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COMMISSION OF THE EUROPEAN COMMUNITIES

COMMISSION DECISION

of 2008

**adopting an Annual Programme II for Kosovo (under UNSCR 1244/99)¹ under the IPA
Transition Assistance and Institution Building Component for 2008**

¹ United Nations Security Council Resolution 1244 of 10 June 1999.

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adopting an Annual Programme II for Kosovo (under UNSCR 1244/99) under the IPA Transition Assistance and Institution Building Component for 2008

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)², and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country and by component, or, as appropriate, by group of countries or by theme. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.
- (3) The Council established on 18 February 2008 a European Partnership³ with Serbia including Kosovo⁴. The Commission has adopted on 14 August 2008 a multi-annual indicative planning document 2008/2010 for Kosovo⁵, which presents indicative allocations for the main priorities for pre-accession assistance to Kosovo.
- (4) The amounts foreseen for the programme are in addition to the Multi-Annual Indicative Financial Framework (COM 2007/689) presented to the Budget Authority in November 2007 and consist of the additional allocation of EUR 60 million to IPA Transition Assistance and Institution Building Component for Kosovo for 2008 stemming from a budgetary transfer inside the general budget of the European Communities for 2008, still to be decided by the Budgetary Authority.
- (5) Therefore, and having regard to the project proposals submitted by Kosovo, the Annual Programme II for Kosovo under the IPA Transition Assistance and Institution Building Component for 2008 aims at providing assistance to strengthen rule of law, human rights and good governance, improve social and economic conditions for all communities, and develop regional cooperation.

² OJ L 210, 31.07.2006, p.82.

³ Council Decision 2008/213/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2006/56/EC (OJ L 80, 19.3.2008, p. 46–70).

⁴ United Nations Security Council Resolution 1244 of 10 June 1999.

⁵ C (2008)4354 of 14 August 2008.

- (6) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002⁶ (hereafter: “Implementing Rules”) and constitutes thus a financing decision within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁷ (hereafter: “Financial Regulation”).
- (7) It is appropriate to implement this programme partly by centralised management, partly by joint management with the European Bank for Reconstruction and Development and the European Investment Bank and the World Bank in accordance with article 53d of the Financial Regulation which stipulates that the Commission implements the budget by joint management "(b) wherever the Commission and the international organisation elaborate a joint project or programme", and partly by indirect centralised management with the Kreditanstalt für Wiederaufbau in accordance with Article 54 of the Financial Regulation which stipulates that the Commission may, when implementing the budget by indirect centralised management, delegate tasks of public authority and in particular budget implementation tasks to: "(c) national or international public-sector bodies or bodies governed by private law with a public-service mission providing adequate financial guarantees and complying with conditions provided for in the implementing rules".
- (8) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee⁸,

HAS DECIDED AS FOLLOWS:

Article 1

The Annual Programme II for Kosovo under the IPA Transition Assistance and Institution Building Component for 2008, as set out in the Annex, is hereby adopted.

This programme shall be implemented partly by centralised management, partly by joint management with the European Bank for Reconstruction and Development and the European Investment Bank and the World Bank, and partly by indirect centralised management with the Kreditanstalt für Wiederaufbau.

It shall be implemented by means of a financing agreement to be concluded between the Commission and Kosovo in conformity with the Framework Agreement concluded between the same parties on 19 December 2007.

Article 2

The maximum amount of Community contribution shall be **EUR 60 million**, to be financed through Article 22.020200 of the general budget of the European Communities for 2008⁹.

⁶ OJ L 357, 31.12.2002, p. 1.

⁷ OJ L 248, 16.9.2002, p. 1.

⁸ The adoption of the IPA Annual Programme II for Kosovo under UNSCR 1244/99 under the transition assistance and institution building component for 2008 by the Member States in the context of the IPA Committee does not prejudice the position of each individual Member State on the Status of Kosovo

⁹ Pending the adoption of the transfer by the Budgetary Authority.

