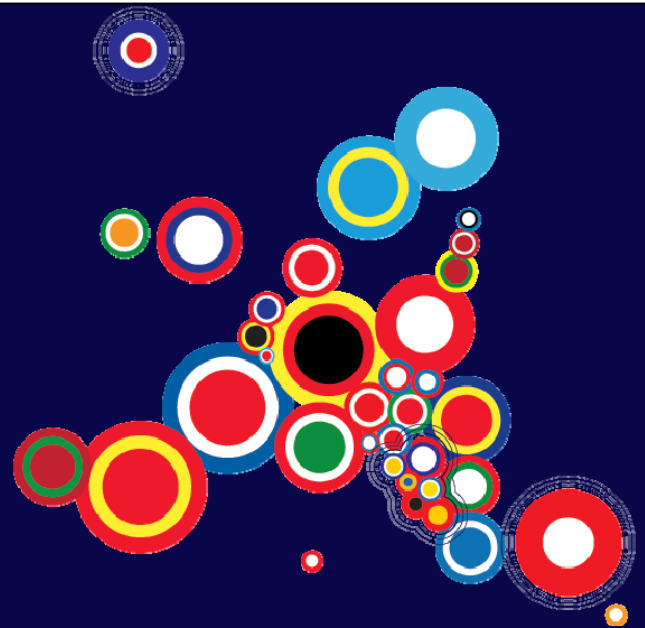




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

**THE FORMER YUGOSLAV
REPUBLIC OF MACEDONIA**
Support to participation in
Union Programmes



Action summary

This action is supporting the country in participating in EU Programmes. The purpose is to co-finance the costs of the "entry-tickets" which the beneficiary has to pay for the participation in Union Programmes, and, by those means, to facilitate the progressive transfer of know-how and the strengthening of capacities of the relevant administrative bodies benefiting from the participation in Programmes of the end beneficiaries

Action Identification	
Action Programme Title	Annual Action Programme for the former Yugoslav Republic of Macedonia for 2015
Action Title	Support to participation in Union Programmes
Action ID	IPA/2015/037-906 / the former Yugoslav Republic of Macedonia / Union Programmes
Sector Information	
IPA II Sector	1. Democracy and Governance
DAC Sector	43010 (multisector aid)
Budget	
Total cost	10,111,720.10 EUR
EU contribution	6,825,719.10 EUR
Management and Implementation	
Method of implementation	Indirect management
<i>Indirect management:</i> National authority or other implementing body	The NIPAC Office is responsible for overall coordination of the Union Programmes. The National Fund is responsible for financial implementation of the Union Programmes.
Implementation responsibilities	Mr. Fatmir Besimi Deputy Prime Minister for EU Integration, National IPA Coordinator, Secretariat for European Affairs Mr. Fatmir Ademi, Head of the National Fund, Ministry of Finance NIPAC Office
Location	
Zone benefiting from the action	The former Yugoslav Republic of Macedonia
Specific implementation area(s)	Nation-wide activities
Timeline	
Deadline for conclusion of the Financing Agreement	2016 (n+1)
Contracting deadline	d+3
End of operational implementation period	d+6

1. RATIONALE

The EU agreed in the Thessaloniki Agenda to open participation in Community Programmes and Agencies to the Western Balkan countries, following the approach used in the past for candidate countries. The Commission proposed concrete steps in its Communication of 3 December 2003¹, underlining the need for a selective and gradual approach.

Further to the Thessaloniki Agenda for the Western Balkans and in line with its Communication “Preparing for the participation of the Western Balkan countries in Community programmes and agencies”² the Commission negotiated respective Framework Agreements with the beneficiaries. Consequently, EU funds may be used to prepare for participation and to co-finance the costs.

These agreements were signed on 22 November 2004, on the occasion of the EU Western Balkans Forum, assent was then given by the European Parliament on 10 May 2005 and, finally, Council proceeded with the conclusion of the agreements on 2 June 2005³. The Framework Agreement has been ratified by the former Yugoslav Republic of Macedonia on 10 June 2005 and entered into force on 29 June 2005. On the basis of Association Council decisions or Framework Agreements, candidate countries may participate in certain European Union programmes. The Commission proposed concrete steps in its Communication of 3 December 2003, underlining the need for a selective and gradual approach.

