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ANNEX:
IPA 2009 – NATIONAL PROGRAMME - BOSNIA AND HERZEGOVINA Part II

1. IDENTIFICATION

Beneficiary	Bosnia and Herzegovina
Programme	National Programme 2009 under IPA Component I - Part II
CRIS number	2009 / 021-650
Year	2009
Cost	EUR 41,500,000
Implementing Authority	European Commission
Final date for concluding the Financing Agreement	at the latest by 31 December 2010
Final date for contracting	2 years from the date of the conclusion of the Financing Agreement. No deadline for audit and evaluation projects covered by the Financing Agreement implementing this programme, as referred to in Article 166(2) of the Financial Regulation. These dates apply also to the national co-financing.
Final date for execution	2 years from the final date for contracting. These dates apply also to the national co-financing.
Sector Code	15130, 15100, 15110, 15150, 16061, 15113, 25010, 11330, 24010, 33120, 16062, 31110, 31195
Budget lines	22.020200
Programming Task Manager	DG ELARG C1
Implementation Task Manager	European Commission Delegation to Bosnia and Herzegovina

2. PRIORITY AXES / PROJECTS

2.1. Priority axes

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

2.1.1. Political requirements:

Since the preparation of the precedent strategy papers (MIPD 2007-2008 and MIPD 2008-2009) Bosnia and Herzegovina has made only limited progress in implementing the remaining reforms required by the Stabilisation and Association Process (SAP). It is a continuing and considerable challenge for Bosnia and Herzegovina to comply with the political requirements of the SAP by increasing the effectiveness of its executive and legislative bodies, improving co-ordination between the State and Entities and to agree on the reform of its police structure.

To continue support for the political criteria, the Programme will provide further assistance to the efforts of Bosnia and Herzegovina in areas of: public administration reform by providing support to strengthen the national planning capacities and to increase the efficiency of the presidency; the constitution reform; the preparation for IPA components III and IV; the rule of law through support to the judiciary and by strengthening the anti-corruption capacities; civil society dialogue; and preservation of the cultural heritage.

2.1.2. Economic requirements:

Several economic indicators raise concerns, including the high unemployment rates and external imbalances. In addition, slippages in public spending create obstacles to social and economic recovery.

To assist the country in complying with the economic criteria of the SAP, the Programme aims to support creation of a favourable business climate and to foster the employment. These objectives are to be achieved through supporting Small and Medium Size Enterprise (SME) development and improving the capacities of the workforce to comply with the requirements of the labour market.

2.1.3. European Standards

Bosnia and Herzegovina made so far only limited progress in the approximation of its legislation and policies with the *acquis*. To assist the country in complying with the *acquis*-related requirements of the SAP, the Programme will support the development and the implementation of strategies and policies to approximate to the European *acquis* in the area of the internal market (economic and fiscal policy, quality infrastructure) and by supporting the approximation of sectoral policies (statistics, agriculture, veterinary and phytosanitary services).

2.1.4. Supporting Programmes

The MIPD 2009-2011 requires that Bosnia and Herzegovina achieves administrative and institutional capacity for participation in a number of community programmes. To realise this objective, the Programme will support the participation of Bosnia and Herzegovina in

Community programmes in research and culture areas which are identified as strategic choices for the upcoming three year period.

Description of projects grouped per priority axis

<i>No.</i>	<i>Political Requirements</i>	<i>IPA contribution in EUR</i>	<i>Project Description</i>
1	Judiciary	4,000,000.00	<p>Project Purpose: To strengthen the capacities of courts and prosecutor offices to process war crime and civil enforcement cases</p> <p>Implementation: the project will be implemented through: 1 direct grant for an indicative maximum amount of EUR 1,400,000 to be signed with the High Judicial and Prosecutorial Council (HJPC) in 3rd quarter of 2010; 3 service or framework contracts for an indicative maximum amount of EUR 100,000, EUR 250,000 and EUR 70,000 to be tendered in 3rd of 2010 1st quarter of 2011 and 4th quarter of 2010; 1 works contract for an indicative maximum amount of EUR 950,000 to be tendered in 1st quarter of 2011; 4 supply contracts for an indicative maximum amount of EUR 500,000 to be tendered in 1st quarter of 2011, EUR 500,000 to be tendered in 4th quarter of 2010, EUR 80,000 to be tendered in 3rd quarter of 2011, and EUR 150,000 to be tendered in 2nd quarter of 2011.</p> <p>The direct grant agreement with the HJPC will be concluded in view of its <i>de jure</i> monopoly in accordance with Article 168(1)(c) of the Implementing Rules to the Financial Regulation. The HJPC enjoys a <i>de jure</i> monopoly to establish and protect the independence of the judiciary in Bosnia and Herzegovina based on the Law on the HJPC as adopted in 2004.</p>
2	Constitutional Reform	1,000,000.00	<p>Project purpose: To provide continuous support for the capacity building of an entire range of institutions that will take part in the preparation of constitutional reform, including the State, entity, local levels together with the civil society sector, associations of citizens, and media.</p> <p>Implementation: the project will be implemented through 1 service contract for an indicative maximum amount of EUR 1,000,000 to be tendered in 2nd quarter of 2010.</p>
3	Preparation for IPA components III and IV	1,000,000.00	<p>Project purpose: To assist Bosnia and Herzegovina to develop and implement a road map for decentralization of IPA components III and IV and to prepare the strategic and operational documents.</p> <p>Implementation: the project will be implemented through 1 service contract for an indicative maximum amount of EUR 1,000,000 to be tendered in 2nd quarter of 2010.</p>
4	Civil Society	3,000,000.00	<p>Project purpose: To encourage partnerships and dialogue between the Government of Bosnia and Herzegovina and the civil society on the reform agenda through structured sectoral civil society networks, and increased readiness of civil society to fight against corruption in Bosnia and Herzegovina.</p> <p>Implementation: the project will be implemented through 2</p>