Done at Brussels,

For the Commission

Member of the Commission

ANNEX

IPA ANNUAL PROGRAMME II FOR KOSOVO¹⁰ UNDER THE TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR 2008¹¹

1. IDENTIFICATION

Beneficiary	Kosovo
CRIS number	2008/020-454
Year	2008
Cost	EUR 60 million
Implementing Authority	<p>Project 1 "Upgrade of Infrastructure in the Rule of Law Sector" - European Commission, ECLO</p> <p>Project 2 "Infrastructure Project Facility (IPF) Kosovo Window" - joint management with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), and indirect centralised management with the Kreditanstalt für Wiederaufbau (KfW)</p> <p>Project 3 "Contribution to the World Bank's Kosovo Sustainable Development Trust Fund (KSEDTF) & Kosovo Debt Management Support Programme (KDMSP)" – joint management with the World Bank</p>
Final date for concluding the financing agreements	At the latest by 31 December 2009.
Final dates for contracting	<p>Three years following the date of conclusion of the financing agreement.</p> <p>No deadline for audit and evaluation projects covered by this financing agreement, as referred to in Article 166 (2) of the Financial Regulation</p>
Final dates for execution	<p>Two years following the end date for contracting, except for project 2 (2016).</p> <p>These dates apply also to co-financing</p>
Sector Code	<p>Project 1 "Upgrade of Infrastructure in the Rule of Law Sector" – 15130</p> <p>Project 2 "Infrastructure Project Facility (IPF) Kosovo Window" – 73010</p> <p>Project 3 "Contribution to the World Bank's Kosovo Sustainable Development Trust Fund (KSEDTF) & Kosovo Debt Management Support Programme (KDMSP)" – 16050, 60010</p>

¹⁰ Under UN Security Council Resolution 1244/99.

¹¹ The adoption of the IPA Annual Programme II for Kosovo under UNSCR 1244/99 under the transition assistance and institution building component for 2008 by the Member States in the context of the IPA Committee does not prejudice the position of each individual Member State on the Status of Kosovo.

Budget line concerned	22.020200
Programming Task Manager	Unit C3, DG Enlargement
Implementation Task Manager	<p>Project 1 "Upgrade of Infrastructure in the Rule of Law Sector" - Operational Section, European Commission Liaison Office to Kosovo (ECLO)</p> <p>Project 2 "Infrastructure Project Facility (IPF) Kosovo Window" – Regional programmes' unit D3, DG Enlargement</p> <p>Project 3 "Contribution to the World Bank's Kosovo Sustainable Development Trust Fund (KSEDTF) & Kosovo Debt Management Support Programme (KDMSP)" – Operational Section, European Commission Liaison Office in Kosovo (ECLO)</p>

2. PRIORITY AXES / PROJECTS

2.a Priority axes

The IPA 2008 programme II for Kosovo is focused on the objectives identified in the Multi-Annual Indicative Planning Document (MIPD) 2008-2010. The programme contains 3 projects grouped under 2 strategic priority axes - Political Criteria and Economic criteria. The objectives of the programme reflect the key priorities of the European Partnership and the priorities of Kosovo's Medium-Term Expenditure Framework.

Priority Axis 1 - Political Criteria

42% of the overall EC budget of the current programme should be allocated to this axis, which focuses on the fulfilment of the EU's political criteria, in particular the consolidation of Kosovo's institutional, administrative and judicial set-up, including the fight against corruption, and the protection of human rights.

Priority Axis 2 – Economic Criteria

58% of the overall EC budget of the current programme should be allocated to this axis which addresses wider socio-economic issues, in particular improvement of the investment climate and trade opportunities through the development of infrastructures in energy, transport, environment or other relevant sectors.

The programme is designed to have the flexibility necessary to respond to Kosovo's priority needs in 2009 and 2010, and the strengthening EU leadership role and presence in Kosovo.

