

# IPA MANAGEMENT

The Commission is responsible for the implementation of the IPA regulation. Actions under this Regulation are managed, monitored, evaluated and reported on in accordance with **Regulation (EC, Euratom) No 1605/2002**, which is EC financing regulation.

According to the financing regulation the management with the assistance (IPA) may be implemented:

- on a centralized basis,
- by shared or decentralised management,
- by joint management with international organisations.

Community financing may be implemented in the form of **financing agreements** drawn up between the Commission and the beneficiary country, procurement contracts or grant agreements with national or international public sector bodies or natural or legal persons responsible for carrying out the action, or employment contracts. For cross-border programmes with Member States implementation tasks may be delegated to the Member States in which case they shall be implemented through shared management.

Every year the Commission submits to the European Parliament and to the European Council a report on the implementation of the assistance containing information on activities financed during the year and on the findings from the monitoring, assessing the results achieved in using the funds.

## Committees

According to IPA regulations IPA Committee shall be established, composed of representatives of the Member-States chaired by Commission representative. It shall assist the Commission in particular in its task to ensure the coordination and coherence between assistance granted under the different components, i.e. to assist the Commission in adopting the multi-annual indicative planning documents and annual reviews thereof, and the programmes concerning assistance.

Furthermore, the Commission adopts the programmes for regional development assisted by the Coordination Committee of the Funds. Concerning the programmes from rural development component the Commission is assisted by the Rural Development Committee.

The programmes (multi-annual and annual programmes) may be amended where they do not comprise substantial changes to the nature of the original programmes and activities and, as regards the financial element, where they do not exceed 20% of the total amount allocated for the

programme or action in question, subject to a limit of EUR 4 million. The Committee which gave an opinion on the original programme or action shall be informed of all amending decisions.

## **Types of assistance**

Assistance under this Regulation, may, inter alia, finance **investments, procurement contracts, grants, including interest rate subsidies, special loans, loan guarantees and financial assistance, budgetary support** and other specific forms of budgetary aid and the contribution to the capital of international financial institutions or the regional development banks.

**Financing from IPA funds shall not be used for paying taxes, duties or charges in beneficiary countries.**

## **Support measures**

Assistance may also be used to cover the costs of actions linked to preparation, follow-up, control, audit and evaluation directly necessary for the administration of the programme and the attainment of its objectives, in particular studies, meetings, information and publicity, as well as any other expenses for administrative and technical assistance of which the Commission can avail itself for the administration of the programme.

## **Implementation of assistance**

The Commission and the beneficiary countries shall conclude **framework agreements** on the implementation of the assistance.

**The Government of the Republic of Macedonia signed the Framework Agreement with the European Commission on 30.10.2007 and it was ratified by the Parliament of the RoM in January 2008. The Framework Agreement sets out the rules for co-operation concerning EC-financial assistance in the framework of the implementation of the assistance under the IPA.**

Subsidiary agreements concerning implementation of assistance shall be concluded between the Commission and the beneficiary country (sectoral agreement).

The assistance under IPA regulation may be used by the beneficiary country after signing and entering into force of a framework agreement and if such signed, a sectoral agreement for the respective component.

**The Framework Agreement** signed between the Republic of Macedonia and the European Commission sets out:

- (a) general rules on Community financial assistance,
- (b) designation of management structures and authorities,
- (c) common responsibilities of the above mentioned structures, authorities and bodies,
- (d) control requirements and conditions for:
  - (i) accreditation and monitoring of accreditation of the national authorization officer by the competent accreditation officer,
  - (ii) accreditation and monitoring of accreditation of the operating structure by the national authorization officer,

- (iii) conferral of management powers by the Commission,
- (e) drawing up of annual statement of assurance by the national authorizing officer,
- (f) rules on procurement,
- (g) closure of programmes,
- (h) definitions of irregularity, fraud as well as active and passive corruption, and those of Community legislation; responsibilities of the beneficiary country for taking appropriate protection measures to prevent against active and passive corruption, measures against fraud, and corrective activities, rules on recovery of funds in case of irregularities and fraud,
- (i) recovery of funds and financial corrections and adjustments,
- (j) rules on supervision, control and audit by the Commission and the European Court of Auditors;
- (k) rules on taxes, customs duties and other fiscal charges,
- (l) information and publicity requirements.

Concerning the fifth IPA Component, **the Rural Development Component, the Republic of Macedonia has concluded a Sectoral Agreement** for realization of the Agriculture and Rural Development Programme (IPARD Programme) through decentralized management without ex-ante control.

#### **Accreditation criteria**

Before deciding to confer management powers (decentralised management) relating to a component, a programme or a measure on the beneficiary country, the Commission shall satisfy itself that the country concerned meets the conditions in respect of established management and control systems.

For that purpose, the structures, authorities and bodies should set up effective controls in the areas of the **Accreditation criteria**:

1. Control environment (establishment and management of the organization and the staff)
2. Planning/risk management
3. Control activities
4. Monitoring activities
5. Communication (information exchange among all actors).

In 2009 the structures have been accredited and the Commission has conferred on the Republic of Macedonia the management of IPA funds concerning the III, IV and V IPA Component. Conferral of management powers for IPA Component I, which is allocated the biggest financial resources and refers to institution strengthening and development in the Republic of Macedonia, was granted in 2010. Funds under this Component were used even

before granting of decentralized management, through centralized management by the Delegation of the EU in Skopje.

### **Protection of the Community's financial interests**

Any agreements resulting from this Regulation shall contain provisions ensuring the protection of the Community's financial interest, in particular with respect to fraud, corruption and any other irregularities. Investigations shall be conducted by the European Anti-Fraud Office (OLAF). On-the-spot checks and inspections shall be carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

Agreements shall provide for the Commission and the Court of Auditors to have the power of audit, on the basis of documents and on the spot, over all contractors and subcontractors who have received Community funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections.

### **Rules of participation and origin, eligibility for grants**

Participation in the award of procurement or grant contracts financed under this Regulation shall be open to all natural persons who are nationals of- and legal persons who are established in a Member State, a country that is a beneficiary of this Regulation, a country that is a beneficiary of the European Neighborhood and Partnership Instrument, or a Member State of the European Economic Area.

In conformity with Article 114 of Regulation (EC, Euratom) No 1605/2002 natural persons may receive grants.

### **Coherence, compatibility and coordination**

Programmes and projects financed under this Regulation shall be consistent with EU policies. They shall comply with the agreements concluded by the Community and its Member States with the beneficiary countries and respect commitments under multilateral agreements to which they are parties.

The Commission and the Member States shall ensure coherence between Community assistance provided under this Regulation and financial assistance provided by the Community and the Member States through other internal and external financial instruments and by the European Investment Bank.

### **Suspension of assistance**

Respect for:

- principles of democracy,
- the rule of law and for human rights and minority rights,
- and fundamental freedoms.

is an essential element for the application of this Regulation and the granting of assistance under it.

Where a beneficiary country **fails to respect** these principles or the commitments contained in the relevant Partnership with the EU, or where progress toward fulfillment of the accession criteria is insufficient, the Council, on a proposal from the Commission, may take appropriate steps with regard to any assistance granted under this Regulation. The European Parliament shall be fully and immediately informed of any decisions taken in this context.

## **Evaluation**

The Commission shall regularly evaluate the results and efficiency of policies and programmes and the effectiveness of programming in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations. These results shall feed back into programme design and resource allocation.