ENTRUSTED WITH BUDGET IMPLEMENTATION TASKS

(1) Before sending the request for being entrusted with budget implementation tasks the NAO shall be satisfied that the IPARD Agency and the management structure's administrative, accounting, payment and internal control arrangements offer the following guarantees:

(a) the eligibility of applications and compliance with the Agreements are checked before contracts with recipients are signed and the commitments recorded;

(b) the admissibility of payment requests as well as their compliance with the Agreements are checked before payment is authorised;

(c) the commitments and payments effected are accurately and completely recorded in the accounts;

(d) the verifications laid down by the Agreements are made;

(e) the requisite documents are presented within the time-limit and in the form stipulated by the Agreements or by the approved procedures;

(f) the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to electronic documents within the meaning of the Agreements.

(2) If the NAO is not satisfied that the management structure and operating structure comply with the criteria laid down in Annexes A and B to the FFPA and Annex 2 to this Agreement, it shall address instructions to the respective body which specify the conditions it is required to fulfil before a request for entrustment can be sent to the Commission.

(3) The IPARD Agency shall hold documents justifying the payments effected and documents concerning the carrying out of the prescribed administrative and physical verifications. Where the relevant documents are held by local offices or delegated bodies, those offices and bodies shall regularly transmit reports to the IPARD Agency on the number of verifications carried out, their content and the action taken in the light of the results.

(4) The NAO shall ensure that the National Fund's and IPARD Agency's accounting systems meet internationally accepted accounting principles.

(5) The NAO shall be satisfied that the administrative and internal control arrangements of the Managing Authority offer the following guarantees:

(a) the requisite documents are presented within the time-limit and in the form stipulated by the Agreements;

(b) the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to electronic documents within the meaning of the Agreements.

(6) The examinations needed for the purposes of paragraphs 1 and 5 shall be conducted according to methods equivalent to internationally accepted auditing standards.

(7) The request for being entrusted with budget implementation tasks shall be submitted to the Commission, in accordance with Article 25.

It shall include the results of the examinations needed for the purposes of paragraphs (1) and (5) of this Article.

(8) The NAO shall ensure that any proposed substantial changes to the working arrangements referred to in Article 7(3) are submitted to the Commission, with a copy to the Audit Authority, for examination and approval before those changes are implemented.

A substantial change shall be considered to be any change introduced in the respective national systems after the entrustment of budget implementation tasks, which may affect significantly the implementing structures and systems initially presented as part of the request.

(9) The NAO shall keep the management and operating structure under constant supervision in accordance with Article 14(1) of the FFPA.

(10) *[IPA III beneficiary]* shall establish a system that ensures that any information suggesting that the management and operating structure does not comply with the criteria is communicated to the NAO without delay.

ARTICLE 25 REQUEST AND SUPPORTING ANNEXES

The NAO shall send the request for being entrusted with budget implementation tasks in accordance with Article 13 of the FFPA to the Commission together with the relevant documents indicated in Annex 3 to this Agreement. A copy of this request and the accompanying documents shall be sent to the Audit Authority.

SECTION III RULES FOR PROGRAMMING

ARTICLE 26 IPARD III PROGRAMME

In accordance with Article 16(5) of the FFPA, rural development measures under the agriculture and rural development policy area shall be subject of a programme (IPARD III programme) to be drawn up at national level covering the entire period of implementation of the IPA III assistance. The programme shall be prepared by the relevant authorities designated by *[IPA III beneficiary]* and shall be submitted to the Commission after consulting the appropriate interested parties. Rural development programmes shall be implemented by *[IPA III beneficiary]* on the basis of indirect management in accordance with Article 62(1)(c) of Financial Regulation /2012 and shall indicate the actions to be financed with IPA III assistance. The selected types of actions shall be of a similar nature as those provided for under Regulation (EU) No 1305/2013.

ARTICLE 27 IPARD III PROGRAMME MEASURES

(1) In accordance with the objectives as defined in Article 16(5) of the FFPA, the following measures can be supported under the IPARD III programme for addressing the thematic priorities set out in points (j), (k) and (l) of Annex I to the FFPA:

(1) investments in physical assets of agricultural holdings;
(2) support for the setting up of producer groups;
(3) investments in physical assets concerning processing and marketing of agricultural and fishery products;
(4) agri-environment-climate and organic farming measure;
(5) implementation of local development strategies - LEADER approach;
(6) investments in rural public infrastructure;
(7) farm diversification and business development;
(8) improvement of skills and competences;
(9) technical assistance;
(10) advisory services;
(11) establishment and protection of forests;
(12) financial instruments;
(13) promotion of cooperation for innovation and knowledge transfer.

Further information on the measures is provided in Annex 4 to this Agreement.

(2) The Managing Authority and the IPARD Agency shall provide an *ex-ante* assessment of the verifiability and controllability of the measures to be included in the IPARD III programme. The Managing Authority and the IPARD Agency shall also undertake the assessment of the verifiability and controllability of the measures during the implementation of the IPARD III programme. *Ex-ante* assessment and assessment during the implementation period shall take into account, where relevant, the results of verifications in the previous and current programming period. Where the assessment reveals that the requirements of verifiability and controllability are not met, the measures concerned shall be adjusted accordingly.

SECTION IV RULES FOR IMPLEMENTATION

TITLE 1: GENERAL RULES AND PRINCIPLES FOR IMPLEMENTATION

ARTICLE 28 RULES ON PROCUREMENT

(1) For the purposes of this Agreement, the contracting authority referred to in Article 178(2)(b) of Financial Regulation shall be a national public-sector body being a recipient under the IPARD III programme.

However, public procurement may be done on behalf of the recipient by a national public sector body specifically assigned for this task.

(2) For procurement under the IPARD III programmes in line with Article 18(5) of the FFPA, national law shall only be considered equivalent to the rules applied by the Commission in accordance with the Financial Regulation if the correctness of the transposition is confirmed by the relevant Commission service.

TITLE 2: TRANSPARENCY AND VISIBILITY

ARTICLE 29 INFORMATION, PUBLICITY AND TRANSPARENCY

(1) *[IPA III beneficiary]* shall provide information on and publicise the IPARD III programme and the Union contribution in accordance with Annex 8. This information

shall be aimed at the general public. It shall highlight the role of the Union and ensure the transparency of Union assistance.

(2) The Managing Authority shall be responsible for:

(a) drafting and implementing a plan of visibility and communication activities in accordance with Article 30;

(b) ensuring the establishment of a single website or a single website portal providing information on, and access to the IPARD III programme of *[IPA III beneficiary]*, including information about the timing of implementation of programming and any related public consultation processes;

(c) informing potential recipients about funding opportunities under the IPARD III programme.

(3) In order to ensure transparency concerning support under IPARD, the IPARD Agency shall be responsible for the publication of the list of the operations and recipients of IPA III assistance in accordance with the conditions set out in Article 23(2) of the FFPA.

The publication shall be available in a spreadsheet data format, which allows data to be sorted, searched, extracted, compared and easily published on the internet. The list of operations shall be accessible through the single website or the single website portal. The minimum information to be set out in the list of operations is laid down in Annex 8 to this Agreement.

(4) The list of operations and recipients shall be updated at least every six months.

(5) The IPARD Agency shall inform the recipients of IPARD III assistance of the Union contribution.

(6) In accordance with Article 23(3) of the FFPA, only contract award notices for public procurement contracts subject to an 'international open call for tender' procedure shall be prepared and send to the Commission for publication.

ARTICLE 30 VISIBILITY AND COMMUNICATION

(1) Activities with the objective to make available, and publicise, in *[IPA III beneficiary]* information about assistance under the IPARD III programme as referred to in Article 24 of the FFPA shall be implemented based on a plan of visibility and communication activities to be agreed between the Managing Authority and the Commission. This plan of visibility and communication activities shall be approved by the IPARD III monitoring committee, no later than one year after the adoption by the Commission of the IPARD III programme, and shall set out:

(a) the aims and target groups;

(b) the content and strategy of the communication and information measures, stating the measures to be taken;

(c) its indicative budget;

(d) the administrative departments or bodies responsible for implementation;

(e) the criteria to be used to evaluate the impact of the information and publicity measures in terms of transparency, awareness of the IPARD III programmes and the role played by the Union.

This plan covering the whole period of the IPARD III programme shall be implemented by an annual list of actions.

(2) The amount allocated for information and publicity may be part of the technical assistance measure of the IPARD III programme.

(3) At the meetings of the IPARD III monitoring committee the chairperson shall report on progress in implementing the information and publicity activities and provide the Committee members with examples of such activities.

(4) When the implementation of this Article implies specific information and publicity activities at project level, such activities shall be the responsibility of the recipients of IPA III assistance and shall be funded from the amount allocated to the relevant project.

SECTION V RULES ON FINANCIAL MANAGEMENT OF IPA III ASSISTANCE

TITLE 1: GENERAL PROVISIONS

ARTICLE 31 GENERAL RULES ON FINANCIAL ASSISTANCE

(1) All activities receiving assistance under the IPARD III programme shall require co-financing by *[IPA III beneficiary]*. Where the execution of activities depends on financial contributions from *[IPA III beneficiary]*'s own resources or from other sources of funds, the funding of the Union shall become available at such time as the financial contribution of *[IPA III beneficiary]* and/or the other sources of funds themselves become available. However, in the case of recipients in the public sector, the Union contribution may be made later than that of other public bodies. In no case the Union contribution shall be made before the contribution by public bodies in *[IPA III beneficiary]*.

(2) The Union contribution shall co-finance public expenditure actually paid to the recipient.

(3) Union financing shall be subject to the fulfilment of [*IPA III beneficiary's*] obligations laid down in the Agreements and in the Financing Agreement in accordance with Article 3 of this Agreement.

(4) The euro account opened by the National Fund, on behalf of *[IPA III beneficiary]* in accordance with Article 33(6) of the FFPA, shall, including the interest generated on the euro account, not be subject to any charges or taxes.

(5) *[IPA III beneficiary]* shall communicate to the Commission a sample of the signatures of all actors involved in requests for payment from the Union as referred to in Article 37 of this Agreement.

ARTICLE 32 AID INTENSITIES AND RATE OF UNION CONTRIBUTION

(1) For the purpose of the IPARD III programme, the Union contribution referred to in Article 30(2) of the FFPA shall be calculated on the basis of public expenditure.

(2) Aid intensities and the rate of Union contribution shall be in accordance with the rates and ceilings laid down in Annex 4 to this Agreement.

(3) In determining the share of public expenditure as a percentage of total eligible cost of investment, account shall not be taken of national aid to facilitate access to loans.

TITLE 2: ELIGIBILITY

ARTICLE 33 ELIGIBILITY OF EXPENDITURE

(1) Prior to the conclusion of the relevant Financing Agreement and to the signature of the contract between the IPARD Agency and the recipient, any contracts and addenda

signed or expenditure incurred by the recipients and payments made by *[IPA III beneficiary]* shall not be eligible for funding under the IPARD III programme.

The first subparagraph shall not apply to actions under the Technical Assistance measure and to expenditure relating to the activities referred to in paragraph 5(c), provided that the expenditure is incurred by the recipients after 1 January 2014.

(2) *<deleted>*

(3) The following expenditure shall not be eligible under the IPARD III programme:

(a) taxes, including value added taxes customs and import duties, or any other charges having equivalent effect, as provided for in Article 28 of the FFPA;

(b) customs and import duties, or any other charges having equivalent effect;

(c) purchase, rent or leasing of land and existing buildings, irrespective of whether the lease results in ownership being transferred to the lessee unless the provisions of the IPARD III programme provide for it;

(d) fines, financial penalties and expenses of litigation;

(e) operating costs, except where duly justified by the nature of the measure in the IPARD III programme or in the case of force majeure or exceptional circumstances;

(f) second hand machinery and equipment;

(g) bank charges, costs of guarantees and similar charges;

(h) conversion costs, charges and exchange losses associated with the IPARD euro account, as well as other purely financial expenses;

(i) contributions in kind, including own labour costs;

(j) the purchase of agricultural production rights, animals, annual plants and their planting;

(k) any maintenance, depreciation and rental costs, except where duly justified by the nature of the measure in the IPARD III programme or in the case of force majeure or exceptional circumstances;

(l) any cost incurred and any payments made by the public administration in managing and implementing assistance, including those of the management and operating structure and, in particular, overheads, rentals and salaries of staff employed on activities of management, implementation, monitoring and control, except where duly justified by the nature of the measure in the IPARD III programme.

(4) Unless the Commission expressly and explicitly decides otherwise, the following expenditure shall also not be eligible:

(a) expenditure on projects which, before completion, have charged fees to users or participants unless the fees received have been deducted from the costs claimed;

(b) promotional costs, other than in the collective interest;

(c) expenditure incurred by a recipient of whose capital more than 25% is held by a public body or bodies unless the Commission has so decided in a specific case on the basis of a complete reasoned request from *[IPA III beneficiary]*. The Commission shall take its decision within three months of receiving the request. This exclusion shall not apply to expenditure on infrastructure, LEADER approach, establishment and protection of forests or human capital.

(5) Notwithstanding paragraphs (2) and (3), in the case of investments:

(a) construction or improvement of immovable property shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);

(b) the purchase of new machinery and equipment, including computer software, shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);

(c) general costs linked to collective projects that could additionally include studies, marketing and development of the products concerned and animation costs (all to be specified in the List of Eligible Expenditure (LEE)) and general costs linked to expenditure referred to in points (a) and (b), such as architects', engineers' and other consultation fees and feasibility studies, shall be eligible up to a ceiling of 10% of the costs referred to in those points (a) and (b) under the following conditions:

(i) the eligible amount of the general costs shall not exceed the reasonable cost established in accordance with Article 11(2)(f) and Article 11(3)(d);

(ii) for projects with eligible expenditure of the investments referred to in points (a) and (b) of more than EUR 3 million, the business plan preparation costs shall not exceed 3% of the eligible expenditure of these investments;

(iii) for projects with eligible expenditure of the investments referred to in points (a) and (b) of at least EUR 1 million and no more than EUR 3 million, the business plan preparation costs shall not exceed 4% of the eligible expenditure of these investments;

(iv) for projects with eligible expenditure of the investments referred to in points (a) and (b) of less than EUR 1 million, the business plan preparation costs shall not exceed 5% of the eligible expenditure of these investments.

The detailed provisions concerning the maximum eligible amount referred to in this paragraph shall be established in the IPARD III programme on the basis of an assessment of the level of costs for similar actions in *[IPA III beneficiary]*.

(6) For the purposes of point (b) of Article 31of the FFPA, substantial modifications to a project are those which result in:

(a) a cessation or relocation of a productive activity outside the geographical area covered by the IPARD III programme;

(b) a change in ownership which gives to a firm or a public body an undue advantage;

(c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

Where any such modification is detected by *[IPA III beneficiary]* it shall immediately inform the Commission and start recovering the IPARD III contribution in accordance with Article 50(1) of this Agreement.

(7) The NAO is overall responsible and liable for the legality and regularity of the underlying transactions and shall apply financial adjustments in accordance with Article 42 of the FFPA. In the event that the Commission determines that the expenditure declared is not fully in conformity with the Agreements and in particular the principles set out in this Article, it shall assess the amounts to be excluded from Union financing in accordance with Article 49 of this Agreement.

TITLE 3: FINANCING AND PAYMENTS

ARTICLE 34 DE-COMMITMENT OF UNUSED FUNDS

(1) The Commission shall automatically de-commit any portion of a budgetary commitment for the IPARD III programme that, by 31 December of the third year following that of the budgetary commitment, hereinafter referred to as "n+3", has not been used for the purpose of pre-financing in accordance with Article 38 of this Agreement or making interim payments in accordance with Article 37 of this Agreement or for which the NAO entrusted with budget implementation tasks has not presented a payment request including a certified statement of expenditure in accordance with Article 35(1) of the FFPA and Article 37(1) of this Agreement.

(2) In duly justified circumstances, accepted by the Commission, the period of three years referred to in paragraph (1) can be extended to up to five years in the Financing Agreement referred to in Article 3 of this Agreement.

(3) The Commission shall inform *[IPA III beneficiary]* by the end of July of the current financial year of any de-commitment risk it has identified based on the information received from *[IPA III beneficiary]* in accordance with Article 33(3) of the FFPA and on the need to take decisions to remedy this situation.

(4) Based on the payment requests submitted by *[IPA III beneficiary]* in accordance with Article 37(4)(b) and (c), the Commission shall again inform *[IPA III beneficiary]* in due time of any risk of automatic de-commitment.

(5) After receipt of the payment request referred to in Article 37(4)(d) in January following the year n+3 the Commission shall inform *[IPA III beneficiary]* on the amount covered by the automatic de-commitment rule on the basis of the information the Commission has access to.

(6) By the end of March following the year n+3, the Commission shall issue a letter to *[IPA III beneficiary]*, requesting to confirm the amount covered by the automatic de-commitment rule or send their observations within two months of the receipt of the letter together with the revised financing plan.

ARTICLE 35 FINANCING PLAN FOR THE IPARD III PROGRAMME

(1) The financing plan of the IPARD III programme shall lay down, in particular, the maximum amount of the Union contribution, its annual breakdown, the co-financing rates applicable for each measure, and, for Programme monitoring purposes, a breakdown by measure.

(2) Contracting and making payments by the IPARD Agency shall only start after the IPARD III programme has been adopted by the Commission.

ARTICLE 36 PAYMENTS OF THE UNION CONTRIBUTION

(1) Only assistance under the IPARD III programme granted in accordance with the Agreements and paid by the IPARD Agency shall be subject to co-financing by the Union.

(2) In accordance with the provisions as set out for each measure in the programme and for the simplified costs options as referred to in points (b), (c) and (d) as defined by the IPARD Agency in advance of the call for applications, payments by the Commission of the Union contribution shall cover:

(a) eligible costs actually incurred and paid by recipients;

(b) standard unit costs;

(c) lump sums not exceeding EUR 100 000, per recipient, per year, of public contribution;

(d) flat-rate financing, determined by the application of a percentage to one or several defined categories of costs.

(3) Where aid is granted on the basis of the simplified costs options as referred to in subparagraph (2) points (b), (c) and (d) or additional costs and income foregone, *[IPA III beneficiary]* shall ensure that the relevant calculations are adequate and accurate and established in advance on the basis of a fair, equitable and verifiable calculation. To this end, a body that is functionally independent from the authorities responsible for the IPARD III programme implementation and possess the appropriate expertise shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.
Where, in area-based measures, aid is granted on the basis of the simplified costs options , the calculations shall be made by a body functionally independent from the authorities responsible for the IPARD III programme implementation.

(4) Payments by the Commission of the Union contribution shall be made within the limits of the funds available in accordance with the Financing Agreement referred to in Article 3. Each payment shall be posted to the earliest open budget commitment made for the IPARD III programme.

(5) The combined total of pre-financing and interim payments shall not exceed 95% of the Union contribution as set out in the financing table of the IPARD III programme.

(6) When the ceiling referred to in paragraph (5) is reached, the NAO shall continue transmitting to the Commission the payment requests including the certified statement of expenditures in accordance with Article 37, as well as information about the amounts recovered.

(7) Expenditure paid by recipients shall be substantiated by receipted invoices or accounting documents of equivalent probative value. Where the assistance is not a function of expenditure, other appropriate documents, as specified in the IPARD III programme may be accepted. In all cases, expenditure shall be certified by the NAO.

ARTICLE 37 PAYMENT REQUESTS BY *[IPA III BENEFICIARY]*

(1) The NAO shall make payment requests for the IPARD III programme. These requests shall include the certified statements of expenditure as laid down in Clause 2(3) of Annex A to the FFPA and shall cover, for each IPARD III programme measure, the amount of eligible public expenditure for which the IPARD Agency has actually paid the corresponding Union contribution during the reference period.

(2) Payment requests shall be drawn up in accordance with the model in Annex 5. They shall be signed and certified, and transmitted by the NAO, on behalf of *[IPA III beneficiary]*, to the Commission, with copies to the Audit Authority.

(3) At the closure of the programme, the NAO shall provide a final statement of expenditure.

(4) Once the conditions of Article 35(2) have been fulfilled, *[IPA III beneficiary]* shall submit to the Commission its payment requests by the following deadlines:

 (a) by 30 April at the latest in the case of expenditure in the period 1 January to 31 March;

 (b) by 31 July at the latest in the case of expenditure in the period 1 April to 30 June;

 (c) by 31 October at the latest in the case of expenditure in the period 1 July to 30 September;

 (d) by 31 January at the latest in the case of expenditure in the period 1 October to 31 December.

[IPA III beneficiary] may modify the data declared in the payments requests in the annual statement of expenditure to be submitted by 15 of February of the financial year following the year in which the expenditure has been made. In duly justified cases the Commission may allow *[IPA III beneficiary]* to declare expenditure from previous financial years in the final statement of expenditure under paragraph (3). The expenditure from previous financial years shall be accompanied by an opinion and report of the Audit Authority and its inclusion in the final statement shall be without prejudice to acceptance of accounts decisions in accordance with Articles 48 and 49.

Requests shall be sent even in cases in which no reimbursement is requested.

(5) Where there are disagreements, differences of interpretation or inconsistencies relating to payment requests for a reference period, resulting in particular from the failure to communicate the information required in the Agreements, and these require further checks, *[IPA III beneficiary]* shall be required to provide additional information. Such information shall be provided in accordance with Article 33 of the FFPA and Articles 38 and 40 of this Agreement.

The time limit for payment laid down in paragraph (6) may in such cases be interrupted for all or part of the amount for which payment is claimed, from the date on which the request for information is sent until receipt of the information requested.

Where no solution is found within that time limit, the Commission may interrupt or suspend payments in accordance with Articles 39 and 40 of the FFPA.

(6) Interim payments shall be made by the Commission within 90 days of registering the payment request for which the requirements set out in Article 35 of the FFPA are met, without prejudice to the decisions referred to in Articles 48 and 49 of this Agreement, provided that:

 (a) the expenditure declared is eligible for Union funding in accordance with Article 33 of this Agreement;

(b) the checks in Article 41 of this Agreement have not indicated any problems;

(c) no interruption or suspension of payments has been decided concerning the measure(s) that is or are the subject of the application in question;

(d) appropriations are available.

ARTICLE 38 PRE-FINANCING

(1) Pre-financing payments referred to in Article 34 of the FFPA may amount to 30% of the Union's contribution for the three most recent years of the IPARD III programme as established in the Financing Agreement. Subject to the availability of budgetary appropriations, pre-financing may be paid in two or more instalments.

(2) The Commission shall make an initial pre-financing payment of at least 50% of the amount referred to in paragraph (1) as first instalment.

Additional instalments may be paid following a request of *[IPA III beneficiary]* in accordance with the requirements provided for in paragraphs (1) and (4).

(3) Where the pre-financing payments referred to in paragraph (1) are not sufficient to ensure timely payment of claims from recipients, they may be increased. The increase shall be the amount needed for this purpose. It shall be based on the sum of substantiated expenditure incurred by recipients, but not yet settled due to the exhaustion of Union funding in the IPARD euro account. However, the cumulative amount of payments for pre-financing shall not exceed 30% of the Union contribution for the three most recent years established in the Financing Agreement.

(4) The total amount paid as pre-financing shall be reimbursed to the Commission if no payment request for the IPARD III programme is sent within 15 months of the date on which the Commission made the first pre-financing payment. The Union contribution to the IPARD III programme shall not be affected by such reimbursement.

ARTICLE 39 CALCULATION OF THE AMOUNT TO BE PAID

(1) The Union contribution to be paid in respect of the eligible public expenditure declared for each measure and for each reference period shall be calculated on the basis of the financing plan in force on the first day of that period.

(2) The amounts of the Union contribution recovered from recipients under the IPARD III programme during each reference period and the debts that have not been collected within two years of their registration in the debtor’s ledger as referred to in Article 47(6) of this Agreement and Clause 4(3)(b)(ix) of Annex A to the FFPA shall be deducted from the amount to be paid by the Commission in the payment request for that period in accordance with Article 50 of this Agreement.

(3) Without prejudice to the ceiling of 95% as provided for in Article 36(5), where the combined total of declarations of expenditure exceeds the total programmed for a given measure, the amount to be paid shall be capped at the amount programmed for that measure in the financing plan in force. Expenditure excluded as a result may be taken into account in a subsequent payment request provided that an adjusted financing plan has been submitted by *[IPA III beneficiary]* and accepted by the Commission.

ARTICLE 40 SETTLEMENT OF THE FINAL BALANCE

(1) For the settlement of the final balance as referred to in Article 37 of the FFPA, the deadline referred to in Article 34(2) of this Agreement as laid down in the Financing Agreement shall apply.

(2) The settlement of the final balance shall not prejudge the adoption of subsequent decisions pursuant to Article 49.

(3) The settlement shall also not prejudge the follow-up of the provisions laid down in Article 41(7), Article 44 and Article 50.

(4) No further financial transactions may be made by *[IPA III beneficiary]* on the IPARD euro account after the final payment request was sent to the Commission. *[IPA III beneficiary]* shall ensure that the requirements referred to in Article 37(1) of the FFPA are respected until the requirements mentioned in Article 44 of this Agreement are fulfilled. As regards Article 50 of this Agreement, the Commission shall be informed whenever the recovered amounts are recorded in the national accounts.

(5) *[IPA III beneficiary]* shall set up a system which allows it to follow-up on the requirements set out in paragraph (4). *[IPA III beneficiary]* shall identify the responsible body and shall inform the Commission of the practical arrangements concerning the transfer of responsibilities to this body.

ARTICLE 41 PAYMENTS TO THE RECIPIENTS

(1) *[IPA III beneficiary]* shall ensure that payments to the recipients are:

(a) made in national currency and debited as appropriate against the IPARD euro account. The payable order(s) or any other accounting documents of equivalent probative value to the recipient(s) or to their assignee(s) shall as a general rule be issued within three working days of this debit;

(b) based on declarations of expenditure incurred by the recipient and evidenced by original receipted invoices. Where the assistance is not a function of expenditure, other appropriate documents, as specified in the IPARD III programme may be accepted.

(2) In order to be eligible, expenditure shall be in accordance with Article 33(1).

(3) Payments shall be made by means of a transfer to the bank account on the name of the recipient. Payments to the recipients cannot be seized, withheld or adjusted in any manner in place of a recipient's debt obligation. The IPARD Agency can, however, off-set against the payments, any amount to be recovered from recipients related to financial assistance under the Instrument for Pre-Accession Assistance.

(4) Where original invoices or the other relevant documents referred to in paragraph (1) point (b) are not retained by the IPARD Agency following receipt, the IPARD Agency shall ensure that copies shall be taken and arrangements made to ensure that the originals will be made available for audit and inspection purposes.

(5) The NAO and the IPARD Agency shall ensure that total public expenditure by all public bodies in *[IPA III beneficiary]* for each measure and project is identifiable in

the IPARD Agency's accounts.

(6) The IPARD Agency shall maintain records of each payment which include at least the following information:

(a) the amount in national currency

(b) the corresponding amount in euros.

(7) The ratios of Union and national contributions to public expenditure, and of total public expenditure to total eligible costs, shall be determined in national currency.

(8) The NAO and the IPARD Agency shall ensure that any amount which they find has been paid in excess of the sum due, and which has been incorporated in certified statements of expenditure in accordance with Article 37, is transferred within ten working days in the IPARD euro account and is deducted from the next payment request to the Commission.

(9) The NAO and the IPARD Agency shall ensure timely treatment of payment requests by recipients. In cases where the interval between receipt of the payment request and issuing of the payment order exceeds six months, Union co-financing may be reduced in accordance with the following rules:

(a) where expenditure effected after the deadlines is equal or less than 5% of the expenditure effected before the deadlines, no reduction shall be made, irrespective of the number of months' delay;

(b) where expenditure effected after the deadlines is more than 5% of the expenditure effected before the deadlines, all further expenditure effected with a delay of up to:

(i) one month shall be reduced by 10%
(ii) two months shall be reduced by 25%
(iii) three months shall be reduced by 45%
(iv) four months shall be reduced by 70%
(v) five months or more shall be reduced by 100%.

For the purposes of this paragraph, the receipt of a payment request is considered the date when a payment request made by the recipient has been received by the relevant services of *[IPA III beneficiary]*, irrespective of whether or not that payment request, when received, is complete of all supporting documents needed to make the payments. The IPARD Agency shall provide for procedures ensuring that missing documents are received from the recipients in time for the payment to be made in accordance with the first subparagraph.

The Commission may apply a different time scale and/or lower or no reductions, if exceptional management conditions are encountered for certain measures, or if well-founded justifications are provided by *[IPA III beneficiary]*. Delays by the recipient to provide documents missing from the payment request shall not be considered a well-founded justification. *[IPA III beneficiary]* shall establish appropriate provisions in the contracts signed with the recipients setting appropriate deadlines for the provision of missing documents.

Before taking the decision the Commission shall inform *[IPA III beneficiary]* allowing it to make its position known within 10 working days. The Commission shall inform *[IPA III beneficiary]* of its final decision, stating the reasons on which the decision is based.

For any expenditure effected after the deadlines *[IPA III beneficiary]* shall submit to the Commission a detailed justification of the delay, written evidence to substantiate this justification as well as a demonstration of a direct relationship between the justification and the relevant expenditure effected after the deadlines.

(10) When deciding on cancelling all or part of the Union contribution, the NAO and the IPARD Agency shall take into account the nature and gravity of the irregularities and the financial loss to the Union contribution.

ARTICLE 42 EXCHANGE RATE AND INTEREST

(1) *[IPA III beneficiary]* shall ensure that the rate recorded for conversion between euro and national currency is the monthly accounting rate of the euro established by the Commission for *[IPA III beneficiary]* for the month during which the expenditure was registered in the accounts of the operating structure. However, the following shall apply:

(a) for payments by the IPARD Agency the date shown in the accounts shall be the date that the payment order is issued to the recipient;
(b) for overpayments by the IPARD Agency in accordance with Article 41(8), the rate in the month preceding the month during which the overpayment was first noted;
(c) for debts not yet recovered, as well as debts that have not been collected within two years of their registration in the debtor's ledger, in accordance with Article 50, the rate in the month preceding the month during which the debt was first noted;
(d) for amounts fixed by the clearance of accounts and/or conformity clearance Decisions, the rate in the month preceding the month during which the Decision was taken;
(e) for debts and interest recovered in accordance with Article 50, the rate in the month preceding the month during which the debt was recovered;
(f) for irregular amounts recovered in accordance with Article 51 of the FFPA, the rate in the month preceding the month during which the amount was recovered;
(g) for interest earned on the National Fund's and the IPARD Agency's account(s), the rate in the month the interest was credited to the account(s) which must be at least monthly;
(h) for the thresholds written in euro in the IPARD III programme for each measure, the exchange rate for conversion between euro and national currency shall be the monthly accounting rate of the euro established by the Commission for [IPA III beneficiary] for the month preceding the month during which the related call for application is published.

Points (a) to (h) shall also apply to cases covered by Article 33(8) of the FFPA.

(2) In the event that a rate for a month is not published, the rate for the most recent previous month of publication shall be used.

(3) Where the time-limits in the Decisions taken pursuant to Articles 48 and 49 are not complied with, any outstanding amount shall generate interest at a rate equal to the Euribor rate for three month deposits published by the European Central Bank plus 1.5% points. That rate shall be the monthly average of the month in which those Decisions were taken.

(4) Any interest earned on the IPARD euro account remains the property of *[IPA III beneficiary]*. Interest generated by the financing by the Union of the IPARD III programme shall be posted exclusively to the IPARD III programme, being regarded as a resource for *[IPA III beneficiary]* in the form of a national public contribution, and shall be declared to the Commission, at the time of the closure of the IPARD III programme. At the time of the closure of the Programme any amount of interest that has not been spent in the form of a national public contribution shall be returned to the Commission.

TITLE 4: CLOSURE OF A PROGRAMME

ARTICLE 43 CLOSURE OF THE IPARD III PROGRAMME

(1) In addition to the minimum requirements for the settlement of the final balance set out in Article 37(1) of the FFPA, the IPARD III programme shall be considered closed for the purposes of Article 48 of the FFPA as soon as one of the following conditions are fulfilled:

(a) based on the acceptance of the accounts of the final year in question and of the total years of IPARD III implementation the payment of the final balance due or the issuance of a recovery order by the Commission;

(b) de-commitment of appropriations by the Commission;

(c) the closure of the debtors' ledger referred to in Clause 4(3)(b)(ix) of Annex A to the FFPA and Articles 47(6) and 50(6) of this Agreement.

(2) The closure of the IPARD III programme shall not affect the obligations of *[IPA III beneficiary]* referred to in Articles 41(9) and 50 and the obligation to continue to retain related documents, in accordance with Article 44, and shall not prejudice a subsequent decision under Article 49.

ARTICLE 44 RETENTION OF DOCUMENTS

(1) The IPARD Agency and the National Fund shall ensure that if they do not hold the documents referred to in Article 49 of the FFPA themselves, the documents are kept at the disposal of the Commission for the period referred to in that Article. In the case of situations referred to in Article 43 of the FFPA the supporting documents referred to Article 49 of the FFPA shall be kept at the disposal of the Commission for at least seven years following that in which the sums are entirely recovered from the recipient and credited to the IPARD III programme or in which the financial consequences of non-recovery are determined in Article 50 of this Agreement.

(2) In case of a conformity clearance procedure provided for in Article 49 of this Agreement, the supporting documents referred to in paragraph 1 shall be kept at the disposal of the Commission for at least one year after the conclusion of that procedure

or, if a conformity decision is the subject of legal proceedings, for at least one year after the conclusion of those proceedings.

TITLE 5: FINANCIAL CORRECTIONS AND EXAMINATION AND ACCEPTANCE OF ACCOUNTS

ARTICLE 45 CONTENT OF THE ANNUAL ACCOUNTS

The annual accounts, composed of the annual financial reports and statement referred to in Article 59(2)(a) of the FFPA shall include:

(a) the revenues and the expenditure of the IPARD III programme, showing Union, national and total revenues and expenditure summarised by measures and presented on an annual basis and submitted using Form D 2 as set out in Annex 6 to this Agreement;

(b) a table of differences by IPARD III programme and measure, between the expenditure and the revenues declared in the annual accounts and that declared for the same period in the documents referred to in Article 37 of this Agreement, accompanied by an explanation for every difference;

(c) the table of the amounts to be recovered at the end of the financial year (debtors ledger);

(d) a list of all payments made in the financial year in line with Annex 9 to this Agreement.

