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EUROPEAN COMMISSION

Brussels, 17 December 2010  
C(2010) 9371

**COMMISSION DECISION**

**of 2010**

**adopting the “Cross-border programme the former Yugoslav Republic of Macedonia – Kosovo<sup>\*</sup>” under the IPA-Cross-border Co-operation component, for the years 2010–2011**

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\* Under UNSCR 1244/1999.

## COMMISSION DECISION

of 2010

**adopting the “Cross-border programme the former Yugoslav Republic of Macedonia – Kosovo<sup>\*</sup>” under the IPA-Cross-border Co-operation component, for the years 2010–2011**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-accession Assistance (IPA)<sup>1</sup>, 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 countries and potential candidates.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. 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 Documents referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all candidates and potential candidates. On 29 June 2009 the Commission has adopted the Multi-annual Indicative Planning Document 2009–2011 for the former Yugoslav Republic of Macedonia and on 10 July 2009 the Multi-annual Indicative Planning Document 2009–2011 for Kosovo, which present the main priorities for pre-accession assistance<sup>2</sup>.
- (4) In accordance with Article 91 of Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)<sup>3</sup> (hereinafter referred to as the "IPA Implementing Regulation"), the responsible authorities from Kosovo and the former Yugoslav Republic of Macedonia submitted to the Commission a proposal for a multi-annual cross-border programme between the former Yugoslav Republic of Macedonia and Kosovo. This draft programme contains all the elements referred to in Article 94

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\* Under UNSCR 1244/1999.

<sup>1</sup> OJ L 210, 31.07.2006, p. 82.

<sup>2</sup> For the former Yugoslav Republic of Macedonia: C(2009)5043; for Kosovo: C(2009)5438.

<sup>3</sup> OJ L 170, 29.6.2007, p.1.

of the IPA Implementing Regulation and is consistent with the goals and priorities of the Multi-annual Indicative Planning Documents. The draft programme contains, in particular, a description of priorities and the measures chosen for assistance and an indicative financing plan comprising tables for both the former Yugoslav Republic of Macedonia and Kosovo and specifying, for each year and for each priority axis, the indicative amount of the European Union contribution and its rate, as well as the amount financed by the national counterparts. The draft programme should, therefore, be adopted by the Commission in accordance with Article 93(2) of the IPA Implementing Regulation.

- (5) The "Cross-border programme the former Yugoslav Republic of Macedonia – Kosovo\*" aims at providing assistance to promote cooperation between people, communities and institutions of the bordering areas, aiming to foster economic development, social cohesion and environmental development in a sustainable manner. Joint actions and cross-border projects implemented within the programme should have an impact on the social and economic situation of the population, improve the joint management and valorisation of natural and cultural resources and strengthen the image and cohesion of the cross-border region.
- (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 1605/2002<sup>4</sup> and constitutes thus a financing decision within the meaning of Article 75(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee<sup>6</sup>,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The "Cross-border programme the former Yugoslav Republic of Macedonia – Kosovo\*", as set out in Annex 2 to this Decision, is hereby adopted.

The Financing proposal for the years 2010–2011 of the "Cross-border programme the former Yugoslav Republic of Macedonia – Kosovo\*", as set out in Annex 1 to this Decision, is hereby adopted.

This programme shall be implemented by centralised management.

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<sup>4</sup> OJ L 357, 31.12.2002, p.1.

<sup>5</sup> OJ L 248, 16.09.2002, p.1.

<sup>6</sup> Recalling the Council Conclusions of 18 February 2008, Member States declare that the adoption of the "Cross-Border programme the former Yugoslav Republic of Macedonia-Kosovo\*" under the IPA-Cross-border Co-operation component for the years 2010–2011 does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

The programme corresponding to budget years 2010 and 2011 shall be implemented by means of annual Financing Agreements to be concluded between the Commission and each of the beneficiaries in conformity with the Framework Agreements concluded between the same parties on 30 October 2007 for the former Yugoslav Republic of Macedonia and on 19 December 2007 for Kosovo. Each such Financing Agreement shall cover the European Union contribution for each beneficiary and the year concerned.