In the period 2014-2020, similar to 2007-2013, the Instrument for Pre-accession financial assistance (IPA II) will be used to help the country to meet part of the costs of participation in those programmes that they chose to participate, on the basis of increasing the national contribution per programme. Depending on the available resources and capacities, as well as the results of the country’s participation in current Union Programmes, the country may opt at a later stage to participate in other Union Programmes for which it is eligible.

Experience from the enlargement context, shows that successful participation in Union Programmes requires a high degree of ownership and initiative by the beneficiary. Proactive involvement by the beneficiary in gathering the necessary information on programmes, procedures and working methods as well as in establishing networks and structures and informing the public are essential in order to reap the benefits of participation in programmes and agencies.

PROBLEM AND STAKEHOLDER ANALYSIS

Participation in EU Programmes is a mean to promote reform and modernisation and at the same time strengthen administrative and regulatory convergence of the partner countries with the EU. By taking part in the so-called Community programmes, the country is working on technical and administrative capacity building when it comes to implementation of the EU sectoral policies.

During the financial period 2007 – 2013 the country participated in the following Community (Union) Programmes:

- Seventh Framework Programme of the European Union for research, technological development and demonstration activities;
- Union Programme for Employment and Social Solidarity – PROGRESS
- Competitiveness and Innovation Framework Programme (CIP) -Entrepreneurship and Innovation Specific Programme (CIP-EIP) and Intelligent Energy - Europe (CIP-IEE)
- Union Programme Culture

¹ Communication of the Commission “Preparing for the participation of the Western Balkan countries in Community programmes and agencies” [COM (2003) 748 of 3.12.03] - accessible on the internet at: http://europa.eu.int/comm/external_relations/see/docs/com03_748_en.pdf

² COM(2003) 748 final of 03/12/2003

³ The Council decisions and the framework agreements have been published in the Official Journal *OJ L 192 of 22.07.2005*

- Union Programme Europe for citizens 2007 – 2013
- Union Programme Customs 2007-2013
- Union Programme Fiscalis 2007-2013
- Centralised measures of the Lifelong Learning programme
- Civil Protection Mechanism & Financial Instrument

By acquiring status of associate member in the FP7 program in 2007, the country was given the right to participate in this program on equal footing with the member states of the EU in all the specific programmes, and thus gaining the opportunity to getting increased number of FP7 projects, and accordingly increased financial gain. According to the European Commission official data, presented in “E-CORDA” database, in the period from January 2007 to July 2013, the country effectuated 94 projects in all with overall budget of 11.7 billion EUR. With these results, the country is included in the category of successful countries which not only did they manage to reinstate its contribution, but enlarge it almost double, which is a rare achievement for many EU countries. In spite of the positive results, there are certain anomalies which are regularly reported in the European Commission Reports, and they are the insufficient administrative capacities in the Ministry of Education and Science, inconstant and inappropriate participation of their representatives in the network of the national contact persons and facilities of the European Research space. The participation of small and medium-sized enterprises is still below the level of possibilities and needs, so, in the forthcoming period, it will be necessary to strengthen the campaign for their bigger participation in the new “Horizon 2020” Programme.

The country participates in the programme “Europe for citizens” since 2009. The overall budget on approved projects, in which associations or institutions participate in this programme including the first half of 2013, amounted to EUR 1,014,879. Complete support by the institutions is necessary for the realisations of the projects, which was frequently absent.

The country is participating in two of the three sub-programmes CIP-EIP and CIP-IEE, in CIP-EIP since 2007, in CIP-IEE since 2011. The participation in the third sub-programme CIP-ICT has been postponed due to shortage of financial means for co-financing. The overall budget on approved projects in which national entities participated in this Programme including 2012 estimates EUR 4,860,611, out of which EUR 3,329,593 are within the Entrepreneurship and Innovations Sub-Programme, and EUR 1,531,018 are within the Intelligent Energy Programme. The participation in the Programme was complicated for the national entities due to several reasons: lack of former experience in EU Programmes Projects, insufficient innovations in the proposed ideas, quality applications by the national part, etc.

The country has been participating in the Culture Programme since 2008. According to the official statistics published by the European Commission Executive Agency of Education, Culture and Audio-visual Work from 2008 to 2013, 145 projects have been conducted in which national cultural operators are included and 60 projects are supported (out of which 2 projects have not been realised). However, in coordination with the results, country's cultural operators participate, above all, with status of co-organisers within the projects, with the exception of 2 projects in which the country's cultural operators are leaders and 3 projects in which the country's cultural operators participate as associative partners.