ARTICLE 46 TRANSMISSION OF THE INFORMATION NECESSARY FOR THE EXAMINATION AND ACCEPTANCE OF THE ACCOUNTS

(1) For the purpose of the examination and acceptance of the accounts pursuant to Article 36 of the FFPA, the NAO shall send to the Commission:

(a) the annual financial reports and statements referred to in Article 45 of this Agreement, together with any reports by authorities acting under delegation from relevant structures, authorities and bodies as referred to in Article 10(1) and (2) of the FFPA;

(b) the management declaration by the NAO as referred to in Article 59(2)(b) of the FFPA, including a summary of the reports in accordance with Article 59(2)(c) of the FFPA.

(2) The documents referred to in points (a) and (b) of paragraph (1) shall be signed, dated and certified, and transmitted by the NAO, on behalf of *[IPA III beneficiary]*, to the Commission in accordance with Article 59(2) of the FFPA with copies to the Audit Authority. The documents shall be sent in one single package together with an electronic copy in accordance with the format and under the conditions established by the Commission.

(3) The opinions and reports established by the Audit Authority shall be signed, dated and transmitted by the Audit Authority, to the Commission in accordance with Article 59(3) of the FFPA with copies to the NAO. The documents shall be sent in one single package together with an electronic copy in accordance with the format and under the

conditions established by the Commission.

(4) At the request of the Commission or on the initiative of the NAO, further information concerning the examination and acceptance of the accounts shall be addressed to the Commission within a time period set by the Commission, taking into account the amount of work required for providing that information. In the absence of that information, the Commission may examine and accept the accounts on the basis of such information as is in its possession.

ARTICLE 47 FORM AND CONTENT OF THE ACCOUNTING INFORMATION

(1) The form and content of the accounting information referred to in Article 46(1)(a) shall be established in accordance with internationally accepted accounting principles and shall ensure that total public expenditure by all public bodies in *[IPA III beneficiary]* for each measure and project under the IPARD III programme is identifiable in the books and records of the National Fund and the IPARD Agency by an adequate accounting code.

(2) Where there are disagreements, differences of interpretation or inconsistencies relating to documents and the accounting information referred to in paragraph (1) for a reference period, resulting in particular from the failure to communicate the information required in this Agreement, and these require further checks, *[IPA III beneficiary]* shall be required to provide additional information.

(3) Where payments due under the IPARD III programme are encumbered by financial claims on the recipient, they shall be deemed to have been made in their entirety:

(a) on the date of the payment of the sum still due to the recipient, if the claim is less than the expenditure settled;

(b) on the date of the settlement of the expenditure, if the latter is less than or equal to the claim.

(4) The accounting information shall be used by the Commission for the sole purposes of:

(a) carrying out its functions in the context of the examination and acceptance of the accounts or conformity clearance;

(b) monitoring developments and providing forecasts in the agricultural sector.

The European Court of Auditors and the European Anti-fraud Office (OLAF) shall have access to that information.

(5) Payment orders not executed and payments debited to the account and then re-credited shall be deducted in Form D 2 as set out in Annex 6, from expenditure in respect of the month during which the failure to execute or the cancellation is reported to the IPARD Agency.

(6) *[IPA III beneficiary]* shall set up, in respect of the IPARD III programme, a system for the recognition of all amounts due and for the recording in a debtors' ledger of all such debts, including irregularities prior to their receipt. Without prejudice to Article 41(5) or any national provisions concerning recovery of debts, any financial contribution charged to the Union with respect to these sums, including irregularities, shall be

written off at the end of the second year following its registration in the debtors ledger and deducted from the next request for payment as provided for in Article 39(2). The IPARD Agency and the National Fund shall ensure that any amounts recovered are credited to the IPARD euro account within three working days of the date of recovery.

Article 48 Examination and acceptance of accounts procedures

(1) The acceptance of accounts decision shall confirm that the annual financial reports and statements referred to in Article 45(a) and (c) as included in the annual accounts are complete, accurate and true. It shall not prejudice the adoption of a subsequent conformity clearance decision, pursuant to Article 49.
The acceptance of accounts decision shall also cover the balance of the IPARD euro account.

(2) The Commission shall communicate to *[IPA III beneficiary]* the results of its analysis of the information supplied, together with any amendments it proposes, by 15 July following the end of the financial year at the latest.

(3) The amount which, as a result of the acceptance of accounts decision, is normally recoverable from or payable to *[IPA III beneficiary]* shall be established by deducting the interim payments with respect to the financial year concerned from the expenditure recognised for the same year in accordance with paragraph (1). That amount shall be deducted by the Commission from or added to the following interim payment or the final payment.

(4) Where the amount to be deducted, fixed by the acceptance of accounts decision exceeds the level of possible subsequent payments, the NAO shall ensure that the amount not covered by the balance shall be credited to the Commission in euro within two months of notification of that decision. The Commission may however, on a case by case basis, decide that any amount to be credited to it shall be offset against payments due to be made by the Commission to *[IPA III beneficiary]* under any Union instrument.

(5) This Article shall apply *mutatis mutandis* to pre-financing payments within the meaning of Article 38.

(6) Article 84 of the FFPA shall not apply to the financial clearance.

Article 49 Conformity clearance

(1) If the Commission finds that expenditure under the IPARD III programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Union financing.

(2) The Commission shall assess the amounts to be excluded on the basis of the gravity of the non-conformity recorded. It shall take due account of the nature and the gravity of the non-conformity and of the financial damage caused to the Union.

(3) When, as a result of any inquiry, the Commission considers that expenditure was not effected in compliance with the applicable rules, it shall communicate its findings to the NAO, and indicate the corrective measures needed to ensure future compliance with those rules.

The communication shall make reference to this Article. The NAO shall reply within two months of receipt of the communication, with copy to the Audit Authority, and the Commission may modify its position in consequence. In justified cases, the Commission may agree to extend the period for reply.

After expiry of the period for reply, the Commission may request additional information and, where necessary, convene a bilateral meeting.

(4) Within two months from the date of the reception of the request for additional information or the minutes of the bilateral meeting referred to in the third subparagraph of paragraph (3), the NAO shall communicate any information requested during that meeting or any other information which it considers useful for the ongoing examination.

In justified cases, the Commission may, upon reasoned request of the NAO, authorise an extension of the period referred to in the first subparagraph. The request shall be addressed to the Commission, with copy to the Audit Authority, before the expiry of that period.

After the expiry of the period referred to in the first subparagraph, the Commission shall formally communicate its conclusions to the NAO, with copy to the Audit Authority, on the basis of the information received in the framework of the conformity clearance procedure. The communication shall evaluate the expenditure which the Commission envisages to exclude from Union financing.

Where the Commission proposes a financial correction, the NAO shall be given the opportunity to provide its assessment of the actual financial impact of the irregularity. The communication of the assessment to the Commission shall take place within two months from the date of reception of the Commission's proposal for a financial correction. In justified cases the Commission may agree to extend the period for reply.

(5) The NAO shall inform the Commission, with a copy to the Audit Authority, of the corrective measures it has undertaken to ensure compliance with the applicable rules and the effective date of their implementation.

(6) The Commission may, at any stage, terminate the procedure, without financial consequences for *[IPA III beneficiary]*, if it expects that the possible financial effects of non-compliance identified as a result of an inquiry referred to in paragraph (1) would not exceed EUR 10 000 and 2% of the relevant expenditure or the amounts to be recovered.

(7) The deductions from the Union financing shall be made by the Commission from the following interim payment or the final payment. However, at *[IPA III beneficiary]*'s request and where warranted by the materiality of the deductions, the Commission may set a different date for the deductions.

(8) In accordance with Article 45(1) of the FFPA the deductions made by the Commission shall not be reallocated to the IPARD III programme.

(9) Article 84 of the FFPA shall not apply to the conformity clearance.

ARTICLE 50 RECOVERY OF FUNDS

(1) The financial adjustments and reuse of the Union contribution shall be undertaken by the NAO and shall be subject to the following conditions:

(a) where irregularities are detected, the NAO shall extend its inquiries to cover all operations liable to be affected by such irregularities;

(b) the NAO shall notify the corresponding adjustments to the Commission, with a copy to the Audit Authority;

(c) amounts of the Union contribution which are cancelled and amounts recovered shall be reallocated to the IPARD III programme in accordance with Article 45(2) of the FFPA.

(2) When the annual accounts are sent, as provided for in Article 46, the NAO shall provide the Commission, with a copy to the Audit Authority, with a summary report on the recovery procedures undertaken in response to irregularities. This shall give a breakdown of the amounts not yet recovered, by administrative and/or judicial procedure and by year of the primary administrative or judicial finding of the irregularity. Any interest recovered by *[IPA III beneficiary]* attributable to the IPARD III programme with respect to debts recovered shall be recorded in the *[IPA III beneficiary]*'s accounts.

(3) The Union contribution not recovered by the IPARD Agency from the recipients within two years of their registration in the debtor's ledger shall be refunded by the NAO to the Union budget. Where possible, the amount recovered shall be deducted by the Commission from the following interim payment or the final payment to *[IPA III beneficiary]*. *[IPA III beneficiary]* shall ensure that any amounts recovered are credited to the IPARD euro account within three working days of the date of recovery.

(4) *[IPAI II beneficiary]* shall ensure that any amounts to be recovered from recipients in accordance with Article 51 of the FFPA are established taking into account the nature and gravity of the irregularities and the financial loss to the Union contribution and are timely registered in the debtor's ledger. If the Commission finds that the late registration of debts has resulted in a lower amount of debts written off in accordance with paragraph (3), it shall determine the financial correction to be applied under Article 49 of this Agreement.

(5) Where it has been possible to effect the recovery referred to in paragraph (1) when the combined total of declarations of expenditure exceeds the ceiling of 95% as provided for in Article 36(5) of this Agreement or after the final payment by the Union for the IPARD III programme has been made, the NAO shall refund the sums recovered to the Union budget in accordance with the procedures laid down in Article 46 of the FFPA.

(6) Any Union contribution to the IPARD III programme not recovered at the date of the final closure as referred to in Article 48(1) of the FFPA and in Article 43 of this Agreement shall be written-off in the debtor's ledger and the corresponding amount shall be refunded to the Union budget. This payment shall not prejudice the adoption of a subsequent decision pursuant to Article 49 of this Agreement.

SECTION VI MONITORING, EVALUATION AND REPORTING

TITLE 1: PROGRAMME MONITORING

ARTICLE 51 PROGRAMME MONITORING AND MONITORING INDICATORS

(1) The Managing Authority and the monitoring committee for the IPARD III programme (hereinafter referred to as "IPARD III monitoring committee") shall monitor the effectiveness and the quality of the implementation of the IPARD III programme. They shall report to the IPA monitoring committee and to the Commission on progress of the measures.

(2) Programme monitoring shall be carried out by reference to the indicators presented in the IPARD III programme.

ARTICLE 52 IPARD III MONITORING COMMITTEE

(1) The IPARD III monitoring committee, which shall be established after adoption of the programme, shall be chaired by a senior representative of *[IPA III beneficiary]*, who shall have voting rights.

(2) The Commission, the operating structure, the NAO and the NIPAC shall participate in the work of the IPARD III monitoring committee without voting right.

(3) For the purposes of Article 53(2) of the FFPA, the IPARD III monitoring committee shall examine the results of the IPARD III programme, in particular the achievement of the targets set for the different measures and the progress on utilisation of the financial allocations to those measures. In this regard, the Managing Authority shall ensure that all relevant information in relation to the progress of measures is made available to the monitoring committee and the NIPAC.

(4) The IPARD III monitoring committee shall periodically review progress made towards achieving the objectives set out in the IPARD III programme. For this purpose, it shall, in particular, be given the following:

(a) information on any sectors or measures where difficulties are experienced;

(b) information on the results of verifications carried out;

(5) Article 53(3)(f) of the FFPA shall be interpreted for the IPARD III monitoring committee in a way that the IPARD III monitoring committee has to consider and approve, where appropriate, any proposal drawn up by the Managing Authority to amend the IPARD III programme to be submitted to the Commission, with a copy to the NIPAC and the NAO.

(6) Notwithstanding Article 8(4), the IPARD III monitoring committee may, following consultation with the Managing Authority and the IPARD Agency, propose to the Managing Authority for submission to the Commission, with a copy to the NIPAC and the NAO, amendments or reviews of the IPARD III programme to ensure the achievements of the Programme's objectives and enhance the efficiency of the assistance provided.

(7) The IPARD III monitoring committee shall consider and approve the annual and final implementation reports before they are sent to the NIPAC for submission to the

Commission, with copies to the NAO and the Audit Authority.

(8) The IPARD III monitoring committee shall examine the evaluations of the IPARD III programme referred to in Article 57.

(9) The IPARD III monitoring committee shall consider and approve the plan of visibility and communication activities referred to in Article 30 as well as any subsequent updates of the plan.

(10) The IPARD III monitoring committee shall be consulted on the technical assistance activities under the IPARD III programme. It shall consider and approve each year an indicative annual action plan for the implementation of technical assistance activities including indicative amounts for information purposes.

(11) Each visit and seminar co-financed by the Union under measure "technical assistance" of the IPARD III programme shall require the submission of a written report to the IPARD III monitoring committee.

(12) When required by the IPARD III programme to give an opinion on any matter, the IPARD III monitoring committee shall act accordingly.

(13) All final documents of IPARD III monitoring committee meetings shall be made public.

(14)

(15) The IPARD III monitoring committees shall meet at least twice per 12 months.

ARTICLE 53 INDICATORS

(1) The progress, efficiency and effectiveness of the IPARD III programme in relation to its objectives shall be measured by means of indicators relating to the baseline situation as well as progress with regard to financial execution.

(2) The IPARD III programme shall specify a limited number of additional indicators specific to that Programme.

TITLE 2: EVALUATION

ARTICLE 54 PRINCIPLES FOR THE EVALUATION OF THE IPARD III PROGRAMME

(1) For the purposes of Article 55 of the FFPA, evaluations shall aim to improve the quality, effectiveness and consistency of the assistance from Union funds and the strategy and implementation of the IPARD III programme.

(2) The IPARD III programme shall be subject to *ex-ante* and *ex-post* and, where considered as appropriate by the Commission, interim evaluations carried out by independent evaluators under the responsibility of *[IPA III beneficiary]*.

(3) The evaluations shall assess the implementation of the IPARD III programme towards the achievement of objectives set out in Article 16(5) of the FFPA.

(4) The evaluations shall examine the degree of utilisation of resources, the effectiveness and efficiency of the programming, its socio-economic impact and its impact on the defined objectives and priorities. They shall cover the goals of the IPARD III

programme and aim to draw lessons concerning rural development policy. They shall identify the factors which contributed to the success or failure of the implementation of the IPARD III programme, including the sustainability of actions and identification of best practices.

(5) Evaluation reports shall explain the methodology applied and include an assessment of the quality of the data and the findings.

(6) The quality and implications of evaluations shall be assessed by the Managing Authority, the IPARD III monitoring committee and the Commission.

(7) The results of the *ex-ante* and the interim evaluations shall be taken into account in the programming and implementation cycle.

ARTICLE 55 *EX-ANTE* EVALUATION OF THE IPARD III PROGRAMME

(1) *Ex-ante* evaluation shall form part of drawing up the IPARD III programme and aim to optimise the allocation of budgetary resources and improve programming quality. It shall identify and appraise medium and long-term needs, the goals to be achieved, the results expected, the quantified targets, the Union value-added, the extent to which the objectives, in accordance with Article 16(5) of the FFPA have been taken into account, the lessons learned and the quality of the procedures for implementation, programme monitoring, evaluation and financial management.

(2) *[IPA III beneficiary]* shall ensure that the *ex-ante* evaluator is involved in the process of development of the IPARD III programme, is included in the development of the SWOT analysis, in the design of the programme's intervention logic and in the establishment of the programme's targets.

(3) *Ex-ante* evaluation shall be carried out under the responsibility of *[IPA III beneficiary]*.

ARTICLE 56 EVALUATION PLAN FOR THE IPARD III PROGRAMME

(1) An evaluation plan shall be drawn up by the Managing Authority, in consultation with the NIPAC, for the IPARD III programme in accordance with Article 57 of the FFPA. The evaluation plan shall be submitted to the monitoring committee no later than one year after the adoption by the Commission of the IPARD III programme.

(2) The Managing Authority and the IPARD III monitoring committee shall use the evaluation plan to:

- (a) examine the progress of the IPARD III programme in relation to its goals by means of result and, where appropriate, impact indicators;
- (b) improve the quality of the IPARD III programme and its implementation;
- (c) examine proposals for substantial changes to the IPARD III programme;
- (d) prepare for interim and *ex-post* evaluation.

(3) The Managing Authority shall report each year on the results achieved under the evaluation plan to the IPARD III monitoring committee, with copies to the Audit Authority. A summary of the activities shall be included in the annual report provided for in Article 59.

Article 57 Interim evaluation

(1) If the Commission considers as appropriate, in the third year following the year of adoption of the first entrustment of budget implementation tasks for the IPARD III programme, an interim evaluation shall be performed.

(2) The interim evaluation shall propose measures to improve the quality of the IPARD III programme and its implementation, where appropriate. In particular *[IPA III beneficiary]* shall ensure that the interim evaluation examines the initial results of the IPARD III programme, their consistency with the *ex-ante* appraisal, the relevance of the targets and objectives and the extent to which they have been attained. It shall also assess the quality of Programme monitoring and implementation and the experience gained in setting up the system for implementation of the IPARD III programme.

(3) The interim evaluation shall be submitted to the IPARD III monitoring committee, and to the Commission by 31 December of the year referred to in paragraph (1).

(4) In addition to the assessment referred to in Article 54(7), the IPARD III monitoring committee, the Managing Authority and the Commission shall consider the implications of the evaluation with a view to reviewing the IPARD III programme.

(5) The Managing Authority shall inform the Commission about the follow-up to the recommendations in the evaluation report. If *[IPA III beneficiary]* fails to submit the interim evaluation report by the date referred to in paragraph (3). Article 37(5) shall apply.

Article 58 *Ex-post* evaluation

(1) At the latest by the end of the first year after the programme implementation period, an *ex-post* evaluation shall be prepared by *[IPA III beneficiary]* for the IPARD III programme. That report shall be completed and submitted to the Commission not later than the end of that year.

(2) On the basis of the evaluation results already available as well as evaluation questions relevant to the IPARD III programme, the *ex-post* evaluation shall cover the utilisation of resources and the effectiveness and efficiency of the IPARD III programme, its impact and its consistency with the *ex-ante* evaluation. It shall cover factors contributing to the success or failure of implementation, the achievements of the IPARD III programme and results, including their sustainability. It shall draw conclusions relevant to the IPARD III programme and to the enlargement process.

(3) If *[IPA III beneficiary]* fails to submit the *ex-post* evaluation report by the date referred to in paragraph 1, Article 37(5) shall apply.

TITLE 3: REPORTING

Article 59 Annual and Final Implementation Reports

(1) By 30 June each year following a full calendar year of implementation of the IPARD III programme the Managing Authority, after consultation with the IPARD Agency, shall draw up, annual reports on the implementation of the IPARD III programme in the previous calendar year, in accordance with Article 60(2) of the FFPA. The first

report submitted shall cover the calendar years from 2021 onwards.

(2) The Managing Authority shall draw up a final report on the implementation of the IPARD III programme. The final report shall be submitted at the latest six months after the final date of eligibility of expenditure under the IPARD III programme in accordance with Article 29(4) of the FFPA.

(3) The annual implementation reports shall cover the previous calendar year and shall include data related to the calendar year before and the cumulative financial and monitoring data for the whole period of implementation of the IPARD III programme as well as aggregated monitoring tables. The final reports on implementation of the IPARD III programme shall cover the whole period of implementation and may include the last annual report.

(4) The reports referred to in paragraphs (1) and (2) shall be sent, after examination and approval by the IPARD III monitoring committee, to the NIPAC for submission to the Commission with copies to the NAO and the Audit Authority.

(5) All annual and final implementation reports shall include the following information:

(a) any change in general conditions of relevance to the implementation of the IPARD III programme, in particular, the main socio-economic trends, changes in national, regional or sectoral policies and, where applicable, their implications for the consistency between IPARD III assistance and that from other Union financial instruments;

(b) the progress in the implementation of priorities and measures in relation to the attainment of the objectives of the IPARD III programme by reference to the financial data, common and programme-specific indicators and quantified target values, including changes in the value of result indicators where appropriate. The data transmitted shall relate to values for indicators for fully implemented operations and also, where possible, having regard to the stage of implementation, for selected operations. They shall also set out a synthesis of the findings of all evaluations of the programme that have become available during the previous calendar year, any issues which affect the performance of the programme, and the measures taken;

(c) financial commitments and expenditure by measure, and a summary of the activities undertaken in relation to the evaluation plan;

(d) the steps taken by the Managing Authority, the IPARD III Agency and the IPARD III monitoring committee to help to ensure the quality and effectiveness of implementation, in particular:

(i) a summary of any significant problems encountered in implementing the IPARD III programme and any action taken, including that on recommendations for adjustments made pursuant to paragraph (8);

(ii) a summary of the results of the verifications carried out per measure and of the irregularities detected;

(iii) the use made of technical assistance;

(iv) the steps taken to involve local bodies to a greater extent;

(v) the steps taken to ensure publicity for the IPARD III programme;

(vi) data to demonstrate that Union funds are complementing funding available in *[IPA III beneficiary]*.

(e) the steps taken to ensure co-ordination of all the Union pre-accession assistance referred to in Article 4;

(f) financial tables showing Union, national and total expenditure per measure and/or sector;

(g) a summary of the activities undertaken in relation to the evaluation plan in accordance with Article 56;

(h) a description of the activities carried out for the implementation of the plan of visibility and communication activities referred to in Article 30.

The content and presentation of the annual and final implementation reports shall be based on the Commission guidelines.

(6) The Commission shall inform *[IPA III beneficiary]* within 15 working days of the date of receipt of the annual implementation reports if it is not admissible, failing which it shall be deemed admissible.

(7) The Commission shall inform *[IPA III beneficiary]* of its observations within four months of the date of receipt of the annual implementation report and within five months of the date of receipt of the final implementation report. Where the Commission does not provide observations within those deadlines, the reports shall be deemed to be accepted.

(8) If, after this review, the Commission makes comments to *[IPA III beneficiary]* concerning issues which significantly affect the implementation of the IPARD III programme *[IPA III beneficiary]* shall inform the Commission of the action taken on these comments within three months. Where the Commission, without prejudice to the Decisions to be taken pursuant to Articles 48 and 49, makes recommendations to *[IPA III beneficiary]* for adjustments aimed at improving the effectiveness of the Programme monitoring or management arrangements for the IPARD III programme, *[IPA III beneficiary]* shall subsequently demonstrate the steps taken to improve the Programme monitoring or management arrangements or it shall explain why it has not acted so within three months of the receipt of the Commissions' comments. The IPARD III monitoring committee shall be informed on these activities.

SECTION VII SPECIFIC PROVISIONS ON MULTI-ANNUAL ACTION PROGRAMMES WITH SPLIT COMMITMENTS

[No complementary provisions.]

SECTION VIII SPECIFIC PROVISIONS ON CROSS-BORDER COOPERATION PROGRAMMES

[No complementary provisions.]

SECTION IX FINAL PROVISIONS

Articles 81 to 86 and 88 to 90 of the FFPA shall apply *mutatis mutandis* to this Agreement.

ARTICLE 60 APPLICABILITY OF THE SECTORAL AGREEMENTS FOR IPA

Sectoral Agreements signed under IPA between the Commission and *[IPA III beneficiary]* shall remain applicable to assistance adopted under previous pre-accession instruments, until such assistance is completed in accordance with the terms of the relevant Sectoral Agreements. However, Articles 45 to 49 of this Agreement shall apply in respect of expenditure under IPA when financial clearance or conformity clearance procedure is instigated after the entry into force of this Agreement.

ARTICLE 60A FORCE MAJEURE AND EXCEPTIONAL CIRCUMSTANCES

DG AGRI proposed a general 'force majeure' article for the Financial Framework Partnership Agreement (the new name for the Framework Agreement). If not accepted we will introduce an article here.

ARTICLE 61 ADDRESS FOR COMMUNICATIONS

As regards Article 85 of the FFPA, the addresses shall be as follows:

(1) For all correspondence other than that referred to in point (2):

For the European Union:

European Commission
Directorate General for Agriculture and Rural Development
Unit for Pre-accession assistance for agriculture
Rue de la Loi 130
BE - 1049 Bruxelles

Website: https://ec.europa.eu/info/food-farming-fisheries/farming/international-cooperation/enlargement_en

For *[IPA III beneficiary]*

<to be provided>

(2) For correspondence relating to information set out in Article 51(2) of the FFPA, the addresses shall be as follows:

For the European Union:

European Commission
OLAF – European Anti-Fraud Office
Directorate C
30, Rue Joseph II
BE – 1049 Bruxelles
Website: http://ec.europa.eu/anti_fraud/index_en.htm

For *[IPA III beneficiary]*

<to be provided>

ARTICLE 62 NON-COMPLIANCE AND TERMINATION

Without prejudice to Article 90 of the FFPA, where the Commission has detected non-compliance with the obligations of this Agreement, it:

(a) shall notify *[IPA III beneficiary]* of its intentions, with justification(s), and

(b) shall have the right, with regard to the IPARD III programme, but without prejudice to the Decisions referred to in Articles 48 and 49:

(i) to make financial corrections against *[IPA III beneficiary]*;

(ii) to cease to transfer money to *[IPA III beneficiary]*;

(iii) to refrain from undertaking any new financial obligations on the part of the Union, and

(iv) if appropriate, to terminate this Agreement with effect from the time non-compliance was first detected.

ARTICLE 63 ENTRY INTO FORCE

This Agreement shall enter into force on the date on which the last of the Parties informs the other one in writing of its approval in accordance with the existing internal legislation or procedure of the Party.

ARTICLE 64 SIGNATURE

This Agreement is drawn up in duplicate in the English language.

Signed, for and on behalf of the Government of *[IPA III beneficiary]*, in , on

by …

Signed, for and on behalf of the European Commission, in , on

Mr
Director-General for Agriculture and Rural Development
Delegated Authorising Officer

ANNEXES

ANNEX 1 __ MAIN FUNCTIONS OF THE INTERNAL CONTROL SYSTEM

The structures, authorities and bodies of the internal control system as defined in Articles 10(1)(c) and 10(2) of the FFPA shall have an organisational structure allowing them to execute the following main functions in respect of IPARD expenditure:

The basic approach for the allocation of functions and responsibilities shall be established in accordance with the following table:

General Functions	Specific Functions	Management Structure		Operating Structure	
		NAO Support Office	National Fund	IPARD Agency	Managing Authority
Managing functions	Selection of measures				*
	Programme monitoring				*
	Management of IPA III accounts and financial operations		*		
	Evaluation				*
	Reporting			*	*
	Coordination				*
Paying functions	Authorisation and control of commitments			*	
	Authorisation and control of payments		(*)	*	
	Execution of payments			*	
	Accounting for commitment and payment		*	*	
	Debt management		*	*	
	Treasury		*		
Implementing functions	Selection of projects			*	
	Publicity			*	*
	Provide assurance on the effective functioning of the internal control system	*			
Audit functions	Internal audit	*	*	*	

In case it is indicated as optional (*), the function may be allocated depending on the size, the responsibilities and other specific features of the internal control systems.

Unless the Commission expressly and explicitly provides for otherwise, allocations of functions and responsibilities must not be in contradiction to the basic approach as shown in this Annex.

Managing functions

(a) *Selection of the measures:* the objective of this function is that according to Article 10(1)(c)(i) of the FFPA the Managing Authority is responsible for the selection of measures and their publicity including the selection of measures under each call in accordance with Article 8(2)(c) of this Agreement.

(b) *Programme monitoring:* the objective of this function is to monitor the effectiveness and the quality of the implementation of the IPARD III programme. It shall be carried out by reference to relevant physical, environmental and financial indicators. It shall also ensure that operations are selected for funding in accordance with the criteria and mechanism applicable to the programme, and comply with the relevant Union and national rules.

(c) *Management of IPA III accounts and financial operations:* the objective of this function is to ensure a smooth financial management including recording of activities, transferring of funds and making financial adjustments when necessary.

(d) *Evaluation:* the objective of this function is to improve the quality, effectiveness and consistency of the assistance from Union funds and the strategy and implementation of the IPARD III programme. The evaluations shall examine the degree of utilisation of resources, the effectiveness and efficiency of the programming and its socio-economic impact on the defined objectives and priorities, and shall, as a general rule, be accompanied by achievement related criteria and indicators.

(e) *Reporting:* the objective of this function is to ensure that implementation of the Programme and progress of the individual operations and measures are reported in a way which helps to ensure the effective and efficient implementation of the measure, using adequate information and communication systems.

(f) *Coordination:* the objective of this function is to guide and monitor the work of the IPARD III monitoring committee in accordance with Article 53 of the FFPA, notably by providing the documents necessary for monitoring the quality of the implementation of the programmes.

Paying functions

(a) *Authorisation and control of commitments and payments:* the objective of this function is to establish that the applications for approval of operations and subsequent amount to be paid to a recipient or to their assignee(s) is in conformity with the Agreements and eligible for the Union assistance claimed, which shall include, inter alia, the administrative and, where appropriate, on-the-spot verifications, in particular those concerning the regularity and legality of the expenditure:

    (i) checking the eligibility of applications for approval and request for payment,
    (ii) checking of compliance with commitments entered into, concerning project approvals,
    (iii) where appropriate, checking of tendering and contracting procedures and verification of the work carried out or services supplied,
    (iv) applying the necessary verifications.

    Verifications may include pre-project selection checks, re-measurement, checks on quantity and quality of goods or services delivered, an analysis or a sample control, pre-payment checks, *ex-post* payment checks and any special provisions for implementing the Agreements as to the regularity and legality of the expenditure. In order to establish the regularity and legality, verifications shall include, where appropriate, examinations of a technical nature, which can involve economic financial assessments and checks of a specific agricultural, technical or scientific nature.

(b) *Execution of payments:* the objective of this function is the issuing of an instruction to the Operating Structure's bankers, or, in appropriate cases, a governmental payments office, to pay the authorised amount to the recipient (or their assignee(s)).

(c) *Accounting for commitment and payment:* the objective of this function is the recording of all commitments and payments in the separate books of accounts for IPARD III expenditure, which will normally be in the form of an electronic data processing system, and the preparation of periodic summaries of expenditure, including the expenditure declarations to the Commission. The books of account shall also record the assets financed by the IPARD III funds, in particular concerning un-cleared debtors.

(d) *Debt management:* the objective of this function is to have a system in place for the recognition of all amounts due and for the recording in a debtors' ledger of all such debts, including irregularities, prior to their receipt.

(e) *Treasury:* the objective of this function is to organise the bank accounts, requesting funds from the Commission, verifying the existence and correctness of the co-financing elements, authorising the transfer of IPARD III funds from the Commission to the IPARD Agency or to the recipients and the financial communication to the Commission, which includes the quarterly payment applications and annual declarations.

The organisational structure shall provide for clear assignment of authority and responsibility at all operational levels and for separation of the paying functions referred to in points (a), (b) and (c), the responsibilities of which shall be defined in an organisational chart.

Implementing functions

(a) *Selection of projects:* the objective of this function is to select projects in accordance with the criteria, mechanisms and rules applicable to the IPARD III programme. Exceptionally, this function may be carried out by the Managing Authority for the measures 'Implementation of local development strategies - LEADER approach' and 'Technical assistance'.

(b) *Publicity:* the objectives of this function are both:

    (i) the issuing of calls for applications and publicising terms and conditions for eligibility, including information on contractual obligations and possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work, and

    (ii) to highlight the role of the Union and to ensure the transparency of Union assistance.

(c) *Provide assurance on the effective functioning of the internal control system:* the objective of this function is to continuously check the good performance of the internal control system, including necessary measures as follow-up of audit findings and detected irregularities.

Audit functions

Internal audit: the objective of this function is to ensure that regular specific activities are carried out to provide higher management with independent review of the subordinate systems.

ANNEX 2 __ INTERNAL CONTROL FRAMEWORK

For the purposes of Annex B to the FFPA the following provisions shall apply:

1. Control environment

General complementary provisions to Section 1 of Annex B to the FFPA

Delegation

Part or all of the evaluation, reporting, authorisation and control functions[5] may be delegated to other bodies provided that the following conditions are fulfilled:

(1) A written agreement must be concluded specifying, apart from the delegated tasks, the nature of the information and the supporting documents to be submitted to the delegating entity and the time limit within which they must be submitted. The agreement must enable the delegating entity to comply with the requirements from Annex B to the FFPA and this Annex. A sufficient audit trail shall be maintained.

The Agreement shall provide for access by duly authorised agents or representatives of *[IPA III beneficiary]* or the Union to information held by these delegated bodies and for investigation by such officials of applications including carrying out of checks on projects and recipients of aid and any other information they need for the execution of their tasks.

(2) The concerned structures, authorities and bodies of the Management and Control System (hereinafter referred to as "MCS") shall in all cases remain responsible for the efficient and sound management of the IPARD assistance concerned. It remains fully responsible for the legality and regularity of the underlying transactions, including protecting the Union's financial interest.

(3) The responsibilities and obligations of the other body, notably concerning the control and verification of the compliance with the Agreements and any applicable guidelines, shall be clearly defined.

(4) The concerned structures, authorities and bodies of the MCS shall ensure that the other body has effective systems for ensuring that it fulfils its tasks in a satisfactory manner.

(5) The body shall explicitly confirm to the concerned structures, authorities and bodies of the MCS that it in fact fulfils its tasks and shall describe the means employed.

(6) The concerned structures, authorities and bodies of the MCS shall regularly review the tasks delegated to confirm that the work performed is of satisfactory standard and that it is in compliance with the Agreements.

[5] In no case may the functions of execution of payment, and of accounting of commitment and payment be delegated.

(7) The Audit Authority shall report on the delegated functions as if they were managed by the delegating entity itself.

The conditions set out in points (1), (2), (3) and (5) shall apply *mutatis mutandis* in the cases where the delegating entity functions are performed by another body as part of its regular tasks on the basis of national legislation.

Specific complementary provisions to Section 1 of Annex B to the FFPA

Reference is made to Section 1 of Annex B to the FFPA.

(d) Staff planning, recruitment, retention, training and appraisal

For the purposes of point (d) of Section 1 of Annex B to the FFPA, staff training shall be appropriate at all operational levels including fraud awareness.

For the purposes of the third indent of point (d) of Section 1 of Annex B to the FFPA, job descriptions shall include the setting of financial limits of commitments and payments to the authority of the jobholder.

2. Risk management

[No complementary provisions]

3. Control activities

General complementary provisions to Section 3 of Annex B to the FFPA

Ensuring a sound internal control requires the following common written procedures:

A. Procedures for authorising applications and payment request:

(1) The relevant structures, authorities and bodies of the MCS shall lay down detailed procedures for the receipt, recording and processing of applications for project approval, payment requests and invoices including a description of all documents to be used.