*Article 2*

In the budget year 2010, the maximum amount of the European Union contribution shall be EUR 600,000 for the former Yugoslav Republic of Macedonia and EUR 600,000 for Kosovo to be financed through Item 22.020401 of the general budget of the European Union.

In the budget year 2011, the maximum amount of the European Union contribution shall be EUR 600,000 for the former Yugoslav Republic of Macedonia and EUR 600,000 for Kosovo to be financed through Item 22.020401 of the general budget of the European Union, subject to the approval of the Budget 2011 by the budgetary authority

Done at Brussels,

*For the Commission,  
Štefan Füle  
Member of the Commission*

**ANNEX 1**  
**FINANCING PROPOSAL FOR THE YEARS 2010 and 2011**  
**of the Cross-border Programme**  
**the former Yugoslav Republic of Macedonia - Kosovo\***

**1. IDENTIFICATION**

Beneficiaries	the former Yugoslav Republic of Macedonia and Kosovo
CRIS number	the former Yugoslav Republic of Macedonia: 2010/22-538; 2011/22-540  Kosovo: 2010/22-539 ; 2011/22-541
Years	2010 and 2011
Cost	2010: the former Yugoslav Republic of Macedonia: EUR 600,000; Kosovo: EUR 600,000 Total value of the IPA contribution: EUR 1.2 million  2011: the former Yugoslav Republic of Macedonia: EUR 600,000; Kosovo: EUR 600,000 Total value of the IPA contribution: EUR 1.2 million
Operating structures	In the former Yugoslav Republic of Macedonia: the Ministry of Local Self Government  In Kosovo: the Ministry of Local Government Administration
Contracting Authority / Implementing Agency	European Commission

\* Under UNSCR 1244/1999.

Final date for concluding the Financing Agreements:	For the 2010 funds: at the latest by 31 December 2011 For the 2011 funds: at the latest by 31 December 2012
Final date for contracting	2 years following the date of conclusion of each Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, 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 following the end date for contracting for each Financing Agreement  These dates apply also to the national co-financing.
Sector Code	15150, 15130, 15112, 41010, 25010, 33210, 99810
Budget lines concerned	22.020401
Programming Task Managers	ELARG Unit B2 the former Yugoslav Republic of Macedonia
Implementation Task Managers	For the former Yugoslav Republic of Macedonia: EU Delegation , Operations Section  For Kosovo: European Commission Liaison Office, Operations Section

## 2. SUMMARY

### 2.1. Introduction

#### 2.1.1. *Link with the MIPD*

The programme's strategic references are the respective Multi-annual Indicative Planning Documents (MIPD) 2009-2011<sup>7</sup>. The Commission decided to conduct a limited assessment of those strategic documents in 2010 and reached the conclusion that the strategy and priorities in the MIPDs 2009-2011 are still valid.

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<sup>7</sup> For the Former Yugoslav Republic of Macedonia: C(2009)5043; for Kosovo: C(2009)5438.

Regional cooperation is one important element for European Integration, as both MIPDs outline. Besides, given the candidate status of the former Yugoslav Republic of Macedonia, cross-border cooperation (CBC) is aimed *inter alia* at familiarizing future member states with rules and procedures governing the European Territorial Cooperation objective under Structural Funds. It, most of all, concentrates on creating closer links between border regions, supporting joint environmental protection activities and improving the potentials for tourism.

Kosovo must seize the *opportunities* such as natural resources with a potential for domestic and foreign direct investment, its young population and the willingness of the European Union and the international donor community to provide financial assistance as well as facilitating regional and cross-border cooperation in the context of its European perspective and full access to the European market. The cross-border cooperation represents not only an opportunity for economic and social development but also provides for an important basis for reconciliation. The aim of IPA assistance under Component II should be to develop local administrative and project management capacity in Kosovo's border regions and to identify a pipeline of local development projects.

### **2.1.2. Programming process**

After mutual recognition of the border demarcation in 2009, the programming process took place between January and April 2010, supported by the Cross-border Institution Building (CBIB) project and by the technical assistance for CBC in Kosovo, both funded by EU funds. It was coordinated by the respective IPA Cross-border coordinators, designated as the Operating Structures (OSs) for the programme in December 2009 (Ministry of Local Self Government in the former Yugoslav Republic of Macedonia and Ministry of Local Government Administration in Kosovo).

