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ANNEX:
IPA 2010 – NATIONAL PROGRAMME PART I - BOSNIA AND HERZEGOVINA

1. IDENTIFICATION

Beneficiary	Bosnia and Herzegovina
CRIS number	2010 / 022-259
Year	2010
Cost	EUR 92 288 099
Implementing Authority	European Commission, partly by joint management with United Nations Children's Fund (UNICEF) - project 2, Council of Europe Development Bank (CEB) - project 6, World Bank (WB) - project 10, 11; European Bank for Reconstruction and Development (EBRD) - project 11, European Investment Bank (EIB) - project 11, United Nations Food and Agricultural Organisation (FAO) - project 13, partly by indirect centralised management with Kreditanstalt für Wiederaufbau (KfW) - projects 11
Final date for concluding the financing agreement	at the latest by 31 December 2011
Final date for contracting	2 years from the date of the conclusion of the Financing Agreement. No deadline for audit and evaluation projects covered by the Financing Agreement implementing this programme, as referred to in Article 166(2) of the Financial Regulation. These dates apply also to the national co-financing.
Final date for execution	2 years from the final date for contracting. These dates apply also to the national co-financing.
Sector Code	14020, 15110, 15111, 15113, 15130, 15210, 15220, 16010, 21040, 31195, 33110, 41040, 43040, 43082, 99810
Budget line concerned	22.020200
Programming Task Manager	DG ELARG C1
Implementation Task Manager	European Union Delegation to Bosnia and Herzegovina

2. PRIORITY AXES / PROJECTS

2.1. Priority axes

The IPA Component I - 2010 National Programme part I for Bosnia and Herzegovina is in line with the Multi-Annual Indicative Planning Document (MIPD) 2009-2011 and aims to further support:

2.1.1. Political criteria:

The 2009 Progress Report confirms that Bosnia and Herzegovina has made very limited progress in addressing political criteria. Reform implementation has been slow due to the lack of consensus, political will and the complex institutional framework. The function of state-level institutions and legislative bodies has been deficient. While some progress has been made in the area of public administration, more efforts are needed on improving the judicial system, and in particular the fight against corruption and organised crime.

The predominant part of the assistance to the political requirements supports the judiciary. Assistance is provided to the Forensic Science Department of the International Commission on Missing Persons, whose work is indispensable for the thorough prosecution of war crimes, to the reform and professional development of the police, to the implementation of the Anti-Corruption Strategy and its Action Plan, to the construction of a high security state prison, and support will be provided to strengthen the technical and professional capacity of the judiciary.

Further assistance is directed at developing and implementing a sustainable strategy for integrated social protection and the inclusion of children and families, as a continuation of activities which began under the IPA national programme 2007; to preserve Bosnia and Herzegovina's cultural heritage; to support the Public Administration Reform Strategy through the development of coordination and policy making capacities; and to provide support on public financial management and improvement of information systems in public institutions.

2.1.2. Economic criteria:

Bosnia and Herzegovina has been severely hit by the global economic crisis. The economy slowed down in the fourth quarter of 2008, when the global crisis began to impact on the real economy. This trend continued in 2009, pushing the country into a recession. Unemployment remains at a very high level. The country negotiated a three-year-stand by agreement of EUR 1.15 billion with the International Monetary Fund (IMF). A first tranche of EUR 205 million was released in July 2009 and the IMF is currently assessing the conditions for the disbursement of the second tranche. In parallel, the World Bank is planning a Development Policy Loan of EUR 100 million and the European Commission is preparing macro-financial assistance of EUR 100 million on a loan basis. The IPA provides support in its national programme 2009 with EUR 39 million investments in transport, energy and environment infrastructure and small and medium enterprises.

The EU continues, through the 2010 national programme part I to provide support to infrastructure investments. It cooperates with the World Bank on the rehabilitation and transport and navigation development of the Sava River to link national with regional core

transport networks. It supports, together with EBRD, EIB and KfW, the rehabilitation and construction of water, waste water and solid waste infrastructure. The water supply and sewerage collection projects are part of the programme agreed under the Municipal Window of the Infrastructure Project Facility (IPF) and the transport project will complement IPF investments in these sectors.

