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Brussels, 9.12.2015
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COMMISSION IMPLEMENTING DECISION

of 9.12.2015

**adopting a Country Action Programme for the former Yugoslav Republic of Macedonia
for the year 2015**

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adopting a Country Action Programme for the former Yugoslav Republic of Macedonia for the year 2015

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,
Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union² and repealing Council Regulation (EC, Euratom) No 1605/2002 and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I to Regulation (EU) No 231/2014. The Commission adopted an indicative strategy paper for the former Yugoslav Republic of Macedonia for 2014 - 2020 on 19 August 2014 which provides indicative allocations for the sectors.⁴
- (4) Considering the proposals for action submitted by the former Yugoslav Republic of Macedonia, the Country Action Programme for the former Yugoslav Republic of Macedonia for 2015 aims at providing assistance for actions in the following sectors: democracy and governance; agriculture and rural development.

¹ OJ L 77, 15.03.2014, p. 95

² OJ L 298, 26.10.2012, p.1

³ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (OJ L 77, 15.03.2014, p. 11).

⁴ C(2014) 5861 final

- (5) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.⁵
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary specified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and first subparagraph of Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014⁶, the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012 when the Commission manages Union funds.
- (7) The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002⁷ and Commission Regulation (EC) No 718/2007⁸ and the entity's present compliance with the requirements of points (a) to (d) of Article 60 (2) of the Regulation (EU, Euratom) No 966/2012, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to the Decision.
- (8) The Commission should be able to entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds.

The Food and Agriculture Organisation of the United Nations complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.

⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

⁶ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II)

⁷ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

⁸ 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) (OJ L 170, 29.6.2007, p.1).

- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of the Rules of Application, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (11) The action programme provided for by this Decision is in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The Country Action Programme for the former Yugoslav Republic of Macedonia for the year 2015 under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex, is hereby approved.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the programme referred to in Article 1 is set at EUR 24,125,719.10.

EUR 10,825,719.10 shall be financed from the budget line 22.02.01.01 of the general budget of the EU for year 2015

EUR 13,300,000.00 shall be financed from the budget line 22.02.01.02 of the general budget of the EU for year 2015

This financial contributions referred to in the first sub-paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

This programme shall be implemented by direct and indirect management.

The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

A Financing Agreement shall be concluded between the Commission and the Government of the former Yugoslav Republic of Macedonia in conformity with the Framework Agreement concluded between the same parties on 24 June 2015.

Article 4

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;

- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- (c) extensions of the implementation and closure period;
- (d) within the limits of 20% referred to in points (a) and (b) above, up to 5% of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 9.12.2015

*For the Commission
Johannes HAHN
Member of the Commission*

ANNEX 1

COUNTRY ACTION PROGRAMME FOR THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA FOR THE YEAR 2015

1 IDENTIFICATION

Beneficiary	The former Yugoslav Republic of Macedonia
CRIS/ABAC Commitment references	2015/037-906 2015/037-907
Total cost	EUR 14,111,720.10 EUR 14,100,000.00
EU Contribution	EUR 10,825,719.10 EUR 13,300,000.00
Budget lines	22.02 01 01 22.02 01 02
Management Mode/ Entrusted entities	<ol style="list-style-type: none"> 1. Direct management by the European Commission. 2. Indirect management with the former Yugoslav Republic of Macedonia for action 2. Action 2 "Participation in Union Programmes", implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund. 3. Indirect management by the entrusted entity Food and Agriculture Organisation of the United Nations (FAO) for the activity "Land consolidation" under the action 3 "Agriculture, Rural Development and Food Safety, Veterinary and Phytosanitary Policy".
Final date for concluding <u>Financing Agreements with the IPA II beneficiary</u>	At the latest by 31 December 2016
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
Final date for operational	6 years following the date of conclusion of the

implementation	Financing Agreement.
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.
Programming Unit	DG NEAR, Unit D3 "the former Yugoslav Republic of Macedonia, Kosovo"
Implementing Unit/ EU Delegation	EU Delegation to the former Yugoslav Republic of Macedonia

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- Rationale for the selection of the specific sectors under this programme:

With the aim of concentrating IPA II financial assistance on a limited number of key priorities, the proposed Annual Action Programme covers two sectors identified in the indicative strategy paper for 2014-2020 (ISP): democracy and governance, and agriculture and rural development.