The different stages of the cross-border programme (situation and SWOT analyses, objectives and strategy and implementing provisions) were discussed during meetings organised in February and March 2010. These meetings were also attended by representatives from the European Commission. During this period, the Joint Task Force, responsible of drafting the programme, met three times, twice in Pristina on 12 and 31 March (approval of the eligible region, priorities and measures, and presentation of the SWOT analyses) and once in Skopje on 26 April (approval of the final draft document).

### **2.1.3. List of eligible areas and adjacent areas**

The eligible area according to Article 88 of the IPA Implementing Regulation in the former Yugoslav Republic of Macedonia includes three statistical regions corresponding to NUTS III equivalent classification: Polog, Skopje and North East regions.

The eligible area in Kosovo includes two Economic Regions corresponding to NUTS III equivalent classification: the East and the South Economic Regions; as well as an adjacent area (Article 97 of the IPA Implementing Regulation): the Central Economic Region.

## **2.2. Global objective(s) of the programme**

The global objective of the programme is to promote cooperation between people, communities and institutions of the bordering areas, aiming to foster economic development, social cohesion and environmental development in a sustainable manner.



The following are the main specific objectives defined: facilitation of trade and economic valorisation of its tourist and cultural potentials; joint initiatives and actions aimed at protecting the environment and promoting sustainable natural resources development; encouraging citizens and communities' cooperation through partnership building across the border.

Sustainability will be ensured as this programme shall also familiarise candidates and potential candidates with rules and procedures governing the European Territorial Cooperation objective under Structural Funds.

### **2.3. Priority axis, the related measures and their specific aspects concerning the implementation of the 2010–2011 budget**

#### **2.3.1. *Priority I: Economic and social development and promotion of natural and cultural resources***

This priority is in line with regional and local development plans within the cross-border region and it concerns a large range of potential projects in various sectors reflecting the transversal nature of cross-border cooperation; it is deliberately open to the variety of stakeholders already involved or likely to develop new cross-border initiatives.

The protection and management of natural resources, as well as social issues related to poverty and unemployment, are considered to be major cross-border issues. More generally, this priority should allow the definition and implementation of people-to-people actions, thus fostering cross-border cooperation at the level of communities and civil society.

#### **– Measure I.1: Sustainable economic, social and environmental development**

This measure aims at supporting the protection, promotion and management of sensitive ecosystems and cultural heritage. This includes: sustainable management of the natural resources, improvement of the usage and maintenance of pasture areas, promotion and protection of the traditional food and agro-food products, as well as handicrafts. As a transversal objective, the measure also aims at facilitating trans-boundary business cooperation (i.e. organisation of fairs, consumer studies, business-to-business events, etc.).

In order to facilitate trade and communications in the programming area, small-scale interventions improving the existing infrastructures having concrete cross-border socio-economic or environmental impact are fully eligible. In that sense, both Operating Structures have decided to use the IPA 2010 allocation for a joint strategic project “Infrastructure project at the common border crossing point Belanovce (the former Yugoslav Republic of Macedonia)-Stancic (Kosovo).”

#### **– Measure I.2: Social cohesion and people-to-people initiatives**

This measure focuses on the main strengths and weaknesses identified during the consultation process: unemployment and poverty in the programming area, need for increasing competitiveness and promotion of local/regional products, branding, marketing, necessity for a better organisation of farmers and industrial producers, need to improve the education system at all levels, weakness of the Civil Society Organisations (CSOs) network in rural

areas and limited cooperation between local authorities and CSOs, etc. It intends to build on current efforts of the local, national authorities, universities, entrepreneurs, professional associations and civil society in establishing joint policies, partnerships and pilot programmes. It covers therefore a wide range of potential operations and intends to encourage further inter-municipal cooperation.

### **2.3.2. Priority II: Technical Assistance (TA)**

TA funds (up to 10% of the EU contribution) will be used to support the activities of the two Operating Structures and of the Joint Monitoring Committee ensuring the efficient implementation, monitoring and evaluation of the programme. This will be achieved through, *inter alia*, the establishment and operation of a Joint Technical Secretariat (JTS) to be located in the former Yugoslav Republic of Macedonia and its antenna to be located in Kosovo.