The grants to the international financial institutions (IFIs) and the KfW will leverage significant loans for major infrastructure investments provided by them. The EU's contribution will ensure that Bosnia and Herzegovina can conclude the loan agreements with IFIs in the year 2010.

EBRD, EIB, World Bank, and KfW as the only national development bank currently investing in Bosnia and Herzegovina's environment infrastructure have been called to propose projects, which are ready to be implemented. A selection committee, composed of representatives of the European Union Delegation to Bosnia and Herzegovina, the National IPA Coordinator (Minister of Finance), the line Ministries concerned and the Directorate for European Integration selected the proposed projects. The projects in this programme have been selected because they are well advanced in the preparatory phase, but their timely implementation would be unlikely without the EU support. Furthermore, these projects address key economic sectors which can provide employment and income to citizens at this time of economic crisis.

2.1.3. European Standards:

Bosnia and Herzegovina has made limited progress in aligning its legislation and policies with European standards. Some progress has been made in areas such as transport, taxation, education and culture, and a number of justice, freedom and security matters. Particular efforts remain necessary as regards customs, rural development and veterinary regulation.

The programme will support the customs sector in the Indirect Taxation Authority and will prepare rural development structures through piloting IPA rural development (IPARD) type measures to support farmer's preparation for implementation of rural development policy in a way, which would be compatible with the main principles of the IPARD framework and EU rural development policy. Further assistance is provided to the regional vaccination programme against rabies.

2.1.4. Supporting Programmes:

Bosnia and Herzegovina has to achieve administrative and institutional capacity to participate in EU programmes. So far, a Memorandum of Understanding on participation in the 7th Framework Programme (FP7) on Research has been concluded. The programme supports the financing of the entry ticket and provides institution building assistance.

A Project Preparation Facility will support Bosnia and Herzegovina in the preparation of project proposals and provide the necessary back-up for implementation of the assistance.

2.2. Description of projects grouped per priority axis:

No.	Political Criteria	EU contribution in Euro	Project Description
1	Support to the Forensic Science Department of the International Commission on Missing Persons (ICMP)	2 000 000	<p><i>Project purpose:</i> To enable ICMP to carry out DNA-assisted identifications of persons missing as a result of armed conflicts in Bosnia and Herzegovina and to give forensic support through the Forensic Science Department.</p> <p><i>Implementation:</i> 1 grant agreement without a call for proposals with ICMP for an indicative amount of EUR 2 000 000. The direct agreement is expected to be signed in Q1/2011.</p> <p>The direct agreement with ICMP will be concluded in accordance with Article 168(1)(c) of the Implementing Rules to the Financial Regulation) as ICMP has a de facto monopoly on the DNA identification of all victims in the country being the only organisation with the necessary equipment and skills to carry out this work.</p> <p>The EU contribution of EUR 2 000 000 constitutes 12.86 % of the total costs of EUR 15 548 316.</p>
2	Enhancing the Social Protection and Inclusion System for vulnerable groups – Phase III	1 400 000	<p><i>Project purpose:</i> To support key government partners in establishing a country-led process for the development and implementation of a sustainable strategy for integrated social protection and inclusion of vulnerable groups, in particular children.</p> <p><i>Implementation:</i> This project will be implemented by joint management with UNICEF in accordance with Article 53d(1)(a) and (b) of the Financial Regulation. It is foreseen that a contribution agreement for an indicative amount of EUR 1 400 000 in Q4/2010 will be concluded.</p>
3	Preservation of Bosnia and Herzegovina's Cultural Heritage - Phase II	5 000 000	<p><i>Project purpose:</i> To restore Sarajevo Town Hall and Novi Grad Town Hall in the framework of the Ljubljana Process.</p> <p><i>Implementation:</i> 2 works contracts for an indicative amount of EUR 3 500 000 and EUR 1 000 000 for reconstruction and restoration activities and 1 service contract for supervision of works for an indicative amount of EUR 500 000. All contracts are expected to be launched in Q4/2010.</p>
4	Support to the area of law enforcement	8 000 000	<p><i>Project purpose:</i> To build capacities of the law enforcement institutions, in particular the police, in order to strengthen cooperation and coordination in the area of law enforcement.</p> <p><i>Implementation:</i> 1 agreement for an indicative amount of EUR 7 000 000 with an EU Member State following a call for proposal to be launched in Q1/2011 and 1 supply contract for an indicative amount of EUR 1 000 000 to be launched in Q2/2012. Selection and award criteria for the grant will be based on the availability to draw on a variety of law enforcement capacities from different Member States. The financing of the action will be fully in accordance with Article 253(1)(d) of the Implementing Rules to the Financing Regulation.</p>
5	Implementation of the Anti-Corruption Strategy and Action Plan	2 000 000	<p><i>Project purpose:</i> To support institutions in Bosnia and Herzegovina to effectively implement the Anti-Corruption Strategy and its Action Plan in cooperation with civil society organisations and business associations.</p> <p><i>Implementation:</i> 1 service contract for an indicative amount of</p>