The **democracy and governance** sector will be addressed through two actions: EU Integration Facility and Participation in Union Programmes. Sector selection has been agreed upon with the national authorities on the basis of the priorities set in the ISP for the former Yugoslav Republic of Macedonia. The key objective is to promote long term and strategic investment in further developing democratic institutions and strengthening their independence; empowering dialogue with non-state actors; the adoption, implementation and enforcement of the EU *acquis* and further developing the sector approach in selected sectors, preparing project pipelines, and financing studies and other short-term assistance.

The **agriculture and rural development** sector will be addressed through a single sector oriented action aiming at improving competitiveness of the agriculture sector in the country in line with EU accession requirements. The programme is designed to be complementary to measures accredited under the Instrument for Pre-Accession Assistance in Rural Development (IPARD II) programme.

- Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

The country has been implementing IPA financial assistance under a decentralised implementation system (DIS) since 2009. It has been repeatedly recognised that national authorities need to uphold their efforts with respect to addressing systemic problems and increasing the absorption of IPA funds under DIS at all levels, in order to tackle the procurement backlog accumulated under IPA I. The 2014 IPA II National Programme for the country was the first to systematically take into account lessons learned from DIS functioning. The 2014 programme introduced a mix of implementation modalities aiming at easing the pressure on DIS. This 2015 annual programme goes in the same direction in addressing DIS weaknesses through prioritising the direct management mode.

As concerns the introduction of a sector approach, further efforts will be needed to establish a proper sector coordination framework. A comprehensive donor coordination platform will need to be fully established despite the relatively small number of donors active in the country. There is a need for greater transparency and information sharing to ensure that sector policy priorities are addressed effectively and in a coordinated manner with all relevant donors and other sector stakeholders. Sector approach roadmaps were introduced in the underlying programming documents with a view to monitor progress on key sector approach criteria, such as sector strategy, institutional capacity, sector coordination, medium-term expenditure framework and performance monitoring.

List of Actions foreseen under the selected Sectors/Priorities:

Sector 1: Democracy and Governance

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS (DIRECT MANAGEMENT BY EU DELEGATION)	
n/a		Action 1 EU Integration Facility	EUR 4,000,000.00
Action 2 Participation in the Union Programmes	EUR 6,825,719.10	n/a	
TOTAL	EUR 6,825,719.10	TOTAL	EUR 4,000,000.00

Sector 8: Agriculture and rural development

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
n/a		(DIRECT MANAGEMENT BY EU DELEGATION) Action 3 Agriculture, rural development and food safety, veterinary and phytosanitary policy	EUR 10,800,000.00
		(INDIRECT MANAGEMENT DELEGATION AGREEMENT) Action 3 / activity: Land consolidation	EUR 2,500,000.00
TOTAL	EUR 0.00	TOTAL	EUR 13,300,000.00

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR 1	<i>Democracy and Governance</i>		<i>EUR 10,825,719.10</i>
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Action 1	<i>EU Integration Facility</i>	<i>direct management</i>	<i>EUR 4,000,000.00</i>
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(1) Description of the action, objective, expected results and key performance indicators

The main objective of this action is to promote long term and strategic investment in further developing democratic institutions and strengthening their independence, including support to "urgent reform priorities"; the adoption, implementation and enforcement of the EU *acquis*; empowering dialogue with non-state actors; setting up a proper system for sound financial management of EU funds by supporting and enhancing structures for coordination, programming, project development, management, implementation, training, monitoring, evaluation, control and audit of EU funds and ensuring proper information and visibility of the EU agenda and financial assistance.

With the sector based approach to programming of IPA II assistance, a broad area of horizontal accession-related activities needs to be covered in order to meet specific and urgent needs in a highly strategic and justified manner. The action would address these issues, deriving from the EU Progress Reports, ensuring complementarity between actions and avoiding any overlap of assistance.

This action will help addressing the system weaknesses by providing small scale technical assistance in the areas of democratic institution building, as well as in preparation, implementation and monitoring of the projects programmed under the IPA National Programmes. The action is designed to provide flexible support to small scale capacity building projects that cannot be channelled through alternative instruments, such as Technical Assistance and Information Exchange instrument (TAIEX).

The assistance under this action should result in strengthened capacity of democratic institutions to assume the obligations stemming from the democratic process; improved administrative capacities and internal control framework for the management of the IPA and the national funds; enhanced legislative harmonisation.

Achievement of these results will be measured mainly against the following key performance indicators: Improved functioning of democratic institutions; sector development strategies adopted and under implementation; Financial management and monitoring and control systems operating smoothly.