TA funds can cover the administrative and operational expenditures directly related to the implementation of the programme.

These may include, *inter alia*, the following costs:

- Establishment and functioning of the Joint Technical Secretariat and its antenna, including rents, running costs, cost of staff with the exclusion of salaries of public officials);
- Expenses for participation in different meetings related to the implementation of the programme;
- Costs of preparation, monitoring and evaluation of programmes, appraisal and selection of operations, the organisation of meetings related to the programme, translation, information and publicity costs.

This Priority will be implemented through two Measures

#### **– Measure II.1: Programme administration, implementation, monitoring and evaluation**

The specific objective of this Measure is the creation of the conditions for a timely and effective programme implementation, to guarantee the optimal and efficient use of resources. This Measure can provide support for the work of Operating Structures, the Joint Monitoring Committee, the Joint Technical Secretariat and its antenna as well as any other structure (e.g. the Steering Committee) involved in the management and implementation of the programme. The Measure may also support training to potential beneficiaries as well as the provision of expertise for monitoring and evaluations.

#### **– Measure II.2: Programme information and publicity**

The specific objective of this Measure is to ensure programme awareness amongst governmental, regional and local institutions and organisations and in general among the population in the programming area and in the whole of the former Yugoslav Republic of Macedonia and Kosovo in order to inform citizens about the programme.

### ***2.3.3. Tentative timetable and indicative amounts for the implementation of the Measures in Priority I and II***

For **Priority I**, under Measure I.1 a joint strategic project at the common border crossing point Belanovce- Stancic has been jointly identified by the partners, in accordance with Art. 95 of IPA Implementing Regulation, which shall be funded with the 2010 IPA allocation. The Operating Structures should further elaborate it into a well defined project fiche. As of the 2011 financial allocation, Measures I.1 and I.2 and will be implemented through a joint Call for proposals.

The essential selection and award criteria for services, supplies, works and grants should be those laid down in the practical guide (PRAG) to contract procedures for EU external actions.

The detailed selection and award criteria for the award of service, supply or works will be laid down in the Terms of Reference in case of a service contract and/or in the Technical Specifications in case of supplies and works contracts. It is tentatively foreseen to launch tenders for one service contract, one supply contract and one works contract for the joint strategic project (2010 funds) in the first half of 2011.

The detailed selection and award criteria for the award of grants will be laid down in Call for proposals–Application Pack (Guidelines for applicants). It is tentatively foreseen to launch one joint call for proposals (2011 funds) in the first half of 2012.

For grants awarded through Calls for proposals, the use of lump sums and/or flat rate financing is possible (in accordance with Art. 181 of the Implementing Rules of the Financial Regulation), up to an amount of EUR 25,000 per grant. Where relevant, the detailed conditions for the use of lump sums or flat rate financing shall be included in the Call for proposal/Guidelines for applicants.

For **Priority II**, considering that for the implementation of the cross-border programme the Operating Structures in the former Yugoslav Republic of Macedonia and in Kosovo enjoy a monopoly situation (in the meaning of Art. 168(1)(c) of the Implementing Rules to the Financial Regulation), the EU Delegation to the former Yugoslav Republic of Macedonia and the ECLO in Kosovo should establish individual direct grant agreements without call for proposals with the respective Operating Structures for the maximum amount provided under Priority II. In order to implement the activities covered by the direct grant agreement, the Operating Structures are allowed to sub-contracting (procurement of services or supplies) in accordance with Article 120 of the Financial Regulation and Article 184 of the Implementing Rules to the Financial Regulation. The direct grant agreements can be signed as soon as the respective Financing Agreements have been concluded.

Close co-ordination between the two Operating Structures is required in order to efficiently use technical assistance funds.