The country participates in the programme “Europe for citizens” (2007-2013) since 2009. The interest for participation by the interested entities was high, and therefore, the number of approved projects where various organisations from the country participate in increased. In compliance with the received data by the Executive Education Agency, EU Audio-visually and Culture, the country, from 2008 including November, 2013, participated in overall 58 projects in this programme, in which, in nine projects appear as a carrier of the project activities, and in the rest, as a partner country, introduced by the appropriate associations or institutions. The overall budget on approved projects where associations or institutions participate in this programme in the period 2007-2012, is EUR 3,611,108.73.

Country participates in the programme “Customs” (2007-2013) since 2009. In the period 2009-2012, a total of 70 customs officers participated in 50 events and trainings, ensuring co-operation, exchange of

information and best practices with EU member states' Customs administrations, candidate countries and potential candidate countries, work improvements on the ground, etc.

Country participates in the programme "Fiscalis" (2007-2013) after signing the Memorandum of understanding in 2009. The participation in many activities (47 trainings and events), the Public Revenue Office acquired significant gains which lead to the enhancement of the working processes and introduction of new ways of work which allow strengthening of the administrative capacities.

Centralised measures of the Lifelong Learning programme: Country participates in the programme since 2012. Memorandum of Understanding was signed with the Directorate General for Education and Culture of the European Commission for participation in the centralized actions of the Lifelong Learning programme. This has paved the way to participation in network projects, multilateral projects and other types of actions that support the European cooperation in education and training. Within this programme in the period from 2012 to 2013, entities from the country participated as partners in the two projects with the total amount of EUR 1,134,196.

The National agency for European educational programs and mobility is a public institution established by Law adopted by the Parliament created to promote and implement the European educational programs in the country. The agency has received long standing support in preparatory measures for participating in Life Long Learning and Youth in Action Programmes from 2007-2011, in the amount of EUR 5.3 million, with a national contribution of EUR 1.3 million.

Starting from 31.01.2012 the country became the 32nd member of the EU's Civil Protection Mechanism. The financial envelope allocated to the instrument under the EU's 2007-13 financial framework amounts to EUR 189.8 million. Indicative annual amounts of EUR 20 million are available for actions within the EU and EUR 8 million for actions in third countries.

The table below shows the cost of entry tickets in comparison with the amount received for implemented projects during the period 2007 – 2013. All of the programmes were successful, except PROGRESS, where amount of the covered entry ticket was higher than the received amount on projects.

Union Programme		First year of participation	Projects implemented 2007 – 2013 EUR	Entry Ticket 2007 - 2013	
				National co-financing EUR	IPA co-financing EUR
1	FP7	2007	11,700,000	2,181,195	5,073,714
2	CIP_EIP	2007	3,329,593	277,216	627,184
3	CIP_IEE	2011	1,531,018	178,638	669,766
4	PROGRES	2007	1,014,879	360,000	1,020,000
5	CULTURE	2008	13,506,915	153,600	38,400
6	Europe for Citizens	2009	3,561,109	9,000	66,000

7	Lifelong Learning programme and Youth in Action	2012	3,114,080	351,890	2,840,000
8	Centralised measures of the LLL programme	2012	1,171,069	20,700	159,300
9	Customs 2013	2009	N/A	55,724	155,397
10	Fiscalis 2013	2009	N/A	44,905	128,616
11	Civil Protection Mechanism & Financial Instrument	2012	N/A	11,056	54,005

Based on CARDS and IPA I practice, the Union's grant assistance is made available each year for the country to co-finance the entry-ticket to participate in the Union Programmes (and Agencies). The same will continue in the period 2014-2020.

Based on a previous Government approval (the country has expressed interest to participate in the following UP's for 2014:

1. Horizon 2020
2. COSME
3. Europe for Citizens
4. Culture – Creative Europe
5. Media – Creative Europe
6. Customs
7. Fiscalis
8. Civil protection mechanism
9. Erasmus plus
10. Erasmus plus external strand
11. Progress

In addition, the Government has shown interest to also participate in the following UP's, if eligible:

1. LIFE
2. Justice , Fundamental Rights and Citizenship
3. Health for Growth Programme
4. Consumer programme
5. Programme for Employment and Social Innovation (EaSI)
6. European Earth monitoring Programme (GMES).