(2) Each official responsible for authorisation shall have at his/her disposal a detailed checklist of the verifications to be carried out, and shall attest in the supporting documents of the payment request that those verifications have been carried out. That attestation may be made by electronic means. There shall be evidence of systematic, such as sample, system or plan-based review of the work by a senior staff member. The analysis of the project shall be guided by the principles of sound financial management.

(3) A payment request shall be authorised for payment only after sufficient verifications have been carried out to ensure compliance with the Agreements. Those verifications shall include those required by the regulation governing the specific measure under which aid is claimed, and those required pursuant to Article 51 of the FFPA to prevent and detect irregularities and fraud with particular to the risks observed.

(4) The management shall, at an appropriate level, be informed on a regular and timely basis of the results of administrative and on-the-spot verifications carried out, so

that the sufficiency of those verifications may always be taken into account before a payment request is settled.

(5) The administrative verification performed shall be detailed in a checklist (see (2) accompanying each payment request or batch of payment requests. The checklist shall be accompanied by an attestation of the eligibility of the approved payment requests and of the nature, scope and limits of the work done. In addition, there shall be an assurance that the criteria for the granting of aid, including contracting, have been respected and that all applicable Union and national rules, including those fixed in the rural development program, have been complied with. The on-the-spot verification performed shall be detailed in a report in accordance with Article 15 or Article 21 of this Agreement.

If any on-the-spot or administrative verification is not exhaustive, but performed on a sample of payment requests, the payment requests selected shall be identified, the sampling method described, the results of all inspections and the measures taken in respect of discrepancies and irregularities reported upon. The supporting documents shall be sufficient to provide assurance that all the required verifications on the eligibility of the authorised payment requests have been performed.

(6) Where documents (in paper or electronic form) relating to the payment requests authorised and verifications made are retained by other bodies, both those bodies and the concerned structures shall set up procedures to ensure that the location of all such documents relevant to specific payments is recorded.

(7) Applications from recipients shall be processed in a timely manner.

(8) Criteria for assessing applications and their order of priority shall be clearly defined and documented.

B. Procedures for payment

(1) The concerned structures, authorities and bodies of the MCS as defined in Article 10(1) and (2) of the FFPA shall adopt the necessary procedures to ensure that the national authorities can fulfil their contractual commitments regardless of the delays or interruptions in funding from the Commission.

(2) The national authorities shall adopt the necessary procedures to ensure that payments are made only to bank accounts belonging either to recipients or to their assignees. The payment shall be made by the IPARD agency's bank, or, as appropriate, a governmental payments office, within three working days of the date of debiting against the IPARD euro account. Procedures shall be adopted to ensure that all payments for which transfers are not executed are not declared for reimbursement. If such payments have already been declared these should be re-credited to the Fund via the next monthly/quarterly declarations or in the annual accounts at the latest. Payments shall be made by means of a transfer to the bank account on the name of the recipient. The approval of the authorising official and/or his/her supervisor may be made by electronic means, provided an appropriate level of security over those means is ensured, and the identity of the signatory is entered into the electronic records.

C. Procedures for accounting

(1) The concerned structures, authorities and bodies of the MCS shall adopt full and transparent accounting procedures following internationally accepted accounting principles and any applicable guidelines. Accounting procedures shall ensure that quarterly and annual declarations are complete, accurate and timely, and that any errors or omissions are detected and corrected, in particular through verifications and reconciliations performed at regular intervals. A full audit trail for every item entered into the accounts shall be provided.

(2) The national authorities' accounting procedures shall ensure that accounting system can produce, in euro and national currency, and for each project, contract or measure, the total cost, the committed expenditure, part payments and balance payments. Deadlines shall be set for cancellation of commitments where work has not been completed within an agreed timetable. Such cancellations shall be appropriately recorded in the accounting systems.

D. Procedures for advances and guarantees (if applicable)

Payments of advances qualify as eligible expenditure up to 50% of the public aid related to the project and shall be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 110% of the amount of the advance. Advances cannot be paid in combination with pre-financing as provided for in Article 11(3)(a).

Procedures shall be adopted to ensure that:

(1) Payments of advances are separately identified in the accounting or subsidiary records.

(2) Guarantees are obtained only from financial institutions which are approved by the appropriate authorities and which remain valid until cleared or called upon, on the simple request of the IPARD agency.

(3) The advances are cleared within the stipulated time limits and those overdue for clearing are promptly identified and the guarantees promptly called upon.

Payments of advances, for the measure 9 ‘technical assistance’ qualify as eligible expenditure up to 90% of the public aid related to the operation and shall not be subject to the establishment of a bank guarantee or an equivalent guarantee.

E. Procedures for debts

All the requirements provided for in Sections A. to D. shall apply *mutatis mutandis* to guarantees, reimbursed payments, assigned revenues etc. which the IPARD agency is required to collect on behalf of the IPARD III programme. The IPARD agency shall set up a system for the recognition of all amounts due and for the recording in a single debtor’s ledger of all such debts prior to their receipt. The debtor’s ledger shall be inspected at regular intervals and action shall be taken to collect debts that are overdue.

F. Audit trail

The information regarding documentary evidence of the authorisation, accounting and payment of payment requests and handling of advances, securities and debts shall be available to ensure at all times a sufficiently detailed audit trail.

The management shall, at appropriate level, be informed on a regular and timely basis of the results of verifications carried out, so that the sufficiency of those verifications may always be taken into account before a payment request is settled.

For those purposes, the concerned structures, authorities and bodies of the MCS shall set up necessary procedures to ensure retention of all documents required to guarantee an adequate audit trail.

Specific complementary provisions to Section 3 of Annex B to the FFPA

Reference is made to Section 3 of Annex B to the FFPA.

(b) Security control activities

For the purposes of point (b) of Section 3 of Annex B to the FFPA, information systems security shall be based on the criteria laid down in a version applicable in the financial year concerned of the following standard:

International Standards Organisation 27002: Code of practice for Information Security controls (ISO) or equivalent.

4. Information and communication

Specific complementary provisions to Section 4 of Annex B to the FFPA

Reference is made to Section 4 of Annex B to the FFPA.

(c) External communication

For the purposes of point (c) of Section 4 of Annex B to the FFPA, the following provisions shall apply:

(i) every change in the Agreements, including the rates of aid applicable or terms and conditions, has to be recorded and the instructions, databases and checklists updated in good time,

(ii) all the substantial changes in the MCS after their accreditation and entrustment of budget implementation shall be submitted to the competent national authority(ies) and the Commission, with copy to the Audit Authority, for examination and approval before their implementation.

5. Monitoring of internal control framework

Specific complementary provisions to Section 5 of Annex B to the FFPA

Reference is made to Section 5 of Annex B to the FFPA.

(a) On-going and specific monitoring

For the purposes of point (a) of Section 5 of Annex B to the FFPA, the following provisions shall apply:

(i) at all levels the daily operations and control activities of the national authorities shall be monitored on an on-going basis to ensure a sufficiently detailed audit trail;

(ii) monitoring of the technical services and delegated bodies responsible for carrying out the verifications and other functions to ensure a proper implementation of regulations, guidelines and procedures;

(iii) monitoring procedures to prevent and detect fraud and irregularity with particular regard to those areas of expenditure under the IPARD agency's competence which are exposed to a significant risk of fraud or other serious irregularities.

For the purposes of the fourth indent of point (a) of Section 5 of Annex B to the FFPA, the internal audit service shall be independent of the national authorities' other departments and shall report directly to the entity's director. The internal audit service shall verify that procedures adopted by the entity are adequate to ensure that compliance with Union rules is verified and that the accounts are accurate, complete and timely. Verifications may be limited to selected measures and to samples of transactions provided that an audit plan ensures that all significant areas, including the departments responsible for authorisation, are covered over a period not exceeding five years. The internal audit service's work shall be performed in accordance with internationally accepted standards, shall be recorded in working papers and shall result in reports and recommendations addressed to the agency's top management.

ANNEX 3 __ DOCUMENTS REQUIRED FOR THE APPLICATION OF ENTRUSTMENT OF BUDGET IMPLEMENTATION TASKS

This Annex provides by entity which documents are required for the application of entrustment of budget implementation tasks.

[IPA III beneficiary] shall provide:

(a) the signed request for entrustment in paper and in electronic format; and

(b) the documents indicated in this Annex and any other relevant supporting documents in electronic format only, on a physical support (CD/DVD/USB key or other similar commonly used means).

No.	**Evidences**
1	**Formal legal designation, confirmation of readiness and procedures**
1.1	Formal legal designation of the NIPAC, the NAO and the AA.
1.2	Confirmation of its own readiness of the NIPAC, the NAO and the AA.
1.3	**Procedures by which the main functions of the NIPAC are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.
1.4	**Procedures by which the main functions of the NAO are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.
1.5	**Procedures by which the main functions of the AA are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.
1.6	**Self-assessment reports** for all management and control system entities prepared by the internal auditors.
1.7	**Supporting audit opinion and report** on the management structure and the operating structure **drawn up by an external auditor** independent from the structures and authorities under Article 10(1) and (2) of the FFPA and be based on examinations conducted according to internationally accepted auditing standards.
2.	**MANAGEMENT STRUCTURE**
2.1	Written confirmation by the NAO that the management structure satisfies the requirements for being entrusted with budget implementation tasks.

2.2	Name and statute of the concerned structures, bodies and authorities (NAO support office, NF), including copies of the formal legal designation at ministerial level.
2.3	**Description of the following:** - the responsibilities vested in the NAO support office and the National Fund, - the allocation of responsibilities between their departments, - relationship of the management structure with other bodies, public or private, which also hold responsibilities for executing measures under which it charges expenditure to the IPARD III programme, - the administrative, accounting and internal control requirements under which payments are made relating to implementation of the IPARD III programme.
2.4	**Procedures by which the main functions of the NAO support office are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.
2.5	**Procedures by which the main functions of the NF are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.
3	**OPERATING STRUCTURE**
3.1	Written confirmation by the NAO that the operating structure satisfies the requirements for being entrusted with budget implementation tasks.
3.2	Name and statute of the constituting bodies of the Operating Structure (IPARD Agency, Managing Authority, and any of their delegated bodies where applicable), including copies of the formal legal designation at ministerial level.
3.3	**Description of the following:** - the responsibilities vested in the IPARD Agency and the Managing Authority (including their delegated bodies, if applicable), - the allocation of responsibilities between their departments, - relationship of the operating structure with other bodies, public or private, which also hold responsibilities for executing measures under which it charges expenditure to the IPARD III programme, - the administrative, accounting and internal control requirements under which payments are made relating to implementation of the IPARD III programme.

	- written agreements between the bodies in the system including memorandum of understanding or protocols signed also with other delegated or technical bodies. - information on how the delegated functions will be supervised must also be included.
3.4	**Procedures by which the main functions of the IPARD Agency are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.
3.5	**Procedures by which the main functions of the MA are implemented** The Commission shall issue further clarification and guidance regarding the required documents, their format and their level of detail.

The requirements stated above should be considered as indicative and not limitative. The responsibility for providing all the necessarily documentation in view of the request for entrustment of budget implementation tasks remains primarily with the national authorities.

The Commission services may request additional documentation prior to, or in the course of their assignments.

ANNEX 4 __ RULES FOR PROGRAMMING

Aid intensities, rates of Union contribution and eligibility for IPA Rural Development programmes 2014-2020

1. Definitions

For the purposes of this Annex, the following definitions apply:

- (a) ‘Union standards’means the standards laid down by the Union in the fields of environmental protection, public health, animal and plant health, animal welfare and occupational safety;

- (b) ‘mountain areas’means the areas referred to in Article 32(2) of Regulation (EU) No 1305/2013;

- (c) ‘young farmer’means a farmer under 40 years of age at the time of submitting the application, possessing adequate occupational skills and competence.

- (d) ‘collective investments’ means investments by producer organisations in:

    - sharing facilities, machines, equipment and other infrastructure for production and processing of agricultural products up to the EU standards or for quality products;

    - establishing and development of short supply chains and local markets.

- (e) ‘short value chain’ is “a supply chain involving a limited number of economic operators, committed to cooperation, local economic development, and close geographical and social relations between producers, processors and consumers” (Article 2 of Regulation (EU) No 1305/2013[6]). Moreover, “support for the establishment and development of short supply chains ... shall cover only supply chains involving no more than one intermediary between farmer and consumer”[7].
- (f) ‘circular economy-type’ investments, imply investments in changing the pattern of the conventional business model in production, such as: water reuse and use efficiency, reduction and reuse of waste and use of by-products, substitution of single-use packaging by reusable, recyclable or biodegradable packaging and biodegradable mulch films.
- (g) ‘natural disaster’, means a naturally occurring event of a biotic or abiotic nature that leads to important disturbances in agricultural production systems or forest structures, eventually causing important economic damage to the farming or forestry sectors.
- (h) ‘organic farmer’, means a recipient certified as organic farmer under the nationally accepted certification scheme.
- (i) ‘deadweight risk’ means the risk of inefficiency in public financing. It means that recipients receive subsidies for projects that would have been implemented even without the subsidy.

---

[6] Regulation (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).
[7] Article 11 of European Commission Delegated Regulation (EU) No 807/2014 supplementing the Rural Development Regulation.

– (j) ‘operating costs’ should be understood as the ongoing expenses incurred from the normal day-to-day of running a business that include both overhead and costs of goods sold.

2. IPARD III programme

Each programme shall include:

(a) a description of the current situation, SWOT and identification of needs, by providing a quantified description of the current situation showing disparities, shortcomings and potential for development;

(b) SWOT analyses (strengths, weaknesses, opportunities and threats) focussing on a few specific areas;

(c) an overview of main results of previous intervention, by national funds, Union assistance or multilateral assistance;

(d) a description of the existing national rural development strategy;

(e) an indicative overall financial table;

(f) a description of each of the measures selected, including, national minimum standards, national legislation relevant to the programme, evidence of targeting, confirmation that verifiability and controllability of measures have been ensured.

(g) a description of the existing and/or planned national rural development network;

(h) information on the complementarity of IPARD with the measures financed by other (national or international) sources;

(i) a description of the operating structure, including monitoring and evaluation;

(j) summary description of management and control structure;

(k) a description of the results of consultations on programming and provisions to involve relevant authorities and bodies as well as appropriate economic, social and environmental partners;

(l) the results and recommendations of the *ex-ante* evaluation of the programme;

(m) a description of actions foreseen in the context of publicity, visibility and transparency in accordance with IPA legislation, to inform potential beneficiaries, professional organisations, economic, social and environmental partners, bodies involved in promoting equality between men and women and NGOs about possibilities offered by the programme and rules of gaining access to funding;

(n) a description of provisions linked to the equality between men and women and non-discrimination promoted at various stages of programme (design, implementation, monitoring and evaluation);

(o) a description of the actions taken to ensure the availability of sufficient technical and advisory capacity for the proper implementation of the programme.

Guidance, provided by the Commission, shall be respected.

3. Aid intensities

Public expenditure shall in principle not exceed a ceiling of 50% of the total eligible cost of the investment, with the following exceptions:

(a) 60% for investments in:
- physical assets of agricultural holdings;
- farm diversification and business development.

(b) 65% for investments in physical assets of agricultural holdings in mountain areas;

(c) 70% for:
- investments made by young farmers and/or organic farmers in physical assets of agricultural holdings and in farm diversification and business development;
- collective investments.

An additional 10% can be given for:
- investments related to effluent and waste management, renewable energy and circular economy-type investments.

For the above types of investments, cumulative aid intensity cannot exceed 75%.

(d) 100% for investments in support of:
- rural public infrastructure, non-productive investments for agri-environment-climate objectives, agri-environment-climate and organic farming commitments and establishment and protection of forests,
- activities financed under the Technical Assistance measure.

Fixed amounts of support to be paid are defined and justified individually under the following measures.

- establishment and protection of forests,
- implementation of local development strategies - LEADER approach,
- setting-up of producer groups,
- agri-environment-climate and organic farming measure,
- improvement of training,
- advisory services.

4. Rates of Union contribution

The Union contribution shall in principle be 75% of public expenditure. However, it shall be raised to:

a. 85% for:
   - agri-environment-climate and organic farming measure,
   - establishment and protection of forests,
   - in the case of activities under the Technical Assistance measure,
   - improvement of training,
   - advisory services,
   - in the case of investment projects carried out in regions where the Commission determines that exceptional natural disasters have occurred.

b. 90% for "implementation of local development strategies – LEADER approach".

5. Eligibility

ANNEX 5 __ FORM D 1 – DECLARATION OF EXPENDITURE AND REVENUE

Measure	Payments		Recoveries/corrections		Requested to IPARD II	Acceptance of accounts amounts		Transitory reductions		Payment calculated
	Public. exp.	**IPARD II**	**Public. exp.**	**IPARD II**		**Reusable**	**Non reusable**	**Excess Fin Plan**	**Information request**	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
	to be filled in by [IPA II beneficiary]	*automatically calculated by the Commission*	*to be filled in by [IPA II beneficiary]*		*automatically calculated by the Commission*	*to be filled in by the Commission*				*automatically calculated by the Commission*
Investments in physical assets of agricultural holdings										
Support for the setting up of producer groups										
Investments in physical assets concerning processing and marketing of agricultural and fishery products										
Agri-environment-climate and organic farming measure										
Implementation of local development strategies - leader approach										
Investments in rural public infrastructure										
Farm diversification and business development										
Improvement of training										
Technical assistance										
Advisory services										
Establishment and protection of forests										

Total										

ANNEX 6 __ FORM D 2 – ANNUAL DECLARATION OF ACCOUNTS FOR FINANCIAL YEAR (……..)

(to be sent together with the documents referred to in Articles 45 and 46 to the Commission

IPARD III programme: ……………………….
Commission Decision(s) No ………………………… of …………………………… (as last modified by Decision No ………………… ……… of …………………….………)
Commission reference number (CCI): ……………………………………….……...

The undersigned, …………………………………, as the National Authorising Officer representing *[IPA III beneficiary]* as provided for in the Agreements concluded between *[IPA III beneficiary]* and the Commission, hereby declares that the total eligible expenditure in accordance with the programme incurred from (1/1/year …… to 31/12/year …...) amounts to ………. euros.

Details relating to this expenditure are set out in the table annexed hereto and form an integral part of this declaration.

I also declare that the measures are progressing at a satisfactory rate in accordance with the objectives laid down in the Programme, and that the supporting documents are, and will remain, available as provided for in Article 44 of the Sectoral Agreement.

I declare that:

1. The listing of expenditure is exact. It is based on accounts at the level of individual operations and supported by documentary evidence.
2. Payments to the recipients were made without any specific charge, deduction or withholding of any amount which might reduce the amount of financial assistance to which they are entitled.
3. I have checked that the expenditure declared eligible has been carried out in compliance with the IPARD III programme, the Financing Agreement, the Commission Decision(s) referred to in Articles 48 and 49 of the Sectoral Agreement and the principles of sound financial management.
4. The declaration includes all debts which have been registered for less than two years. The total amount of these debts at the end of the year to which this declaration refers amounts to ………. euros.
5. The volume of Union funds in the IPARD euro account as at the end of the year to which this declaration refers amounts to ………. euros, out of which the interest accrued during the years amounts to ……..euros.
6. Conversions between national currency and euro have been carried out in conformity with the provision of Article 42 of the Sectoral Agreement.
7. The acceptance information, as referred to in Article 46 of the Sectoral Agreement, has been certified and transmitted to the Commission on time.
8. The form and the content of the annual accounts, as referred to in Article 45 of the Sectoral Agreement, and the accounting information, as referred to in Article 47 of the Sectoral Agreement, have been established in accordance with internationally accepted accounting principles.

9. The supporting documents are, and will remain, available as provided for in Article 46 of the Sectoral Agreement. They are open to verification.

This declaration of accounts contains … numbered pages.

This declaration has been made by: ……………………….……………………………….
(Date, stamp and signature of the Head of the National Fund)

The declaration has been established on the basis of financial amounts provided by: ……………………………………………………………..………………………….
(Date(s), stamp(s) and signature(s) of the Accountant of the IPARD Agency and/or the National Fund)

Certified by: …………………………………………………………….…………………….
(Date, stamp and signature of the National Authorising Officer on behalf of [IPA III beneficiary])

Done at ……………………………………….., ……………………………….. (Date)

FORM D 2 - ANNUAL DECLARATION OF ACCOUNTS FOR FINANCIAL YEAR (YEAR)

IPARD III programme:

CCI Number:

Measure	**European Union part that has been declared to the Commission in quarterly payment applications for the financial year (YEAR) in EUR**
	to be filled in by [IPA III beneficiary]
Investments in physical assets of agricultural holdings	
Support for the setting up of producer groups	
Investments in physical assets concerning processing and marketing of agricultural and fishery products	
Agri-environment-climate and organic farming measure	
Implementation of local development strategies - leader approach	
Investments in rural public infrastructure	
Farm diversification and business development	
Improvement of training	
Technical assistance	
Advisory services	
Establishment and protection of forests	
Total	
Total amount of outstanding debt at 31.12. (YEAR)	
Closing balance of the IPARD Euro-account at 31.12. (YEAR)	
Out of which interest accrued during the year	

ANNEX 7 __ PAYMENT FORECASTS

FORECASTS OF THE AMOUNT TO BE PAID BY IPARD III
TO BE SUBMITTED NOT LATER THAN 15 JANUARY AND 15 JULY

Estimate of the amounts in euro to be paid by IPARD III in year 'N' for:				
	1QN	2QN	3QN	4QN
Programme	January - March	April - June	July - September	October - December
		(1)	(2).	
Estimate of the amounts in euro to be paid by IPARD III in year 'N+1' for:				
	1QN+1	2QN+1	3QN+1	4QN+1
Programme	January - March	April - June	July - September	October - December

(1) In the submission of 15 July, the 1QN should be 'empty' as the declaration has been prior submitted and the payment has been executed.
(2) In the submission of 15 July, the 2QN amount should be identical to the one to be submitted as payment declaration request by end of July of the year N.

ANNEX 8 __ INFORMATION AND COMMUNICATION ON SUPPORT FROM THE IPA III ASSISTANCE

1. LIST OF OPERATIONS

The list of operations referred to in Article 29(3) shall contain the following data fields:

- recipient name[8],
- address of the recipient if legal entity (for natural persons only the NUTS 2 area),
- operation name,
- operation summary,
- operation start date,
- operation end date (expected date for physical completion or full implementation of the operation),
- the amount awarded (= total (public) eligible expenditure) allocated to the operation,
- Union co-financing rate, operation postcode; or other appropriate location indicator,
- country,
- measure and sector of the operation,
- date of last update of the list of operations.

The headings of the data fields shall be provided in English.

2. INFORMATION AND COMMUNICATION MEASURES FOR THE PUBLIC

[IPA III beneficiary], the operating structure and the recipients shall take the steps necessary to provide information to, and communicate with, the public on operations supported by an IPARD III programme.

2.1. Responsibilities of *[IPA III beneficiary]* and the operating structure

1. *[IPA III beneficiary]* and the operating structure shall ensure that the information and communication measures are implemented in accordance with the plan of visibility and communication activities and that those measures aim for the widest possible media coverage using various forms and methods of communication at the appropriate level.
2. *[IPA III beneficiary]* or the operating structure shall be responsible for at least the following information and communication measures:
    a. organising a major information activity publicising the launch of the programme or programmes, even prior to the approval of the relevant plan of visibility and communication activities;
    b. organising one major information activity a year which promotes the funding opportunities and the strategies pursued and presents the achievements of the programme or programmes, including project examples;

[8] The names of natural persons shall be replaced by "natural person" two years after the end of the financial year in which the funds were awarded. The same shall apply to personal data referring to legal persons for whom the official title identifies one or more natural persons. Publication of names of natural persons shall be waived if such publication risks violating their fundamental rights or damaging their commercial interests.

c. displaying the Union emblem, in accordance with the rules on EU visual identity, at the premises of each entity of the operating structure;
d. displaying the IPARD logo "IPARD: EU4 Rural Areas", in addition to the Union emblem, at the premises of each entity of the operating structure
e. publishing electronically the list of operations in accordance with Section 1 of this Annex;
f. giving examples of operations, by programme, on the single website or on the programme's website that is accessible through the single website portal; the examples should be in English and in the national language of *[IPA III beneficiary]* concerned;
g. updating information about the programme's implementation, including, when appropriate, its main achievements, on the single website or on the programme's website that is accessible through the single website portal.

3. The operating structure shall involve relevant stakeholders in information and communication measures. These bodies shall widely disseminate the information described in Article 29(1).

2.2. Responsibilities of the recipients

1. All information and communication measures provided by the recipient shall acknowledge support from the Funds to the operation by displaying:
   a. the Union emblem in accordance with the technical characteristics laid down in the relevant implementing act adopted by the Commission[9], together with a reference to the Union;
   b. a reference to the Fund or Funds supporting the operation
   c. the IPARD logo "IPARD: EU4 Rural Areas", in addition to the Union emblem.
2. During implementation of an operation, the recipient shall inform the public about the support obtained from the Funds by:
   a. providing on the recipients' website, where such a website exists, a short description of the operation, proportionate to the level of support, including its aims and results, and highlighting the financial support from the Union;
   b. placing, for operations not falling under points 4 and 5, at least one poster with information about the project (minimum size A3), including the financial support from the Union, at a location readily visible to the public, such as the entrance area of a building.
3. Any document, relating to the implementation of an operation which is used for the public or for participants, including any attendance or other certificate, shall include a statement to the effect that the operational programme was supported by the Fund or Funds.
4. Where an operation under an IPARD programme results in an investment (for example, on a farm or on food enterprise) the total public support of which exceeds EUR 20 000, the recipient shall place an explanatory plaque. An explanatory plaque shall also be installed in the premises of the local action groups financed by LEADER.
5. The recipient shall put up, at a location readily visible to the public, a temporary billboard of a significant size for each operation consisting of the financing of infrastructure or

[9] Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data (OJ L 233, 29.7.2014, p. 7).

construction operations for which the total public support to the operation exceeds EUR 100 000.

No later than three months after completion of such an operation, the recipient shall put up a permanent plaque or billboard of significant size at a location readily visible to the public for each operation that fulfils the following criteria:

a. the total public support to the operation exceeds EUR 100 000;
b. the operation consists of the purchase of a physical object or of the financing of infrastructure or of construction operations.

This billboard shall state the name and the main objective of the operation and highlight the financial support provided from the Union.

The billboards, posters, (explanatory) plaques and websites, as mentioned under 4. and 5., shall carry a description of the project/operation and indicating that the project has been supported by IPARD and including the Union emblem. That information shall take up at least 25 % of the billboard, plaque or webpage. It shall be prepared in accordance with the technical characteristics laid down in the relevant implementing act adopted by the Commission[10].

3. INFORMATION MEASURES FOR POTENTIAL RECIPIENTS AND RECIPIENTS

3.1. Information measures for potential beneficiaries

1. The operating structure shall ensure, in accordance with the plan of visibility and communication activities, that the programme's strategy and objectives, and the funding opportunities offered through joint support from the Union and the IPA III recipient, are disseminated widely to potential beneficiaries and all interested parties, with details of the financial support from the Funds concerned.
2. The operating structure shall ensure that potential recipients have access to the relevant information, including updated information where necessary, and taking into account the accessibility of electronic or other communication services for certain potential recipients, on at least the following:
    a. the funding opportunities and the launching of application calls;
    b. the eligibility of expenditure conditions to be met in order to qualify for support under an IPARD III programme;
    c. a description of the procedures for examining applications for funding and of the time periods involved;
    d. the criteria for selecting the operations to be supported;
    e. the contacts at national, regional or local level that are able to provide information on the programmes;
    f. the responsibility of potential recipients to inform the public about the aim of the operation and the support from the Funds to the operation in accordance with point 2.2. The operating structure may request potential recipients to propose indicative communication activities, proportional to the size of the operation, in the applications.

3.2. Information measures for recipients

1. The operating structure shall inform recipients that acceptance of funding constitutes an acceptance of their inclusion in the list of operations published in accordance with Article 29(3) of this Agreement.

[10] Commission Implementing Regulation (EU) No 821/2014

2. The operating structure shall provide information and communication tools, including templates in electronic format, to help recipients to meet their obligations set out in point 2.2, where appropriate.

4. ELEMENTS OF THE PLAN OF VISIBILITY AND COMMUNICATION ACITIVITES

The plan of visibility and communication activities drawn up by the operating structure and, where appropriate, by *[IPA III beneficiary]* shall include the following elements:

1. a description of the approach taken, including the main information and communication measures to be taken by *[IPA III beneficiary]* or the operating structure and aimed at potential recipients, recipients, multipliers and the wider public, having regard to the aims described in Article 29 of this Agreement;
2. a description of materials that will be made available in formats accessible for people with disabilities;
3. a description of how recipients will be supported in their communication activities;
4. the indicative budget for implementation of the plan of visibility and communication activities;
5. a description of the administrative bodies, including the staff resources, responsible for implementing the information and communication measures;
6. the arrangements for the information and communication measures referred to in point 2, including the website or website portal at which such data may be found;
7. an indication of how the information and communication measures shall be assessed in terms of visibility and awareness of policy, programmes and operations, and of the role played by the Funds and the Union;
8. where appropriate, a description of the use of the main results of the previous IPARD III programme;
9. an annual update setting out the information and communication activities to be carried out in the following year.

ANNEX 9 __ LIST OF ALL PAYMENTS MADE IN THE FINANCIAL YEAR 20xx_ FOR IPARD III PROGRAMME IN *[IPA III BENEFICIARY]*

Measure	Contract reference	Payment request reference	Date of receipt of the payment request	Payment order date	NF IPARD III EURO Account		IPARD III Agency Payment account		Amount of expenditure declared in the D2 for the payment (EUR)	Number of days elapsed between the receipt of the payment request and issuing of the payment order	Comments and explanations for the excess of the 6 month deadline if applicable
					Payment date	Payment amount (EUR)	Payment date	Payment amount (National currency)			
1	2	3	4	5	6	7	8	9	10	11	12
FINANCIAL YEAR 20__ TOTAL											

*Please use the following formatting for the fields: date - "DD/MM/YYYY" and amount - "999.999,99"

FINANCIAL FRAMEWORK PARTNERSHIP AGREEMENT

BETWEEN

THE EUROPEAN COMMISSION

AND

[IPA III Beneficiary]

REPRESENTED BY

THE GOVERNMENT OF

[IPA III beneficiary]

ON

THE ARRANGEMENTS FOR IMPLEMENTATION OF UNION FINANCIAL ASSISTANCE TO *[IPA III beneficiary]* UNDER THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA III)

TABLE OF CONTENTS

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

on the one part,

and

the government of [IPA III beneficiary], acting on behalf of [IPA III beneficiary], hereinafter referred to as "**the IPA III beneficiary**"

on the other part,

and together, jointly referred to as "**the Parties**"

Whereas

(1) On 15 September 2021, the European Parliament and the Council adopted Regulation (EU) No 2021/1529 establishing the Instrument for Pre-Accession Assistance[1] (hereinafter referred to as "the IPA III Regulation"). This instrument constitutes the legal basis for the provision of financial assistance to the beneficiaries listed in Annex I to the IPA III Regulation (hereinafter referred to as the "IPA III beneficiaries").

(2) The IPA III Regulation aims at support the IPA III beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union's values and to progressively align to the Union's rules, standards, policies and practices, with a view to Union membership, thereby contributing to their stability, security and prosperity.

(3) On 9 June 2021, the European Parliament and the Council adopted Regulation (EU) 2021/947 of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe[2] (hereinafter referred to as "the NDICI Regulation").

(4) On XX December 2021, the Commission adopted a Commission Implementing Regulation (EU) No 2021/ on the specific rules for implementing Regulation (EU) 2021/1529 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA III)[3], (hereinafter referred to as "the IPA III Implementing Regulation") setting out the applicable management and control provisions.

(5) Article 130 of the Financial Regulation[4] allows the Commission to establish financial framework partnership agreements with a view to stabilising the terms of the cooperation between the Parties.

HAVE AGREED AS FOLLOWS:

---

[1] Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession Assistance (IPA III), OJ L 330, 20.9.2021, p. 1.

[2] Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 446/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009, OJ L 209, 14.6.2021, p. 1

[3] Commission Implementing Regulation (EU) No xxx/2021 on the specific rules for implementing Regulation (EU) 2021/1529 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA III), OJ L XXX, day.month.year, p. XX.

[4] Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, OJ L193, 30.7.2018, p.1

SECTION I GENERAL PROVISIONS

Article 1 Interpretation

1. Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA III Regulation the NDICI Regulation and the IPA III Implementing Regulation.
2. Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
3. Any references to Regulations of the European Parliament and of the Council or to Commission Regulations are references to such regulations as amended, supplemented or replaced from time to time.
4. Headings in this Agreement have no legal significance and do not affect its interpretation.

Article 2 Partial invalidity and unintentional gaps

If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision or understanding which comes as close as possible to the purpose of and intent of the invalid provision. The Parties will fill any unintentional gap by a provision or understanding which best suits the purpose and intent of this Agreement in compliance with the IPA III Regulation and the IPA III Implementing Regulation.

Article 3 Definitions

For the purposes of this Agreement, the following definitions shall apply:

(a) "sectoral agreement" means an arrangement concluded between the Commission and an IPA III beneficiary relating to a specific IPA III programme, setting out the rules and procedures to be respected, which are not contained in this Agreement or financing agreements;

(b) "financing agreement" means an agreement concluded between the Commission and an IPA III beneficiary, setting out the provisions for implementing the annual or multiannual action programme; financing agreements shall provide, inter alia, the terms on which the IPA III assistance shall be granted, including the applicable methods of implementation, aid intensities, implementation deadlines as well as the rules on eligibility of expenditure.

(c) "authorities" means public entities or bodies of an IPA III beneficiary or a Member State at central, regional or local level;

(d) "recipient" means a grant beneficiary (including a twinning contractor), contractor under service, supply or works contract, a beneficiary under cross-border cooperation programmes, a contracting party to a contribution agreement in indirect management or any natural or legal person receiving financial assistance;

(e) "sustainability of IPA III assistance" means that project assets and outputs financed by IPA III continue to be operational and in use after the implementation period of the action for the intended purpose .