			EUR 2 000 000 to be launched in Q1/2011.
6	Construction of a high security state prison - Phase II	5 150 000	<p><i>Project Purpose:</i> To establish a permanent facility for the detention and imprisonment of individuals requiring high security.</p> <p><i>Implementation:</i> The construction of a state prison is a common effort of international donors and the Bosnia and Herzegovina authorities. The EU and the Governments of Sweden and the USA contribute grants and the Development Bank of the Council of Europe (CEB) contributes a loan. Bosnia and Herzegovina participates in the financing. The Commission entrusted the CEB to implement the EU's grant as a jointly managed project in accordance with Article 53d(1)(c) of the Financial Regulation. The project is a continuation of an IPA 2008 project and its purpose is to cover the financing gap of EUR 5 150 000. The signature of the contribution agreement is planned for Q2/2011.</p>
7	Strengthening the Judiciary	4 000 000	<p><i>Project Purpose:</i> To strengthen the technical and professional capacities of the judiciary of Bosnia and Herzegovina.</p> <p><i>Implementation:</i> 1 service contract for an indicative amount of EUR 1 200 000 to be launched in Q1/2011. 1 direct grant agreement with the High Judicial and Prosecutorial Council (HJPC) for an indicative amount of EUR 1 000 000 to be signed in Q3/2012. The direct grant agreement with HJPC will be concluded in accordance with Article 168(1)(c) of the Implementing Rules to the Financial Regulation in light of its sole jurisdiction for the implementation of the foreseen activities. 1 supply contract for an indicative amount of EUR 1 800 000 to be launched in Q4/2012. The financing of the direct agreement will be fully in accordance with Article 253(1)(d) of the Implementing Rules to the Financing Regulation.</p> <p>The EU contribution of EUR 4 000 000 constitutes 75.47 % of the total costs of EUR 5 300 000.</p>
8	Coordination of policy making capacities and public financial management	3 000 000	<p><i>Project Purpose:</i> 1) To build a system of coherent and harmonised policy making and management at different levels of government. 2) To improve fiscal policy, to increase the link between policy-making and budget planning procedures, and to strengthen the public internal financial control system.</p> <p><i>Implementation:</i> 2 service contracts for an indicative amount of EUR 1 000 000 to be launched in Q1/2011 and for an indicative amount of EUR 2 000 000 to be launched in Q4/2010.</p>
9	Information Systems in Public Institutions	1 350 000	<p><i>Project Purpose:</i> 1) To improve the effectiveness of the Agency for Identification Documents, Registers and Data Exchange through appropriate usage of e-services. 2) To build capacities of the Parliamentary Assembly through advanced Information and Communication Technology based solutions.</p> <p><i>Implementation:</i> 1 service contract for an indicative amount of EUR 1 100 000 to be launched in Q1/2011 and 1 supply contract for an indicative amount of EUR 250 000 to be launched in Q2/2011.</p>
	Economic Criteria		
10	Rehabilitation and Development of Transport and	5 600 000	<p><i>Project purpose:</i> To implement the South East Europe Transport Observatory (SEETO) core network action plan for Bosnia and Herzegovina through provision of preconditions</p>