The participation of the beneficiary countries in Union Programmes follows specific terms and conditions set out for each such programme in a so called International Agreements (IA's). Such IAs have already been concluded (between the country and the Commission) with regards to the following programmes: Horizon 2020, Cosme, Erasmus +, Erasmus + external strand, Europe for Citizens, Fiscalis, and Culture. The remaining IAs for the remaining programmes will be signed in near future.

The key stakeholders in the process are the final grant beneficiaries. Potential obstacles to smooth operation are shortage of ministerial staff, lack of political support or inadequate technical capacities to support the end beneficiaries in information sharing, etc. In this context, training of the final stakeholders is a key element for the sustainability of the preparatory actions.

On the side of the European Union Programmes and the relevant DG's it is essential to provide the necessary technical descriptions of the actions and the annual costs in time and assign adequate resources to the management/monitoring of the contracts.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

The Country Strategy Paper (CSP) 2014-2020 identifies the need to provide assistance for co-financing entry-tickets to the relevant Union Programmes. This action document will focus on those UP's identified as priorities by the Government and are in line with the CSP respective sectors, i.e. the Rule of Law and Fundamental Rights, Democracy and Governance, Competitiveness, Environment, Transport, Education, Agriculture, etc, covering a wide spectrum of areas.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

As mentioned in the context analysis, the beneficiary has participated in various Union Programmes. Assistance was provided through the CARDS instrument and IPA I. The number of beneficiaries has increased over the years. The absorption rate of some contracts under IPA indicates that the co-operation with the beneficiaries can be strengthened. This was also the result of changing political priorities and insufficient national resources to ensure the required ownership of the process.

The experience so far has also pinpointed the need for coupling the general information, with targeted attention for enhancing the knowledge related to the particular calls, financial and legal issues, project preparation and management and, very important, further enhancement of the participation of small and medium size enterprises.

Under IPA II assistance needs to be targeted to the political objectives. These objectives are identified in the Country Strategy Paper. This entails a degree of selection according to the national priorities.

2. DESCRIPTION AND IMPLEMENTATION ARRANGEMENTS

Participation in the different Union Programmes is essential for ensuring proper capacity development and implementation of sector policies in the pre-accession period. This is an essential step towards familiarising Candidates countries with the EU principals of work, and it would serve the interests of both the Union and the country to get acquainted with the Acquis early on.

This action is focussed on the areas identified as Enlargement priorities in the Country Strategy, supporting participation in different Programmes, sharing of best practices, and liaising and networking of EU MS entities and their counterparts in the beneficiary countries.

Participation in EU Programmes would not be subject to a public call, but a Government Decision and signed International Agreement between the relevant DG and a line ministry. For the period 2014-2020, the Government has foreseen the participation in the following Programmes and Agencies:

- Horizon 2020
- COSME
- Europe for Citizens
- Culture – Creative Europe
- Media – Creative Europe
- Customs
- Fiscalis
- Civil protection mechanism
- Erasmus plus
- Erasmus plus external strand
- Progress

In addition, the Government has shown interest to also participate in the following UP's:

- LIFE
- Justice , Fundamental Rights and Citizenship
- Health for Growth Programme
- Consumer programme
- Programme for Employment and Social Innovation (EaSI)
- European Earth monitoring Programme (GMES).

INTERVENTION LOGIC

Objective:

- To ensure participation of the former Yugoslav Republic of Macedonia in the Union Programmes by co-financing the costs of the entry-tickets/participation fees to be paid in areas such as education and youth, employment and social innovation, science and research, enterprises and industrial policy, culture and media, customs union, fiscal policy, taxation, environment, civil protection mechanism, Justice, Fundamental Rights and Citizenship, health, growth, consumer programme, drugs monitoring, Earth monitoring, etc.

Result:

- Enhanced participation of the former Yugoslav Republic of Macedonia in Union Programmes, including increased exchanges with EU Member States;

- Strengthened ownership and responsibility of the former Yugoslav Republic of Macedonia (including in financial terms) for participation in the Union Programmes;
- Entry-ticket for participation in EU Programmes paid and contracts signed.