Article 4 Purpose and scope

1. In order to assist the IPA III beneficiary in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required to comply with Union values and to progressive align to Union rules, standards, policies and practices with a view to Union membership, the Parties agree to implement actions within the thematic priorities set out in paragraphs 3 and 4 of Article 3 and in Annex II and Annex III of the IPA III Regulation, and to contribute to achieving the objectives described in Article 3 of the IPA III Regulation:

   (a) to strengthen the rule of law, democracy, the respect of human rights and fundamental freedoms, including through promoting an independent judiciary, reinforced security and the fight against corruption and organised crime, compliance with international law, freedom of media and academic freedom and an enabling environment for civil society, to promote non-discrimination and tolerance, to ensure respect for the rights of persons belonging to minorities and the promotion of gender equality and to improve migration management, including border management and tackling irregular migration, as well as addressing forced displacement;

   (b) to reinforce the effectiveness of public administration and to support transparency, structural reforms and good governance at all levels, including in the areas of public procurement and State aid;

   (c) to shape the rules, standards, policies and practices of the IPA III beneficiaries in alignment with those of the Union and to reinforce regional cooperation, reconciliation and good neighbourly relations, as well as people-to-people contacts and strategic communication;

   (d) to strengthen economic and social development and cohesion, with particular attention to youth, including through quality education and employment policies, through supporting investment and private sector development, with a focus on small and medium-sized enterprises (SMEs), as well as on agriculture and rural development;

   (e) to reinforce environmental protection, to increase resilience to climate change, to accelerate the shift towards a low-carbon economy, to develop the digital economy and society and to strengthen sustainable connectivity in all its dimensions;
   (f) to support territorial cohesion and cross-border cooperation across land and maritime borders, including transnational and interregional cooperation.

2. Programmes shall be financed and implemented within the legal, administrative and technical framework laid down in this Agreement and as further detailed in sectoral agreements and/or financing agreements, if any.

3. The provisions laid down in this agreement shall apply to programmes financed under IPA III Regulation. They may also apply to programmes financed under the NDICI Regulation to the extent that the programme in question is implemented in the territory of the IPA III beneficiary or when this agreement so indicates.

4. The provisions laid down in this agreement shall not apply to IPA III cross-border cooperation programmes between one or more Member States and [the IPA beneficiary],

transnational and interregional cooperation programmes, or measures that are established and implemented under Regulation (EU) 2021/1059, unless a given financing agreement on such programmes explicitly refers to this agreement or a specific provision thereof. These programmes shall be implemented in accordance with the Regulation (EU) 2021/1059.

5. The IPA III beneficiary's administration shall take all necessary steps to facilitate the implementation of the programmes.

6. This Agreement shall apply to all sectoral and financing agreements concluded between the Parties for financial assistance under IPA III.

Article 5 General principles for financial assistance under IPA III

1. IPA III assistance shall be provided in accordance with the enlargement policy framework defined by the European Council and the Council and shall take due account of the Communication on the Enlargement Strategy and the Reports included in the annual enlargement package of the Commission, as well as of the relevant resolutions of the European Parliament.
2. The following principles to Union financial assistance under IPA III shall apply:
   - (a) Respect of the principles of coherence, complementarity, coordination, partnership and concentration; compliance with the budgetary principles laid down in Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council[5] (hereinafter referred to as the "Financial Regulation");
   - (b) Consistency with Union policies and support progressive alignment to the acquis;
   - (c) The IPA III beneficiary shall ensure the sustainability of IPA III assistance.
   - (d) IPA III assistance shall take account of lessons learned under previous instruments;
   - (e) IPA III assistance shall be provided in partnership with the IPA III beneficiary on the basis of IPA III programming framework, while ensuring that the ownership of the programming and implementation of IPA III assistance remains with the IPA III beneficiary;
   - (f) IPA III assistance shall be consistent with the sector approach principles to reinforce public administration reform including public finance management. It should strengthen the administrative capacities of the IPA III beneficiary to implement the necessary reforms identified in the enlargement process;
   - (g) Adequate visibility of IPA III assistance shall be ensured and promoted proactively;

[5] Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193/30.07.2018, p. 1).

(h) Any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation shall be prevented during the implementation of assistance;

(i) Actions shall be planned, with clear and verifiable objectives, which are to be achieved within a given period. The results obtained should be assessed through indicators; such indicators should be relevant, accepted, credible, easy and robust (RACER) and specific, measurable, achievable, realistic and time-bound (SMART);

3. The provision of IPA III assistance shall be subject to the fulfilment of the IPA III beneficiary's obligations under this Agreement and under sectoral agreements and financing agreements, if any.

Article 6 Role of the National IPA coordinator

1. The IPA III beneficiary shall appoint a National IPA Co-ordinator (NIPAC) who shall be the main counterpart of the Commission for the overall process of coordination of programming, monitoring of implementation, evaluation and reporting of IPA III assistance. The NIPAC shall:

    (a) ensure close link between the use of IPA assistance and the general accession process.

    (b) ensure the overall coordination of programming in line with the objectives and thematic priorities of the IPA III programming framework, monitoring of implementation, evaluation and reporting of IPA assistance, including the coordination within the IPA III beneficiary's administration and with other donors;

    (c) co-ordinate the participation of IPA III beneficiaries in the relevant territorial and cross-border cooperation programmes referred to in points (a) and (b) of Article 64 (2) and where appropriate transnational and interregional cooperation programmes referred to in point (c) of Article 64 (2). The NIPAC may delegate this coordination task to a territorial cooperation co-ordinator or a structure established for the management of cross-border cooperation, as appropriate;

    (d) endeavour that the IPA III beneficiary's administration takes all necessary steps to facilitate the implementation of the related programmes.

2. The NIPAC shall be a high-ranking representative of the government or the central administration of the IPA III beneficiary with the appropriate authority.

3. If the European Union has opened accession negotiations with the IPA III beneficiary, the NIPAC shall be appointed to a senior position in the national structures for co-ordination of accession negotiations.

Article 7 Methods of Implementation

1. Assistance to the IPA III beneficiary shall be provided as set out in the Financial Regulation in:

(a) direct management by the Commission departments, including its staff in Union Delegations and/or through executive agencies as defined in point (a) of Article 62(1) of the Financial Regulation;

(b) indirect management, whereby the Commission entrusts budget implementation tasks of certain actions to the IPA III beneficiary as defined in point (i) of Article 62(1)(c) of the Financial Regulation;

(c) indirect management with entities other than IPA III beneficiaries as defined in points (ii) - (viii) of Article 62(1)(c) of the Financial Regulation;

(d) shared management with Member States as defined in point (b) of Article 62(1) of the Financial Regulation for cross-border cooperation and transnational and interregional cooperation programmes or measures involving Member States of the European Union and implemented in accordance with Regulation (EU) 2021/1059.

Article 8 Financing agreements

1. Where required by the related financing decision, financing agreements may be signed under this financial framework partnership agreement.
2. Where programmes are implemented in indirect management by the IPA III beneficiary, the financial framework partnership agreement and the financing agreement taken as a whole shall comply with Article 129, Article 155(6) and Article 158 of the Financial Regulation and shall lay down the provisions defining ex-ante controls on key grant award and procurement procedures.
3. For cross-border cooperation programmes between IPA III beneficiaries a single financing agreement may be signed by the Commission and all the participating IPA III beneficiaries for a particular programme.
4. The rules for implementation of cross-border cooperation programmes between one or more Member States and one or more IPA III beneficiaries, for interregional, transnational and for other measures shall be set out in the financing agreement for a given cross-border cooperation programme to be signed pursuant to the Regulation (EU) 2021/1059 between the IPA III beneficiary, the Commission and, where applicable, the Member State hosting the managing authority of that cross-border cooperation programme.
5. Where there is no financing agreement, the rules included in this Financial Framework Partnership Agreement shall apply.

Article 9 Sectoral agreements

1. This financial framework partnership agreement may be complemented by sectoral agreements setting out specific provisions for the management and implementation of IPA III assistance in specific policy areas or programmes.
2. Further details concerning rural development programmes shall be laid down in the respective sectoral agreements, which shall, among other aspects, set out measures through which assistance shall be implemented.
3. Where they exist, sectoral agreements related to a given policy area or a programme shall apply to all financing agreements concluded under that policy area or programme.

SECTION II RULES FOR INDIRECT MANAGEMENT BY THE IPA III BENEFICIARY

TITLE I MANAGEMENT AND CONTROL SYSTEMS

Article 10 Establishment of structures and authorities by the IPA III beneficiary for indirect management by the IPA III beneficiary

1. In the event of indirect management by the IPA III beneficiary, the following structures and authorities shall be established by the IPA III beneficiary:

   (a) the National IPA Co-ordinator (NIPAC);

   (b) the National Authorising Officer (NAO);

   (c) the Management Structure established by the NAO composed of the NAO Support Office and the Accounting Body;

   (d) the Managing Authorities and Intermediate Bodies;

   (e) the Audit Authority.

2. The IPA III beneficiary shall ensure adequate segregation of duties between and within the structures and authorities referred to in paragraph 1.

3. The NAO shall be a high-ranking representative of the government or the central administration of the IPA III beneficiary with the appropriate authority.

4. The Managing Authority of each programme shall be responsible for the overall management of the programme.

5. The Managing Authority shall designate one or more Intermediate Bodies to carry out the tasks of financial management of the programme (hereinafter referred to as Intermediate Bodies for financial management).

6. The financial management tasks shall be segregated from the Managing Authority. The Intermediate Body for financial management shall take financial decisions within the programme autonomously.

7. The Managing Authority of a programme may designate one or more Intermediate Bodies to carry out the tasks of management of the policy area for which they are responsible in the system of the government or the administration of the IPA III beneficiary (hereinafter referred to as Intermediate Bodies for policy management).

8. For IPA III annual programmes:

   (a) The Managing Authority shall be established in the NIPAC office, with the possible exception of the actions the purpose of which is to prepare the IPA III beneficiaries for absorption of the European Structural and Investment Funds.

   (b) The entities responsible for policy areas supported by the annual programme shall be designated Intermediate Bodies for policy management.

9. For IPA III rural development actions, point (d) of paragraph (1) of this Article shall comprise:

   (a) the IPARD Managing Authority which shall be a public body acting at central level, in charge of preparing and implementing the actions, including selection of measures and their publicity, the coordination, evaluation, monitoring and reporting of the action concerned and managed by a senior official with exclusive responsibilities; and

(b) the IPA Rural Development (IPARD) Agency, which shall have functions of a similar nature as a paying agency in the Member States, being in charge of publicity, selection of projects as well as authorisation, control and accounting of commitments and payments and the execution of payments.

Article 11 Functions and responsibilities of the structures and authorities

(1) The structures and authorities mentioned in Article 10 shall be assigned functions and responsibilities as set out in Annex A to this Agreement and shall comply with the internal control framework of Annex B to this Agreement.

(2) Specific assignments of functions and responsibilities may be set out in sectoral or financing agreements in line with the basic approach chosen for the assignment of functions and responsibilities as set out in Annex A to this Agreement.

(3) In indirect management by the IPA III beneficiary, where specific persons and/or entities have been given responsibility for an activity in relation to the management, implementation, control, supervision, monitoring, evaluation, reporting or audit of actions, the IPA III beneficiary shall enable such persons and/or entities to exercise the duties associated with that responsibility. This includes, in particular, the cases where there is no hierarchical link between such persons and/or entities and the bodies participating in that activity. The IPA III beneficiary shall, in particular, provide those persons and/or entities with the authority to establish:

(a) formal working arrangements detailing the rights and obligations of the structures and authorities concerned;

(b) an appropriate system for the exchange of information between them and the bodies concerned, including the power to require information and a right of access to documents and staff on the spot, if necessary;

(c) the standards to be met and the procedures to be followed.

TITLE II SPECIFIC PROVISIONS RELATING TO ENTRUSTING THE IPA III BENEFICIARY WITH BUDGET IMPLEMENTATION TASKS

Article 12 Conditions for entrusting the IPA III beneficiary with budget implementation tasks

(1) The Commission entrusts budget implementation tasks to the IPA III beneficiary by concluding a financing agreement.

(2) When managing IPA III funds, the IPA III beneficiary shall respect the principles of sound financial management, transparency, non-discrimination and shall ensure the visibility of IPA III assistance. The IPA III beneficiary shall ensure a level of protection of the financial interests of the European Union equivalent to the one that is provided for when the Commission implements the IPA III funds directly, with due consideration for:

(a) the nature of the action;

(b) the financial risks involved;

(c) the sustainability of the investments funded by the European Union.

(3) In order to protect the financial interests of the European Union, the IPA III beneficiary shall:

a) set up and ensure the functioning of an effective and efficient internal control system based on international best practices and allowing in particular to prevent, detect, report and correct irregularities and fraud;

b) use an accounting system that provides accurate, complete, analytical and reliable information in a timely manner;

c) ensure that the structures and authorities referred to in points (a) to (d) of Article 10(1) are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by the Audit Authority functionally independent of the structures and authorities concerned;

d) apply appropriate rules and procedures for providing financing to third parties, including transparent, non-discriminatory, efficient and effective review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding;

e) make public adequate information on their recipients, in accordance with Article 23 of this Agreement;

f) ensure protection of personal data equivalent to that referred to in Regulation (EU) N° 2018/1725[6] and (EC) N°2016/679[7].

(4) Where substantial changes are made to the systems, rules and procedures of the IPA III beneficiary or to the procedures that relate to the budget implementation tasks entrusted to the IPA III beneficiary of Union funds, the IPA III beneficiary shall inform the Commission thereof without delay. The Commission shall review the financing agreements concluded with the IPA III beneficiary in order to ensure continued fulfilment of the requirements set out in paragraph 3.

Article 13 Entrusting budget implementation tasks

(1) The NAO shall be responsible for submitting to the Commission a request for entrusting the IPA III beneficiary with budget implementation tasks for a given programme.

(2) Before submitting the request referred to in paragraph 1, the NAO shall ensure that the requirements of Article 12(3) and those of Annex B to this Agreement are fulfilled. The NAO may rely on results of an *ex-ante* assessment carried out with regard to an

---

6 Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002, OJ L 295, 21.11.2018

7 Regulation (EU) No 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), OJ L 119, 4.5.2016.

entrustment pursuant to Regulation (EU) No 231/2014[8] or an earlier financing agreement.

When the NAO cannot rely on a previous ex-ante assessment the request shall be supported by an audit opinion on the structures and authorities under points (a) to (d) of Article 10(1), drawn up by an external auditor independent from those structures and authorities. The audit opinion shall be based on examinations conducted according to internationally accepted auditing standards.

(3) Before the Commission entrusts budget implementation tasks of IPA III assistance, it shall review the request referred to in paragraph 1 of this Article and the established structures and authorities referred to in Article 10 and shall, for the purposes of the *ex-ante* assessment pursuant to Article 62(1) (c) of the Financial Regulation, obtain evidence that the requirements set out in Article 12(3) and those of Annex B to this Agreement are fulfilled. This review may include on-the-spot verifications by the Commission.

For entrusting budget implementation tasks to the IPA III beneficiary, the Commission may rely on results of an ex-ante assessment carried out with regard to an entrustment pursuant to Regulation (EU) No 231/2014 or an earlier financing agreement. Upon request of the Commission, the IPA III beneficiary shall provide additional evidence in case those assessments do not address all the requirements.

Article 14 Measures in case of non-compliance of management structure and IPA Managing Authorities and Intermediate Bodies with Article 12(2) and (3) and Annex B to this Agreement

(1) After the Commission has entrusted budget implementation tasks, the NAO shall monitor the continued fulfilment by the structures and authorities established pursuant to Article 10(1)(a)-(d) of this Agreement of the applicable requirements set out in paragraphs 2 and 3 of Article 12 and Annex B to this Agreement. In case of failure to satisfy these requirements, the NAO shall inform the Commission, with copy to the NIPAC and the Audit Authority, without delay and shall take any appropriate safeguard measures regarding payments made or contracts signed. Any failure to satisfy the requirements should be adequately reflected in the annual management declarations and the requests for entrustment.

(2) In addition, the NAO shall take all necessary steps in order to ensure the renewed fulfilment of the requirements referred to in paragraph 1.

Article 15 Suspension or termination of parts of the financing agreement concerning the entrusted budget implementation tasks

(1) The Commission shall monitor the compliance with paragraphs 2 and 3 of Article 12, Annex B and Article 51(1) and may take appropriate remedial measures, including the suspension or termination of parts of the financing agreement at any time, if the requirements are no longer fulfilled.

[8] Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L77, 15 March 2014, p. 11).

(2) Where the Commission suspends or terminates parts of the financing agreement concerning the entrusted budget implementation tasks, the following provisions shall apply:

(a) the Commission may interrupt transfers of funds to the IPA III beneficiary;

(b) new legal commitments made by the structures and authorities concerned after the notification of the suspension or termination shall not be considered eligible for IPA III assistance;

(c) without prejudice to any other financial corrections, the Commission may make financial corrections as laid down in Article 43 on the transactions affected by previous non-compliance with the requirements for entrusting budget implementation tasks.

(3) The sectoral or financing agreement may lay down further provisions concerning the suspension or termination of those parts concerning entrusted budget implementation tasks.

SECTION III RULES FOR PROGRAMMING

Article 16 Programming of the assistance

(1) IPA III assistance shall be provided in partnership with the IPA III beneficiary on the basis of IPA III programming framework;

(2) The IPA beneficiary shall prepare a Strategic Response describing outlining how their overall policies and sectoral strategies are in line with the recommendations and requirements of the specific policy instruments of the enlargement process and how they will contribute to the objectives of the IPA III Programming Framework. The Strategic Response shall include proposed actions across the key thematic priorities highlighted in the IPA Programming Framework. The Strategic Response shall be prepared for the period 2021 to 2027, and may subject to updates on a yearly basis.

(3) The Commission shall carry out an assessment on the policy relevance of the actions contained in the Strategic Response, which will result in a list of actions that can be developed in draft Action Documents.

(4) In line with the policy-first approach, actions may be considered as relevant when they contribute to achieving the objectives identified in the IPA III Programming Framework and are in line with the recommendations derived from the specific instruments of the enlargement process, in particular: the negotiating frameworks, the recommendations of the Enlargement Package, the Economic Reform Programmes (ERPs) and the policy guidance agreed annually in the joint conclusions, the conclusions of the meetings organised in the context of the (Stabilisation and) Association Agreement as well as, where applicable, the Western Balkans Strategy, the Macro-Regional Strategies and the national plans for the adoption of the EU acquis. The Commission shall provide further guidance in relation to the criteria for the assessment of proposed actions.

(5) IPA III assistance shall be implemented through annual or multiannual programmes in accordance with Article 8 of the IPA III Regulation and Chapter III of Title II of the NDICI Regulation. Programmes shall be substantiated by action documents, describing the details for each action, save for where otherwise provided for in this agreement.

(6) The action documents shall be prepared by the relevant authorities designated by the IPA III beneficiary except for multi-country actions, which are prepared by the Commission in consultation with the IPA III beneficiaries, and cross-border cooperation programmes, which are prepared as stipulated in Article 69. The NIPAC shall ensure that the objectives set out in the actions proposed by the IPA III beneficiary are coherent with the objectives of the IPA III Programming Framework and take due account of the specific policy instruments of the enlargement process, as well as relevant central, regional, EU and global strategies. Where the actions are prepared by the IPA III beneficiary, the NIPAC shall coordinate the preparation of the documents and submit them to the Commission.

(7) In accordance with the principle of ownership of Article 5 (e) of this agreement, the IPA III beneficiaries shall ensure that the relevant public authorities, stakeholders such as economic, social and environmental partners, civil society organisations and local authorities are duly consulted and have timely access to the relevant information allowing them to play a meaningful role during the design, implementation and associated monitoring processes of programmes.

(8) IPA III will continue to support the sector approach under the previous instruments for pre-accession assistance, including the strengthening of the IPA III beneficiary sector coordination and monitoring systems. IPA III programming and monitoring should take place in the context of this overall system, where possible.

(9) IPA III programmes may contribute to the cost of IPA III beneficiaries' participation in Union programmes and agencies, as stipulated in Article 20.

(10) IPA III assistance may be implemented through multi-annual programmes in indirect management by IPA III beneficiary as referred to in Article 114 (2) and Article 114(3) of the Financial Regulation and Article 9(2) of Regulation (EU) 2021/1529. Such programmes shall be adopted by the Commission on the basis of documents drafted by the IPA III beneficiary. The programmes shall be established in close consultation with the Commission and the relevant stakeholders.

The programmes shall contain all the information required by the related Commission instructions, including inter alia:

(a) an assessment of medium term needs and objectives;

(b) an overview of the consultation of the relevant stakeholders;

(c) a description of the chosen strategic actions;

(d) a sufficiently detailed financial table specifying indicatively for each year the total amount of the Union contribution;

(e) the proposed evaluation and monitoring modalities;

(f) an indicative list of major projects, if any;

(g) where relevant, a description of the IPA III beneficiary structures and authorities for the management and control of the programme, in accordance with Article 10 and Annex A to this Agreement.

(11) For the purpose of this article, a major project means a project comprising of a series of works, activities or services which is intended, in itself, to accomplish a definite and indivisible task of a precise economic or technical nature, which has clearly identified goals and whose total cost exceeds EUR X million.

(12) Major projects shall be submitted by the IPA III beneficiary to the Commission for assessment. Financing of major projects shall be agreed by both parties.

(13) The IPA III rural development assistance shall be provided on the basis of relevant priorities set out in the programming framework, in the agriculture and rural development strategies of the IPA III beneficiary, through a pre-defined set of measures further specified in the sectoral agreement. The implementation shall take the form of multi-annual rural development action programmes with split commitments in accordance with Article 114(3) of the Financial Regulation, drawn up at central level and covering the entire period of the IPA III implementation. The action programme shall be prepared by the IPARD Managing Authority as specified in point (a) of Article 10 (9) of this Agreement to be submitted to the Commission after consulting the appropriate interested parties.

IPA III assistance to rural development shall contribute to achieving the following objectives:

a) Increase the competitiveness of the agri-food sector, progressively aligning it with the EU standards and improving the efficiency and sustainability of on-farm production, which will provide a better response to societal demands for safe, nutritious and sustainable food;
b) Facilitate business development, growth and employment in rural areas, improve farmers' position within the value chain and attract young farmers into agriculture;
c) Contribute to climate change mitigation and adaptation, foster sustainable management of natural resources and contribute to the protection of the environment;
d) Improve community development and social capital in rural areas and build-up modern public administrations for agriculture and rural development, respecting good governance principles.

Article 17 Adoption and amendments of programmes

(1) After the adoption, programmes may, if necessary, be amended in accordance with Article 25 of the NDICI Regulation.

(2) Proposals for amendments submitted by the IPA III beneficiary shall be duly substantiated and shall include at least the following information: the text of the amended programme, the reasons for the proposed amendment, the expected effects of the amendment including, where relevant, the financial impact.

(3) The IPA III beneficiary shall propose amendments to programmes whenever necessary to reflect changes in the relevant Union legislation or where changes in conditions for implementation so require.

(4) Detailed provisions for preparation, adoption and amendments of the programmes as provided in the relevant documents and instructions prepared by the Commission shall apply.

SECTION IV RULES FOR IMPLEMENTATION

TITLE I GENERAL RULES AND PRINCIPLES FOR IMPLEMENTATION

Article 18 Procurement procedures, grants award procedures and other procedures

(1) Assistance under IPA III shall be managed in accordance with the provisions applicable for procurement in the field of external actions contained in Title VII, Chapter 1 and Chapter 3 of the Financial Regulation and in accordance with Title VIII, IX, X and XII of the Financial Regulation.

(2) All services, supplies, works, grants and twinning contracts shall be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external actions, in force at the time of the launch of the procedure in question, unless otherwise provided for in sectoral or financing agreements.

(3) Results of tender procedures as well as calls for grants, twinning and prize awards shall be published in accordance with the rules referred to in paragraph (1) and as further specified in Article 23.

(4) In case of indirect management by the IPA III beneficiary, within one month after the entry into force of the respective financing agreement, the NAO shall provide to the Commission procurement, contracting and financial forecasts for the action(s) implemented under the financing agreement covering the whole period of the action(s). This obligation shall not apply to rural development programmes.

(5) As regards procurement, the law of the IPA III beneficiary transposing Directive 2014/24/EU shall be considered equivalent to the rules applied by the Commission in accordance with the Financial Regulation. The Commission may accept such law to be applied for the implementation of IPA III assistance subject to the terms of the relevant provision in the financing agreement.

Article 19 Rules on nationality and origin for procurements, grants and other award procedures

(1) Participation in procurement, grant and prize award procedures for actions financed under IPA III shall be open to international and regional organisations[9] and to all other natural persons, who are nationals of, and legal persons, which are effectively established in the following countries (hereafter referred to as "eligible countries"):

(a) Member States, IPA III beneficiaries, contracting parties to the Agreement on the European Economic Area and partner countries covered by Annex I of the NDICI Regulation, and

(b) Countries for which reciprocal access to external assistance is established by the Commission. Reciprocal access may be granted, for a limited period of at least one year, whenever a country grants eligibility on equal terms to entities from the Union and from countries eligible under IPA III. Before the

[9] International Organisations are international public-sector organisations set up by international agreements, specialised agencies set up by such organisations and other non-profit organisations assimilated to international organisations by a Commission decision.

Commission decides on the reciprocal access it will consult the IPA III beneficiary.

(2) All supplies and materials financed under IPA III may originate from any country.

(3) The rules laid down in this article shall not apply to, and do not create nationality restrictions for natural persons employed or otherwise legally contracted by an eligible contractor or, where applicable, subcontractor.

(4) For actions jointly co-financed by an entity, or implemented in direct or indirect management with entities as referred to point (c) (ii) to (viii) of Article 62(1) of the Financial Regulation, the eligibility rules of those entities shall also apply.

(5) Where donors provide financing to a trust fund established by the Commission or through external assigned revenues, the eligibility rules in the constitutive act of the trust fund or in the agreement with the donor in case of external assigned revenues shall apply.

(6) In the case of actions financed under IPA III and by another Union Programme, eligible entities under any of those Programmes shall be considered eligible.

(7) In the case of multi-country programmes, legal entities who are nationals of and, in the case of legal entities who are also effectively established in, the IPA III beneficiaries and regions covered by the programme may be considered eligible.

(8) The eligibility rules of this article may be restricted with regard to the nationality, geographical location or nature of applicants, where such restrictions are required because of the specific nature and the objectives of the action and where they are necessary for its effective implementation.

(9) Tenderers, applicants and candidates from non-eligible countries may be accepted as eligible by the Commission in case of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of an action impossible or exceedingly difficult.

(10) In order to promote local capacities, markets and purchases, priority shall be given to local and regional contractors when the Financial Regulation provides for award on the basis of a single tender. In all other cases, participation of local and regional contractors shall be promoted in accordance with the relevant provisions of that Regulation.

Article 20 Participation in Union programmes and agencies

(1) Assistance may be granted to support the participation of the IPA III beneficiary in Union programmes and Union agencies.

(2) The participation of the IPA III beneficiary in Union programmes shall follow the specific terms and conditions set out for each specific Union programme in an agreement concluded between the Commission and the IPA III beneficiary, in accordance with the agreements establishing the general principles for participation of the IPA III beneficiaries in Union programmes.

Article 21 Implementation principles for budget support to the IPA III beneficiary

(1) The Commission may decide to grant budget support to the IPA III beneficiary in line with Article 236 of the Financial Regulation and with the EU Budget Support Guidelines, provided the eligibility criteria applicable for the purposes of implementing IPA III assistance through budget support are met. Such support shall be implemented in direct management.

(2) Disbursement of budget support shall be conditional on satisfactory progress being made towards achieving the objectives agreed with the IPA III beneficiary and provided for in the financing agreement.

Article 22 Implementation principles for twinning

(1) Actions may be implemented through twinning whereby the selected Member State administrations agree to provide the requested public sector expertise. Twinning shall cover the reimbursement of the expenses incurred by the Member State(s) involved and may in particular provide for the long term secondment of a pre-accession advisor assigned to provide full time counsel to the administration of the IPA III beneficiary, hereinafter referred to as resident twinning advisor (RTA). The IPA III beneficiary shall make available adequate office facilities to the RTA.

(2) A twinning manual, which has been established by the Commission, shall be applicable to all twinning.

TITLE II TRANSPARENCY AND VISIBILITY

Article 23 Information, publicity and transparency

(1) The IPA III beneficiary commits towards increased transparency and accountability in the delivery of assistance. It shall publish information on the value of assistance received under IPA III.

(2) In case of indirect management, it shall publish information on recipients in accordance with their rules and procedures, to the extent that those rules are deemed equivalent to those of the Commission following the assessment carried out by the Commission.

(3) In the absence of such assessment or when the assessment does not consider that IPA III beneficiary rules are equivalent to those of the Commission, the IPA III beneficiary shall comply with the requirements to publish information on procurement and grant contracts contained in the financing agreement and sectoral agreements as the case may be.

(4) The IPA III beneficiary shall publish IPA III action programmes as well as any review and amendments.

Article 24 Strategic communication and visibility

(1) The IPA III beneficiary shall raise public awareness about the opportunities stemming from closer EU integration and reforms with a view to ensuring public support for the EU and the EU accession.

(2) In its visibility and communication measures, the IPA III beneficiary shall inform the public about:

(a) the EU values, policies and programmes and their impact on people's everyday life;

(b) the EU accession process with the accompanying reforms and their long-term benefits and opportunities for citizens and economies;

(c) the EU funding provided in the IPA III beneficiary and its link to the EU values and policy objectives, with a focus on tangible positive impact of EU funded projects on citizens and economies.

(3) In particular, the IPA III beneficiary shall acknowledge the origin of the EU funding and ensure its proper visibility by:

(a) providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and

(b) promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

(4) The IPA III beneficiary shall inform the Commission about the planning and implementation of the visibility and communication measures and seek synergies with those of the Commission.

(5) The Commission and the IPA III beneficiary shall agree on a coherent plan of visibility and communication activities to make available, and actively publicise information about programmes and actions under IPA III assistance in [IPA III beneficiary]. The procedures for implementing such activities shall be specified in the sectoral or financing agreements.

(6) In case of direct management, implementation of the activities referred to in paragraph 5 shall be the responsibility of the Commission with the assistance of the IPA III beneficiary.

(7) In case of indirect management by the IPA III beneficiary, and for cross-border cooperation programmes referred to in Article 64 (2)(b), implementation of the activities referred to in paragraph 5 shall be the responsibility of the Managing Authority(s) of the IPA III beneficiary(ies).

(8) Visibility and communication activities shall promote transparency and accountability on the use of funds, subject to specific provisions on non-disclosure of indicative budgets for procurement of supplies and works prior to the contract signature, as applicable.

(9) The IPA III beneficiary shall report on its visibility and communication activities on IPA III to the IPA monitoring committee and the sectoral monitoring committees.

TITLE III DATA PROTECTION AND CONFIDENTIALITY

Article 25 Data protection

(1) The IPA III beneficiary shall ensure an appropriate protection of personal data equivalent to that referred to in Article 12 (3)(f). Personal data means any information related to an identified or identifiable natural person. Any operation involving the processing of personal data, such as collection, recording, organisation, storage, adaption or alteration, retrieval, consultation, use, disclosure, erasure or destruction, shall be based on rules and procedures of the IPA III beneficiary and shall only be done as far as it is necessary for the implementation of the IPA III assistance.

(2) In particular, the IPA III beneficiary shall take appropriate technical and organisational security measures concerning the risks inherent in any such operation and the nature of the information relating to the natural person concerned, in order to:

(a) Prevent any unauthorised person from gaining access to computer systems performing such operations, and especially unauthorised reading, copying, alteration or removal of storage media; unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored information;

(b) Ensure that authorised users of an IT system performing such operations can access only the information to which their access right refers;

(c) Design its organisational structure in such a way that it meets the above requirements.

Article 26 Confidentiality

(1) The IPA III beneficiary agrees that the documents possessed by an entity referred to point (c) (ii) to (viii) of Article 62(1) of the Financial Regulation to which the Commission entrusted budget implementation tasks may be forwarded to the Commission by that entity for the sole purpose of monitoring the execution of those tasks. The Commission shall respect confidentiality arrangements agreed between the IPA III beneficiary and that entity in accordance with the provisions of this Agreement.

(2) Without prejudice to Article 49, the IPA III beneficiary and the Commission shall preserve the confidentiality of any document, information or other material directly related to the implementation of the IPA III assistance that is classified as confidential.

(3) The Parties shall obtain each other's prior written consent before publicly disclosing such information.

(4) The Parties shall remain bound by the confidentiality until five years after the end of the execution period of the related Financing Agreement.

TITLE IV GRANTING OF FACILITIES AND TAXATION

Article 27 Granting of facilities for the implementation of actions and execution of contracts

(1) In order to ensure the effective implementation of IPA III and actions financed in whole or partly from any other Union financed instrument, the IPA III beneficiary shall take all necessary measures to ensure:

(a) that, in case of service, supplies or works tender procedures as well as calls for proposals for grants and twinnings, natural or legal persons eligible to participate in award procedures pursuant to Article 19 shall be entitled to temporary installation and residence where the importance or the duration of the contract so warrants. This right shall be acquired only after the procedure has been launched and shall be enjoyed by the managerial and technical staff including Resident Twinning Advisors (RTA), needed to carry out studies and other preparatory measures to the drawing up of tenders/applications/proposals. The right of unsuccessful tenderers/candidates/applicants to erect temporary installation will expire one month after notification of the contract award decision;

(b) that tenderers and applicants can submit their tenders/applications/proposals without encountering any obstacle such as additional legal, administrative or customs related requirements that impair equal treatment among tenderers or applicants unless such requirements are enshrined in an underlying Decision adopted by the Commission;

(c) that personnel taking part in the implementation of IPA III and actions financed in whole or partly from any other Union financed instrument and members of their immediate family are accorded no less favourable benefits, privileges and exemptions than those usually granted to other international or expatriate staff employed in [IPA III beneficiary], under any other bilateral or multilateral agreement or arrangements for assistance and technical co-operation;

(d) that personnel taking part in the implementation of IPA III and actions financed in whole or partly from any other Union financed instrument and members of their immediate family are allowed to enter [IPA III beneficiary], to establish themselves in [IPA III beneficiary], to work there and to leave [IPA III beneficiary], as the nature of the underlying contract so justifies;

(e) the granting of all permits necessary for the importation of goods, in particular professional equipment, required for the execution of the underlying contract, subject to existing laws, rules and regulations of the IPA III beneficiary*;*

(f) that imports carried out under IPA III and actions financed in whole or partly from any other Union financed instrument will be exempted from customs duties, import duties and other charges including excises;

(g) the granting of all permits necessary for the re-export of the above goods, once the underlying contract has been fully executed;

(h) the granting of authorisations for the import or acquisition of the foreign currency necessary for the implementation of the underlying contract and the application of national exchange control regulations in a non-discriminatory manner to contractors, regardless of their nationality or place of establishment;

(i) the repatriation of funds received in respect of the action financed under IPA III and actions financed in whole or partly from any other Union financed instrument.

(j) that transactions necessary for carrying out contracts financed under IPA III and actions financed in whole or partly from any other Union financed instrument will be exempted from procedures requiring the transfer of the payment for goods and/or services to their contractors abroad through banks or financial institutions operating in [IPA III beneficiary].