	Navigation on the Sava River Waterway		for the rehabilitation of the Sava river navigation route. <i>Implementation:</i> The project will be implemented by joint management with the World Bank through an administration agreement for an indicative amount of EUR 5 600 000 to be signed in Q1/2011. The agreement will be concluded in accordance with Article 53d(1)(c) of the Financial Regulation.
11	Rehabilitation and construction of water, waste water and solid waste infrastructure	40 000 000	<i>Project Purpose:</i> To support sustainable environmental development, generate local economic growth and create job opportunities through environmental infrastructure investments. <i>Implementation:</i> The project will be implemented by joint management with the EBRD, the EIB, the World Bank in accordance with Article 53d(1)(c) of the Financial Regulation and by indirect centralised management with the KfW in accordance with Article 54(2)(c) of the Financial Regulation It is foreseen to conclude 1 contribution agreement for an indicative amount of EUR 18 000 000 with the EIB, 1 contribution agreement for an indicative amount of EUR 3 500 000 with the EBRD, 1 administration agreement with the World Bank for an indicative amount of EUR 17 000 000, and 1 delegation agreement with KfW for an indicative amount of EUR 1 500 000. The signature of all agreements is planned for Q1/2011.
	European Standards		
12	Strengthening the customs sector within the Indirect Taxation Authority	2 250 000	<i>Project purpose:</i> To strengthen the capacities of the Indirect Taxation Authority in order to contribute to further alignment with EU customs systems. <i>Implementation:</i> 1 supply contract for an indicative amount of EUR 2 000 000 and 1 service contract for an indicative amount of EUR 250 000, both to be launched in Q1/2011.
13	Pilot support to IPA rural development type measures	3 000 000	<i>Project Purpose:</i> To prepare farmers to participate in future IPA rural development projects and to strengthen State capacities in rural development programming and implementation. <i>Implementation:</i> The project will be implemented by joint management with the Food and Agriculture Organisation of the United Nations (FAO) in accordance with Article 53d(1)(b) of the Financial Regulation. It is foreseen that 1 contribution agreement for an indicative amount of EUR 3 000 000 with FAO in Q2/2011 will be concluded.
14	Improvement of animal health control through vaccination against rabies	3 060 000	<i>Project Purpose:</i> To improve the animal health situation as regards rabies. <i>Implementation:</i> 1 supply contract for an indicative amount of EUR 3 060 000 to be launched in Q1/2011.
	Supporting programmes		
15	Participation of Bosnia and Herzegovina in EU Programmes	1 500 000	<i>Project purpose:</i> To allow institutions from Bosnia and Herzegovina to participate in and benefit from EU Programmes. <i>Implementation:</i> Payment of the entry ticket for the participation in the 7 th Framework Programme for Research, Technological Development and Demonstration Activities

			(FP7) for an indicative amount of EUR 860 000 to be paid in Q2/2011. Specific contracts under a framework contract (framework contract "Beneficiaries 2009") for an indicative amount of EUR 340 000 and 1 service contracts for an indicative amount of EUR 300 000, both to be launched in Q1/2011.
16	Project Preparation Facility	4 978 099	<i>Project Purpose:</i> To prepare and improve project proposals submitted to the European Commission in particular in the field of environmental infrastructure.. <i>Implementation:</i> Several service contracts, twinning light or framework contracts for an indicative amount of EUR 2 478 099 to be launched as from Q1/2011. 1 service contract for an indicative amount of EUR 2 500 000 to be launched in Q4/2010.
	TOTAL	92 288 099	

In addition to the assistance identified in the table above, support of EUR 2 400 000 is provided to activities in the areas of education in the framework of the Tempus programme. This project is coordinated and implemented under the IPA Multi-beneficiary Programme.

2.3. Overview of past and ongoing assistance including lesson learned and donor coordination

So far, progress in the IPA implementation is not yet measurable because of delays in implementation. The IPA National Programme 2007 was adopted by the European Commission in December 2007. Bosnia and Herzegovina ratified the IPA Framework Agreement in July 2008. However the Commission could not start implementation of the IPA 2007 National Programme before January 2009 because Bosnia and Herzegovina only adopted in December 2008 the legislation which was a prerequisite of the Agreement to exempt all goods, services, works and grants provided under IPA from fees, custom duties and taxes. In the meantime, national programmes for 2008 and 2009 have been adopted. The implementation of IPA 2007 projects began in the first semester of 2009 and tendering of IPA 2008 mainly started in the second half of 2009.