2.b Description of projects grouped per priority axis

Priority axis	IPA support (EUR m)	Project Description (Expected Results, Indicative Activities and Implementation Schedule)
Priority axis 1 <i>Political Criteria</i>	25	
01-2008/1: <i>Upgrade of Infrastructure in the Rule of Law Sector</i>	25	Results: Capacity of Kosovo's institutions to execute their legal authority is strengthened measured by efficiency and effectiveness of court proceedings 5 years after the project's completion (a reduction in the back log of pending court cases and an increase in the speed and quality of courts' processing of new cases).

		<p>Activities:</p> <ul style="list-style-type: none"> • Renovation of all court buildings and prosecutorial offices where appropriate; • Building of new premises for courts and prosecutorial offices where appropriate, including the construction of a central court building in Pristina to accommodate the municipal, district and supreme courts; • Building of new premises for the Kosovo Judicial Council; • Building of a new premise for the Kosovo Judicial Institute (Magistrate School). <p>Implementation: Up to five (indicative) works contracts accompanied with relevant service and/or supply contracts as appropriate, executed in Q3 2009- Q4 2013 contracted by the ECLO.</p>
Priority axis 2 <i>Economic Criteria</i>	35	
02-2008/2: <i>Infrastructure Project Facility – Kosovo Window</i>	25	<p>Results: Kosovo's competitiveness as investment destination has improved measured by number of foreign investments and general business climate strengthened measured by number of new businesses 5 years after the project completion. Improved infrastructure, as measured by increased traffic flows and reduction in traffic accidents, reduced rates of time/money lost due to traffic bottlenecks. Improved public health, as measured by decrease of pollution levels and improvement of relevant human development indexes.</p> <p>Activities:</p> <ul style="list-style-type: none"> • Priority infrastructure projects identified and prepared for financing through Bank loans¹² and/or grants from the EC and/or Kosovo's budget; • Infrastructure investments executed with support of IPF Kosovo Window, future maintenance by the beneficiary and follow-up assistance by the IPF ensured. <p>Implementation: A number of contribution agreements (indicatively 3) to be signed, dependent on a project pipeline, under joint management with the EBRD and the EIB and the indirect centralised management with the KfW concluded by DG ELARG Unit D3 and executed in Q1 2009 – Q4 2016.</p>
03-2008/2: <i>Contribution to the World Bank's Trust Funds for Kosovo</i>	10	<p>Results: For the Kosovo Sustainable Employment Development Trust Fund (KSEDTF): 1st pillar: design and implementation of fiscally sustainable social employment and education policies; 2nd pillar: improvements in budgetary control, monitoring payment arrears, budgetary classification, multi-year budgeting, payroll control, auditing and robust procurement systems as indicated in the</p>

¹²

EBRD, EIB, KfW

		<p>Public Expenditure and Financial Accountability Assessment (PEFA) roadmap.</p> <p>For the Kosovo Debt Management Support Programme: repayment of a proportion of the debt that Kosovo could inherit, principally the debt owed to the World Bank, according to a programme that will link disbursement of funds for debt prepayment to a series of macro-fiscal reforms.</p> <p>Activity 1: Contribution to the Kosovo Sustainable Development Trust Fund (KSEDTF)</p> <p>Activity 2: Contribution to the Kosovo Debt Management Support Programme (KDMSP)</p> <p>Implementation: Two contribution agreements under joint management with the World Bank concluded by the European Commission to be executed in Q1 2009 – Q4 2013.</p>
TOTAL	60	

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

Past assistance

To date, overall European Union assistance to Kosovo - including EU Member States' assistance - amounts to EUR 2.7 billion. Out of this figure, EC assistance accounts for over EUR 1.9 billion from which past CARDS assistance reaches almost EUR 1.2 billion. In addition in 2006-2007, for planning EU future presence in Kosovo, Joint Actions for the EU Planning Team Kosovo Mission have provided for almost EUR 80 million and for the International Civilian Office Planning Team more than EUR 5 million.