### **2.4. Overview of past and on-going CBC experience, including lessons learned and donor co-ordination**

Regional cooperation is an important aspect of the European integration process. Therefore, intensified and successful cross-border cooperation of both the former Yugoslav Republic of Macedonia and Kosovo, between themselves as well as with their other neighbours is an important element of IPA assistance. Cross-border cooperation is needed to improve local

economic development and to foster contacts between people in the bordering areas, involving local and regional authorities, as well as all the relevant stakeholders (socio-economic parties and civil society organisations).

Cooperation between the former Yugoslav Republic of Macedonia and Kosovo is already well developed in various sectors and involves different types of institutions and organisations, particularly in the educational sector, the civil society, inter-municipal cooperation established between the main municipalities under the umbrella of several institutions and donors (East West Institute, UNDP, USAID, OSCE, etc.), and in the private sector.

Following the October 2009 Commissions Communication on Kosovo recommending to "progressively activate the IPA cross-border co-operation component (component II) for Kosovo"<sup>8</sup>, this CBC programme is now being launched. An IPA CBC Programme between Albania and Kosovo is also currently under preparation.

The cross-border cooperation dynamic between the former Yugoslav Republic of Macedonia and Kosovo is primarily based on the mutual recognition of the border demarcation which took place in 2009. There are obviously also very strong bonds between the populations of the two sides of the programming area, such as a common language for the Albanian speaking population and a common history of cultural and commercial relations and exchanges that have linked these territories and their inhabitants for centuries.

So far, the cross-border initiatives in the eligible area have been particularly concentrated on cooperation between the State and private universities in Tetovo, with the ones in Pristina. Partnerships agreements have been signed between the universities; exchange of academic staff is at a very high level; joint elaboration of teaching programmes and cooperation in various fields such as online teaching are ongoing and increasing.

Agriculture is a very significant sector for the economy of the programming area, and the IPA Rural Development programme foresees to support the creation of Local Action Groups (LAGs). Already some exchanges and informal cooperation between LAGs on both sides of the border were initiated in 2009 in the programming area (e.g. in Kosovo, with the support of the EU, LAGs have been formally established in almost all municipalities in 2008 and 2009).

It is necessary to increase common understanding of the cross-border region's economic opportunities and its potentials for improving socio-economic situation for the population of the area.

Last but not least, this cross-border programme, which was jointly drafted by the authorities of the former Yugoslav Republic of Macedonia and Kosovo during the first half of 2010 following an extensive consultation process with stakeholders on both sides, provides the basis for multi-annual programming and implementation of new initiatives.

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<sup>8</sup> Communication from the Commission to the European Parliament and the Council, Kosovo\* - Fulfilling its European Perspective, COM(2009) 534 final of 14 October 2009, p. 14.

#### 2.4.1. *Lessons learned*

Most of the cross-border initiatives in the region started only recently, making it somewhat premature to define “lessons learned”. However, the following points can be highlighted based on the experience gained under CARDS (in the former Yugoslav Republic of Macedonia) and the preparation of the new IPA programmes:

- Establishing operational and sustainable cross-border partnerships will be a challenge for most of the beneficiaries. Specific support will certainly be required in order to facilitate the communication and the establishment of viable partnerships.
- Low capacity in project preparation of most of the final beneficiaries. This could impede the smooth implementation of the programme, particularly in municipalities where almost no initiative has been implemented so far. Specific information and training of potential applicants is essential throughout the programme.
- Many of the presently implemented projects (mainly CARDS) in the former Yugoslav Republic of Macedonia are focused on environment protection issues. These projects reflect the priorities defined by the national and regional institutions, providing for a sound embedding in local and national development priorities. However, it is important to strongly associate civil society and private sector.

#### 2.4.2. *Donor's coordination*

The ongoing EU and other donors' initiatives active in the region, such as OSCE, UNDP, the East-West institute, the Swedish International Development Cooperation Agency (SIDA), the World Bank, have also been taken in consideration while drafting the programme.

For Kosovo in particular, with a view to latest developments as regards aid effectiveness and donor coordination since the Tirana Donor Coordination Conference organised by the European Commission in April 2009, an "Aid Management Platform" has been put into operation. This platform, which is being funded by the EU and USAID, has the full support of the Kosovo authorities and the donor community. The European Commission Liaison Office to Kosovo plays an important role in ensuring donor coordination and aid effectiveness on the ground. It organises and chairs monthly meetings of the main donors at which the Kosovo participates. The European Commission supports Kosovo's ownership of donor coordination and work towards a programme based approach by funding the development of an "Aid Management Platform" which will enable the Kosovo authorities, notably the Ministry of European Integration, and donors to track development assistance.