Experience with previous Community Assistance for Reconstruction, Development and Stabilisation (CARDS) assistance as well as the recommendations of the evaluation of CARDS assistance to the Western Balkan countries in 2004 and the 2008 ad hoc evaluation of the CARDS Programme in Bosnia and Herzegovina leads to the following considerations:

(1) Increasing local ownership and gradual decentralisation of EU assistance to Bosnia and Herzegovina is essential for effective targeting of the support and achieving the agreed results. Significant efforts have been undertaken to involve Bosnia and Herzegovina's institutions in the planning and programming process of EU assistance.

(2) A number of assistance projects in Bosnia and Herzegovina did not achieve the expected results because of an insufficient sense of ownership on the part of the beneficiaries. Project implementation in Bosnia and Herzegovina carries various political risks, e.g. most of the projects to implement the European Partnership require reforms which are not necessarily endorsed by all competent authorities in Bosnia and Herzegovina.

(3) EU assistance must not only reflect European Partnership priorities but, in the broader sense of the Paris Declaration, must also be interlinked with Bosnia and Herzegovina's own development and action plans.

The IPA national programme 2010 part I aims at promoting ownership by ensuring that projects are in line with Bosnia and Herzegovina's own reform strategies and development plans, in particular the public administration reform and the judicial reform strategies as well as by enhanced participation of future beneficiaries in the programming process. It is also prepared with due risk assessment ensuring that all the necessary implementation preconditions are met.

Donor coordination was ensured throughout the entire project management cycle from project design to implementation. In particular, the EU as the main donor, together with DFID, was involved in setting up an Aid Coordination Committee together with the Ministry of Finance, the Directorate for European Integration and the Directorate for Economic Planning.

Coordination meetings on programming and assistance implementation are held with EU Member States every 3-4 months. The Commission also participates, and provides regular updates on the IPA programming process to a Donor Coordination Forum, which comprises of the European Union Delegation, the EBRD, the IMF, United Nations Development Programme (UNDP/United Nations Resident Coordinator (UNRC), the KfW, the World Bank and key bilateral donors.

Improved donor co-ordination has resulted in a division of labour in certain areas, in particular in infrastructure investments, where member states or other donors are carrying out projects which would otherwise not have been considered for financing.

Discussions with civil society organisations have proved positive in spheres of social development and education and these contacts will be widened in future years.

In addition, in the course of the Programme preparation particular attention was given to the projects financed under the IPA Multi-Beneficiary Programmes managed by European Commission headquarters, which are linked to numerous sectors of common interest, such as justice, social issues, public administration, and environment.

2.4. Horizontal issues

Equal opportunity for participation of men and women and the minority representation will be assured in all aspects of programme implementation. Participation in project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

The programme will contribute considerably to gender mainstreaming by implementation of specific project activities in the area of judiciary support in terms of equal access to services, jobs, income and education opportunities, as well as greater involvement of women in decision making and implementation of reforms.

The Programme will also continue to contribute to environmentally sustainable economic development by bringing the country closer to EU environmental standards through supporting investments in water and waste water facilities and solid waste infrastructures, while ensuring that the necessary environment and climate change impact assessments of investments are carried out.

2.5. Conditions

The programme includes the following conditionalities:

- The projects fiches are formally approved by exchange of letter between the Commission and the Government of Bosnia and Herzegovina.

- The Government will ensure that beneficiary institutions have adequate financial, material and human resources in that EU financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will endorse tender documents, including terms of reference.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

2.6. Benchmarks

	N		N+1 (cumulative)		N+2 (cumulative)	
	EU	National Fund (NF)*	EU	NF*	EU	NF*
Number of tenders launched	0		16		1	
Number of direct grant contracts signed	1		0		1	
Number of contribution agreements signed	0		5		0	
Number of administration agreement signed	0		2		0	
Number of delegation agreements signed	0		1		0	
Number of calls for proposals launched	0		1		0	
Number of entry tickets paid	0		1		0	
Contracting Rate (%)	2%		96%		100%	