Kosovo has also benefited from the CARDS regional programmes to support actions of common interest for the Western Balkan region, for example in the fields of infrastructure, institution building, higher education (e.g. Tempus) and cross-border cooperation. However, Kosovo's possibilities and capacities to fully participate in regional programmes were limited hitherto.

On-going assistance

Multi-beneficiary programmes

Three Multi-beneficiary projects supporting the whole Western Balkans' region are directly linked to the current programme:

- EUR 16 million CARDS 2006 project providing technical assistance under the Infrastructure Project Facility for the identification and preparation of investment projects in transport, environment, energy and social sectors. Two priority projects from Kosovo have been identified to date – "Upgrade of Pristina water supply" and "Rehabilitation of Railway Route 10 in Kosovo". Both projects need also additional financing of investments from EU or/and other donors;
- EUR 16.2 million IPA 2008 project extending the current CARDS technical assistance opportunities under the Infrastructure Project Facility with IPA funds;
- EUR 24 million IPA 2008 project "Municipal Window of the Infrastructure Project Facility", aiming to the financing of a wide range of infrastructure in co-operation with International Financial Institutions.

The above multi-beneficiary projects provide a model for Kosovo Window of the Infrastructure Project Facility as part of the current programme.

Kosovo annual programmes

IPA 2007 annual programme for Kosovo amounts to EUR 62 million. It contains two on-going projects with close links to the objectives of the current programme:

- EUR 7 million project "Strengthening the rule of law" targeting border police within Kosovo Police Service, Kosovo Anti Corruption Agency and departments for border management, asylum and migration within the Ministry of Internal Affairs;
- EUR 8 million project for the reconstruction of road infrastructure between Pristina and the border crossing with former Yugoslav Republic of Macedonia.

IPA 2008 annual programme I for Kosovo amounts to EUR 122.7 million and contains the following projects linked to the current programme:

- EUR 13 million project for strengthening the rule of law. This project will address Legal Education System reform, EU Standards for the Ministry of Justice, capacity building for Readmission and Asylum, improvement of the Penitentiary System and equipping Border and Boundary Police;
- EUR 18 million project "Further support to water and environment sector in Kosovo" for upgrading water treatments in Mitrovica and Pristina regions, and closing several dumpsites together with improvements in landfills.

Several other projects under the multi-beneficiary programmes and Kosovo's annual programmes support indirectly the sectors addressed by the current programme (e.g. social sector).

The World Bank Trust Funds

Following the successful Kosovo Donors' Conference of July 2008, the World Bank is establishing two Trust Funds. The Commission would want to contribute to both funds, whose purposes are as follows:

The purpose of the Kosovo Sustainable Employment Development Trust Fund (KSEDTF) is to support Kosovo in implementing a set of reforms in the social sectors and in public financial management, which should provide an environment conducive to sustainable employment generation, strengthening human capital, improving social welfare and social cohesion as well as the quality of life in Kosovo.

The purpose of the Kosovo Debt Management Support Programme (KDMSP) is to contribute to Kosovo's stabilisation reserve for contingent liabilities, including the considerable volume of debt that Kosovo could inherit from Serbia, including that owed to the International Bank for Reconstruction and Development (IBRD) or World Bank.

Close coordination and complementarity will be sought with the other EC programmes, including the programmes implemented by other DGs and other donors.

Lessons learned

Experience as summarised in the recent DG ELARG evaluation reports (report on Public Administration Reform, Good Governance and Anti-Corruption, Environment, etc), suggests that IPA assistance requires:

- Improved relevance of EU assistance, which must be directly linked to Kosovo's development and action plans set within a clear European perspective.
- Improved co-ordination, requiring increased efforts of Kosovo's institutions to articulate a link between their development needs and EC assistance, efficient donor consultation and improved co-operation within the framework of Kosovo's Plan on European Integration and European Partnership Action Plan.
- Increased local ownership of EC assistance. .
- Improved administrative capacity, including the capacity to develop internal evaluation mechanisms for institutional capacity assessment.