### 2.5. **Horizontal issues**

The joint project proposals will have to fulfil the following criteria:

- benefit partners from both sides of the border;
- support links between relevant institutions and organisations from both sides of the border;
- encourage equal participation of women and marginalised groups;
- meet particular needs of non majority ethnic groups;

- be environmentally sustainable;
- support good governance, with particular attention to fight against corruption

Project partners should establish agreed co-ordination mechanisms to synchronise the joint projects throughout their implementation.

## 2.6. Conditions

The successful implementation of the programme depends on timely and adequate staffing and functioning of the Operating Structures, Joint Monitoring Committee, and Joint Technical Secretariat and its antenna. Also, good co-ordination and communication between Operating Structures and Contracting Authorities shall be established to facilitate the joint projects' preparation and implementation.

## 2.7. Benchmarks

2010 funds	N	N+1 (cumulative)	N+2 (cumulative)
Number of direct grant agreement (Priority II) in the former Yugoslav Republic of Macedonia	0	1	1
Number of direct grant agreement (Priority II) in Kosovo	0	1	1
Number of tenders launched	0	3 <sup>9</sup>	3
Contracting Rate (%) in the former Yugoslav Republic of Macedonia	0	10	100
Contracting Rate (%) in Kosovo	0	10	100

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

2011 funds	N	N+1 (cumulative)	N+2 (cumulative)
Number of direct grant	1	1	1

<sup>9</sup> \* Indicatively, these 3 tenders will be for one service contract, one supply contract and one works contract (2010 funds)

agreement (Priority II) in the former Yugoslav Republic of Macedonia			
Number of direct grant agreement (Priority II) in Kosovo	1	1	1
Number of joint calls for proposals launched (in the former Yugoslav Republic of Macedonia and Kosovo)	0	1	1
Contracting Rate (%) in the former Yugoslav Republic of Macedonia	10	100	100
Contracting Rate (%) in Kosovo	10	100	100

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

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

A roadmap with indicative benchmarks and time limits to achieve decentralisation without ex ante controls by the Commission will be developed once the Commission has conferred the management powers to the national authorities.

Concerning the indicative roadmap for decentralisation with *ex ante* control (DIS), the situation is the following:

In the case of the **former Yugoslav Republic of Macedonia**, the establishment of the management and control system was decided by the Government in October 2005; following the changes in IPA Regulations it was revised in December 2006. The National Fund (NF) and the Central Financing and Contracting Department (CFCD) were established and the Programme Authorising Officer (PAO), the Competent Accrediting Officer (CAO) and the Senior Programme Officers (SPOs) were nominated. In the first half of 2007 a Gap Assessment to comply with the new IPA Implementing Regulation was carried out and the National Authorities submitted a Gap Assessment report to the Commission. In a subsequent step, gap plugging was done during the second half of 2007-beginning of 2008. Following a compliance assessment and the accreditation of the system, the CAO submitted the application to the Commission for conferral of management of Component I in January 2009. In parallel to the already granted conferrals of management powers for Components III, IV and V (during the second half of 2009), a number of actions are on-going for mitigating the high risks identified by the auditors for IPA component I. The final verification mission took place in February 2010, after which the conferral of management powers may be granted by the end of 2010. As regards Component II, the National IPA-CBC Coordinator is expected to

further strengthen capacities during 2010 and first half of 2011 in order to be in the position to send the request for conferral of management to the Commission in 2011.

In **Kosovo**, the IPA coordinator is the Permanent Secretary of the Ministry of European Integration. Discussions on the "Roadmap for Decentralised Implementation System (DIS)" have been initiated but are still at a very early stage.