Indicators:

- Number of programmes for which an International Agreement has been concluded and entered into force: baseline 0 (2014), target: 11 programmes (2017) – 11 programmes (2020), source of verification: information from the NIPAC.
- The former Yugoslav Republic of Macedonia 's participation rates (efficiency) in the different Union Programmes, measured as ratio between the value of the entry ticket and the value of the projects in which the country participates: baseline 0.00 ratio (2014), target: ratio 1 (2017) – ratio 1.2 (2020), source of verification: reports from NIPAC.
- Timely payment of the entry tickets measured per programme as payment delays compared to the payment deadline: baseline 0 days (2014), target 0 days (2017) – 0 days (2020), source of verification: information from NIPAC.

IMPLEMENTATION ISSUES

The participation of the IPA II beneficiary in the Union Programmes, including payment by the country of the entry ticket/participation fees, shall follow the specific terms and conditions set out for each programme in the relevant International Agreement previously called Memoranda of Understanding. IPA II provides co-financing to the beneficiary country to a certain amount from the total amount of the entry ticket/participation fees. The IPA II co-financing rates from previous participation shall be taken into account. They shall be in line with the principle of increasing the former Yugoslav Republic of Macedonia ownership and responsibility, therefore the IPA II funding rates shall decrease over the years in percentage or in real amounts.

The former Yugoslav Republic of Macedonia is responsible for making the payments of the full amount of the entry ticket/participation fees in accordance with the conditions of each IA. The country must not only provide the co-financing but also the funds necessary for the payment of the total entry ticket, prior to receiving the partial reimbursement from IPA II. The reimbursement of the IPA co-financing will be paid as a transfer from the Commission to the relevant IPA bank account of the former Yugoslav Republic of Macedonia.

The coordination of the signature of the IAs for the Union Programmes participation remains the responsibility of the NIPAC. The payment of the entry tickets, following the rules and principles established under indirect management with beneficiary country, remains responsibility of the National Fund.

The National Fund will regularly inform the NIPAC in payment of the relevant entry tickets.

The relevant final beneficiaries (Line Ministries/Agencies) will regularly provide Union Programmes implementation reports to the NIPAC.

The NIPAC will regularly monitor the participation rates and reports on them as well as on co-financing trends in the context of IPA monitoring committees. In addition the NIPAC office will provide quarterly reports to the EU Delegation covering not only the financial implementation of the entry ticket payment, but also the actual substantial implementation at the level of beneficiaries (responsible Line Ministry) and final beneficiaries (grant beneficiaries) on the achievements of objectives and results.

3. BUDGET BREAKDOWN

	Total expenditure	IPA II contribution		IPA II beneficiary contribution	
	EUR	EUR	%	EUR	%
Entry ticket for Horizon 2020 - 2017	3,212,597.10	1,766,928.00	55.00	1,445,669.10	45.00
Entry ticket for COSME - 2017	188,623.00	132,036.10	70.00	56,586.90	30.00
Entry ticket for Europe for Citizens - 2017	15,000.00	10,500.00	70.00	4,500.00	30.00
Entry ticket for Culture (Creative Europe) - 2017	45,000.00	33,750.00	75.00	11,250.00	25.00
Entry ticket for Media (Creative Europe) - 2017	75,000.00	56,250.00	75.00	18,750.00	25.00
Entry ticket for Customs - 2017	175,000.00	91,000.00	52.00	84,000.00	48.00
Entry ticket for Fiscalis - 2017	45,000.00	23,400.00	52.00	21,600.00	48.00
Entry ticket for Civil Protection Mechanisms - 2017	30,500.00	18,605.00	61.00	11,895.00	39.00
Entry ticket for Erasmus plus - 2017	6,000,000.00	4,500,000.00	75.00	1,500,000.00	25.00
Entry ticket for Erasmus plus external strand - 2017	125,000.00	91,250.00	73.00	33,750.00	27.00
Entry ticket for PROGRESS - 2017	200,000.00	102,000.00	51.00	98,000.00	49.00
TOTAL for ACTION	10,111,720.10	6,825,719.10	67.50	3,286,001.00	32.50

4. COMMUNICATION AND VISIBILITY

Communication and visibility activities shall be implemented in accordance with the rules of each Union programme. The relevant programme managing entity shall be responsible for monitoring of the visibility activities. The NIPAC office needs to make sure that the national institution participant of the respective Union Programme, establishes direct contacts with the EU Delegation in order to plan and implement together visibility actions linked to the implementation of the respective Union Programme