(2) Assumptions and conditions

Recent political crises in the country have exposed weaknesses of state institutions and the vulnerability of democratic procedures. The Commission's 2014 Progress Report highlighted serious concerns about increasing politicisation of state institutions and government control over media, including in the context of elections, leading to the erosion of trust in state institutions. This has also been revealed by the content of the wiretaps. The EU has assisted the country to address systemic issues in the area of rule of law as well as the domestic political actors in resolving the political crisis and its underlying causes. The EU has also invested in re-establishing trust among the main political parties through providing for a political facilitation process. Despite all these efforts, more needs to be done to restore the political dialogue and normal functioning of

democratic institutions, including the implementation of the Commission's "urgent reform priorities". The urgent reform priorities address the systemic rule of law issues that came to light in the context of the political crisis and that have arisen from the revealed wiretaps. Financial assistance under this programme should therefore also be used to support democracy and governance issues in the country.

Continuous commitment of the beneficiary to the EU accession process remains crucial for management of EU programmes/actions. It is further essential that national authorities remain committed to establishing a full-fledged sector approach to IPA II assistance. This entails in particular drawing up relevant and budgeted national sector strategies, proper sector coordination and effective monitoring system.

(3) *Implementation arrangements of the actions:* Direct management by the EU Delegation to the former Yugoslav Republic of Macedonia.

(4) *Essential elements of the action*

The objective of the European Integration Facility is to provide flexible support to the national authorities by addressing specific needs identified in the course of the pre-accession process.

The expected results are:

- Appropriate administrative structures, capacities and management systems deriving i.a. from the *acquis communautaire* are in place for number of areas;
- Efficient and effective programming, management and implementation and monitoring of pre-accession assistance.

Depending on the needs related to the EU integration process, the action will be implemented through a number of Twinning/Twinning light/grant/service/framework contracts where the need for a rapid response of the Commission to non-programmable events is such, that the duration of the procedure to amend this decision would frustrate the purpose of such response. Supply and works contracts may be considered in highly exceptional cases. Activities financed under this Action will be mostly demand driven. The type of contracts cannot be determined at this stage due to the flexibility of this Action, allowing for direct and fast interventions.

Procurement:

- a) The **global** indicative budgetary envelope reserved for procurement: EUR 2,500,000
- b) The indicative number and type of contract award procedures: up to 15 contracts.
- c) Indicative timeframe for launching the procurement procedures: Q4 2016.

Grants/Twinning:

An indicative amount of up to EUR 1,500,000 could be used for activities to be implemented through twinning, twinning light or grants.

a) Objectives and foreseen results: Support to meeting criteria for accession and capacity building of the national administration

b) The essential eligibility criteria:

- For grants: applicants could be legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, NGOs, economic actors such as SMEs, profit, or non profit organisations.
- For twinning: applicants must be EU Member State administrations or mandated bodies.

c) The essential selection criteria are:

- For grants: the financial and operational capacity of the applicant.
- For twinning: the operational capacity of the applicant.

d) The essential award criteria are:

- For grants: relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- For twinning: technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) Maximum rate of EU co-financing:

- For grants: The maximum possible rate of EU co-financing for grants under this call is 95 % of the eligible cost of the action. The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation, if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- For twinning: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative date for launching the call for proposals/selection procedure: Q4 2016.

Action 2	<i>Participation in Union Programmes</i>	<i>indirect management with the IPA II beneficiary</i>	EUR 6,825,719.10
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(1) Description of the Action, objective, expected results and key performance indicators

The Indicative Strategy Paper (ISP) stipulates that financial assistance can be provided through co-financing the country's participation in relevant Union Programmes and

Agencies. The objective of this action is to co-finance the costs of the "entry-tickets", which the beneficiary has to pay for the participation in Union Programmes and Agencies, 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 Union Programmes and Agencies.

The following results are foreseen:

- 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 Union Programmes;
- Entry-ticket for participation in EU Programmes paid and contracts signed.

New Union Programmes for 2014-2020 shall be gradually open for the participation of the Western Balkan countries. The beneficiary country has expressed its interest in participating inter alia in the following programmes:

- Horizon 2020
- COSME (Programme for competitiveness of enterprises and SMEs)
- Europe for Citizens
- Culture – Creative Europe
- Media – Creative Europe
- Customs
- Fiscalis
- Civil Protection Mechanism
- Erasmus plus
- Erasmus plus external strand
- Progress
- LIFE (Instrument for the environment and climate action)
- Justice , Fundamental Rights and Citizenship
- Health for Growth Programme
- Consumer programme
- Programme for Employment and Social Innovation (EaSI)
- GMES (European Earth monitoring programme)

Participation in other Union Programmes will be determined at a later stage.

The participation of the former Yugoslav Republic of Macedonia in Union Programmes shall follow the specific terms and conditions set out for each such a programme in the International Agreement to be concluded by the European Commission and the country, in accordance with the agreements establishing the general principles for participation in Union Programmes.