"N" being the date of the conclusion of the Financing Agreement

* In case of parallel national co-financing

2.7. Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

The Decentralised Implementation System (DIS) Strategy of Bosnia and Herzegovina was adopted in July 2008. In April 2010, the Council of Ministers of Bosnia and Herzegovina adopted decisions to nominate the Competent Accrediting Officer (CAO), the National Authorising Officer (NAO), and the National IPA Coordinator (NIPAC). The CFCU (Central Finance and Contracts Unit) and National Fund (NF) are established within the Ministry of Finance and Treasury and are functional although not yet fully staffed. The authorities of Bosnia and Herzegovina are supported in their decentralisation efforts by the Commission

through a number of technical assistance projects for preparation of structures for all IPA components.

3. BUDGET (AMOUNTS IN EUR)

3.1. Indicative budget table

Nr	Centralised management	Institution Building (IB)					Investment (INV)					Total		
		Total expenditure	IPA EU contribution		National contribution*		Total expenditure	IPA EU contribution		National contribution*		Total expenditure	Total IPA	
		EUR (a)=(b)+(c)	EUR (b)	(1)%	EUR (c)	(1)%	EUR (d)=(e)+(f)	EUR (e)	(1)%	EUR (f)	(1)%	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	(2)%
	Priority axis 1 - Political Criteria	33.858.316	18.700.000	55,23	15.158.316	44,77	15.623.344	13.200.000	84,49	2.423.344	15,51	49.481.660	31.900.000	34,57
1	Support to the Forensic Department of the International Commission on Missing Persons (ICMP)	15.548.316	2.000.000	12,86	13.548.316	87,14	0	0	0	0	0	15.548.316	2.000.000	
2	Enhancing the Social Protection and Inclusion System for vulnerable groups - Phase III	1.650.000	1.400.000	84,85	250.000	15,15	0	0	0	0	0	1.650.000	1.400.000	
3	Preservation of Bosnia and Herzegovina's Cultural	0	0		0		7.310.844	5.000.000	68,39	2.310.844	31,61	7.310.844	5.000.000	

	Heritage - Phase II														
4	Support to the area of Law Enforcement	7.000.000	7.000.000	100,00	0		1.000.000	1.000.000	0	0	0	8.000.000	8.000.000		
5	Implementation of the Anti-Corruption Strategy and Action Plan	2.000.000	2.000.000	100,00	0		0	0		0		2.000.000	2.000.000		
6	Construction of a High Security State Prison - Phase II	0	0		0		5.150.000	5.150.000	100,00			5.150.000	5.150.000		
7	Strengthening the Judiciary	3.500.000	2.200.000	62,86	1.300.000	37,14	1.800.000	1.800.000	100,00			5.300.000	4.000.000		
8	Coordinating of policy making capacities and public financial management	3.000.000	3.000.000	100,00	0		0	0				3.000.000	3.000.000		
9	Information Systems in Public Institutions	1.160.000	1.100.000	94,83	60.000	5,17	362.500	250.000	68,97		112.500	31,03	1.522.500	1.350.000	
	Priority axis 2 - Economic Criteria	0	0		0		218.700.000	45.600.000	20,85		173.100.000	79,15	218.700.000	45.600.000	49,41
10	Rehabilitation and Development of Transport and Navigation on the Sava	0	0		0		25.600.000	5.600.000	21,88		20.000.000	78,13	25.600.000	5.600.000	

	River Waterway													
11	Rehabilitation and construction of water, waste water and solid waste infrastructure	0	0		0		193.100.000	40.000.000	20,71	153.100.000	79,29	193.100.000	40.000.000	
	Priority axis 3 - European Standards	3.650.000	3.250.000	89,04	400.000	10,96	5.560.000	5.060.000	91,01	500.000	8,99	9.210.000	8.310.000	9,00
12	Strengthening the customs sector within the Indirect Taxation Authority	250.000	250.000	100	0		2.500.000	2.000.000	80	500.000	20	2.750.000	2.250.000	
13	Pilot support to IPA rural development type measures	3.300.000	3.000.000	90,91	300.000	9,09	0	0		0		3.300.000	3.000.000	
14	Improvement of animal health control through vaccination against rabies	100.000	0		100.000	100	3.060.000	3.060.000	100	0		3.160.000	3.060.000	
	Priority axis 4 - Supporting programmes	3.118.099	3.118.099	100,00	0		3.510.825	3.360.000	95,70	150.825	4,30	6.628.924	6.478.099	7,02