- Proper monitoring of programmes and projects, both by the beneficiaries and the Commission.

Donor Coordination

The government has made significant progress in strengthening its leadership of donor coordination in Kosovo since early 2006. The formulation of sector level strategies together with the developing management capacities of ministries, has improved the basis for donor dialogue and coordination at the ministerial level. A donor coordination system has been established in the Office of the Prime Minister to enhance Kosovo's aid coordination, in close dialogue with local and international stakeholders.

The Kosovo Donors' Conference organised in July not only aimed to gather support for Kosovo's socio-economic development within the region's European perspective. It also served to provide encouragement to improve donor coordination and the establishment of effective donor coordination mechanisms. The government of Kosovo is currently working on this with a view to have the relevant principles agreed and systems in place within three months after the Conference, as per its commitments made in July.

This IPA 2008 programme II will be implemented in close consultation and - where appropriate - cooperation with other donors including the EU Member States, USAID and International Financial Institutions, particularly the EIB, EBRD and the World Bank.

2.d Cross cutting issues

Systematically addressing cross-cutting issues has been a critical starting point in programme design. This is essential if gender equality, minorities' inclusion and environmental sustainability are to be properly mainstreamed within this programme. Local actors/bodies in charge of these issues as well as civil society shall be systematically consulted to specifically assist Kosovo institutions/organisations to effectively mainstream in line with European standards and appropriate practices. A portion of the projects' budget may be allocated for this purpose. Each project fiche explains how cross-cutting issues shall be mainstreamed.

2.e Conditions

The programme includes the following conditionalities:

- The government formally endorses the projects described in the programme, including the identified co-financing commitments.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order for EC financial support to be used in the most effective and sustainable manner.
- Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and formally endorse the documents before tenders. Where appropriate, beneficiaries shall also participate in the selection committees for procurement and grants.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of the planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering, monitoring and coordination committees, etc as required by the project activities.

In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the Implementing Authority.

2.f Benchmarks

	2008 (indicative)		2009 (indicative)		2010 (cumulative, indicative)		2011 (cumulative, indicative)	
	EU	NF*	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched	0	0	1	0	8	0	9	0
Number of agreements with IFIs launched	0	0	3	0	3	0	6	0
Contracting Rate (%)	0	0	20%	0	70%	0	100 %	0%

* For parallel co-financing from the Beneficiary

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

Kosovo has yet to formally appoint the NIPAC; the acting Director of the Agency for European Integration under the Prime Minister's Office currently ensures relevant follow-up. The discussions on the "Roadmap for DIS" are expected to start in 2009-2010.

3. BUDGET (AMOUNTS IN EUR MILLION)

3.1. Indicative budget table

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Communit y contributio n		Contribution from the Beneficiary*		Total expenditure	IPA Community contribution		Contribution from the Beneficiary*				
		EUR m (a)=(b)+(c)	EU R m (b)	% ⁽¹⁾	EUR m (c)		% ⁽¹⁾	EUR m (d)=(e)+(f)	EUR m (e)	% ⁽¹⁾)			
Priority axis 1 Political Criteria	0	0	0	0	0	25	25	100	0	0	25	25	42
Project 1 <i>Upgrade of Infrastructure in the Rule of Law Sector</i>	0	0	0	0	0	25	25	100	0	0	25	25	–
Priority axis 2 Economic Criteria	0	0	0	0	0	35	35	100	0	0	35	35	58
Project 2 <i>Infrastructure Project Facility – Kosovo Window</i>	0	0	0	0	0	25	25	100	0	0	25	25	–