(2) Assumptions and conditions

EU integration remains a government priority - continuous commitment of the beneficiary to EU accession and provision of sufficient resources to support management of EU programmes/actions. National Programme for the adoption of the *acquis* approximation, Enlargement strategy and progress reports provide adequate guidance for programming activities. Availability and motivation of appropriate staff for cooperation and involvement is essential. The NIPAC will keep the EU Delegation

informed about the implementation of the programmes through quarterly reports covering the financial implementation of the entry tickets, as well as the actual substantial implementation of each Union Programme.

(3) Implementation arrangements of the actions: indirect management with the beneficiary country.

Short description of the tasks entrusted to the entity

The participation of the former Yugoslav Republic of Macedonia in Union Programmes shall follow the specific terms and conditions set out for each such a programme in the International Agreement to be concluded by the European Commission and the former Yugoslav Republic of Macedonia. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme. This action will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.

SECTOR 8	<i>Agriculture and Rural Development</i>		<i>EUR 13,300,000</i>
Action 3	<i>Agriculture, Rural Development and Food Safety, Veterinary and Phytosanitary Policy</i>	<i>direct management and</i>	<i>EUR 10,800,000</i>
		<i>indirect management with IO for the Activity "Land consolidation"</i>	<i>EUR 2,500,000</i>

(1) Description of the Action, objective, expected results and key performance indicators

The main objective of this action is to support the development of a sustainable vibrant agriculture sector in the country, by addressing the key constraint to the development of the sector. The action further supports the adoption of EU *acquis* in the sector. The action comprises two components: 1/ agriculture (indicative budget allocation EUR 9.5 million, of which EUR 2.5 million under indirect management with the Food and Agriculture Organisation (FAO) of the United Nations and EUR 7 million used under direct management) and 2/ food safety, veterinary and phytosanitary policy (indicative budget allocation EUR 3.8 million used under direct management). Activities under the first, agriculture related component contribute to improving productivity, profitability and competitiveness in agriculture, as well as to strengthening administrative capacities

in the Ministry of Agriculture, Forestry and Water Economy and in key agencies. The second component supports the implementation of food safety, veterinary, and phytosanitary policy, contributes to improving the food safety, animal health, animal welfare and plant health standards in the sector, while ensuring the effective functioning of the internal market.

Expected results under the agriculture component include increased access to land-consolidated areas; development of new, market-viable cooperatives, including a system for vocational training of cooperative managers; increased access to irrigated land through construction of small-scale and environment friendly irrigation systems with a view to mitigate the impact of climate change on agriculture; development of market quality standards for agriculture products in a number of sub-sectors (e.g. pork meat production, fruit and vegetable) with a view to create new marketing opportunities; improved interoperability and effectiveness of the integrated system for administration and controlling of the agricultural and rural development support policies. Under the phytosanitary component, expected results include strengthened capacity of food and veterinary and phytosanitary services; vaccination of foxes against rabies and strengthened food safety, veterinary and phytosanitary border controls.

Achievement of these results will be measured mainly against the following key performance indicators. Under the agriculture component: number of land consolidation projects and total area; additional number of hectares irrigated; number of additional cooperatives with an economic objective and market performance created; new software for integrated administration and controlling system developed and interoperability secured; number of market quality standards implemented. Under the phytosanitary component: percentage of EU legislation regarding Chapter 12 in place; percentage of sampled animals immunized against rabies; number of BIPs in compliance with EU requirements; Phytosanitary Information System established and operational; number of accredited methods; number of samples taken by the SAI (inland and on the border).

(2) Assumptions and conditions

Pre-conditions related to the implementation of the Action:

- Agreement between the Government and the EU on the list of activities to be funded under the IPA II beneficiary co-financing (EUR 0.8 million);
- Appointment/assignment of sufficient staff with adequate professional skills and qualifications in the departments and services of the institutions that will directly be involved in the implementation of the action and before the launch of the action tendering process;
- Allocation of working space and facilities by the beneficiary for technical assistance before the launch of the action tendering process;
- Ensuring proper handling of all legal, regulatory, institutional and financial arrangements necessary for the implementation of the action. Relevant construction permits will have to be issued in a timely manner as well as acceptance certificates, upon delivery of supplies and handing over of infrastructure;
- Functional sector coordination mechanism in place before the launch of the action. The sector coordination mechanism will include at least yearly sector review meetings at high level.