15	Participation of Bosnia and Herzegovina in Community Programmes	640.000	640.000	100	0		1.010.825	860.000	85,08	150.825	14,92	1.650.825	1.500.000	
16	Project Preparation Facility	2.478.099	2.478.099	100	0		2.500.000	2.500.000	100	0		4.978.099	4.978.099	
	TOTAL	40.626.415	25.068.099	61,70	15.558.316	38,30	243.394.169	67.220.000	27,62	176.174.169	72,38	284.020.584	92.288.099	#####

* Contribution (public and private national and/or international contribution) provided by national counterparts

(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 EU contribution of the entire Financing Proposal.

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

The EU contribution, which represents 32.5 % of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralized management is based on the total expenditure. Parallel co-financing will be used.

National co-financing is foreseen for 11 out of 16 projects and amounts to:

- Priority Axis 1 – EUR 17.581.660
- Priority Axis 2 – EUR 173.100.000
- Priority Axis 3 – EUR 900.000
- Priority Axis 4 – EUR 150.825

Because of the specific nature of the projects included under Priority Axis 3 and 4, the co-financing requirement of 10% could not be achieved for these two axes. In the case of grants, final grant beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the project, both for investment and institution building projects, and a minimum of 5% of the eligible expenditure in case of twinning.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of implementation

A part of the programme, in particular the projects n. 1, 3, 4, 5, 7, 8, 9, 12, 14, 15 and 16 will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation¹ and the corresponding provisions of the Implementing Rules². The implementation of the programme is managed by the European Union Delegation to Bosnia and Herzegovina.

Projects n. 2, 6, 10, 11, and 13 will be implemented in accordance with Article 53d of the Financial Regulation by the European Commission by joint management with UNICEF, the Council of Europe Development Bank (CEB), the World Bank (WB), the EBRD, the EIB and the FAO.

To this end, the Commission will conclude contribution agreements with UNICEF, CEB, EBRD, EIB, and FAO and administration agreements with the World Bank.

One activity of project n. 11 will be implemented in accordance with Article 54(2) (c) of the Financial Regulation by the European Commission by indirect centralised management with the KfW. The Commission will conclude a delegation agreement with KfW.

Article 53d of the Financial Regulation and the corresponding requirements of the Implementing Rules require that the Commission, before signing a contribution agreement with an international organisation, assesses the organisation's accounting, audit, control, and procurement procedures for conformity with the requirements of international accepted

¹ OJ L 248, 16.9.2002, p.1.

² OJ L 357, 31.12.2002, p.1.

standards (the so-called 4-pillar assessment). In case of EBRD, EIB and CEB the assessment is ongoing. The authorising officer by sub-delegation (AOSD) will, based on the long-standing and problem free cooperation with these organisations, waive the requirement to have the assessment completed before the contribution agreement will be signed.

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 Union 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 procedures for EU external actions" ("Practical Guide") as published on the EuropeAid website³ 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 respective contribution agreements between the Commission and EBRD, EIB, CEB, UNICEF, FAO and the World Bank implementing such activities.

4.3. Implementation Principles for Twinning Projects

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

As regards the twinning contracts, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual⁴.

4.4. Environmental Impact Assessment and Nature Conservation

All investment shall be carried out in compliance with relevant EU environmental legislation.

The procedure for environmental impact assessment as set down in the Environment Impact Assessment Directive will fully apply to all investment projects and the application of the European Principles for the Environment will be ensured.

³ Current address: http://ec.europa.eu/europeaid/work/procedures/implementation/works/index_en.htm

⁴ http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

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 organisations 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 EU 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.

In order to ensure the efficient protection of the financial interests of the European Union, 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) 2185/96⁵.

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

The authorising officer by delegation (AOD), or 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, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

⁵ OJ L 292, 15.11.1996, p. 2.

8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME

Limited changes in the implementation of this programme affecting elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature⁶, 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.

⁶ 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.