(2) The IPA III beneficiary shall ensure full co-operation of all relevant authorities. It will also ensure access to state-owned companies and other governmental institutions, which are involved or are necessary in the implementation of an action or in the execution of the contract.

(3) After the entry into force of this Agreement the IPA III beneficiary shall adopt or amend the legislation and/or enabling acts necessary to enforce the requirements of the procedures laid down in this article while keeping these procedures as simple, reasonable and time efficient as possible.

Article 28 Rules on taxes, customs duties and other fiscal charges

(1) Taxes, customs and import duties and levies and/or charges having equivalent effect shall in principle not be eligible under IPA III or any other Union financed instrument. This rule shall also apply to co-financing provided by the IPA III beneficiary, other co-financing entities, recipients of IPA III assistance or any other Union financed instrument.

(2) The following provisions shall apply:

(a) *F*or the purposes of this Agreement, the term *"Union contractor"* shall be construed as natural and legal persons, rendering services and/or supplying goods and/or executing works under a Union contract. The term "Union contractor" shall also refer to grant/loan beneficiaries (including twinning contractors, sub-grant/loan beneficiaries), partners in a consortium or joint venture or co-beneficiaries in grants, sub grantees, contractors, international organisations and RTAs under twinning contracts as well as contractors under the Technical assistance and Information exchange instrument (TAIEX);

(b) The term *"Union contract"* means any contract or grant contract, including sub-grant/loan contracts and contribution agreements in indirect management, through which an activity is financed through an action for a specific IPA III beneficiary or multi-country action under IPA III or any other Union instrument, and which is signed by the European Commission, the IPA III beneficiary, an International Organisation or a recipient. The term "Union contract" shall also cover provisions of assistance under TAIEX and participation in Union programmes;

(c) All imports by Union contractors shall be allowed to enter *[IPA III beneficiary]* without being subject to customs or import duties, charges, Value Added Tax (VAT) and special consumption tax or to any other similar tax, duties or charges having equivalent effect. Such exemption shall only be applied to the imports or charges in connection with the goods supplied and/or services rendered and/or works executed by the Union contractors under a Union contract. [IPA III beneficiary] shall ensure that the imports concerned will be released from the point of entry for delivery to the Union contractors as required by the provisions of the contract and for immediate use as required for the normal implementation of the contract, without regard to any delays or disputes over the settlement of the above mentioned duties, taxes or charges;

(d) Union contractors shall be exempted from VAT for any service rendered and/or goods supplied and/or works executed under the Union contract. Goods supplied or services rendered or works executed by a contractor to the Union contractor shall also be exempted from VAT in so far that they are connected with the objectives and activities under the Union contract;

The exemption provided for in paragraph (c) shall be put into effect through ex-ante exemption. The Union contractor or the contractor supplying goods and/or rendering services and/or executing works for a Union contractor, shall issue an invoice exclusive of VAT for which the IPA III beneficiary shall ensure that an effective mechanism and procedures for VAT ex-ante exemption has been put in place beforehand;

The IPA III beneficiary shall complete any request for exemption within a maximum of 60 calendar days without any cost other than minimum and reasonable administrative fees;

In case the IPA III beneficiary does not ensure that an effective mechanism and procedures for *ex-ant*e VAT exemption has been in place immediately following the entry into force of this Agreement, the Commission shall in principle apply a financial correction.

(e) Profit or income arising from Union contracts shall be taxable in [IPA III beneficiary] in accordance with the central/local tax system. However, natural and legal persons, including expatriate staff and RTAs, resident or established in the Member States of the European Union or other countries eligible under IPA III other than the IPA III beneficiary, executing Union contracts and contractors of recipients (regardless of their nationality or place of residence) shall be exempted from profit or income tax in [IPA III beneficiary], including withholding and provisional or temporary taxes;

(f) A Union grant to a grant beneficiary shall not be construed as a profit or income to that grant beneficiary. Where a profit is generated from a grant contract, the Commission shall be entitled to recover the percentage of the profit in accordance with the terms of the underlying contract. The remaining profit may be taxable according to the central/local tax system;

(g) Expenditures of the Union contractors shall be relieved from special consumption taxes or from any other taxes or charges having equivalent effect for the expenditure in connection with the goods supplied and/or services rendered and/or works executed by that Union contractor under the Union contract;

(h) Financial or material assets/goods including constructed facilities and/or rights transferred to beneficiaries of actions/activities and/or beneficiaries of contracts carried out under IPA III shall not generate for these beneficiaries “inheritance and transfer taxes” or any other tax or charge having equivalent effect.

(i) Personal and household effects imported for personal use by natural persons (and members of their immediate families), other than those recruited locally, carrying out tasks defined in service and/or works and/or grant contracts and/or twinning contracts or agreements, shall be exempted from customs duties, import duties, taxes and levies and/or taxes having equivalent effect and/or deterrent excessive collateral requirements, the said personal and household effects being re-exported or disposed of in the state, in accordance with the regulations in force in [IPA III beneficiary] after termination of the contract;

(j) Union financed contracts, contracts signed by Union contractors as well as partners in a consortium or joint venture or co-beneficiaries in grants shall not be subject to stamp or registration duties, or to any other charge having equivalent effect in [IPA III beneficiary]. This exemption shall also apply to transactions (including assignment of rights) and documents related to payments made to the Union contractor, including contracts concluded between grant/loan beneficiaries (including their partners or sub-grant/loan beneficiaries) and their contractors (including their staff or contracted experts), and contracts concluded for incidental and provisional expenditure under service contracts and works contracts respectively.

(k) The following charges shall also be exempted for EU contractors implementing an EU financed contract:

(i) special communication tax;

(ii) motor vehicle taxes;

(iii) special charges applied by regional or local authorities or special boards in the context of contract execution not proportional with the cost involved in their execution or of having equivalent effect of taxes.

(3) Whenever necessary, the IPA III beneficiary shall adopt or amend the secondary legislation and/or enabling acts necessary to enforce the tax provisions in this Agreement immediately upon its entering into force.

(4) The rules and procedures referred to in this Article shall also apply to any similar tax, duty, levy or charges having equivalent effect, which may be instituted after the date of signature of this Agreement in addition to, or in replacement of existing ones.

(5) In case of conflict between the provisions in this Article and the legislation of the IPA III beneficiary, the provisions of this Agreement shall prevail. In the event of accession to the Union, the IPA III beneficiary will continue to apply the provisions in articles 27 and 28 except where these are incompatible with its obligations under the relevant Union acquis.

SECTION V RULES ON FINANCIAL MANAGEMENT OF IPA III ASSISTANCE

TITLE I GENERAL PROVISIONS

Article 29 Eligibility of expenditure

(1) An expenditure item financed under the IPA III Regulation shall not be subject to any other financing under the Union budget.

(2) Expenditure incurred by the recipients and payments made by the IPA III beneficiary shall in principle not be eligible for funding under the IPA III Regulation prior to the signature of the relevant financing agreement, contracts and addenda.

(3) Expenditure may exceptionally be eligible before the date of adoption of the relevant Commission financing decision, but not earlier than 1 January 2021.

(4) The following expenditure shall not be eligible for funding under the IPA III Regulation:

   (a) purchase of land and existing buildings, except where justified by the nature of the action in the financing decision;

   (b) other expenditure as may be provided for in the sectoral or financing agreements.

(5) The final date for the eligibility of expenditure shall be laid down in the financing agreements.

Article 30 Co-financing of IPA III actions

(1) Actions implemented in indirect management by the IPA III beneficiary may require both IPA III beneficiary's and Union's financial contributions.

(2) The co-financing rate shall take the form of joint co-financing and be defined in the sectoral or financing agreement

(3) Where both IPA III beneficiary' and Union financial contributions are required, the Union contribution shall be stipulated in the sectoral or financing agreements.

TITLE II RULES RELATING TO INDIRECT MANAGEMENT BY THE IPA III BENEFICIARY

Article 31 Specific rules on eligibility of expenditure for IPARD

(1) For IPARD actions the following specific provisions shall apply:

   (a) Investment projects under rural development actions shall remain eligible for Union financing provided they do not, within five years from the final payment by the IPA Managing Authority, undergo a substantial modification;

   (b) In case of standard unit costs, lump sums not exceeding EUR 100 000 of public contribution and flat-rate financing, determined by the application of a percentage to one or several defined categories of costs, the EU is covering only the amounts as laid down for each measure in the action and as defined by the respective IPARD Agency in advance of the call for applications.

   (c) Contributions from an IPARD action to a financial instrument for use within the scope of that IPARD action will be considered as eligible expenditure.

Article 32 Audit trail

The NAO shall ensure that all relevant information is available to ensure a sufficiently detailed audit trail. This information shall *inter alia* include documentary evidence of the authorisation of payment requests, of the accounting and payment of such requests, and of the treatment of advances, guarantees and debts.

Article 33 Payments of the Union contribution

(1) Payment of the Union contribution shall be made within the limits of the funds available.

(2) Payments may take the form of pre-financing, interim payments and settlement of the final balance following the procedure established in Article 42(2). Where contributions are required from both the Union and the IPA III beneficiary payments of the Union contribution to the financing of the actions concerned shall be calculated by applying the co-financing rate laid down in the financing agreement or sectoral agreement to the eligible expenditure certified in accordance with point (a) of Clause 2(4) of Annex A to this Agreement subject to the maximum amount of the Union contribution set out in the financing or sectoral Agreement.

(3) By 15 January and 15 July each year, except where otherwise provided for in a sectoral agreement or a financing agreement the NAO shall send to the Commission a forecast of its likely payment request for the financial year concerned and for the subsequent financial year, in relation to all IPA III action programmes and measures. The Commission may ask for an update of the forecast as appropriate.

(4) Payments by the Commission to the Accounting Body shall be made within 90 days after the conditions of Articles 34, 35 or 36 are met. This time limit for payment requests may be interrupted by the Commission in order to request all underlying documents necessary to clarify any elements relevant to the statement of expenditure, including information on the reporting of irregularities in accordance with Article 51(2) and Annex H to this Agreement.

(5) Amounts set out in the actions submitted by the IPA III beneficiary, in statements of expenditure, in payment requests and in expenditure mentioned in the implementation reports shall be denominated in euro. The IPA III beneficiary shall ensure that for the treasury flows between the Commission and the IPA III beneficiary the rate recorded for conversion between euro and the IPA III beneficiary currency is the monthly accounting rate of the euro established by the Commission for the month during which the expenditure paid was recorded in the accounts of the Accounting Body or the Intermediate Body for financial management concerned specified in the relevant Financing Agreement.

(6) Payments by the Commission to the IPA III beneficiary shall be made, subject to availability of budget appropriations, in euro to the euro account, in accordance with the provisions laid down in Articles 34, 35 and 36 and sectoral or financing agreements. Euro account(s) shall be opened for the programmes and shall be exclusively used for transactions relating to those programmes in accordance with the provisions of the relevant financing or sectoral agreements.

(7) The IPA III beneficiary shall ensure that recipients receive the total amount of the public contribution in due time and in full. No charge shall be levied which would reduce these amounts for recipients and the public contribution and assets thus financed shall not be subject to any administrative or judicial confiscation, seizure or similar deductions.

(8) In cases where the balance on the euro account referred to in paragraph 6 is insufficient to cover the payment requests submitted by the recipients pending the receipt of payment from the Commission, the IPA III beneficiary shall use national funds to pre-finance the Union contribution. In these cases the national funds shall be

treated as Union funds and paragraph 6 shall apply at the moment when the full payment of the IPA III beneficiary contribution, if any, and the Union contribution pre-financed from the national funds is recorded in the accounts of the Accounting Body.

(9) IPA III assistance may only cover expenditure incurred and paid by the IPA III beneficiary in conformity with the eligibility rules laid down in the contractual clauses and the legal framework established by the Financial Regulation, the NDICI Regulation, the IPA III Implementing Regulation and Articles 29, 30 and 31, and as defined in the Sectoral Financing Agreements, where applicable.

(10) The exchange of information, including submission of payment requests in line with Article 34, 35 and 36, concerning financial transactions between the Commission and the structures and authorities referred to in Article 10 shall, where appropriate, be made by electronic means, using procedures as instructed by the Commission.

Article 34 Pre-financing

(1) The minimum requirements for a pre-financing payment are the following:

(a) the NAO has notified to the Commission the opening of the euro account concerned;

(b) the relevant financing agreement has entered into force.

(2) The detailed provisions concerning the calculation of pre-financing payments for annual and multiannual actions shall be set in the sectoral and/or financing agreements.

(3) The total pre-financing amount shall be cleared at the latest when the programmes are closed.

Article 35 Interim payments

(1) The minimum requirements for an interim payment are the following:

(a) the NAO has sent to the Commission a payment request including a certified statement of expenditure detailing, amounts paid and costs recognised and including information, where relevant, on as pre-financing. The payment request shall also include relevant information on implementation as detailed in the sectoral or financing agreement;

(b) the ceilings for the Union contribution, as laid down in the financing decision, have been respected;

(c) the NIPAC has sent to the Commission the annual report on implementation in accordance with Article 59(1);

(d) the Audit Authority has sent to the Commission, the annual audit opinion and annual audit activity report, in accordance with Article 63 (1) and (2) of this Agreement;

(e) the relevant financing agreement is in force;

(f) any information requested by the Commission has been provided.

(2) Without prejudice to the annual audit opinion if it appears that the applicable rules have not been complied with, or funds have not been properly used, the payments can

be suspended or interrupted in accordance with the procedure laid down in the Articles 38 and 39.

Article 36 Settlement of the final balance

(1) The minimum requirements for the settlement of the final balance are the following:

(a) the NAO has sent to the Commission a certified final statement of expenditure and, if applicable, final payment request;

(b) the NIPAC has sent to the Commission the final report on implementation in accordance with Article 60(1);

(c) the Audit Authority has sent to the Commission, in accordance with point (iii) of Clause 5(3)(b) of Annex A to this Agreement, an opinion on the final statement of expenditure, supported by a final audit activity report;

(d) the relevant financing agreement is in force;

(e) the Commission has completed the examination and acceptance of accounts procedure as foreseen in Article 42.

Article 37 De-commitment of unused funds in case of multi-annual actions

(1) The Commission shall automatically de-commit any portion of a budgetary commitment for an action that, by 31 December of the fifth year following that of the budgetary commitment, has not been used for the purpose of pre-financing or making interim payments by the Commission to the IPA III beneficiary or for which the NAO has not presented any certified statement of expenditure or any interim payment request has been submitted in accordance with Article 35. For the purpose of this article only costs recognised submitted with the interim payment request or declaration of expenditure shall be taken into consideration. An earlier deadline may be specified in a sectoral or financing agreement.

(2) The Commission shall inform the NAO in advance whenever there is a risk of de-commitment as referred to in paragraph 1.

(3) The amount concerned by de-commitment shall be reduced by the amounts equivalent to that part of the budget commitment for which:

(a) the operations are suspended by a legal proceeding or by an administrative appeal having suspensory effect; or

(b) it has not been possible to make a payment request for reasons of force majeure seriously affecting implementation of all or part of the programme.

The IPA III beneficiary claiming force majeure shall demonstrate the direct consequences of the force majeure on the implementation of all or part of the programme.

(4) The IPA III beneficiary shall send to the Commission information on the exceptions referred to in points (a) and (b) of paragraph 3 in the annual report referred to in Article 57 (1).

Article 38 Interruption of payments

(1) Notwithstanding the time limit[s] for payments set out in Article 33(4), the

Commission may interrupt payments to the IPA III beneficiary fully or partially for the purpose of carrying out further checks where:

(a) reliable information comes to the notice of the Commission indicating a significant deficiency in the functioning of either the management or control systems or that the expenditure certified by the NAO is linked to a serious irregularity and has not been corrected;

(b) the interruption is necessary to prevent significant damage to the financial interests of the Union;

(c) information comes to the notice of the Commission which puts in doubt the eligibility of expenditure in a payment request.

(2) The Commission may limit the interruption to the part of the expenditure covered by the payment request affected by the elements referred to in paragraph 1. The Commission shall inform the IPA III beneficiary immediately of the reason of interruption and shall ask for its immediate observations and to remedy the situation if necessary. The interruption shall be ended by the Commission as soon as the necessary measures have been taken.

Article 39 Suspension of payments

(1) The Commission may suspend payments to the IPA III beneficiary, in particular when systemic errors are detected which call into question the reliability of the internal control systems of the entity concerned or the legality and regularity of the underlying transactions or when the sustainability of assistance is at risk.

(2) The IPA III beneficiary shall be given the opportunity to present its observations within a period of two months before the Commission decides on a suspension in accordance with paragraph 1.

(3) The Commission shall end the suspension when the IPA III beneficiary has taken the necessary measures to remedy the systemic errors.

If the IPA III beneficiary has not taken such measures, the Commission may decide to cancel all or part of the IPA III contribution to the action in accordance with Article 43.

Article 40 Recovery of funds

(1) Any situation as defined in Article 51(5) occurring at any time during the implementation of IPA III assistance or being the result of an audit may lead to the recovery of the funds by the Commission from the IPA III beneficiary.

(2) The NAO shall recover the Union contribution paid to the IPA III beneficiary from those who were in any situation defined in Article 51(5) or benefited from it, in accordance with IPA III beneficiary recovery procedures for public funds. The fact that the NAO does not succeed in recovering all or part of the funds shall not prevent the Commission from recovering the funds from the IPA III beneficiary.

Article 41 Financial adjustments by the IPA III beneficiary

The NAO shall make financial adjustments where any situation defined in Article 51(5) is detected in actions, by cancelling all or part of the Union contribution to the actions concerned. The NAO shall take into account the nature and gravity of the irregularities and the financial loss to the Union contribution ensuring the principle of proportionality.

Article 42 Examination and acceptance of accounts procedures

(1) The purpose of the examination and acceptance of accounts procedure shall be to ensure that the expenditure incurred and paid by the IPA III beneficiary in the context of indirect management and which may be chargeable to the Union budget is compliant with the applicable Union rules and that the accounts are complete, accurate and true.

(2) The examination and acceptance of accounts procedure shall consist of:

(a) the analysis of the final statement of expenditure as submitted by the NAO;

(b) the analysis of the final report on implementation of the annual or multi-annual action programme in accordance with Article 58(2);

(c) the analysis of the opinion sent by the Audit Authority on the statement of expenditure supported by a final audit activity report;

(d) the analysis of relevant documents as referred to in the sectoral or financing agreement and, where appropriate, on-the-spot checks by the Commission, subject to no limitations or restrictions, on the content of those financial reports or statements and on the underlying transactions, including checks made with recipients;

(e) establishment by the Commission of the amount of expenditure chargeable to the Union budget, following, where necessary, a contradictory procedure and after the IPA III beneficiary has been notified;

(f) calculation of a possible financial correction arising from expenditure incurred in breach of the rules lay down in the present Agreement and when relevant in a Sectoral Agreement and/or a Financing Agreement

(g) recovery or payment by the Commission of the balance arising from the difference between accepted expenditure to the Union budget and the sums already paid to the IPA III beneficiary.

(3) The examination and acceptance of accounts procedure referred to in paragraph 2 is without prejudice to the possibility for the Commission to recover non-eligible expenditure at a later stage on the basis of audits or inspections carried out during or after the implementation of the action.

Article 43 Financial corrections by the Commission

(1) In order to ensure that the IPA III funds have been used in accordance with the applicable rules, the Commission shall apply financial correction mechanisms in accordance with Article 12 of the IPA III Implementing Regulation and as detailed in sectoral or financing agreements.

(2) A financial correction may arise from the following:

(a) identification of any situation defined under Article 51(5); or

(b) identification of a weakness or deficiency in the management and control systems of the IPA III beneficiary;

(c) failure to ensure achievements of results and/or the sustainability of the action;

(d) follow up by the Commission on the audit activity reports and opinions of the Audit Authority.

(3) If the Commission finds that expenditure under the actions covered by IPA III has been incurred, paid and certified in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from Union financing.

(4) The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the Commission, following the criteria and procedures provided for in paragraphs 5 to 7 of this Article and Articles 42, 44 and 45.

(5) Financial corrections shall be made as appropriate by compensation or offsetting.

(6) The Commission shall apply the financial corrections on the basis of identification of the amounts unduly spent and on the financial implications for the budget. Where such amounts cannot be identified precisely in order to apply individual corrections, the Commission may apply flat-rate corrections or corrections based on an extrapolation of the findings.

(7) When deciding the amount of a correction, the Commission shall take into account the nature and gravity and/or the extent and financial implications of any situation defined in paragraph 2, as well as the principle of proportionality.

Article 44 Procedure for financial corrections

(1) Before taking a decision on a financial correction, including the ones taken on the basis of the examination and acceptance of accounts procedure, the Commission shall inform the NAO of its provisional conclusions and request his/her comments within two months.

Where the Commission proposes a financial correction based on an extrapolation of the findings or at a flat rate pursuant to Article 43(6), the IPA III beneficiary shall be given the opportunity to provide information which would allow the Commission to establish the actual extent of any situation defined in Article 43(2), through an examination of the documentation concerned. In agreement with the Commission, the IPA III beneficiary may limit the scope of this examination to a proportion or sample of the documentation concerned. Save for duly justified cases, the time allowed for the IPA III beneficiary shall not exceed a period of two months after the two-month period referred to in the first subparagraph. Further details may be set out in the sectoral or financing agreement.

(2) The Commission shall take a decision after taking into account any evidence supplied by the IPA III beneficiary.

Article 45 Re-use of the Union contribution

(1) The resources cancelled from the Union contribution following financial corrections pursuant to Article 43 shall be paid to the Union budget.

(2) The contribution cancelled or recovered by the IPA III beneficiary in accordance with Article 41 may not be re-used for the activity or activities that were the subject of the recovery or the adjustment, nor, where the recovery or adjustment follows a systemic

irregularity, for on-going activities within the whole or part of the action in which the systemic irregularity occurred.

Article 46 Repayment

(1) The IPA III beneficiary shall make any repayment to the general budget of the Union before the due date indicated in the recovery order drawn up in accordance with Article 100 of the Financial Regulation.

(2) Any delay in repayment shall give rise to interest on account of late payment, in accordance with Article 99 of the Financial Regulation.

TITLE III CLOSURE OF A PROGRAMME

Article 47 Closure of the part of a programme implemented in indirect management by the IPA III beneficiary

(1) The Commission shall notify in writing the closure of a programme to the IPA III beneficiary.

(2) The Commission shall not close a programme without prior examination and acceptance of the accounts as provided for in Article 42.

(3) The closure of a programme is without prejudice to the right of the Commission to undertake financial corrections at a later stage.

(4) More detailed rules on the closure of programmes and relevant reporting obligations may be set out in sectoral or financing agreements.

Article 48 Closure of the part of a programme implemented in direct management and indirect management with entities other than the IPA III beneficiary

(1) A programme is closed when all the contracts and grants funded by the action have been closed.

(2) The Commission shall notify in writing the closure of a programme to the IPA III beneficiary.

Article 49 Retention of documents

(1) The IPA III beneficiary shall retain for five years from the date of closure of a programme all documents relevant for the procurement and grant award procedures, contracts, addenda, relevant correspondence and all relevant documents relating to payments and recoveries.

(2) The period referred to in point (1) shall be interrupted either in case of legal proceedings or by a duly justified request of the Commission.

TITLE IV SUPERVISION, CONTROL, AUDIT AND PROTECTION OF FINANCIAL INTERESTS

Article 50 Supervision, control and audit by the Commission, the European Anti-Fraud Office and the European Court of Auditors

(1) All financing agreements, resulting actions and subsequent contracts shall be subject to supervision, control and audit by the Commission, including the European Anti-Fraud Office (OLAF), and audits by the European Court of Auditors.

In indirect management by the IPA III beneficiary, this also includes the right of the Commission and the Union Delegation in [IPA III beneficiary] to carry out measures, such as:

(a) *ex-ante* verification of tendering and contracting;

(b) *ex-post* controls of tendering, contracting, contract execution, including financial management thereof;

(c) supervision concerning the functioning of the management and control systems.

The duly authorised external auditors, agents or representatives of the Commission, OLAF and the European Court of Auditors shall have the right to carry out any technical and financial verification or audit that they may consider necessary to follow the implementation of an action or contract including visits of sites and premises where IPA III funded activities are implemented. The Commission shall give the authorities concerned advance notice of such missions.

(2) The IPA III beneficiary shall designate an anti-fraud coordination service[10], to facilitate effective cooperation and exchange of information, including of operational nature, with OLAF.

In indirect management, such service shall be tasked with coordinating administrative and operational obligations and activities and propose amendments to the IPA III beneficiary's legislation, as appropriate, in order to protect the financial interests of the Union. The service shall, *inter alia*:

- lead the creation/implementation of strategies to protect the financial interests of the Union;
- identify possible weaknesses in the IPA III beneficiary systems for managing Union funds including IPA III assistance;
- ensure sufficient human resources capacity for these tasks, including training of fraud-prevention staff;
- support cooperation between the IPA III beneficiary administrations, prosecution authorities and OLAF;
- share information on irregularities and suspected fraud cases with the IPA III beneficiary administration and OLAF;
- ensure the fulfilment of all the obligations under Regulation (EC, Euratom) No 883/2013 of the European Parliament and of the Council[11], Council Regulation

[10] This service does not form part of the structures referred to in Article 10 and its establishment is thus not a pre-requisite for entrusting budget implementation tasks.

(Euratom, EC) No 2988/1995[12] and Council Regulation (EC, Euratom) No 2185/1996[13].

(3) The IPA III beneficiary shall supply all requested information and documents including any electronic data and take all suitable measures to facilitate the work of the persons instructed to carry out audits or inspections.

(4) The IPA III beneficiary shall ensure that the agents or representatives of the Commission, including OLAF, have the right to inspect all relevant documentation and accounts pertaining to items financed under the related financing agreement and assist the European Court of Auditors to carry out audits relating to the use of IPA III assistance.

(5) In order to ensure the efficient protection of the financial interests of the Union, the Commission, including OLAF, may also conduct documentary and on-the-spot checks and inspections in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (EC, Euratom) No 2185/1996. These checks and inspections shall be prepared and conducted in close collaboration with the IPA III beneficiary, which shall be notified in good time of the object, purpose and legal basis of the checks and inspections, so that it can provide all the required help. The IPA III beneficiary shall identify a service, which will assist in conducting investigations in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (EC, Euratom) No 2185/1996 upon OLAF's request.

(6) The service referred to in point (2) can fulfil this task if it has administrative and criminal investigative powers. If the IPA III beneficiary wishes, the on-the-spot checks and inspections may be carried out jointly. Where the participants in IPA III funded activities resist an on-the-spot check or inspection, the IPA III beneficiary, acting in accordance with its own rules, shall provide to the Commission/OLAF inspectors the necessary assistance to allow them to discharge their duty in carrying out an on-the-spot check or inspection.

(7) The Commission/OLAF shall report as soon as possible to the IPA III beneficiary any evidence or suspicion relating to frauds or irregularities, which has come to its knowledge in the course of an on-the-spot check or inspection. In any event, the Commission/OLAF shall be required to inform the above-mentioned service of the result of such checks and inspections.

(8) The controls and audits described above are applicable to all recipients and sub-contractors who have received IPA III assistance. Such controls and audits are also applicable to documents concerning the national contribution, if any, by the IPA III beneficiary.

(9) In indirect management, the Commission may check, at any times, the accounts and operations of the Accounting Body and Managing Authorities and Intermediate Bodies

---

[11] Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999, (OJ L 248, 18 September 2013, p.1).

[12] Council Regulation (EC, Euratom) No 2988/1995 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23 December 1995, p.1).

[13] Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities financial interests against fraud and other irregularities, (OJ L 292, 15 November 1996, p. 2).

either directly or through an external auditor. This is without prejudice to the responsibilities of the Commission and of the European Court of Auditors.

Article 51 Protection of the financial interests of the Union

(1) In accordance with point (a) of Article 154 (4) of the Financial Regulation, the IPA III beneficiary entrusted with budget implementation tasks of IPA III assistance shall prevent, detect and correct irregularities and fraud when executing those tasks. To this end, the IPA III beneficiary shall carry out, in accordance with the principle of proportionality, *ex ante* and *ex post* controls including on-the-spot checks on the representative and/or risk-based samples of transactions, to ensure that the actions financed from the budget are effectively carried out and are implemented correctly. The IPA III beneficiary shall also recover funds unduly paid and bring legal proceedings where necessary in this regard.

(2) In indirect management, the IPA III beneficiary shall ensure investigation and effective treatment of suspected cases of irregularities, fraud, corruption and conflict of interest and the functioning of a control and reporting mechanism as referred to in paragraph 7 of Article 13 of the IPA III Regulation. The IPA III beneficiary shall report suspected fraud and other irregularities, which have been the subject of a primary administrative or judicial finding, without delay, to the Commission and keep the latter informed of the progress of administrative and legal proceedings. Reporting shall be done by electronic means using the module provided by the Commission for this purpose. In addition to the reporting provisions set in Annex H to this Agreement, further details may be laid down in the sectoral or financing agreement.

(3) Furthermore, the IPA III beneficiary shall, in indirect management, take any appropriate measure to prevent and counter any active or passive corruption practices at any stage of the procurement procedure or grant award procedure or during the implementation of the corresponding contracts.

(4) The IPA III beneficiary, including the personnel responsible for the programming and implementation of the tasks of the IPA III funded activities, shall take whatever precautions necessary to avoid any risk of conflict of interests and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

(5) For the purpose of the protection of the financial interests of the Union, the following definitions shall apply:

   (a) *Error* means non-deliberate clerical and technical errors committed by the IPA III beneficiary or a recipient of IPA III assistance;

   (b) *Irregularity* means any infringement of a provision of applicable rules and contracts resulting from an act or an omission by an economic operator or the IPA III beneficiary, which has, or would have, the effect of prejudicing the general budget of the Union by charging an unjustified item of expenditure to the general budget;

   (c) *Economic operator* means any natural or legal person, including a public entity, or a group of such persons, who offers to supply products, execute works or provide services or supply immovable property ;

   (d) *Systemic irregularity* means any irregularity that may be of a recurring nature, with a high probability of occurrence in similar types of operations, which result from a serious deficiency in the effective functioning of the management and control systems, including a failure to establish appropriate procedures in accordance with applicable rules;

(e) *Fraud* means any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the Union or budgets managed by, or on behalf of, the European Union;

- non-disclosure of information in violation of a specific obligation with the same effect; or

- the misapplication of such funds for purposes other than those for which they were originally granted;

(f) *Suspected fraud* means an irregularity giving rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of intentional behaviour, in particular fraud, as referred to above;

(g) *Active corruption* means the deliberate action of whoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the financial interests of the Union;

(h) *Passive corruption* means the deliberate action of a civil servant, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the financial interests of the Union;

(i) *Conflict of interests* means that the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest;

(j) *Primary administrative or judicial finding* means a first written assessment by a competent authority, either administrative or judicial, concluding on the basis of specific facts that an irregularity has been committed. This is without prejudice to the possibility that this conclusion may subsequently have to be revised or withdrawn as a result of developments in the course of the administrative or judicial procedure.

The definitions listed in this article shall not be construed as introducing new types of crime to the IPA III beneficiary penal code or changes thereto.

SECTION VI MONITORING, EVALUATION AND REPORTING

TITLE I MONITORING

Article 52 IPA monitoring committee

(1) The Commission and the IPA III beneficiary shall set up an IPA monitoring committee no later than six months after the entry into force of the first financing agreement. This committee shall also fulfil the responsibilities of the IPA monitoring committee under Regulation (EC) No 1085/2006 and Regulation (EU) No 231/2014.

(2) The IPA monitoring committee shall review the overall effectiveness, efficiency, quality, coherence, coordination and compliance of the implementation of all actions towards meeting the objectives set out in the financing agreements, the IPA III Programming Framework and the Strategic Response. For this purpose, it shall, where relevant, base itself on the information provided by the sectoral monitoring committees and other existing central coordination structures of the IPA III beneficiary.

(3) The IPA monitoring committee may make proposals to the Commission, the NIPAC and the NAO for ensuring better coherence and coordination of IPA III assistance as provided for in the IPA III Programming Framework or in the IPA III Regulation, and to enhance the overall efficiency, effectiveness, impact and sustainability of such assistance. It may also make recommendations for corrective actions to the relevant sectoral monitoring committees in order to ensure the achievement of IPA III objectives and enhance the efficiency and effectiveness of the IPA III assistance. For this purpose, it shall, where relevant, take into account the conclusions and recommendations drawn in monitoring and evaluations launched by either the Commission and/or the IPA III beneficiary.

(4) The IPA monitoring committee shall be composed of representatives of the Commission, the NIPAC and other relevant authorities and bodies of the IPA III beneficiary and, where relevant, bilateral donors, international organisations, international financial institutions and other stakeholders, such as civil society and private sector organisations. The representatives of stakeholders shall be chosen according to rules and criteria defined in the rules of procedure of the IPA monitoring committee and in agreement with the Commission.

(5) A representative of the Commission and the NIPAC shall co-chair the IPA monitoring committee meetings.

(6) The IPA monitoring committee shall adopt its rules of procedure in agreement with the NIPAC, the NAO and the Commission.

(7) The IPA monitoring committee shall meet at least once a year. Ad hoc meetings may also be convened at the initiative of the Commission or of the IPA III beneficiary, in particular on a thematic basis.

(8) Where sectoral monitoring committees, as referred to in Article 53, are not set up, the IPA monitoring committee shall fulfil the functions listed in paragraph 7 of that Article.

Article 53 Sectoral monitoring committee

(1) The IPA III beneficiary shall have in place IPA sectoral monitoring committees to monitor annual and multi-annual programmes implemented in indirect management by the IPA III beneficiary, which are financed by Regulation No 1085/2006 (IPA Regulation), Regulation No 231/2014 (IPA II Regulation) and 2021/XXX/ (IPA III Regulation) in a specific sector or programme. Such committees shall be in place no later than six months after the entry into force of the first financing agreement in that sector.

(2) In accordance with the principle of proportionality, in the case of annual programmes implemented in indirect management, the obligation to establish an IPA sectoral monitoring committee may be waived in the Financing Agreement.

(3) Where an IPA sectoral monitoring committee is in place, this committee may, in addition to the multiannual programmes implemented in indirect management, monitor other annual programmes in direct or indirect management in the same specific sector. This provision does not apply to IPARD actions.