### 3. BUDGET FOR 2010 AND 2011

#### 3.1. Indicative 2010 financial table for the former Yugoslav Republic of Macedonia

	IPA EU contribution		National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	540,000	85	95,294	15	635,294	90
Priority axis 2	60,000	85	10,588	15	70,588	10
<b>TOTAL</b>	<b>600,000</b>	<b>85</b>	<b>105,882</b>	<b>15</b>	<b>705,882</b>	<b>100</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

#### 3.2. Indicative 2010 financial table for Kosovo

	IPA EU contribution		Kosovo contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	540,000	85	95,294	15	635,294	90
Priority axis 2	60,000	85	10 588	15	70,588	10
<b>TOTAL</b>	<b>600,000</b>	<b>85</b>	<b>105 882</b>	<b>15</b>	<b>705,882</b>	<b>100</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary)

#### 3.3. Indicative 2011 financial table for the former Yugoslav Republic of Macedonia

	IPA EU contribution		National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	540,000	85	95,294	15	635,294	90



<b>Priority axis 2</b>	60,000	85	10,588	15	70,588	10
<b>TOTAL</b>	600,000	85	105,882	15	705,882	<b>100</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### 3.4. Indicative 2011 financial table for Kosovo

	IPA EU contribution		Kosovo contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
<b>Priority axis 1</b>	540,000	85	95,294	15	635,294	90
<b>Priority axis 2</b>	60,000	85	10,588	15	70,588	10
<b>TOTAL</b>	600,000	85	105,882	15	705,882	<b>100</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary)

### 3.5. Principle of co-financing applying to the projects funded under the programme

The EU contribution has been calculated in relation to the eligible expenditure, which for the "Cross-border programme the former Yugoslav Republic of Macedonia – Kosovo" is based on the total expenditure, as laid down in the cross-border programme.

The EU contribution at the level of priority axis shall not exceed the ceiling of 85% of the eligible expenditure.

The EU contribution for each priority axis shall not be less than 20% of the eligible expenditures.

The provisions of Article 90 of the IPA Implementing Regulation apply.

The co-financing under Priority axis I will be provided by public funds from the former Yugoslav Republic of Macedonia and Kosovo or, in case of grant, by final grant beneficiaries (in the latter case can come from public or private funds). The co-financing under Priority axis II (TA) will be provided by public funds from the former Yugoslav Republic of Macedonia and Kosovo.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Method of Implementation**

This programme shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>10</sup> and the corresponding provisions of the Implementing Rules<sup>11</sup>.”

In the event of centralised management, the role of the Commission in the selection of operations under a cross-border programme is specified in Article 140 of the IPA Implementing Regulation.

### **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.

Where appropriate, the Contracting Authorities should also use the 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 website<sup>12</sup> at the date of the initiation of the procurement or grant award procedure.”

### **4.3. Environmental Impact Assessment and Nature Conservation**

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

The procedures for environmental impact assessment as set down in the EIA-Directive<sup>13</sup> fully apply to all investment projects under IPA. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive.

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive<sup>14</sup>.

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<sup>10</sup> Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.09.2002, p.1)

<sup>11</sup> Regulation (EC, Euratom) No 2342/2002 (OJ L 357, 31.12.2002, p.1)

<sup>12</sup> current address:

[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>13</sup> 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).

<sup>14</sup> 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).

## **5. MONITORING AND EVALUATION**

### **5.1. Monitoring**

The implementation of the cross-border programme will be monitored by the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation, established by the participating beneficiary countries, which include representatives of the Commission.

In the former Yugoslav Republic of Macedonia and in Kosovo, the Commission may undertake any actions it deems necessary to monitor the programme concerned.

### **5.2. Evaluation**

Programmes shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from European Union funds and the strategy and implementation of the cross-border programmes.

## **6. AUDIT, FINANCIAL CONTROL, 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 EU Delegation in the former Yugoslav Republic of Macedonia and the European Commission Liaison Office to Kosovo.

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) 2185/96<sup>15</sup>."

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

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<sup>15</sup> Council Regulation (EC, Euratom) No 2185/96 (OJ L 292; 15.11.1996, p. 2)

that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

## **8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME**

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 nature<sup>16</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's 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.

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<sup>16</sup> 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.

**ANNEX 2**

**Cross-border programme**

**the former Yugoslav Republic of Macedonia - Kosovo**