			calls for proposals for an indicative maximum amount of EUR 2,000,000 and EUR 750,000 to be launched in 3 rd quarter of 2010, and 1 service contract for an indicative maximum amount of EUR 250,000 to be tendered in 3 rd quarter of 2010.
5	Cultural heritage	4,000,000.00	<p>Project purpose: To restore and preserve the cultural heritage of Bosnia and Herzegovina, in particular Sarajevo town hall, in the context of the Ljubljana Process, based on the Integrated Rehabilitation Project Plan/Survey of the Archaeological Heritage (IRPP/SAAH).</p> <p>Implementation: the project will be implemented through 1 works contract for an indicative maximum amount of EUR 3,500,000 and 1 service contract for an indicative maximum amount of EUR 500,000 to be tendered in 2nd quarter of 2010.</p>
6	Anti-corruption	500,000.00	<p>Project purpose: 1. To strengthen the institutional and administrative capacities of the Anti-corruption body in order to enable it to fulfil its mandate and objectives 2. To Improve the anti-corruption capacities and cooperation mechanisms of institutions mandated to combat and prevent corruption on different administrative levels 3. Reinforce corruption prevention capacities of public institutions and law enforcement agencies through extensive training and the creation of sustainable training capacities</p> <p>Implementation: the project will be implemented through 1 service contract for an indicative maximum amount of EUR 500,000 to be tendered in 1st quarter of 2010.</p>
7	National Planning Process and Presidency	2,000,000.00	<p>Project purpose: 1. To create a comprehensive policy planning process that fully reflects European integration requirements and supports the implementation and monitoring and evaluation of the Country Development Strategy 2008-2013 (CDS) and Social Inclusion Strategy (SIS) in Bosnia and Herzegovina 2. To introduce the adequate technologically enabled organizational changes to increase the efficiency of the Presidency</p> <p>Implementation: the project will be implemented through 1 Twinning contract for the maximum indicative value of EUR 1,500,000, 1 supply contract for the maximum indicative value of EUR 200,000, 1 works contract for the maximum indicative value of EUR 100,000, and 1 service or framework contract for the maximum indicative value of EUR 200,000; tendering for all the contracts is planned for 1st quarter of 2010.</p>
	<i>Economic Criteria</i>		
8	SME Support	3,500,000.00	<p>Project purpose: 1. To support SMEs to introduce Quality Management Systems (QMS) in accordance with International Quality Standards (ISO 9000). 2. To establish and strengthen business infrastructure to improve SME competitiveness.</p> <p>Implementation: the project will be implemented through 3 service contracts for an indicative maximum amount of EUR 2,000,000 and EUR 1,500,000 to be tendered in 1st quarter of 2010.</p>