(4) Supported by the reports provided by the IPA Managing Authority prior to the meetings, the sectoral monitoring committees shall in particular:

(a) review the effectiveness, efficiency, quality, coordination and compliance of the implementation of the actions;

(b) review the progress towards meeting the objectives, achieving the planned outputs and results, and assessing the impact and sustainability of the actions while ensuring coherence with the policy dialogue, the related central and regional sector strategies and multi-country and/or regional activities in the IPA III beneficiary;

(c) review annual implementation reports, including financial execution of the actions;

(d) examine relevant findings and conclusions as well as proposals for remedial follow-up actions stemming from the on-the-spot checks, monitoring, evaluations and audits if available;

(e) discuss any relevant aspects of the functioning of the management and control systems;

(f) discuss any problematic issues and actions;

(g) if necessary, consider or make proposals to amend actions and any other corrective action to ensure the achievement of the objectives of the actions and enhance the efficiency, effectiveness, impact and sustainability of IPA III assistance;

(h) review information, publicity, transparency, visibility and communication measures taken, in accordance with Articles 23 and 24.

Other specific provisions may be laid down in the sectoral or financing agreements.

(5) Operational conclusions, including any recommendations, will be drawn at the end of the sectoral monitoring committees meetings. These conclusions shall be subject to adequate follow-up and a review in the following committee meetings and shall be the

basis for reporting to the IPA monitoring committee on progress made in accordance with Article 52(2).

(6) Each sectoral monitoring committee shall adopt its rules of procedure, to be drawn up in consultation with the Managing Authorities and Intermediate Bodies, the NIPAC and the Commission.

(7) The sectoral monitoring committee shall be composed of representatives of relevant IPA III beneficiary authorities and bodies, other stakeholders such as economic, social and environmental partners and, international organisations, international financial institutions and civil society. The Commission shall participate in the work of the committee. The representatives of the stakeholders shall be chosen according to the rules and criteria defined in the rules of procedure. A senior representative of the IPA III beneficiary shall chair the sectoral monitoring committee meetings. Depending on the action, the Commission may co-chair the committee meetings.

(8) The sectoral monitoring committees shall meet at least twice every twelve months. Ad hoc meetings may also be convened.

TITLE II EVALUATION

Article 54 Evaluation of IPA III Assistance

(1) IPA III assistance shall be subject to evaluations, in accordance with Article 34 of the Financial Regulation, Chapter V of Title II of the NDICI Regulation. Evaluation aim at improving its relevance, coherence, quality, efficiency, effectiveness, impact, Union added value, sustainability, and synergy with the relevant policy dialogue.

(2) The objectives of an evaluation shall include:

(a) assessing the conditions for the implementation of the assistance, its performance, both prospective and actual, and its consistency with the policy objectives set out in view of achieving long-term, impacts and objectives;

(b) assessing the relevance of agreed result and impact indicators to achieve long term, global impacts and objectives;

(c) assessing the programming process and monitoring system and, where appropriate, implementation arrangements;

(d) promoting accountability of the assistance to the institutions of the EU and to the public with respect to the value for money and the use of funds;

(e) drawing lessons aiming at improving the quality and design of future policies, strategies and interventions. Therefore, evaluations shall be timely and their findings shall be taken into account both in the next programming and implementation cycle, as well as in the decision on resource allocation.

(3) Evaluations may be carried out at project and programme level as well as at strategic level. Strategic evaluations cover instruments (including Budget support), themes, IPA beneficiaries or regions.

(4) Ex-ante evaluations may be carried out. These evaluations shall aim to optimise the allocation of budgetary resources under programmes and improve programming quality. They shall identify and appraise the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the

coherence, if necessary, of the strategy proposed and the quality of the procedures for implementation, monitoring, evaluation and financial management.

(5) Retrospective and ex-post evaluations shall assess the relevance, efficiency, effectiveness, coherence, impact, sustainability and EU added value of IPA III assistance in view of achieving the objectives set in the programming documents.

(6) The longer-term impacts and the sustainability of the IPA III assistance shall be evaluated in accordance with the applicable rules and procedures, as well as the relevant Union legislation.

(7) The recommendations and conclusions of evaluations shall be taken into account by the IPA monitoring committee and the sectoral monitoring committees.

(8) The Commission shall develop evaluation methods, including quality standards[14] and measurable indicators. The IPA III beneficiaries shall follow such methods when carrying out the evaluations.

Article 55 Evaluations by the Commission

(1) When the Commission undertakes evaluations of IPA III assistance, the IPA III beneficiary shall facilitate the access to data and all relevant information necessary to carry out the evaluations, including facilitating interviews with relevant stakeholders.

Article 56 Evaluations by the IPA III beneficiary in indirect management

(1) The IPA III beneficiary implementing IPA III funding in indirect management shall be responsible for carrying out evaluations of the actions it manages.

(2) The IPA III beneficiary shall, in consultation with the Commission, draw up an evaluation plan presenting the evaluation activities to be carried out in the different phases of the implementation.

TITLE III REPORTING

Article 57 Additional reporting definitions

(1) "Financial year" shall run from 1 January to 31 December.

(2) "12 month period" means the period from 1 July of the previous financial year to 30 June of the current financial year.

(3) "Cost recognised" means the cost that is incurred (by a recipient), accepted (by the Intermediate Body for financial management) and paid (by the Intermediate Body for financial management).

Article 58 Language and format

[14] In line with Better Regulation and OECD/DAC evaluation criteria and sound evaluation methods and techniques.

(1) All reports, statements, declarations and accounts related to the preparation or implementation of IPA III assistance shall be provided to the Commission in the English language.

(2) The NAO, supported by the Accounting Body, shall set up an accrual based accounting system to record and store, in electronic form, accurate, complete and reliable accounting records for each IPA III programme/action/operation implemented in indirect management by the IPA III beneficiary. The NAO will use it as a basis to draw up payment requests, accounts, financial reports and statements.

(3) IPA III beneficiary shall set up a management information system to record and store, in electronic form, the data on each IPA III programme/action/operation necessary for planning, implementation, management, monitoring, evaluation, verifications and audits of IPA III assistance.

(4) The IPA III Beneficiary shall set technical specifications of the systems referred to in paragraphs (2) and (3) to maximise automation of reporting and exchange of data in electronic form.

(5) The Commission may set up its own information systems and require the IPA III beneficiary to take an active role in their development and use.

Article 59 General reporting requirements from the NIPAC

(1) By 15 February of each year, the NIPAC shall provide the Commission with an annual report on implementation of financial assistance provided through the [IPA Regulation], [IPA II Regulation] and [IPA III Regulation] in the previous financial year.

(2) The report shall follow the model in Annex I to this Agreement. Where it covers programmes/actions/operations implemented in indirect management by the IPA III beneficiary, the report shall be based on information provided by the Managing Authorities.

(3) Additional reporting requirements by the NIPAC may be set out in the sectoral or financing agreements.

Article 60 Reporting requirements from the NIPAC in indirect management by the IPA III Beneficiary

(1) At the latest sixteen months after the end of implementation of each programme, the NIPAC shall submit to the Commission a final report on implementation of that programme covering the whole implementation period.

(2) The NIPAC of the lead IPA III beneficiary shall submit the annual and final implementation report of each CBC programme to the Commission and other participating IPA III beneficiaries, in accordance with Article 80 of this Agreement.

(3) If part of the assistance is implemented in indirect management by the IPA III Beneficiary, the NIPAC shall send a copy of the reports to the NAO and the Audit Authority.

Article 61 Reporting requirements from the NAO in indirect management by the IPA III Beneficiary

(1) By 15 January of each year, the NAO shall provide to the Commission and the Audit Authority with an extract of the data in electronic form held in the accounting system at 31 December of the previous financial year. It shall be accompanied by an annual accounting cut-off report using *ad hoc* model provided by the Commission.

(2) By 15 February of each year, the NAO shall, with copy to the NIPAC and the Audit Authority, provide the Commission with the following information for the previous financial year:

(a) annual financial reports or statements on accrual basis, drawn up in accordance with the format of financial reports or statements attached to the Financing Agreement, which clearly distinguish cost recognised and payments made;

(b) a summary of verification reports and controls carried out by the Management Structure;

(c) an analysis of the nature, cause, extent and impact of financial errors;

(d) a summary of substantial changes to the management and control system, rules or procedures of the IPA III beneficiary, with analysis of their impact on management of the Union funds;

(e) self-assessment of the functioning of the management and control system, addressing requirements of Article 12(3) and Annex B to this Agreement, with identified weaknesses and corrective actions taken or planned;

(f) the status of action plans and follow up given to the audit reports issued by the Audit Authority, internal audit services and the Commission;

(g) an annual management declaration per programme, drawn up in accordance with Annex C to this Agreement; if the confirmations required by Annex C are not available, the NAO shall issue the annual management declaration with reservations informing the Commission of the reasons and potential consequences along with the actions taken or planned to remedy the situation and to safeguard the financial interests of the European Union.

(3) By 31 July of each year, except where otherwise provided for in a sectoral agreement or a financing agreement, the NAO shall send to the Commission and the Audit Authority, the financial reports or statements on accrual basis for the 12 months period that ended on 30 June of the same year. They shall be drawn up in accordance with the format of financial reports or statements attached to the Financing Agreement, which clearly distinguish cost recognised and payments made.

(4) At the latest sixteen months after the end of implementation of each programme, the NAO will send to the Commission a final statement of expenditure of the programme using a model provided by the Commission. If applicable, it shall be accompanied by the final payment request.

(5) All the financial reports, statements and accounts referred to in this article shall be certified by the NAO. Certification means confirmation of completeness, accuracy and veracity of the financial reports, statements and accounts.

(6) Additional reporting requirements by the NAO may be set out in the sectoral or financing agreements.

Article 62 Reporting requirements from the Managing Authorities in indirect management by the IPA III beneficiary

(1) The Managing Authorities and Intermediate Bodies shall deliver all necessary information to the NIPAC, the NAO and the Audit Authority in order to support their work and preparation of their reports.

(2) At the beginning of each year, the Managing Authorities and Intermediate Bodies shall provide the NAO with annual financial reports or statements on accrual basis for the previous financial year for the programmes under their responsibility.

(3) At the beginning of each year, the Managing Authorities shall provide the NAO with annual management declarations for the previous financial year for programmes under their responsibility. These annual management declarations will address all substantial aspects laid out in Annex C to this Agreement.

(4) The exact scope of the reports, statements and declarations referred to in paragraphs (2) and (3) of this Article, their templates, methods of preparation, supporting documents and timeline shall be defined by the NAO and shall be laid out in the working arrangements concluded between the NAO and each Managing Authority.

(5) The Managing Authorities may be required by the NIPAC and the Commission to draw up *ad hoc*, occasional or periodic reports on implementation of the programmes under their responsibility. The reports may be presented to the responsible sectoral monitoring committee for examination.

(6) Additional reporting requirements by the Managing Authorities may be set out in the sectoral or financing agreements.

Article 63 Reporting requirements from the Audit Authority in indirect management by the IPA III Beneficiary

(1) By 15 February of each year, except where otherwise provided for in a Sectoral Agreement or a Financing Agreement, the Audit Authority shall submit to the Commission and the Government of the IPA III Beneficiary, with copy to the NIPAC and the NAO, an annual audit opinion in accordance with the model set out in Annex E to this Agreement.

(2) By 15 February each year, except where otherwise provided for in a Sectoral Agreement or a Financing Agreement, the Audit Authority shall submit to the Commission an annual audit activity report in accordance with the model set out in Annex D to this Agreement, which supports the annual audit opinion referred to in paragraph (1).

(3) The deadline of 15 February from paragraphs (1) and (2) may exceptionally be postponed by the Commission to 1 March, upon justified request by an Audit Authority, except where otherwise provided for in a Sectoral Agreement or a Financing Agreement.

(4) Within three months from the submission by the NAO of a final statement of expenditure, the Audit Authority shall send to the Commission an audit opinion on the final statement of expenditure in accordance with the model set out in Annex F to this Agreement.

(5) The audit opinion on the final statement of expenditure shall be supported by the final audit activity report according to the model provided by the Commission.

(6) The Audit Authority shall provide the Commission with system audit reports as soon as the contradictory procedure with the relevant auditees is concluded.

(7) Further specific requirements related to the reports and opinions of the Audit Authority may be set out in the Sectoral or Financing Agreements.

SECTION VII PROVISIONS ON CROSS-BORDER COOPERATION PROGRAMMES

TITLE I GENERAL PROVISIONS

Article 64 Forms of cross-border cooperation

(1) Assistance under this Section shall aim at promoting good neighbourly relations, fostering Union integration and promoting socio-economic development through joint local and regional initiatives.

(2) Cross-border cooperation shall provide assistance to the following:

(a) Cross-border cooperation between one or more Member States and one or more IPA III beneficiaries;

(b) Cross-border cooperation between two or more IPA III beneficiaries;

(c) Participation of IPA III beneficiaries in ERDF transnational, and interregional cooperation programmes.

(3) This section shall apply to cross-border cooperation referred to in point (2)(b). The programming rules applicable to the programmes referred to in point (2)(a) and (2)(c) of paragraph 2 shall be set up in the financing agreements to be concluded pursuant to Article 59 of the Regulation (EU) 2021/0159.

Article 65 Additional definitions for cross-border cooperation

(1) For the purposes of this Section the following definitions shall apply:

(a) "operation" means a project, contract, action or group of projects selected by the contracting authority of the programme concerned, or under its responsibility, contributing to the objectives of a thematic priority or thematic priorities to which it relates;

(b) "applicant" means a natural person or an entity with or without legal personality who has submitted an application in a grant award procedure.

(c) "beneficiary" means a public or private body, responsible for initiating and implementing operations within a cross-border cooperation programme.

(d) "lead IPA beneficiary" means the IPA III beneficiary that has been appointed as leader and therefore hosts the contracting authority for the cross-border programme.

Article 66 Co-financing

(1) The Union co-financing rate at the level of each thematic priority shall not be higher than 85% of the eligible expenditure of a cross-border cooperation programme. For technical assistance, the Union co-financing rate shall be 100%.

TITLE II RULES FOR PROGRAMMING

Article 67 Thematic priorities and concentration of IPA III cross-border cooperation

(1) The thematic priorities contained in annex III of IPA III Regulation are grouped in thematic clusters in IPA III Programming Framework to provide more focused assistance. A maximum of two thematic clusters shall be selected by the participating IPA III beneficiary for each cross-border cooperation programme, in addition to the thematic cluster “improved capacity of regional and local authorities to tackle local challenges”.

(2) The cross-border cooperation programmes shall also include a specific budget allocation for technical assistance as indicated in Article 72.

Article 68 Geographical coverage

The participating IPA III beneficiaries and the Commission shall agree on the list of eligible regions, which shall be included in the relevant cross-border cooperation programme.

Article 69 Preparation, assessment, approval and amendment of cross-border cooperation programmes

(1) Cross-border cooperation programmes shall be drawn up in accordance with the model programme provided by the Commission and shall be prepared jointly by the participating IPA III beneficiaries.

(2) For each selected thematic priority, the participating IPA III beneficiaries shall agree on the specific objectives, expected results, targets and indicators and the types of activities to be supported including the identification of the main target groups and types of applicant.

(3) The cross-border cooperation programme shall be submitted to the Commission for approval by electronic means, by the lead IPA III beneficiary.

(4) The Commission shall assess the consistency of cross-border cooperation programmes with the IPA III Programming Framework and their effective contribution to the selected thematic priorities defined in Annex III to IPA III Regulation.

(5) The Commission shall make observations within three months of the date of submission of the cross-border cooperation programme. The participating IPA III beneficiaries shall provide to the Commission all necessary additional information and, where appropriate, revise the proposed cross-border cooperation programme.

(6) Before approving the cross-border cooperation programme the Commission has to ensure that any of its observations have been adequately taken into account.

(7) At the initiative of the participating IPA III beneficiaries or of the Commission in agreement with the participating IPA III beneficiaries cross-border cooperation programmes may be amended.

(8) Requests for amendment of cross-border cooperation programmes submitted by the participating IPA III beneficiaries shall be duly substantiated and shall in particular set out the expected impact of the changes to the cross-border cooperation programme on achieving its objectives. These requests shall be accompanied by the revised programme. Paragraphs (3) to (6) shall apply to amendments of cross-border cooperation programmes.

(9) The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the cross-border cooperation programme. The participating IPA III beneficiaries shall timely inform the Commission of such corrections after they have been carried out.

Amendments can be requested in one or more of the following cases:

(a) following a review of IPA III Programming Framework leading to changes in the strategies affecting substantially the cross border cooperation programmes, including changes in the location of the contracting authority or in the financial plan;

(b) following significant socio-economic changes in the programme area;

(c) in order to take account of major changes in Union, IPA III beneficiary or regional priorities;

(d) following the results of the evaluations referred to in Article 55.

Article 70 Bilateral arrangements between IPA III beneficiaries for the management of cross-border cooperation programmes implemented in indirect management

In indirect management, the participating IPA III beneficiaries shall conclude for the whole duration of the cross-border cooperation programme a bilateral arrangement setting out their respective responsibilities for implementing the relevant cross-border cooperation programme. The bilateral arrangement shall include:

(a) description of the main implementation structures and their roles and responsibilities;

(b) description of the management, financial, control and audit arrangements for the cross-border cooperation programme;

(c) the main implementation procedures including the process for the selection of operations and the monitoring at the level of operations and overall cross-border cooperation programme;

(d) provisions to ensure the legality and regularity of the expenditures incurred by the beneficiaries, and to ensure that the verifications referred to in Clause 8 (1)(b) and (c) of Annex A to this Agreement are carried out;

(e) remedial measures in case of implementation difficulties;

(f) provisions to guarantee the sound financial management of the funds allocated to the cross-border cooperation programme, and recovery of amounts unduly paid;

(g) procedures for exemption of taxes referred to in Article 28;

(h) details about the financial management of the programme, including payments between IPA III beneficiaries, record keeping, reporting obligations and irregularities.

TITLE III OPERATIONS

Article 71 Selection of operations

(1) Operations selected under a cross-border cooperation programme shall deliver clear cross-border impacts and benefits.

(2) Operations under cross-border cooperation programmes shall be selected by the contracting authority through calls for proposals covering the whole eligible area.

(3) Participating IPA III beneficiaries may also identify operations outside call for proposals. In that event, the operations shall be specifically mentioned in the cross-border cooperation programme referred to in Article 66.

(4) Operations selected for cross-border cooperation shall involve beneficiaries from at least two participating IPA III beneficiaries. Beneficiaries shall cooperate in the development and implementation of operations. In addition, they shall cooperate in either the staffing or the financing of operations or both.

(5) An operation may be implemented in a single participating IPA III beneficiary, provided that cross-border impacts and benefits are identified.

Article 72 Beneficiaries

(1) , The beneficiaries shall be established in an IPA III beneficiary participating in the programme.

(2) The beneficiaries shall appoint one of them as lead beneficiary. The lead beneficiary shall ensure the implementation of the entire operation, monitor that the operation is implemented in accordance with the conditions set out in the contract and lay down the arrangements with other beneficiaries to guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid.

Article 73 Technical assistance

(1) Each cross-border cooperation programme shall include a specific budget allocation for technical assistance support, which shall be limited to 10% of the EU contribution to the cross-border cooperation programme.

(2) Technical assistance support may include, *inter alia*:

(a) preparation, management, monitoring, evaluation, information, communication, networking, dispute resolution, control and audit activities related to the implementation of the programme;

(b) activities to reinforce the administrative capacity for implementing the programme;

(c) activities for the reduction of the administrative burden for beneficiaries, including electronic data exchange systems, and activities to reinforce the capacity of, and exchange best practices between, authorities in the participating IPA III beneficiaries and of beneficiaries to manage IPA III assistance.

(d) financing of the Joint Technical Secretariat.

(3) Technical assistance support may also concern preceding and subsequent programming periods.

(4) By way of derogation from Article 29(2), the expenditure for technical assistance to support the preparation of a cross-border cooperation programme and the setting up of management and control systems may be eligible before the date of adoption of the Commission decision for the approval of the cross-border cooperation programme, but not earlier than 1 January 2021.

TITLE IV IMPLEMENTATION

Article 74 Implementation Modes

Cross-border cooperation programmes shall be implemented in direct management or indirect management with the lead IPA III beneficiary.

TITLE V PROGRAMME STRUCTURES AND AUTHORITIES AND THEIR RESPONSIBILITIES

Article 75 Structures and authorities for CBC management

(1) The following structures referred to in Article 10 shall be involved in the management of cross-border cooperation programmes in the IPA III beneficiaries:

a) the NIPACs of the countries participating in the cross-border cooperation programme and, where applicable, the territorial cooperation coordinators, which are jointly responsible for ensuring that the objectives set out in the proposed cross-border cooperation programmes are consistent with the objectives in the IPA III Programming Framework;

b) the NAO and the Management Structure of the lead IPA III beneficiary when the cross-border programme is implemented in indirect management;

c) the cross-border cooperation structures in all the participating IPA beneficiaries which shall cooperate closely in the programming and implementation of the relevant cross-border cooperation programme. In case of indirect management the cross-border cooperation structure in the lead IPA III beneficiary shall perform the tasks of the Managing Authority. The Managing Authority shall designate intermediate bodies.

d) the Audit Authority as referred to in Article 10(1)(e) when the cross-border programme is implemented in indirect management with the IPA III beneficiary.

(2) The participating IPA beneficiaries shall establish for each cross-border cooperation programme a Joint Monitoring Committee (hereinafter referred to as 'JMC') which shall also fulfil the role of the sectoral monitoring committee referred to in Article 53.

(3) A Joint Technical Secretariat (hereinafter referred to as 'JTS') shall be set up to assist the Commission, the programme management structures and authorities, and the JMC. The same JTS may assist in the preparation and implementation of more than one cross-border cooperation programmes.

Article 76 Cross-border cooperation structures and IPA Managing Authority

(1) Cross-border cooperation structures shall be established within the administration of each participating IPA III beneficiary to prepare, implement and manage the cross-border cooperation programmes. The same cross-border cooperation structure may be used for more than one cross-border cooperation programme.

(2) In indirect management, the cross-border cooperation structure of the lead IPA III beneficiary performs the tasks of the Managing Authority.

(3) The cross-border cooperation structures of the participating IPA III beneficiaries shall co-operate closely in tasks of mutual interest. They shall jointly fulfil the following functions and assume the following responsibilities:

(a) prepare the cross-border cooperation programmes in accordance with Article 66, or revisions thereof;

(b) prepare a bilateral arrangement in accordance with Article 67 in case of indirect management and ensure its implementation;

(c) cooperate in ensuring that the tasks referred to in paragraphs 4 and 5 of this Article are fulfilled;

(d) ensure participation to JMC meetings and other bilateral meetings;

(e) nominate their representative(s) to the JMC;

(f) set up the Joint Technical Secretariat (JTS) and ensure that it is adequately staffed;

(g) prepare and implement the strategic decisions of the JMC;

(h) support the work of the JMC and provide it with the information required to carry out its tasks, in particular data relating to the progress of the operational programme in achieving the specific objectives and targets per thematic priority as set up in the cross-border cooperation programme;

(i) establish a system to gather reliable information on the cross-border cooperation programme's implementation;

(j) draw up the annual and final implementation reports as referred to in Article 78;

(k) prepare and implement a coherent plan on communication and visibility;

(l) draw up an annual work plan for the JTS, to be approved by the JMC;

(4) If the cross-border cooperation programme is implemented in indirect management by the IPA III beneficiary, the Managing Authority shall, in addition to the provisions in Clause 6 of Annex A to this Agreement:

(a) nominate the voting members of evaluation committee and ensure that the evaluation committee includes one more voting member from the non-lead IPA III beneficiary, while the intermediate body for financial management will nominate, as it is its prerogative, the chair and the secretary of the committee;

(b) Prepare the technical documentation necessary for launching the calls in close cooperation with the other participating IPA III beneficiary;

(c) Carry out operational follow-up, monitor technical aspects of operations and confirm that operations have been carried out in close cooperation with the other participating IPA III beneficiary;

(5) If the cross-border cooperation programme is implemented in indirect management by the lead IPA III beneficiary, and the structures and authorities identified in Article 10 (1) (a)-(d) cannot carry out the management verifications throughout the programme area, the participating IPA III beneficiaries shall agree on how such management verification functions shall be carried out. The arrangements for conducting such verifications shall be spelled out in the bilateral arrangement referred to in Article 67.

Article 77 Audit Authority

(1) If the cross-border cooperation programme is implemented in indirect management by the IPA III beneficiary, the Audit Authority for the cross border cooperation programme shall be the one from the lead IPA III beneficiary.

(2) Where the Audit Authority referred to in paragraph 1 does not have the authorisation to directly carry out its functions in the whole territory covered by the cross-border cooperation programme, it shall be assisted by a group of auditors comprising a representative of each IPA III beneficiary participating in the cross-border cooperation programme. The group of auditors shall be chaired by the Audit Authority of the lead country The specific arrangements for conducting such functions shall be spelled out in the bilateral arrangement referred to in Article 67.

Article 78 Joint Monitoring Committee (JMC)

(1) The participating IPA III beneficiaries shall establish a JMC no later than six months from the entry into force of the financing agreement.

(2) Each participating IPA III beneficiary shall appoint its representatives to the JMC.

(3) The JMC shall be composed of representatives of the NIPACs and the territorial cooperation coordinators as appropriate, and representatives of the participating IPA III beneficiaries (central, regional, local authorities) including the cross-border cooperation structures, and where relevant other stakeholders such as civil society organisations. The Commission shall participate in the work of the JMC in an advisory capacity.

(4) The non-lead IPA III beneficiary shall chair the JMC.

(5) The JMC shall meet at least twice a year. Ad-hoc meetings may also be convened at the initiative of the participating IPA III beneficiary or the Commission.

(6) The JMC shall adopt its rules of procedure to be drawn up in consultation with the cross-border cooperation structures, the NIPACs and the Commission.

(7) Each participating IPA III beneficiary has equal voting rights regardless of the number of representatives it has appointed.

(8) The JMC shall:

(a) be responsible for identifying the thematic priorities, specific objectives, target beneficiaries and specific focus of each call for proposals which shall be endorsed by the Commission;

(b) examine and provide an advisory opinion on the list of operations selected through calls for proposals before the grant award decision. The contracting authority shall adopt the final decision on the award of grants;

(c) review the progress made in relation to achieving the specific objectives, expected results and targets per thematic priority as set out in the cross-border cooperation programme, on the basis of the information provided by the cross-border cooperation structures of the participating IPA III beneficiaries. Progress shall be monitored against the indicators set up in the cross-border cooperation programme;

(d) examine relevant findings and conclusions as well as proposals for remedial follow-up actions stemming from the on-the-spot checks, monitoring and evaluations if available;

(e) approve any proposal to revise the cross-border cooperation programme. Whenever needed, it can make proposals to amend the cross-border cooperation programme as referred to in Article 68, to ensure the achievement of the objectives of the cross-border cooperation programme and enhance the efficiency effectiveness, impact and sustainability of the IPA III assistance. The JMC can also make recommendations as to how to improve the implementation of the cross-border cooperation programme;

(f) examine and approve the communication and visibility plan for the cross-border cooperation programme;

(g) examine and approve the evaluation plan referred to in Article 57(2);

(h) examine and approve the annual and final reports on implementation referred to in Article 80;

(i) examine and approve the annual work plan of the Joint Technical Secretariat.

(9) The JMC shall report to the IPA Monitoring Committee of the lead IPA III beneficiary.

Article 79 Joint Technical Secretariat (JTS)

(1) A JTS for each cross border cooperation programme shall be set up to assist the Commission, the cross-border cooperation structures, the Managing Authority and the JMC, as applicable. It shall be located in the lead IPA III beneficiary. The JTS may have an antenna office in the other participating IPA III beneficiary.

(2) The operation of the JTS shall be financed from the technical assistance budget.

(3) The JTS shall comprise staff members coming from both IPA III beneficiaries participating in the cross-border cooperation programme.

(4) The JTS shall be managed by the cross-border cooperation structure of the lead IPA III beneficiary.

(5) Each year a work plan for the JTS shall be prepared by the cross-border cooperation structures and sent to the JMC for examination and approval.

(6) The JTS shall not participate in or contribute to management verifications and evaluation committees.

(7) The JTS may be responsible, inter alia, for the following tasks:

(a) organise meetings of the JMC, including draft and distribute minutes;

(b) assist potential applicants in partner search and project development, organising information days and workshops; develop and maintain a network of stakeholders;

(c) assist beneficiaries and partners in the implementation of operations;

(d) prepare, conduct and report on monitoring activities of cross-border cooperation operations;

(e) establish a system for gathering reliable information on the cross-border cooperation programme implementation;

(f) provide inputs to annual and final implementation reports on the cross–border programme;

(g) plan and implement information campaigns and other activities related to raising public awareness on the cross-border cooperation programme including the publication of publicity material on the cross-border programme and maintenance of the cross-border cooperation programme website.

TITLE VI REPORTING

Article 80 Annual and final implementation reports

(1) In accordance with Article 59, the cross-border cooperation structures shall prepare an annual- and a final implementation report for each cross-border cooperation programme for the purposes of the reporting requirements in Articles 60, 61 and 62 and 59. The final report may include the last annual report. The report shall follow the model attached in Annex X.

(2) After examination and approval of the JMC, the reports shall be sent to the NIPAC and the NAO, as appropriate, of the lead IPA III beneficiary. The NIPAC of the lead IPA III beneficiary shall submit the reports to the NIPAC of the other participating IPA III beneficiaries and to the Commission in accordance to the reporting requirements set out in Articles 59 and 60.

SECTION VIII FINAL PROVISIONS

Article 81 Communication

Exchange of information and documents between the Commission and the IPA III beneficiary concerning programming, programmes, and their amendments as well as documentation relating to implementation of actions shall to the extent possible be made by electronic means. The arrangements concerning the exchange of data shall be agreed between the Commission and the IPA III beneficiary and set out in the sectoral or financing agreement.

Article 82 Consultation

(1) Any question relating to the execution or interpretation of this Agreement shall be subject to consultation between the Parties to this Agreement leading, where necessary, to an amendment of this Agreement.

(2) Where there is a failure to carry out an obligation set out in this Agreement which has not been the subject of remedial measures taken in due time, the Commission may suspend the financing of activities under IPA III.

(3) The IPA III beneficiary may renounce in whole or in part the implementation of IPA III assistance. To this aim, the IPA III beneficiary shall provide advance notice of at least 6 months. The Parties to this Agreement shall set out the details of the said renunciation in an exchange of letters or by amending the relevant financing agreement, as the case may be.

Article 83 Settlement of differences, arbitration

(1) Differences arising out of the interpretation or execution of this Agreement shall be settled amicably through consultation as provided in Article 82. The Parties shall communicate their positions and any solution that they consider possible in writing. A Party shall reply to a request sent by the other Party for an amicable settlement within 30 days. Upon expiry of this period, or if an attempt to reach an amicable settlement has not led to an agreement within 6 months since the first request, any of the Parties may notify the other one that it considers the procedure of amicable settlement have failed.

(2) If no amicable settlement can be reached, either Party may refer the matter to arbitration in accordance with the 2012 Permanent Court of Arbitration rules.

(3) The language to be used in the arbitration proceedings shall be English. The arbitral award shall be final and binding on the parties and be carried out by them without delay.

(4) The agreement to pursue arbitration under the 2012 PCA Arbitration Rules does not constitute and cannot be interpreted as a waiver of privileges or immunities of any of the parties, to which they are entitled

Article 84 Disputes with third parties

(1) Without prejudice to the jurisdiction of any court designated in an IPA III-funded contract as the competent court for disputes arising out of a contract between the parties to it, the Union shall enjoy in the territory of *[IPA III beneficiary]* immunity

from suit, including arbitration except as provided for in Article 83 of this Agreement, and legal process with respect to any dispute between the European Commission and/or the IPA III beneficiary and a third party, or between third parties, which directly or indirectly relates to the provision of IPA III assistance to the IPA III beneficiary under this Agreement, except where the Union has expressly waived its immunity.

(2) The IPA III beneficiary shall in any legal or administrative proceedings before a court, tribunal or administrative instance in *[IPA III beneficiary]* uphold this immunity and take a position which fully considers the interests of the Union. Where necessary, the IPA III beneficiary and the Commission shall proceed with advance consultations on the position to take.

Article 85 Notices

(1) Any communication in connection with this Agreement shall be made in writing and in the English language. Every communication shall be signed and be supplied as an original document, or scanned original document.

(2) Any communication in connection with this Agreement shall be sent to the following addresses:

For the Commission:

European Commission
Directorate-General for Neighbourhood and Enlargement Negotiations
Postal address
E-mail

For the IPA III beneficiary:

____
Postal address
E-mail

Article 86 Annexes

The Annexes to this Agreement shall be an integral part of this Agreement.

Article 87 Entry into force

This Agreement shall enter into force on the day on which the last of the Parties informs the other one in writing of its approval in accordance with the legislation or procedure of the Party.

Article 88 Applicability of the Framework Agreement for IPA II

Framework Agreements signed between the Commission and [IPA III beneficiary] shall remain applicable to assistance adopted under previous pre-accession instruments, until such assistance is completed in accordance with the terms of the relevant Framework Agreements.

Article 89 Amendment

This Agreement shall be reviewed following the mid-term evaluation of the Instrument of Pre-accession Assistance (IPA III).

Any amendment agreed to by the Parties shall be in writing and will form part of this Agreement. Such amendment shall come into effect in accordance with the procedure set out in Article 85. Changes or updates of the Annexes, except Annex A, do not require an amendment of the agreement.

Article 90 Termination

(1) This Agreement shall be in force for an indefinite period unless terminated by written notification by either of the Parties. Termination shall take effect 3 months after the date of written notification.

(2) On termination of this Agreement, any assistance still in the course of execution shall be terminated except for the respect of acquired rights under specific IPA funded contracts.

This Agreement is drawn up in duplicate in the English language.

Signed, for and on behalf of the government of *[IPA III beneficiary]*, in *[place]* on *[date]*

by ___________________________________

[Name and title]

Signed, for and on behalf of the Commission, in *[place]* on *[date]*

by ____________________________________

[Name and title]

ANNEX A

Functions and responsibilities of the structures and authorities established pursuant to Article 10 of this Agreement in indirect management by the IPA III beneficiary

Clause 1 General provisions

(1) Functions and responsibilities of the structures and authorities established pursuant to Article 10 of this Agreement in indirect management by the IPA III beneficiary, which are laid down in this Annex, arise from the provisions of this Agreement.

(2) The details on how those functions and responsibilities are exercised in practice may be further defined in:

(a) sectoral agreements, concluded pursuant to Article 9 of this Agreement;

(b) financing agreements, concluded pursuant to Article 8 of this Agreement;

(c) bilateral arrangements between IPA III beneficiaries for the management of cross-border cooperation programmes implemented in indirect management, concluded pursuant to Article 70 of this Agreement;

(d) formal working arrangements detailing the rights and obligations of the structures and authorities, concluded pursuant to Article 11(3)(a) of this Agreement;

(e) set up of the internal control system, pursuant to Article 12(3)(a) of this Agreement;

(f) any other relationship which includes these structures and authorities, which is relevant for implementation of the IPA III assistance in indirect management by the IPA III beneficiary.