Failure to comply with the requirements set out above may lead to the recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation arrangements for the action: Direct management by the EU Delegation to the former Yugoslav Republic of Macedonia except for the activity "land consolidation" which will be implemented through indirect management with the Food and Agriculture Organisation (FAO) of the United Nations.

(3)(a) Entity entrusted with budget implementation tasks

Activity: Land consolidation (EUR 2,500,000): indirect management

Part of the action, the activity focusing on land consolidation in a value of EUR 2,500,000, will be implemented through a delegation agreement with the FAO under indirect management. Following a Call for expression of interest, the FAO was selected on the basis of its proposed methodology and the assessment of technical, administrative and financial capacity to carry out this action.

The application of the FAO has presented a comprehensive detailed methodology, good understanding of the main objectives to be achieved with implementation of this activity and developed well elaborated measures divided in several phases. The technical capacity of the candidate was also assessed as a high level. The FAO has significant experience in the implementation of the land consolidation programmes both in the EU Member States and in the Western Balkans.

(3)(b) Short description of the tasks entrusted to the entity

The FAO will carry out the following budget implementation tasks in order to maximize the access to consolidated land: setting up of a register for abandoned agriculture land, strengthening of institutional capacities for land consolidation of competent authorities and newly established organizational structures (at central and local level), development of procedures and guidelines for implementation of land consolidation policy, awareness raising on land consolidation among general public, preparation of studies for improvement land structure and new land market policies. The budget implementation tasks entrusted under this activity should also include the necessary infrastructure (access roads and irrigation/drainage if possible) in the consolidated land.

(3)(c) Essential elements of the action (EUR 10,800,000): direct management

Procurement:

- a) the **global** budgetary envelope reserved for procurement: EUR 9,000,000
- b) the indicative number and type of contracts: 5 service contracts, 3 supply contracts and 4 works contracts.
- c) indicative time frame for launching the procurement procedure: Q2 2016.

Grant on new, market-viable cooperatives – Call for proposals "Support to the development of Cooperatives":

- a) Indicative amount: EUR 1,800,000.
- b) Objectives and foreseen results: As a consequence of the small size of farm holdings, the agriculture production is very scattered, which prevents the economy of scale at several levels. Small quantities of inputs are bought by

individual farmer at non-advantageous prices. Small farms are over-equipped if the capacity of machines is compared to the size of the land. Processing and marketing is problematic due the small quantities offered. In order to remedy these constraints, the main objective of the call for proposals is to create incentives for farmers to cooperate. As a result, a number of cooperatives with a market adequate economic performance should be created and functional.

c) The essential eligibility criteria:

In order to be eligible for a grant, the applicant must:

- be a legal person,
- be a local authority, public body, non-governmental organisation, economic actor or international organisation as defined by Article 43 of the Implementing Rules of application of the Financial Regulation,
- be established in a Member State of the European Union or from a country covered by Article 10 of Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action (CIR)⁹. This obligation does not apply to international organisations, and
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

d) The essential selection criteria are financial and operational capacity of the applicant.

e) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

f) Maximum rate of EU co-financing: 95% of the eligible cost of the action.

The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

g) Indicative date for launch of the call for proposals: Q2 2016.

⁹ To be determined on the basis of the organisation's statutes, which should demonstrate that it has been established by an instrument governed by the national law of the country concerned and that its head office is located in an eligible country. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a 'Memorandum of Understanding' has been concluded.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE - COUNTRY ACTION PROGRAMME FOR THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

		Indirect Management with the IPA II beneficiary			Other implementation arrangements				In EUR	
		EU Contribution	IPA II beneficiary Co-financing	Total expenditure	EU Contribution	IPA II beneficiary Co-financing	Total expenditure	Management mode	Total programme EU contribution	
Objective 1	Sector 1 Democracy and Governance				Sector 1 Democracy and Governance				10,825,719.10	
					Action 1 EU Integration Facility	4,000,000.00	0.00	4,000,000.00	direct	
	Action 2 Participation in Union Programmes	6,825,719.10	3,286,001.00	10,111,720.10						
Objective 2					Sector 8 Agriculture and Rural Development				13,300,000.00	
					Action 3 Agriculture, Rural Development and Food Safety, Veterinary and Phytosanitary Policy	13,300,000.00	800,000.00	14,100,000.00	direct, IM IO (mixed)	
TOTAL		6,825,719.10	3,286,001.00	10,111,720.10		17,300,000.00	800,000.00	18,100,000.00		24,125,719.10

4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

DIRECT MANAGEMENT:

Part of this programme shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twinning:

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 IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management by the former Yugoslav Republic of Macedonia in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Part of this programme shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

5 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG NEAR and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.