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA Community contribution	
	Total expenditure	IPA Community contribution		Contribution from the Beneficiary*		Total expenditure	IPA Community contribution		Contribution from the Beneficiary*				
		EUR m (a)=(b)+(c)	EUR m (b)	% ⁽¹⁾	EUR m (c)		% ⁽¹⁾	EUR m (d)=(e)+(f)	EUR m (e)	% ⁽¹⁾			
Project 3 <i>Contribution to the Word Bank's Trust Funds for Kosovo</i>	0	0	0	0	0	10	10	100	0	0	10	10	–
TOTAL	0	0	0	0	0	60	60	100	0	0	60	60	100

* Contribution (public and private) and/or international contribution, provided by counterparts from the Beneficiary

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Priority axis rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the priority with reference to the total IPA Community contribution of the entire Financing Proposal.

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

The Community contribution, which represents 100% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralised management is based on the total expenditure.

In the case of centralised or joint management, the Commission can decide the rate of the Community contribution, which may amount to 100% of eligible expenditure (IPA IR Art 67 Aid intensities and rate of Community contribution). Since IPA 2008 Part I already foresees substantial co-financing (25%) and given the nature of the actions proposed, the Commission would not insist on co-financing for IPA 2008 Part II.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of implementation

The programme will be implemented partly by the European Commission and partly by joint management in accordance with in accordance with Article 53a, Article 53d, and Article 54 of the Financial Regulation¹³ and the corresponding provisions of the Implementing Rules¹⁴, as follows:

Project 1 will be implemented by the European Commission on a centralised basis by the European Commission Liaison Office in Kosovo. Project 2 will be implemented by the European Commission through joint management with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) and by indirect centralised management with the Kreditanstalt für Wiederaufbau (KfW). To this end, the Commission and the EBRD and the EIB will conclude a Contribution Agreement and the Commission and the KfW will conclude a Delegation Agreement. Project 3 will be implemented by the European Commission Liaison Office in Kosovo through joint management with the World Bank. The implementation of the Commission contribution to both Trust Funds will be in accordance with the Trust Funds and Co-Financing Framework Agreement signed by the Commission on behalf of the European Communities and the International Bank for Reconstruction and Development, the International Development Association, the International Finance Cooperation and the Multilateral Investment Guarantee Agency.

The EBRD and the EIB will be subject to a compliance assessment in relation to articles 53d and 54 of the Financial Regulation. In anticipation of the results of this assessment the authorising officer deems that, based on the long-standing and problem free cooperation with this Organisation, the Joint Management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of the Implementing Rules to the Financial Regulation. KfW has already been subject to the same assessment and is covered by the AIDCO's Director General Mr. Richelle n°8865 of 23 April 2008.

4.2. General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract

¹³ OJ L 248, 16.9.2002, p.1.

¹⁴ OJ L 357, 31.12.2002, p. 1.

procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website¹⁵ at the date of the initiation of the procurement or grant award procedure.

The general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) and the Kreditanstalt für Wiederaufbau (KfW) implementing Project 2 and the World Bank implementing Project 3.

4.3. Environmental Impact Assessment and Nature Conservation

All investments shall be carried out in compliance with the relevant Community environmental legislation.

The procedures for environmental impact assessment as set down in the EIA-Directive¹⁶ will fully apply to all investment projects and the application of the European Principles for the Environment will be ensured¹⁷.

An appropriate nature conservation assessment shall be made for any project, equivalent to that provided for in Art. 6 of the Habitats Directive¹⁸, that is likely to affect sites of nature conservation importance.

5. MONITORING AND EVALUATION

5.1. Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisation(s) concerned

5.2. Evaluation

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

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

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

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

¹⁵ Current address: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

¹⁶ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17).

¹⁷ Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive).

¹⁸ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1).

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96¹⁹.

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

7. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature²⁰, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

¹⁹ OJ L 292; 15.11.1996; p. 2

²⁰ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.