(3) The sources listed in paragraph (2) may contain additional functions and responsibilities of the structures and authorities established pursuant to Article 10 of this Agreement.

Clause 2 All structures and authorities

The structures and authorities established in the IPA III Beneficiary pursuant to Article 10(1)(a)-(d) of this Agreement shall, within their respective mandates and competences, exercise the following functions and responsibilities:

(1) apply and promote the principles to Union financial assistance under IPA III, in accordance with Article 5(2) of this Agreement;

(2) ensure legality and regularity of transactions under their responsibility;

(3) respect the principles of sound financial management, transparency and non-discrimination, in accordance with Article 12(2) of this Agreement;

(4) ensure a level of protection of the financial interests of the European Union equivalent to the one that is provided for when the Commission implements the IPA III funds directly, in accordance with Articles 12(2) and 12(3) of this Agreement;

(5) maintain compliance with the internal control framework, in accordance with Annex B to this Agreement;

(6) supervise subordinate entities;

(7) ensure and respect adequate segregation of duties;

(8) put in place effective and proportionate measures to combat irregularities, fraud, corruption and conflict of interest, in accordance with Article 51 of this Agreement;

(9) ensure that the agents or representatives of the Commission, including OLAF, can inspect all relevant documentation and accounts pertaining to items financed from IPA III, in accordance with Article 50(4) of this Agreement;

(10) assist the European Court of Auditors to carry out audits relating to the use of IPA III assistance, in accordance with Article 50(4) of this Agreement;

(11) ensure protection of personal data equivalent to that referred to in Regulations (EU) Nº 2018/1725 and (EC) Nº 2016/679, in accordance with Articles 12(3)(f) and 25 of this Agreement;

(12) ensure publicity, transparency, strategic communication and visibility of IPA III assistance, in accordance with Articles 12(2), 23 and 24 of this Agreement;

(13) facilitate with responsible authorities of the IPA III beneficiary granting of facilities for the implementation of actions and execution of contracts, and application of rules on taxes, custom duties and other fiscal charges, in accordance with Articles 27 and 28 of this Agreement;

(14) participate in the monitoring committees and provide them with all information necessary to support their work, in accordance with Articles 52, 53 and 78 of this Agreement;

(15) support evaluation assignments and facilitate the access to data and relevant information necessary for evaluations to be carried out, in accordance with Articles 55 and 56 of this Agreement;

(16) retain documents and information to ensure a sufficiently detailed audit trail, in accordance with Articles 32 and 49 of this Agreement;

(17) take all other necessary steps to facilitate the implementation of IPA III assistance, in accordance with Article 6(1)(d) of this Agreement.

Clause 3 The National IPA Co-ordinator (NIPAC)

(1) The NIPAC shall have a general coordination role of IPA III assistance in the IPA III beneficiary, in accordance with Article 6 of this Agreement.

(2) The NIPAC shall bear overall responsibility for programming of the assistance by the IPA III beneficiary. In that context, the NIPAC shall:

(a) ensure close link between the use of IPA assistance and the general accession process, in accordance with Article 6(1)(a) of this Agreement;

(b) co-ordinate preparation and submit to the Commission a Strategic Response, in accordance with Article 16(2) of this Agreement;

(c) co-ordinate preparation of the action documents, in accordance with Article 16(6) of this Agreement;

(d) co-ordinate preparation of programming documents of multi-annual programmes and cross-border cooperation programmes, in accordance with Articles 16(10) and 69 of this Agreement;

(e) co-ordinate preparation of programme amendments, in accordance with Articles 17 and 69 of this Agreement;

(f) submit major projects to the Commission for assessment, in accordance with Article 16(12) of this Agreement;

(g) ensure that the relevant public authorities and stakeholders such as economic, social and environmental partners, civil society organisations and local authorities are duly consulted and have timely access to the relevant information related to IPA III assistance, in accordance with Article 16(7) of this Agreement.

(3) The NIPAC shall be responsible for the following management and control tasks:

(a) establishment, functioning and participation of stakeholders in monitoring committees, in accordance with Articles 52, 53 and 78 of this Agreement;

(b) evaluation activities and access to data in the IPA III beneficiary, in accordance with Articles 55 and 56 of this Agreement.

(4) The NIPAC shall comply with the reporting requirements laid down in Articles 59 and 60 of this Agreement.

Clause 4 The National Authorising Officer (NAO)

(1) The NAO shall bear the overall responsibility for the financial management of IPA III assistance in the IPA III beneficiary and for legality and regularity of expenditure.

(2) The NAO shall bear the overall responsibility for setting up and functioning of the IPA III management and control system in the IPA III beneficiary. To that effect, the NAO shall:

(a) prepare and submit to the Commission a request for entrusting the IPA III beneficiary with budget implementation tasks for a given programme, in accordance with Articles 13(1) and 13(2) of this Agreement;

(b) inform the Commission without delay of any substantial changes to the systems, rules or procedures that relate to the budget implementation tasks entrusted to the IPA III beneficiary, in accordance with Article 12(4) of this Agreement;

(c) monitor the continued fulfilment by the structures and authorities of the requirements of Articles 12(2), 12(3) and Annex B to this Agreement;

(d) inform the Commission, with copy to the NIPAC and the Audit Authority, of any failure to satisfy these requirements, and take any appropriate safeguard measures regarding payments made or contracts signed, in accordance with Article 14(1) of this Agreement;

(e) take all necessary steps in order to ensure the renewed fulfilment of the requirements of Articles 12(2), 12(3) and Annex B to this Agreement.

(f) take account of the results of all external verifications and audits related to the IPA III management and control system, including those carried out by the Audit Authority, the Commission or the European Court of Auditors, and co-ordinate preparation and implementation of related action plans, with view to improve the compliance and effectiveness of the IPA III management and control system;

(g) ensure investigation and effective treatment of suspected cases of irregularities, fraud, corruption and conflict of interest, and the functioning of a related control and reporting mechanism, in accordance with Article 51(2)-(4) of this Agreement;

(h) grant the anti-fraud coordination service referred to in Article 50(2) the possibility to report suspected irregularities and fraud directly and maintain a regular dialogue on irregularity reporting with that service, in order to prevent double reporting of cases or failure to report.

(3) In the area of financial management, the NAO shall:

(a) set up an accrual based accounting system to record and store, in electronic form, accurate, complete and reliable accounting records for each IPA III programme/action/operation implemented in indirect management by the IPA III beneficiary, in accordance with Article 58(2) of this Agreement;

(b) organise and manage the system of euro accounts;

(c) send to the Commission a forecast of likely payment requests, in accordance with Article 33(3) of this Agreement;

(d) send to the Commission payment requests and receive payments from the Commission, in accordance with Articles 33, 34, 35 and 36 of this Agreement.

(e) ensure existence, correctness and availability of co-financing elements;

(f) make funds received from the Commission and public co-financing available to Intermediate Bodies for financial management for further transfer to the recipients of IPA III assistance;

(g) ensure existence and availability of sufficient resources to cope with possible shortages due to late transfer of funds from the Commission or recovery orders issued by the Commission, in accordance with Article 33(8) of this Agreement;

(h) perform currency exchange operations where necessary;

(i) make financial adjustments, in accordance with Article 41 of this Agreement;

(j) provide comments and information in the procedures for financial corrections, in accordance with Article 44 of this Agreement;

(k) provide observations on the Commission's intention to interrupt or suspend payments in accordance with Articles 38 and 39 of this Agreement, and take remedial measures where necessary;

(l) return funds to the Union budget following recovery orders issued by the Commission, in accordance with Articles 40 and 46 of this Agreement;

(5) The NAO shall comply with reporting requirements laid down in Article 61 of this Agreement.

Clause 5 The Management Structure (MS), the NAO Support Office (NAOSO) and the Accounting Body (AB)

(1) The Management Structure shall be composed of the NAO Support Office and the Accounting Body.

(2) The Accounting Body shall be located in the ministry of the IPA III beneficiary with central budgetary competence and shall act as central treasury entity.

(3) The NAO Support Office shall support the NAO in executing tasks laid down in Clause 4(2) of this Annex.

(4) The Accounting Body shall support the NAO in executing tasks laid down in Clause 4(3) of this Annex and Article 61(5) of this Agreement.

(5) The NAO Support Office and the Accounting Body shall co-operate with view to ensure compliance, integrity, effectiveness and efficiency of the management, control and financial management system set up for implementation of IPA III assistance in the IPA III beneficiary.

Clause 6 The Managing Authority (MA)

(1) The Managing Authority of each programme shall be responsible for the overall management of the programme.

(2) The Managing Authority shall designate one or more Intermediate Bodies to carry out the tasks of financial management of the programme (Intermediate Bodies for financial management).

(3) The financial management tasks shall be segregated from the Managing Authority. The Intermediate Body for financial management shall take financial decisions within the programme autonomously.

(4) The Managing Authority shall supervise the performance of Intermediate Bodies for financial management, with due respect to their autonomy in taking financial decisions within the programme.

(5) The Managing Authority of a programme may designate one or more Intermediate Bodies to carry out the tasks of management of the policy area for which they are responsible in the system of government or administration of the IPA III beneficiary (Intermediate Bodies for policy management).

(6) The Managing Authority shall supervise the work of Intermediate Bodies for policy management.

(7) In order to manage programmes effectively, the Managing Authority may carry out the tasks identified in Clauses 2, 3(2), 3(3), 4(2) and 7(2) at programme level, as applicable.

(8) The Managing Authority shall comply with reporting requirements laid down in Article 62 of this Agreement.

Clause 7 The Intermediate Body for policy management (IBPM)

(1) Where designated, the Intermediate Body for policy management shall support the Managing Authority in all matters for which it is responsible in the system of government or administration of the IPA III beneficiary.

(2) Where designated, the Intermediate Body for policy management shall provide technical expertise to the programming, implementation, management and control of the programme. In this context, the Intermediate Body for policy management shall:

(a) propose operations for financing and draft programming documents;

(b) prepare technical documentation necessary for launching calls for tender and calls for proposals and assist in preparation of replies to requests for clarification;

(c) nominate voting members of evaluation committees;

(d) set up a team of experts, or support the Managing Authority in setting up such a team, to absorb outputs of the actions and contracts under implementation;

(e) monitor technical aspects of actions and contracts;

(f) confirm that the contracted services have been provided, supplies have been delivered and installed, works have been finalised and actions have been carried out;

(g) perform any other task or support any other request which depends on technical expertise of the Intermediate Body for policy management.

Clause 8 The Intermediate Body for financial management (IBFM)

(1) In co-operation with other structures and authorities, the Intermediate Body for financial management shall:

(a) ensure that the activities are proposed for funding in accordance with the procedures and criteria applicable to the programme, action, call for tender and call for proposals;

(b) perform monitoring at contract level, including administrative, financial, technical and physical aspects of contract execution;

(c) verify that the payments to recipients comply with the Union and IPA III beneficiary law, programme requirements and contract conditions;

(2) The Intermediate Body for financial management shall autonomously perform the following tasks:

(a) manage procurement procedures, grant award procedures and other contracting procedures, in accordance with Article 18, 19 and 22 of this Agreement;

(b) ensure that the activities are selected for funding in accordance with the procedures and criteria applicable to the programme, action, call for tender and call for proposals;

(c) conclude contracts and addenda;

(d) authorise payments to the recipients of IPA III assistance;

(e) authorise recoveries from the recipients of IPA III assistance.

Clause 9 The Audit Authority (AA) of Annex A to the IPA III FFPA

(1) The IPA III beneficiary shall provide for the Audit Authority, which shall be a public entity functionally independent from the structures and authorities referred to in points Article 10(1)(a)-(d) of this Agreement. The Audit Authority shall enjoy necessary financial autonomy.

(2) The Head of the Audit Authority shall possess adequate competence, knowledge and experience in the field of audit to carry out the required tasks.

(3) Audit work done by the Audit Authority shall be carried out in accordance with internationally accepted audit standards. It shall include systems audits, audits on operations and audits of accounts.

(4) By the end of November each year, the Audit Authority shall provide the Commission, with a copy to the NAO, an audit strategy based on a risk assessment, in accordance with the model set out in Annex G to this Agreement. The audit strategy shall cover the tri following financial years and shall be updated annually. Further specific requirements for the audit strategy may be set out in the Sectoral or Financing Agreements.

(5) The Commission may provide further guidance on the methodology for the audit work, reports and opinions.

(6) The Audit Authority shall comply with reporting requirements laid down in Article 63 of this Agreement.

ANNEX B

INTERNAL CONTROL FRAMEWORK

The Components, Principles and Characteristics of the IPA III Internal Control Framework in Indirect Management by Beneficiary Countries

I. CONTROL ENVIRONMENT

The control environment is the set of standards of conduct, processes, and structures that provide the basis for carrying out internal control across an organisation[15]. The senior management[16] set the tone at the top for the importance of internal control, including expected standards of conduct.

1. The organisation demonstrates a commitment to integrity and ethical values.

Characteristics:

1.1. *Tone at the top.* All management levels respect integrity and ethical values in their instructions, actions and behaviour.

1.2. *Standards of conduct.* The integrity and ethical values are set out in standards of conduct and understood at all levels of the organisation, as well as by outsourced service providers and beneficiaries.

1.3. *Alignment with standards.* Processes are in place to assess whether individuals and entities are aligned with the standards of conduct and to address deviations in a timely manner.

2. The senior management exercises oversight of the development and performance of internal control.

Characteristics:

2.1. *The senior management oversees the governance, risk management and internal control practices and takes overall responsibility for management at lower levels.* This happens through the use of appropriate working arrangements and communication channels.

2.2. *Each manager oversees the internal control systems within their entity.* Each manager oversees the development and performance of internal control. They are supported in this task by internal control coordinators.

[15] In this Annex organisation means the whole system established in a beneficiary country for management and control of IPA III.

[16] In this Annex senior management comprises the National Authorising Officer and the Heads of Managing Authority.

2.3. *Each senior manager provides a Declaration of Assurance* on the appropriate allocation of resources and their use for their intended purpose and in accordance with the principles of sound financial management, as well as on the adequacy of the control procedures in place.

2.4. *The internal control coordinators play a key role by coordinating the preparation of the Declarations of Assurance.*

3. Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Characteristics:

3.1. *Management structures are comprehensive.* The design and implementation of management and supervision structures cover all policies, programmes and activities. They cover all expenditure types, delivery mechanisms and entities in charge of budget implementation to support the achievement of policy, operational and control objectives.

3.2. *Authorities and responsibilities.* Senior managers, as appropriate, delegate authority and use appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the organisation.

3.3. *Reporting lines.* Senior managers design and evaluate reporting lines within entities to enable the execution of authority, fulfilment of responsibilities, and flow of information.

4. The organisation demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Characteristics:

4.1. *Competence framework.* Entities define the competences necessary to support the achievement of objectives and regularly evaluate them across the organisation, taking action to address shortcomings where necessary.

4.2. *Professional development.* Entities provide the training and coaching needed to attract, develop, and retain a sufficient number of competent staff.

4.3. *Mobility.* Entities plan staff mobility to strike the right balance between continuity and renewal.

4.4. *Succession planning and deputising arrangements* for operational activities and financial transactions are in place to ensure continuity of operations.

5. The organisation holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Characteristics:

5.1. *Enforcing accountability.* The organisation defines clear roles and responsibilities and holds individuals accountable for the performance of internal control responsibilities across the organisation and for the implementation of corrective action as necessary.

5.2. *Staff appraisal.* Staff efficiency, abilities and conduct in the service are assessed annually against expected standards of conduct and set objectives. Cases of underperformance are appropriately addressed.

5.3. *Staff promotion.* Promotion is decided after consideration of the comparative merits of eligible staff taking into account, in particular, their appraisal reports.

II. RISK ASSESSMENT

Risk assessment is a dynamic and iterative process for identifying and assessing risks, which could affect the achievement of objectives, and for determining how such risks should be managed.

6. The organisation specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Characteristics:

6.1. *Mission.* The entities have up-to-date mission statements that are aligned across all hierarchical levels, down to the tasks and objectives assigned to individual staff members. Mission statements are aligned with the entities' responsibilities and the policy objectives.

6.2. *Objectives are set at every level.* The entities' objectives are clearly set and updated when necessary (e.g. significant changes in priorities, activities and/or the organigram). They are consistently filtered down to the various levels of the organisation, and are communicated and understood by management and staff.

6.3. *Objectives are set for the most significant activities.* Objectives[17] and indicators[18] cover the entity's most significant activities contributing to the delivery of priorities as well as operational management.

6.4. *Objectives form the basis for committing resources.* Management uses the objectives set as a basis for allocating available resources as needed to achieve policy, operational and financial performance goals.

6.5. *Financial reporting objectives.* Financial reporting objectives are consistent with the accounting principles required by the Commission.

6.6. *Non-financial reporting objectives.* Non-financial reporting provides management with accurate and complete information needed to manage the organisation at all levels.

[17] Objectives must be SMART (specific, measurable, achievable, relevant and time-framed).
[18] Indicators must be RACER (relevant, accepted, credible, easy to monitor and robust).

6.7. *Risk tolerance and materiality.* When setting objectives, management defines the acceptable levels of variation relative to their achievement (tolerance for risk) as well as the appropriate level of materiality for reporting purposes, taking into account cost-effectiveness.

6.8. *Monitoring.* Setting objectives and performance indicators make it possible to monitor progress towards their achievement.

7. The organisation identifies risks to the achievement of its objectives and analyses risks as a basis for determining how the risks should be managed.

Characteristics:

7.1. *Risk identification.* Each entity identifies and assesses risks at various organisational levels, analysing internal and external factors. Management and staff are involved in the process at the appropriate level.

7.2. *Risk assessment.* The entity estimates the significance of the risks identified and determines how to respond to significant risks considering how each one should be managed and whether to accept, avoid, reduce or share the risk. The intensity of mitigating controls is proportional to the significance of the risk.

7.3. *Risk identification and risk assessment are integrated into the annual planning* and are regularly monitored.

8. The organisation considers the potential for fraud in assessing risks to the achievement of objectives.

Characteristics:

8.1. *Risk of fraud.* The risk identification and assessment procedures (see principle 7) consider possible incentives, pressures, opportunities and attitudes which may lead to any type of fraud, notably fraudulent reporting, loss of assets, disclosure of sensitive information and corruption.

8.2. *Anti-fraud strategy.* The organisation as a whole and each entity set up and implement measures to counter fraud and any illegal activities affecting the financial interests of the EU. They do this by putting in place a sound anti-fraud strategy to improve the prevention, detection and conditions for investigating fraud, and to set out reparation and deterrence measures, with proportionate and dissuasive sanctions.

9. The organisation identifies and assesses changes that could significantly impact the internal control system.

Characteristics:

9.1. *Assess changes.* The risk identification process considers changes in the internal and external environment, in policies and operational priorities, as well as in management's attitude towards the internal control system.

III. CONTROL ACTIVITIES

Control activities ensure the mitigation of risks related to the achievement of policy, operational and internal control objectives. They are performed at all levels of the organisation, at various stages of business processes, and across the technology environment. They may be preventive or detective and encompass a range of manual and automated activities as well as segregation of duties.

10. The organisation selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Characteristics:

10.1. *Control activities are performed to mitigate the identified risks.* They are tailored to the specific activities and risks of each entity and their intensity is proportional to the underlying risks.

10.2. *Control activities are integrated in a control strategy.* The control strategy includes a variety of checks, including supervision arrangements, and where appropriate, should include a balance of approaches to mitigate risks, considering manual and automated controls, and preventive and detective controls.

10.3. *Segregation of duties.* When putting in place control measures, management considers whether duties are correctly divided between staff members to reduce risks of error and inappropriate or fraudulent actions.

10.4. *Business continuity plans* based on a business impact analysis are in place, up-to-date and used by trained staff to ensure that the organisation is able to continue working to the extent possible in case of a major disruption. Where necessary, business continuity plans must include coordinated and agreed disaster recovery plans for time-sensitive supporting infrastructure (e.g. IT systems).

11. The organisation selects and develops general control activities over technology to support the achievement of objectives.

Characteristics:

11.1. *Control over technology.* In order to ensure that technology used in business processes, including automated controls, is reliable, and taking into account the overall corporate processes, entities select and develop control activities over the acquisition, development and maintenance of technology and related infrastructure.

11.2. *Security of IT systems.* Entities apply appropriate controls to ensure the security of the IT systems of which they are the system owners. They do so in accordance with the IT security governance principles, in particular as regards data protection, professional secrecy, availability, confidentiality and integrity.

12. The organisation deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.

Characteristics:

12.1. *Appropriate control procedures ensure that objectives are achieved.* The control procedures assign responsibility for control activities to the entity or individual responsible for the risk in question. The staff member(s) put in charge perform the control activities in a timely manner and with due diligence, taking corrective action where needed. Management periodically reassesses the control procedures to ensure that they remain relevant.

12.2. *Exception reporting* is one of the management tools used to draw conclusions about the effectiveness of internal control and/or the changes needed in the internal control system. A system is in place to ensure that all instances of overriding controls or deviations from established processes and procedures are documented in exception reports. All instances must be justified and approved before action is taken, and logged centrally.

12.3. *The impact assessment and evaluation* of expenditure programmes, legislation and other non-spending activities are performed in accordance with legal requirements and best practices, to assess the performance of EU interventions and analyse options and related impacts on new initiatives.

IV. INFORMATION AND COMMUNICATION

Information is necessary for the organisation to carry out internal control and to support the achievement of objectives. There is external and internal communication. External communication provides the public and stakeholders with information on the organisation's objectives and actions. Internal communication provides staff with the information it needs to achieve its objectives and to carry out day-to-day controls.

13. The organisation obtains or generates and uses relevant quality information to support the functioning of internal control.

Characteristics:

13.1. *Information and document management.* Entities identify the information required to support the functioning of the internal control system and the achievement of objectives. Information systems process relevant data, captured from both internal and external sources, to obtain the required and expected quality information, in compliance with applicable security, document management and data protection rules. This information is produced in a timely manner, and is reliable, current, accurate, complete, accessible, protected, verifiable, filed and preserved. It is shared within the organisation in line with prevailing guidelines.

14. The organisation internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Characteristics:

14.1. *Internal communication.* The entities communicate internally about their objectives, challenges, actions taken and results achieved, including but not limited to the objectives and responsibilities of internal control.

14.2. *Separate communication lines,* such as whistleblowing hotlines, are in place at organisation level to ensure information flow when normal channels are ineffective.

15. The organisation communicates with external parties about matters affecting the functioning of internal control.

Characteristics:

15.1. *External communication.* All entities ensure that their external communication is consistent and relevant to the audience being targeted. The organisation establishes clear responsibilities to align entities' communication activities with the organisation's priorities and narrative.

15.2. *Communication on internal control.* The organisation communicates with external parties on the functioning of the components of internal control. Relevant and timely information is communicated externally, taking into account the timing, audience, and nature of the communication, as well as legal, regulatory, and fiduciary requirements.

V. MONITORING ACTIVITIES

Continuous and specific assessments are used to ascertain whether each of the five components of internal control is present and functioning. Continuous assessments, built into business processes at different levels of the organisation, provide timely information on any deficiencies. Findings are assessed and deficiencies are communicated and corrected in a timely manner, with serious matters reported as appropriate.

16. The organisation selects, develops, and performs ongoing and/or specific assessments to ascertain whether the components of internal control are present and functioning.

Characteristics:

16.1. *Continuous and specific assessments.* The entities continuously monitor the performance of the internal control system with tools that make it possible to identify internal control deficiencies, register and assess the results of controls, and control deviations and exceptions. Ongoing assessments are built into business processes and adjusted to changing conditions. In addition, when necessary, the entities carry out specific assessments, taking into account changes in the control environment.

16.2. *Sufficient knowledge and information.* Staff performing ongoing or specific assessments has sufficient knowledge and information to do this, specifically on the scope and completeness of the results of controls, control deviations and exceptions.

16.3. *Risk-based and periodical assessments.* The entities vary the scope and frequency of specific assessments depending on the identified risks. Specific assessments are performed periodically to provide objective feedback.

17. The organisation assesses and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management.

Characteristics:

17.1. *Deficiencies. W*ith the support of internal control coordinators, the managers consider the results of the assessments of how the internal control system is functioning within the entity. Deficiencies are communicated to management and to the entities responsible for taking corrective action.

The term 'internal control deficiency' means a shortcoming in a component or components and relevant principle(s) that reduces the likelihood of an entity achieving its objectives. There is a major deficiency in the internal control system if management determines that a component and one or more relevant principles are not present or functioning or that components are not working together. When a major deficiency exists, the manager cannot conclude that it has met the requirements of an effective system of internal control. To classify the severity of internal control deficiencies, management has to use judgment based on relevant criteria contained in regulations, rules or external standards.

17.2. *Remedial action.* Corrective action is taken in a timely manner by the staff member(s) in charge of the processes concerned, under the supervision of their management. With the support of the internal control coordinator, each manager monitors and takes responsibility for the timely implementation of corrective action.

ANNEX C

MODEL FOR THE MANAGEMENT DECLARATION

I, the undersigned (*name, first name, title or function*), National Authorising Officer of (*IPA III beneficiary*) for the programme (*name of the programme*)

based on the implementation of the (*name of programme*) during the financial year ended 31 December (*year*) (except where otherwise provided for in a Sectoral Agreement or a Financing Agreement), based on my own judgment and on all information available to me, including the results from management verifications, and from audits in relation to the expenditure included in the annual accounts, annual financial reports and statements for the financial year (year),

and taking into account my obligations under the Financial Framework Partnership Agreement between the European Commission and [IPA III Beneficiary] on the Arrangements for Implementation of Union Financial Assistance to [IPA III Beneficiary] under the Instrument for Pre-accession Assistance (IPA III) dated [date],

hereby declare that:

- the information in the annual accounts, annual financial reports or statements is properly presented, complete and accurate,
- the expenditure entered in the annual accounts, annual financial reports or statements complies with applicable law and was used for its intended purpose,
- the management and control system put in place for the programme gives the necessary guarantees concerning the legality and regularity of the underlying transactions.

I confirm that irregularities identified in the audit and control reports in relation to the financial year have been appropriately treated in the annual accounts, annual financial reports and statements.

I also confirm that expenditure which is subject to an ongoing assessment of its legality and regularity has been excluded from the annual accounts, annual financial reports and statements pending conclusion of the assessment, for possible inclusion in a payment application in a subsequent financial year.

Adequate follow-up was given to deficiencies in the management and control system reported in those reports or follow-up is on-going as regards the following required remedial actions: ….. (*Indicate which remedial actions are still on-going, at the date of signing the declaration*).

I also confirm that effective and proportionate anti-fraud measures are in place and that these take account of the risks identified in that respect.

Finally, I confirm that I am not aware of any undisclosed reputational matter related to the implementation of the programme.

[Reservations section to be included wherever it is deemed required.]

(Place and date of issue)

Signature

(Name, first name, title or function)

ANNEX D

Model Annual Audit Activity Report[1]

addressed to

- the European Commission, Directorate–General
- the Government of *(IPA III beneficiary)*
- copy to the National IPA Coordinator (NIPAC) of *(IPA III beneficiary)* and
- copy to the National Authorising Officer (NAO) of *(IPA III beneficiary)*

1. INTRODUCTION

1.1 Identification of the audit authority and other bodies that have been involved in preparation of the report.
1.2 Reference period (i.e. the financial year and the 12 months period from 1 July … (*year*) to 30 June … (*year*), except where otherwise provided for in a sectoral agreement or a financing agreement) and the scope of the audits (including the costs recognised declared to the Commission for the period concerned).
1.3 Identification of the programme/ action(s)/sector(s) covered by the report and of its/their Managing Authority and management structure.
1.4 Description of the steps taken to prepare the report and to draw the audit opinion.

2. SIGNIFICANT CHANGES IN MANAGEMENT AND CONTROL SYSTEMS

2.1 Details of any major changes in the management and control systems and confirmation of its compliance with Article 8 of Commission Implementing Regulation (EU) No 2021 /XX based on the audit work carried out by the audit authority.
2.2 The dates from which these changes apply, the dates of notification of the changes to the audit authority, as well as the impact of these changes on the audit work are to be indicated.

3. CHANGES TO THE AUDIT STRATEGY

3.1 Details of any changes made to the audit strategy and related explanations. In particular, indicate any change to the sampling method used for the audit of operations (see section 5 below).
3.2 The audit authority differentiates between the changes made at a late stage, which do not affect the work done during the reference period and the changes made during the reference period, that affect the audit work and results.

Only the changes compared to the previous version of the audit strategy are included.

4. SYSTEMS AUDITS

4.1 Details of the authorities/bodies that have carried out systems audits, including the audit authority itself.
4.2 Summary table of the audits carried out, with the indication of the authorities/bodies audited, the assessment of the key requirements for each authority/body, issues covered[2]

[1] Pursuant to Article 63 (2) of the Financial Framework Partnership Agreement

and a comparison to the audit planning. The summary includes the programme / (reference/title), the authority/body that has carried out the system audit, the date of the audit, the scope of audit including scope limitations and the authorities/bodies audited. Horizontal thematic audits are also reported in this section.

Audit period	1. Programme/ (reference/ title)	2. Audit Body[3]	3. Audited Body(ies)	4. Date of the audit[4]	5. Scope of the audit[5]	6. Principal findings and conclusions	7. Problems of systemic character and measures taken	8. Estimated financial impact (if applicable)	9. State of follow-up (closed/or not)

4.3 Description of the basis for the audits carried out, including a reference to the audit strategy applicable and more particularly to the risk assessment methodology and the results that led to establishing the audit plan for system audits. If the risk assessment has been updated, this should be described in section 3 above covering the changes in the audit strategy.

4.4 Description of the main findings and conclusions drawn from systems audits, including audits targeted at specific thematic areas.

4.5 Indications as to whether any problems identified were considered to be of a systemic character, details of the measures taken, including a quantification of the irregular expenditure and any related financial corrections made.

4.6 Information on the follow up of audit recommendations from systems audits from previous years.

4.7 Description (where applicable) of specific deficiencies related to the management of financial instruments, detected during systems audits and of the follow-up given by the IPA III beneficiary to remedy these shortcomings.

4.8 Level of assurance obtained following the systems audits (low/average/high) and justification.

5. AUDITS OF OPERATIONS

5.1 Identification of the authorities/bodies that carried out the audits of operations, including the audit authority.

---

[2] The issues should correspond to the ones indicated in the audit strategy (but not exclusively), such as quality of management verifications, including in relation to the respect of public procurement rules, State aid rules, environmental requirements, equal opportunities, implementation of financial instruments, the effectiveness of IT systems, reporting of withdrawals and recoveries, the implementation of fraud risk assessment; the reliability of data relating to indicators and milestones and on the progress of the programme / in achieving its objectives.

[3] Indication of the bodies that have carried out the system audit, including the audit authority itself.

[4] Date of audit fieldwork.

[5] Authorities audited, horizontal thematic audited, scope limitations, …

5.2 Description of the sampling methodology applied and information as to whether the methodology is in accordance with the audit strategy.

5.3 Indication of the sampling parameters and other information for statistical or non-statistical sampling procedures, the underlying calculations for sample selection (in a format permitting an understanding of the basic steps taken, in accordance with the specific sampling method used) and explanation of the professional judgement applied.

The information should include: materiality level, confidence level, sampling unit, expected error rate, sampling interval, standard deviation, population value, population size, sample size and information on stratification.

5.4 Reconciliation between the costs recognised declared to the Commission for the 12 months period and the population from which the random sample was drawn. Reconciling items include negative items where financial corrections have been made, as well as differences between amounts declared in euro and amounts in IPA III beneficiary currency, where relevant.

5.5 Where there are negative items, confirmation that they have been treated as a separate population. Analysis of the principal results of the audits of these units, namely focusing on verifying whether the amounts correspond to the decisions to apply financial corrections (taken by the IPA III beneficiary or by the Commission) and reconcile with the amounts included in the accounts as withdrawn and recovered / to be recovered.

5.6 Where a non-statistical sampling method is used, specify the reasons for using the method, the percentage of sampling units/costs recognised covered by audits, the steps taken to ensure randomness of the sample bearing in mind that the sample has to be representative.

In addition, define the steps taken to ensure a sufficient size of the sample enabling the audit authority to draw up a valid audit opinion. A total (projected) error rate is also calculated where non-statistical sampling method has been used.

5.7 Summary table (see section 9 below), broken down where applicable by programme /, indicating the costs recognised and payments made declared to the Commission, the costs recognised audited and the errors identified.

Information relating to the random sample is distinguished from that related to other samples if applicable (e.g. risk-based complementary samples).

5.8 Analysis of the main findings of the audits of operations, describing:

a) the number of sampling units audited, the respective amount;
b) the amount and type of error by sampling unit[6];
c) total errors[7];
d) the nature of the errors found[8]:
e) root causes, corrective measures proposed, including those intending to improve the management and control system and the impact on the audit opinion.

5.9 Details of the total error rate[9] and residual error rate[10]. Indication of the upper limit of the error rate (where applicable).

Indication of the stratum total and residual error rates[11], corresponding deficiencies, irregular amounts and the impact on the audit opinion.

---

[6] Random, systemic, anomalous.

[7] 'Total errors' means the sum of the projected random errors and, if applicable, systemic errors and uncorrected anomalous errors

[8] For instance: eligibility, public procurement, state aid

[9] 'Total error rate' means total errors divided by the population.

[10] 'Residual error rate' means the total errors less the financial corrections applied by the IPA III beneficiary (referred to in section 5.11), divided by the population.

[11] The stratum error rates are to be disclosed where stratification was applied, covering sub-populations with similar characteristics, high-value items, programmes / (in the case of grouping programmes / etc.

The underlying calculations for total error rate and residual error rate, in a format permitting an understanding of the basic steps taken, in accordance with the specific sampling method used.

5.10 Comparison of the total error rate and the residual error rate with the materiality level of 2%, in order to ascertain if the population is materially misstated and the impact on the audit opinion.

5.11 Details of any financial corrections relating to the 12 months period implemented by the Managing Authority/management structure before submitting the annual financial reports or statements/annual accounts to the Commission, as a consequence of the audits of operations, including flat rate or extrapolated corrections.

5.12 Details of whether any problems identified were considered to be systemic in nature, and the measures taken, including a quantification of the irregular costs recognised and any related financial corrections.

5.13 Information on the follow-up of audits of operations carried out in previous years, in particular on serious deficiencies of systemic nature. Revision of previously reported residual error rates, as a result of all subsequent corrective actions.

5.14 Information on the results of the audit of the complementary (e.g. risk based) sample, if any.

5.15 Description (where applicable) of specific deficiencies or irregularities related to financial instruments. Where applicable, indication of the sample error rate concerning the audited financial instruments.

5.16 Conclusions drawn from the results of the audits with regard to the effectiveness of the management and control system.

6. AUDITS OF THE ANNUAL FINANCIAL REPORTS OR STATEMENTS/ANNUAL ACCOUNTS

6.1 Indication of the authorities/bodies that have carried out audits of the annual financial reports or statements/annual accounts.

6.2 Description of audit approach used to verify that the annual financial reports or statements/annual accounts are complete, accurate and true. This shall include a reference to the audit work carried out in the context of systems audits, audits of operations and additional verifications carried out on the annual financial reports or statements/annual accounts.

6.3 Conclusions drawn from the audits in relation to the completeness, accuracy and veracity of the annual financial reports or statements/annual accounts, including an indication on the financial corrections made and reflected in the annual financial reports or statements/annual accounts as a follow-up of these conclusions.

6.4 Indication of whether any problems identified were considered to be systemic in nature, and the measures taken.

7. OTHER INFORMATION

7.1 Audit authority's assessment of the cases of suspicions of fraud detected in the context of their audits (and of the cases reported by other national or Union bodies and related to operations audited by the audit authority), together with the measures taken. Information on number of cases, gravity, and the amounts affected, if known.

7.2 Subsequent events occurred after the end of the 12 months period and before the transmission of the annual audit activity report to the Commission and considered when establishing the level of assurance and opinion by the audit authority.

7.3 Any other information that the audit authority considers relevant and important to communicate to the Commission, in particular to justify the audit opinion.

8. OVERALL LEVEL OF ASSURANCE

8.1 Indication of the overall level of assurance on the proper functioning of the management and control system, and an explanation on how the level was obtained from the combination of the results of the systems audits and audits of operations. Where relevant, the audit authority shall take also account of the results of other national or Union audit work carried out.

8.2 Assessment of any mitigating actions not linked to financial corrections that were implemented, financial corrections implemented and an assessment of the need for any additional corrective measures, both from the perspective of improvements of the management and control systems and of the impact on the Union budget.

9. TABLE FOR DECLARED COSTS RECOGNISED, PAYMENTS MADE AND AUDITS OF OPERATIONS

	A	B	C		D	E	F	G	H	I	J	K	L	M
Programme/ (reference/ title)	Payments made declared to the Commission for the 12 months period	Costs recognised declared to the Commission for the 12 months period [1]	Costs recognised in reference to the 12 months period audited for the random sample		Total number of units in the population	Number of sampling units for the random sample	Amount of irregular costs recognised in random sample	Total error rate[2]	Corrections implemented as a result of the total error rate	Residual total error rate	Other costs recognised audited[3]	Amount of irregular costs recognised in other costs recognised audited	Total costs recognised declared to the Commission cumulatively	Total costs recognised audited cumulatively
			Amount[4]	%[5]				%		%				

[1] Column 'B' shall refer to the population from which the random sample was drawn i.e. total amount of costs recognised declared to the Commission for the 12 months period from 1 July (*year)* to 30 June (*year*) except where otherwise provided for in a sectoral agreement or a financing agreement. Where applicable, explanations shall be provided in Section 5.4.

[2] The total error rate is calculated before any financial corrections are applied in relation to the audited sample or the population from which the random sample was drawn. Where the random sample covers more than one programme /, the total error rate (calculated) presented in column 'G' concerns the whole population. Where stratification is used, further information by stratum shall be provided in section 5.9.

[3] Column 'J' shall refer to the costs recognised audited in the context of a complementary sample.

[4] Amount of costs recognised audited (in case sub-sampling is applied only the amount of costs recognised effectively audited, shall be included in this column).

[5] Percentage of cost recognised audited in relation to the population.

ANNEX E

Model Annual Audit Opinion[1]

addressed to

– the European Commission, Directorate–General
– the Government of *(IPA III beneficiary)*
– copy to the National IPA Coordinator (NIPAC) of *(IPA III beneficiary)* and
– copy to the National Authorising Officer (NAO) of *(IPA III beneficiary)*

INTRODUCTION

I, the undersigned, Head of the Audit Authority of (*IPA III beneficiary*), independent in the sense of Clause 9(1) of Annex A to the Financial Framework Partnership Agreement have audited:

(i) the completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts for the financial year (*year*),

(ii) the legality and regularity of the expenditure, declared by the NAO to the Commission, for the 12 months period from 1 July … (*year*) to 30 June … (*year*), except where otherwise provided for in a Sectoral Agreement or a Financing Agreement,

(iii) the functioning of the management and control systems, and verified the management declaration with reference to the financial year (*year*),

in relation to the programme / ………….. [reference/title of programme /] (hereafter "the programme"), in order to issue an audit opinion in accordance with Article 63 (1) of Financial Framework Partnership Agreement.

RESPONSIBILITIES OF THE NATIONAL AUTHORISING OFFICER

The National Authorising Officer (NAO) according to Clause 4(2) of Annex A to the Financial Framework Partnership Agreement, is responsible for setting up and functioning of the IPA III management and control system in the IPA III beneficiary.

In addition, the NAO, supported by the Accounting Body is responsible to confirm completeness, accuracy and veracity of the financial reports or statements and the underlying accounts submitted to the Commission as required in Article 61(5) of the Financial Framework Partnership Agreement.

Moreover, in accordance with Clause 4(1) of Annex A to the Financial Framework Partnership Agreement the NAO bears the overall responsibility for legality and regularity of expenditure.

[1] Pursuant to Article 63 (1) 58(4) of Financial Framework Partnership Agreement

RESPONSIBILITIES OF THE AUDIT AUTHORITY

As established by Article 63(1) of the Financial Framework Partnership Agreement, my responsibility is to independently express an opinion on the completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts, whether the expenditure declared to the Commission are legal and regular, and whether the management and control systems put in place function properly.

My responsibility is also to include in the opinion a statement as to whether the audit work puts in doubt the assertions made in the management declaration.

The audits in respect of the programme were carried out in accordance with the audit strategy and complied with internationally accepted audit standards. Those standards require that the audit authority complies with ethical requirements, plans and performs the audit work in order to obtain reasonable assurance for the purpose of the audit opinion.

An audit involves performing procedures to obtain sufficient and appropriate evidence to support the opinion set out below. The procedures performed depend on the auditor's professional judgement, including assessing the risk of material non-compliance, whether due to fraud or error. The audit procedures performed are those that I believe to be appropriate in the circumstances.

I believe that the audit the audit evidence gathered is sufficient and appropriate to provide the basis for my opinion, [in case there is any scope limitation:] except those which are mentioned in section 'Scope limitation'.

The summary of the main findings drawn from the audits in respect of the programme are reported in the attached annual audit activity report in accordance with Article 63 (2) of Financial Framework Partnership Agreement.

SCOPE LIMITATION

Either

There were no limitations on the audit scope.

Or

The audit scope was limited by the following factors:
(a) …
(b) …
(c) ....

[Indicate any limitation on the audit scope, for example any lack of supporting documentation, cases under legal proceedings, and estimate under section 'Qualified opinion' below, the amounts of expenditure and the Union contribution affected and the impact of the scope limitation on the audit opinion. Further explanations in this regard shall be provided in the annual audit activity report, as appropriate.]

OPINION

Either
(Unqualified opinion)

In my opinion, and based on the audit work performed:

– the annual financial reports or statements/annual accounts give a true and fair view,

– the expenditure declared to the Commission are legal and regular,

– the management and control systems put in place function properly.

The audit work carried out does not put in doubt the assertions made in the management declaration.

Or
(Qualified opinion)

In my opinion, and based on the audit work performed:

– the annual financial reports or statements/annual accounts give a true and fair view [where the qualification applies to the annual financial reports or statements/annual accounts, the following text is added] except for the following aspects:…………………….

The impact of the qualification is limited [or significant] and corresponds to …… [amount in EUR and %] of the total expenditure included in the annual financial reports or statements/annual accounts. The Community contribution affected is thus … [amount in EUR].

– the expenditure declared to the Commission are legal and regular [where the qualification applies to the legality and regularity, the following text is added] except for the following aspects:……………………………………………………………………..

The impact of the qualification is limited [or significant] and corresponds to …… [amount in EUR and %] of the total expenditure declared. The Community contribution affected is thus … [amount in EUR].

– the management and control systems put in place function properly [where the qualification applies to the management and control systems, the following text is added] except for the following aspects[2]:…………………………………………………………...

The impact of the qualification is limited [or significant] and corresponds to …… [amount in EUR and %] of the total expenditure declared. The Community contribution affected is thus … [amount in EUR].

The audit work carried out does not put/puts [delete as appropriate] in doubt the assertions made in the management declaration.

[Where the audit work carried out puts in doubt the assertions made in the management declaration, the audit authority shall disclose in this paragraph the aspects leading to this conclusion.]

[2] In case the management and control system are affected, the body or bodies and the aspect(s) of their systems that did not comply with requirements and/or did not function properly shall be identified in the opinion, except where this information is already clearly disclosed in the annual audit activity report and the opinion paragraph refers to the specific section(s) of this report where such information is disclosed.

Or

(Adverse opinion)

In my opinion, and based on the audit work performed:

– the annual financial reports or statements/annual accounts give/do not give [delete as appropriate] a true and fair view; and/or

– the expenditure declared to the Commission are/are not [delete as appropriate] legal and regular; and/or

– the management and control systems put in place function/do not function [delete as appropriate] properly.

This adverse opinion is based on the following aspects:

– in relation to material matters related to the annual financial reports or statements/annual accounts:……………………………………………………………………………………..

and/or [delete as appropriate]

– in relation to material matters related to the legality and regularity of the expenditure declared to the Commission:…………………..……………………………………………..

and/or [delete as appropriate]

– in relation to material matters related to the functioning of the management and control systems[3]:……………………………………………………………………………………..

The audit work carried out puts in doubt the assertions made in the management declaration for the following aspects: …………………………………………………….......…………..

[The audit authority may also include emphasis of matter, not affecting its opinion, as established by internationally accepted auditing standards. A disclaimer of opinion can be envisaged in exceptional cases[4].]

Date:

____

Signature:

____

[3] In case the management and control system are affected, the body or bodies and the aspect(s) of their systems that did not comply with requirements and/or did not function properly shall be identified in the opinion, except where this information is already clearly disclosed in the annual audit activity report and the opinion paragraph refers to the specific section(s) of this report where such information is disclosed.

[4] These exceptional cases should be related to unforeseeable, external factors outside the remit of the audit authority.

ANNEX F

Model Audit Opinion on the final statement of expenditure[1]

addressed to

– the European Commission, Directorate–General
– the Government of *(IPA III beneficiary)*
– copy to the National IPA Coordinator (NIPAC) of *(IPA III beneficiary)* and
– copy to the National Authorising Officer (NAO) of *(IPA III beneficiary)*

INTRODUCTION

I, the undersigned, Head of the Audit Authority of (IPA III beneficiary*)*, functionally independent in the sense of Clause 9(1) of Annex A to Financial Framework Partnership Agreement , have carried out an audit on the final statement of expenditure for the programme (reference/title), drawn-up under the responsibility of the National Authorising Officer (NAO) in accordance with Article 61 (4) of the Financial Framework Partnership Agreement, in order to issue an audit opinion in accordance with Article 63 (4) of the Financial Framework Partnership Agreement.

The audit was carried out in accordance with internationally accepted audit standards ……. [quote the standards followed].

I believe that the audit work carried out provides a reasonable basis for my opinion.

AUDIT SCOPE

The audit in respect of the programme was carried out in accordance with the audit strategy and reported in the attached final audit activity report under Article 63 (5) of the Financial Framework Partnership Agreement.

Either

There were no limitations on the audit scope.

Or

The audit scope was limited by the following factors:

(a) …

(b) …

(c) ….

[Indicate any limitation on the audit scope, for example any lack of supporting documentation, cases under legal proceedings, and estimate under section ‘Qualified opinion’ below, the amounts of expenditure and the Union contribution affected and the impact of the

[1] Pursuant to Article 63(4) of the Financial Framework Partnership Agreement

scope limitation on the audit opinion. Further explanations in this regard shall be provided in the final audit activity report, as appropriate].

OPINION

Either
(Unqualified opinion)

In my opinion, and based on the audit work performed:

– the expenditure included in the final statement of expenditure and in the final request for payment is legal and regular,

– the final request for payment is valid,

– the financial information presented is accurate.

Or
(Qualified opinion)

In my opinion, and based on the audit work performed:

– the expenditure included in the final statement of expenditure and in the final request for payment is legal and regular,

– the final request for payment is valid,

– the financial information presented is accurate

except for the following aspects[2]:………………………………………………………………

The impact of the qualification is limited [or significant] and corresponds to …… [amount in EUR and %] of the total expenditure included in the final statement of expenditure and the final request for payment. The Community contribution affected is thus … [amount in EUR].

Or

(Adverse opinion)

In my opinion, and based on the audit work performed:

– the expenditure included in the final statement of expenditure and in the final request for payment is not legal and regular, and/or

– the final request for payment is not valid, and/or

– the financial information presented is not accurate.

This adverse opinion is based on the following aspects[3]:………………………………………

[2] In case the management and control systems are affected, the body or bodies and the aspect(s) of their systems that did not comply with requirements and/or did not function properly shall be identified in the opinion, except where this information is already clearly disclosed in the final audit activity report and the opinion paragraph refers to the specific section(s) of this report where such information is disclosed.

[3] In case the management and control systems are affected, the body or bodies and the aspect(s) of their systems that did not comply with requirements and/or did not function properly shall be identified in the opinion, except where this information is already clearly disclosed in the final audit activity report and the opinion paragraph refers to the specific section(s) of this report where such information is disclosed.

[The audit authority may also include emphasis of matter, not affecting its opinion, as established by internationally accepted auditing standards. A disclaimer of opinion can be foreseen in exceptional cases[4].]

Date:

____

Signature:

____

[4] These exceptional cases should be related to unforeseeable, external factors outside the remit of the audit authority.

ANNEX G

Model Audit Strategy[1]

1. INTRODUCTION

1.1 Identification of the programme(s)[2] (reference/title) and period covered by the audit strategy.
1.2 Identification of the audit authority responsible for drawing up, monitoring and updating the audit strategy and of any other bodies that have contributed to this document.
1.3 Reference to the status of the audit authority and the body in which it is located.
1.4 Reference to the mission statement, audit charter or national legislation (where applicable) setting out the functions and responsibilities of the audit authority and other bodies carrying out audits under its responsibility.
1.5 Confirmation by the audit authority that the bodies carrying out audits have the requisite functional and organisational independence

2. RISK ASSESSMENT

2.1 Explanation of the risk assessment method followed including:

- an indication of the risk factors taken into account including those for the thematic areas indicated under section 3.2.2,
- risk scoring used,
- the extent to which the results of previous audits of the bodies and systems have been taken into account.

2.2 Internal procedures for updating the risk assessment.
2.3 Identification of the controls at three levels:

- the first level of controls exercised by the IPA administrative structures,
- the second level of controls exercised on the one hand, through the internal control system and on the other hand, through the internal audit function,
- the high level monitoring, exercised through the assurance function by the NAO.

3. METHODOLOGY

3.1. Overview

3.1.1 Reference to the internationally accepted audit standards that the audit authority will apply for its audit work.

3.1.2 Information on how the audit authority will obtain its assurance with regard to programme(s) (description of main building blocks - types of audits and their scope).

[1] Pursuant to Clause 9 (4) of Annex A to the Financial Framework Partnership Agreement

[2] Indicate the programmes covered by a common management and control system, in case a single audit strategy is prepared for several programmes.

3.1.3 Indication of the procedures in place for drawing up the annual audit activity report and audit opinion to be submitted to the Commission in accordance with Article 63 (4) and (5) of the Financial Framework Partnership Agreement.

3.1.4 Reference to audit manuals or procedures and brief description of the main steps of the audit work such as:

– planning of audits,
– performing audits and gathering evidence,
– evaluating evidence and forming conclusions, including the classification treatment of the errors detected,
– reporting (including contradictory procedure with the auditee),
– follow-up processes,
– quality control arrangements for the work of the audit authority.

3.2 Systems audits:

3.2.1 Identification of the bodies/structures to be audited, as well as the relevant key control elements in the context of systems audits.

Where applicable, reference to the audit body on which the audit authority relies to perform these audits.

3.2.2 Indication of any systems audits targeted at specific thematic areas or bodies, such as:

– quality of project selection and management verifications at the level of the managing authority or intermediate body,
– quality and quantity of the administrative and on-the-spot management verifications in respect of applicable law such as public procurement rules, State aid rules, equal opportunities or environmental requirements,
– set-up and implementation of financial instruments at the level of the bodies implementing financial instruments (where applicable),
– functioning and security of electronic systems, and their connection with the Commission IT system(s);
– reliability of data relating to indicators, milestones and on the progress of the programme in achieving its objectives provided by the managing authority;
– reporting of withdrawals and recoveries;
– implementation of effective and proportionate anti-fraud measures underpinned by a fraud risk assessment.

3.3 Audits of operations:

3.3.1 Short description (with reference to internal document specifying) of the sampling methodology to be used.

3.3.2 Where applicable, a description of the approach of non-statistical sampling enabling the audit authority to draw up a valid audit opinion.

3.3.3 Description of other specific procedures in place for audits of operations, namely related to the classification and treatment of the errors detected, including suspected fraud (with reference to the audit manuals or procedures where this matter is set out).

3.3.4 Specific aspects related to the audits of financial instruments, if applicable.

3.4 Audits of the annual financial reports or statements/annual accounts:

Description of the audit approach for the audit of the annual financial reports or statements/annual accounts.

3.5 Verification of the management declaration

Description of the audit procedures involved in the verification of the assertions in the management declaration, for purposes of the audit opinion.

4. AUDIT WORK PLANNED

4.1. Description and justification of the audit priorities and objectives in relation to the next financial year and the two subsequent financial years, together with an explanation of the linkage of the risk assessment results to the audit work planned.

4.2. An indicative schedule of system audits, including audits targeted to specific thematic areas and follow up of previous audit findings, in relation to the next financial year and the two subsequent financial years, as follows:

Authorities/Bodies or specific thematic areas to be audited	Programme (reference/title)	Result of risk assessment	20xx Audit objective and scope	20xx Audit objective and scope	20xx Audit objective and scope

5. RESOURCES

5.1 Organisation chart of the audit authority.

5.2 Indication of planned resources to be allocated in relation to the next year and the two subsequent financial years (including information on any foreseen outsourcing and its scope, where appropriate).

Indication of the qualifications and experience required for the staff performing audits, and training requirements.

6. PLANNED RESOURCES

6.1 Provide the organisation chart of the audit authority.

6.2 Indication of planned resources to be allocated in relation to the next year and the two subsequent financial years.

6.3 Indication of the qualifications and experience required for the staff performing audits, and training requirements, where applicable.

ANNEX H

Reporting on suspected fraud and other irregularities concerning the Instrument for Pre-accession Assistance (IPA III)

Clause 1 Definitions

For the purposes of the reporting of suspected fraud and other irregularities the definitions laid down in Article 51 of this Agreement, on the protection of the financial interest of the Union, shall apply.

Clause 2 Initial reporting

(1) The IPA III beneficiary shall report any suspected fraud and other irregularities, which have been the subject of a primary administrative or judicial finding[45] without delay to the Commission and keep the latter informed of the progress of administrative and legal proceedings using, when required, the dedicated Irregularity Management System (IMS).

In that report the IPA III beneficiary shall in all cases give details concerning the following:

(a) The name and the number of the action concerned;

(b) the identity of the natural and legal persons involved or of any other participating entities and their role, except where this information is irrelevant for the purposes of combating irregularities, given the nature of the irregularity concerned;

(c) the identification of the region or area where the operation has been carried out using the appropriate information such as NUTS[46] level;

(d) the provision(s) which have been infringed;

(e) the date and source of the first information leading to suspicion that an irregularity has been committed;

(f) the practices employed in committing the irregularity;

(g) where appropriate, whether the practice gives rise to a suspicion of fraud;

(h) the manner in which the irregularity was discovered;

(i) where appropriate, the IPA III beneficiary and Member States and/or third countries involved;

(j) the period during which, or the moment at which, the irregularity was committed;

45 Irregularities subject to primary administrative finding include financial corrections made on payment requests received from contractors. The corrections on payment requests need to be reported in the IMS exception when the irregular amount of the EU contribution is less than EUR 300 and was subject of a correction by the Beneficiary before it is charged on the general budget of the European Union.

46 Nomenclature of Territorial Units for Statistics

(k) the date on which the primary administrative or judicial finding on the irregularity was established;

(l) the total amount of eligible expenditure specified by Union contribution, IPA III beneficiary contribution and private contribution;

(m) the expenditure affected by the irregularity specified by Union contribution and IPA III beneficiary contribution;

(n) the amount which would have been unduly paid had the irregularity not been identified according to Union contribution and IPA III beneficiary contribution;

(o) the nature of the irregular expenditure;

(p) the suspension of payments, where applicable, and the possibility of recovery.

(2) Where some of the information referred to in paragraph 1, and in particular information concerning the practices employed in committing the irregularity and the manner in which it was discovered, is not available or needs to be rectified, the IPA III beneficiary shall as far as possible supply the missing or correct information to the Commission without delay.

(3) If IPA III beneficiary provisions provide for the confidentiality of investigations, communication of the information shall be subject to the authorisation of the competent tribunal or court.

Clause 3 Urgent cases

Each IPA III beneficiary shall immediately report to the Commission and, where necessary, to the Member States or other IPA III beneficiaries concerned, any irregularities discovered or supposed to have occurred, where it is feared that they may very quickly have repercussions outside its territory.

Clause 4 Follow-up reporting

(4) In addition to the information referred to in Clause 2, the IPA III beneficiary shall provide the Commission without delay with reference to any previous report made pursuant to that Clause, with details concerning the initiation, conclusion or abandonment of any procedures for imposing administrative or criminal penalties related to the reported irregularities as well as of the outcome of such procedures.

With regard to irregularities for which penalties have been imposed, the IPA III beneficiary shall also indicate the following:

(a) whether the penalties are of an administrative or a criminal nature;

(b) whether the penalties result from a breach of Union or the IPA III beneficiary law;

(c) the provisions in which the penalties are laid down;

(d) the reasons for any abandonment of recovery procedures;

(e) whether fraud was established.

(5) At the written request of the Commission, the IPA III beneficiary shall provide additional information in relation to a specific irregularity or group of irregularities.

Clause 5 Electronic transmission

The information referred to in Clause 2, 3 and 4(1) shall be sent in the English language, by electronic means, using the module provided by the Commission for this purpose via a secure connection.

Clause 6 Use of information

The Commission may use any information of a general or operational nature communicated by IPA III beneficiaries under these provisions to perform risk analyses and may, on the basis of the information obtained, produce reports and develop early-warning systems serving to identify risks more effectively.

Clause 7 Use of the euro

The euro shall be used as currency for reporting of irregularities. The IPA III beneficiary shall convert the amounts of expenditure incurred in uts own currency into euro. Those amounts shall be converted into euro using the monthly accounting exchange rate of the Commission in the month during which the expenditure was registered in the accounts of the IPA Managing Authority of the action concerned. The exchange rate shall be published electronically by the Commission each month.

Where the amounts relate to expenditure registered in the accounts of the IPA III beneficiary authority during a period of more than one month, the exchange rate in the month during which expenditure was last registered may be used. Where the expenditure has not been registered in the accounts of the IPA III beneficiary authority, the most recent accounting exchange rate published electronically by the Commission shall be used.

Clause 8 Protection of personal data

(1) The IPA III beneficiaries and the Commission shall take all necessary measures to prevent any unauthorised disclosure of, or access to, the information referred to in Clause 2, 3 and 4 (1).

(2) The information referred to in Clauses 2, 3 and 4 (1) may not be sent to persons other than those in the IPA III beneficiary or within the Union institutions whose duties require that they have access to it, unless the IPA III beneficiary supplying such information has expressly so agreed.

(3) Any personal data included in the information referred to in Clauses 2, 3 and 4 (1) shall be processed only for the purpose specified in that provisions.

ANNEX I

Model of annual report on implementation of

Instrument for Pre-accession Assistance

Period covered by the report:
01/01/20XX-31/12/20XX
Report issued on XX/XX/20XX

Annual Report on the implementation of IPA assistance in direct and indirect management by [*IPA III beneficiary*] submitted by the National IPA Coordinator

I. Executive Summary

1. Reference to the objectives of the IPA III Programming Framework and a brief overview of challenges in the sector.
2. Involvement in programming.
3. Summary of main achievements.
4. Summary of significant problems encountered in the implementation of the actions and any subsequent measure taken.
5. Summary of issues stemming from the IPA III beneficiary's participation in the IPA monitoring committee and in sectoral monitoring committees (including Joint Monitoring Committee for CBC), if any.
6. Articulation with multi-country actions.
7. Monitoring, evaluations and audits, summary of main lessons learned and follow-up of recommendations.
8. Communication and visibility activities.
9. Donors' coordination.

In case of indirect management by IPA III beneficiary, the executive summary should also cover:

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

II. Information per Sector

Sector title[47]: [*Transport; Rule of Law; Energy*]

<u>Narrative part: summary per sector, including the following information:</u>

1. Involvement of IPA III beneficiary in programming, monitoring and evaluation, communication and visibility efforts.
2. Overview of results at sector level.
3. Information on the progress made in achieving the results in relation to the indicators contained in the Action Documents. As far as possible, aggregated results in relation to the indicators contained in IPA III Programming Framework and IPA III Regulation.
4. Problems encountered in meeting the required conditions for implementation and in ensuring sustainability, related measures taken/planned, recommendations for further action.
5. Coordination with other instruments and/or donors/ IFI's within the sector
6. The impact of IPA actions within the sector on the development of the relevant IPA III beneficiary administrative capacity in the sector, strategic planning and budgeting

In indirect management the following information should also be included:

7. Operating structure(s) in place and related changes, if relevant: [Ministry of Transport]
8. Information on the implementation of actions in the sector
9. [propose to delete as potential overlap with point 2] Main achievements in the sector
10. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.
11. Recommendations for further actions
12. Implemented monitoring and evaluation activities, audits – main findings and lessons learned, recommendations, follow-up and corrective actions taken

Cross-Border Cooperation

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

In indirect management the following information should also be included:

7. Operating structure in place and related changes, if relevant.
8. Detailed information about the financial execution of the CBC programme. Such information shall be provided by the contracting authority of the CBC programme.

[47] As per the sectors in the Action Documents.

9. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken and planned.
10. Recommendations for further actions.
11. Implemented monitoring and evaluation activities, audits – main findings, recommendations and corrective actions taken.

II a. Performance indicators in the [*e.g. Transport*] sector covering both direct and indirect management:
Indicators[48] per action

Financing Agreement/action reference[49]	**Indicator for sector [*Transport*]**	**Source**	**Baseline**	**Milestone (2017)**	**Target (2020)**	**Value (2014[50])**
2014 annual action	*Reduction of average travel time of passengers between major urban centres by transport mode*					
2014-20xx multiannual action	*Reduced transportation costs per unit of output*					

48 These should be mostly outcome, as well as selected relevant output indicators
49 It has to be consistent with the way of programming (annual or multi-annual) and with the NAO report
50 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/ Action reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
[2014 annual action]	*Electrification of the railway line from xxx to border with xxx*	*e.g. Service contract for preparation of ToR for the works contract signed and under implementation, tender for works contract to be launched in the second quarter of 2015*		*e.g. The service contract for the preparation of ToR for the works contract was delayed as the negotiated procedure failed and had to be re-launched*	*e.g. change of local law, like alignment with and implementation of the fourth Railway package*	

In 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)

MA-OM O1 Managing Authority Operating Manual
Horizontal Manual of Procedures - final version
6.1 Annex 1 WLA MA Calculations
6.2 Annex 2 Employment Action Plan
Annex 4. Code of Ethics and Conduct for MA members 1
Annex 7.1 Job Description Template for the Head of the MA
Annex 7.2 Job Description Template for IPARD Programming and Coordination
Annex 7.3 Job Description Template for Division of MonitoringEvaluation and Reporting
Annex 7.4 Job Description Template for Division of e.g. Competitive Skills, Diversification and LEADER
Annex 7.5 Job Description Template for e.g.Division of Agro-Environmental Polices and LFA (2)
Annex 7.6 Job Description Template for Division of Technical Assistance, Communication and Publicity
Annex 7.7 Job Description Template for supprt staff
Annex 8.1 Declaration of Confidentiality and Impartiality
Annex 8.2 Job Analysis Template
Annex 8.3 Job Descriptions Template
Annex 8.4 Statement of familiarity with the Job description
Annex 8.5 CV format
Annex 8.6 Workload Analysis of the Managing Authority
Annex 8.7 Induction Checklist
Annex 8.8 Annual Goal Setting Form
Annex 8.9 Employee Self-Assessment Questionnaire (2)
Annex 8.10 Template for Civil servants appraisal form
Annex 8.11 Template for Report for Appraisal of Civil Servants
Annex 8.12 Template for Annual Training Programme
Annex 8.13 Training Needs Assessment Survey Form
Annex 8.14 Scheme of involvement of the HR Department and the MA line managers in the preparation of inf
Annex 8.15 Training Evaluation Questionnaire
Annex 8.16 Personal Training Register
Appendix 1 MAFRD Organisation Chart - Copy
Appendix 2 Managing Authority - current organisational chart
Appendix 3 MA Relationship with EC and other IPARD Institutions
Appendix 6 Workload Analysis of the Managing Authority
Appendix 8. Personel Policy of MAFRD, MA
Appendix 9. Minute Template for Managment Review meetings
Appendix 10 Documentary Management, Archiving IT Security
MA-OM O2 Monitoring/Reporting Procedures IPARD Programme 2014-2020
Monitoring & Reporting procedures manual
Appendix 2.1 Common context base line indicators
Appendix 2.2 List of IPARD 2014-2020 monitoring tables (1)
Appendix 2.2 List of IPARD 2014-2020 monitoring tables (2)
Appendix 2.2.1 Monitoring tables checklist
Appendix 2.2.2. Monitoring tables procedure checklist
Appendix 2.2.3 Timeline of the monitoring period
Appendix 2.2.4 Timeline of the Annual Implementing Report
Appendix 2.3 Rules of procedures of IPARD II MC
Appendix 2.3.1 Template for the agenda of the IPARD MC meeting
Appendix 2.3.2 Template for the invitation of the IPARD MC meeting
Appendix 2.3.3 Template for the minutes of the IPARD MC meeting
Appendix 2.3.4 Code of conduct for the IPARD MC members
Appendix 2.3.5 Template for the draft IPARD Annual&Final Implementation Report

Appendix 2.3.6 Template of the report between the MA and the IPARD Agency
Appendix 2.3.7 Template of the report between the MA and the National Fund
Appendix 2.3.8 Template of the report between the MA and the Commission
Appendix 2.4 Legal requirements for establishing and managing the IPARD monitoring system
Appendix 2.5 Time frame for the IPARD monitoring system
MA-OM O3 Evaluation Procedures IPARD Programme 2014-2020
Appendix 3.1 Template rules of procedure for the Evaluation Sub-Group (ESG)
Appendix 3.2 Time frame of evaluation guidelines
Appendix 3.3 EU legal requirements for evaluation
Appendix 3.3.1 Template for reviewing the technical quality and content of the evaluation report (s)
Appendix 3. 4 Content of the Evaluation Plan 2014-2020
Appendix 3.4.1 Establishing and implementing of Evaluation Plan of RDP 2014-2020
Appendix 3.5 Template of the annual and final implementation reports
Appendix 3.6 Template Agenda of Evaluation Sub -Group meetings
Appendix 3.6.1 Template invitation of the ESG members
Appendix 3.6.2 Template Minutes of the Evaluation Sub Group meetings
Appendix 3.6.3 Ethical code of conduct for ESG members
Appendix 3.7 Code of conduct for independent evaluator(s)
Appendix 3.7.1 Checklist for selecting independent evaluator(s)
Appendix 3.8 Template ToR for Ex-ante evaluation
Appendix 3.8.1 Template ToR for Interim evaluation
Appendix 3.8.2 Template ToR for Ex-post evaluation
Appendix 3.9 Template of evaluation reports
Appendix 4.1 Template on Indicative Annual Report on Evaluation Plan
MA-OM O4 IPARD Programming and Programme modification
MA Manual - Programming final
Annex 1 - Content of RDPs
Annex 2 -Rules for Progamming
Annex 3 - measure fiches guidelines
Annex 4 - Letter from the Managing Authority to stakeholders consultation on IPARD programme
Annex 5 - IPARD Programme Consultation Comments Proforma
Appendix 1 Audit Trail
Appendix 2 - Timetable for programme modification
Appendix 3 - Proposal for modifications of the IPAD programme
Appendix 4 - Matrix of modification of teh IPARD PRogramme
Appendix 5 - Summary table of stakeholders comments
Appendix 6 - Response for consideration of stakeholders comments
Appendix 7 - Matrix of comments questions and responses to the Commission
Appendix 8 - Checklist of the modification proposal
Appendix 9 - Model of Financial tables
Appendix 10 - Audit Trail List of Eligible Costs
Appendix 11 - Timetable for preparing the list of Eligible Costs
Appendix 12 - Table of contents of the list of eligible costs
MA-OM O5 Administrative Instructions and Internal Procedure for the Operation within the Ministry of Agriculture, Forestry and Rural Development for the Implementation of the Measure “technical assistance”
TA Measure - Manual of Procedures
MoC - TA Measure
List of Eligible Expenditure for measure Technical Assistance of IPARD II Programme
MA-OM O6 for the Prevention, Detection and Reporting of Irregularities and Fraud
MA01-01 MA Manual on Irregularities and Fraud v1 22 Aug 2016

MA Irregularities manual - Unresolved issues table
MA01-01 1 Irregularity Notification Form
MA01-01 2 Request to amend internal manual of procedures
MA01-01 3 Whistleblowers Notification to MA of potential irregularities
MA01-01 4 1 Confirmation of Receipt of Whistleblower Notifcation
MA01-01 4 Record of received Irregularities and Fraud Notifications
MA01-01 5 Update of iregularities previously notified
MA01-01 6 Request for on-the-spot control concerned with irregularity notification
MA01-01 7 Report of on-the-spot control linked to irregularity notification
MA01-01 8 Template for Irregularity Report
MA01-01 9 Investigation call and reports
MA01-01 10 Standard Letter to NAO for Regular Quarterly Report
MA01-01 11 Template for Irregularity Report to NAO
MA01-01 12 Iregularities awareness Declaration

formation and decision-making