9	Labour education and	5,000,000.00	<p>Project purpose: To improve the quality of the workforce and to reduce the unemployment rate, by:</p> <ol style="list-style-type: none"> 1. Improving the institutional capacity of labour market management and employment service delivery at national, entity- and sub-entity levels; 2. Setting up the conditions and the preliminary steps for a successful implementation of the adult learning strategy. <p>Implementation: the project will be implemented through 2 service contracts for an indicative maximum amount of EUR 2,500,000 and EUR 1,200,000 to be tendered in 2nd quarter of 2010; 1 Twinning contract for an indicative maximum amount of EUR 500,000 to be tendered in 4th quarter of 2011; and 1 call for proposals for an indicative maximum amount of EUR 800,000 to be launched in 2nd quarter of 2010. .</p>
	<i>European Standards</i>		
10	Economic and Fiscal Policy and	2,000,000.00	<p>Project purpose: To support the ministries of finance at State and entity level, the Brčko District Department for Finance and other beneficiaries in providing reliable and inter-institutionally harmonised data on Public Finance on the basis of accrual accounting and in line with internationally recognised, in and particular EU principles, standards and practices.</p> <p>Implementation: the project will be implemented through 1 service contract for an indicative maximum amount of EUR 2,000,000 to be tendered in 2nd quarter of 2010.</p>
11	Single Market Integration	3,900,000.00	<p>Project purpose:</p> <ol style="list-style-type: none"> 1. To further develop the capacity of the market surveillance system in Bosnia and Herzegovina (Market Surveillance Agency of Bosnia and Herzegovina and Inspectorates of Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District) regarding its task to guarantee the safety and compliance of technical products in accordance with EU market surveillance good practice. 2. To improve transparency and access to information on preparation of standards at national, European and international levels, as well as to improve the information system for standardisation to be compatible with International and European Organisations for Standardisation. 3. To develop new accreditation schemes for conformity assessment bodies (CAB's) in the areas of accreditation of medical laboratory, accreditation of CAB's in the field of environmental protection, personnel certification and training of personnel for their realisation. 4. To develop the distributed metrology system in chemistry according to the national needs. <p>Implementation: the project will be implemented through 2 Twinning contracts for an indicative maximum amount of EUR 500,000 and EUR 600,000 to be launched in 1st quarter of 2011 and 1st quarter of 2010; 2 service contracts for an indicative maximum amount of EUR 700,000 and EUR 600,000 to be tendered in 3rd quarter of 2010 and 1 supply contract for an indicative maximum amount of EUR 1,500,000 to be tendered in 1st quarter of 2011.</p>
12	Statistics - Census	2,000,000.00	<p>Project purpose: To make available necessary equipment needed for carrying out the Population and Housing Census</p>

			available in time for the 2011 Census. Implementation: the project will be implemented through 1 supply contract for the maximum indicative value of EUR 2,000,000 to be tendered in 4 th quarter of 2009.
13	Agriculture and Rural Development	3,400,000.00	Project purpose: 1. To establish a low cost Agriculture Market Information System delivering relevant, accurate and timely information to agriculture market users and policy decision-makers throughout Bosnia and Herzegovina leading to expansion of agricultural trade within the country, increased farm profitability, productivity and incomes. 2. To establish a framework for a Land Parcel Identification System (LPIS) in Bosnia and Herzegovina, based on a pilot digital geo-database consisting of; ortho-photos, production blocks and thematic layers for the identification of all agricultural parcels in production areas, as a first step towards establishment of the Integrated nation-wide LPIS. 3. To perform the analyses of agricultural sectors with highest potential for improved performance as a result of well targeted measures included in the IPA Rural Development Programme Implementation: the project will be implemented through 2 service contracts for an indicative maximum amount of EUR 430,000, EUR 2,000,000 to be tendered in 2 nd quarter of 2010; and 2 supply contracts of EUR 70,000 and EUR 400,000 to be tendered in 3 rd quarter of 2010 and 1 Contribution Agreement with the Food and Agriculture Organisation (FAO) for an indicative maximum amount of EUR 500,000 to be concluded between the Commission and FAO, in accordance with Article 53(d) of the Financial Regulation and to be signed in 3 rd quarter of 2010.
14	Veterinary and Phytosanitary support	3,200,000.00	Project purpose: To increase capacities of the veterinary and phytosanitary services in Bosnia and Herzegovina to control animal and plant health and food safety. Implementation: The project will be implemented through 1 service or framework contract for an indicative maximum amount of EUR 60,000 and 1 service contract EUR 540,000 to be tendered in 1 st quarter of 2010; 3 supply contracts for an indicative maximum amount of EUR 1,400,000, EUR 500,000 and EUR 450,000 to be tendered 1 st , 2 nd , and 3 rd quarter of 2010; and 1 Twinning light contract for an indicative maximum amount of EUR 250,000 to be tendered in 4 th quarter of 2010.
	Supporting programmes		
15	Community Programmes	3,000,000.00	Project purpose: To co-finance the costs of the "entry tickets" which Bosnia and Herzegovina has to pay in accordance with the relevant Memoranda of Understanding concluded or to be concluded for its participation in Community Programmes, in particular the 7 th Framework Programme for Research, Technological Development and Demonstration activities (2007-2013) and the Culture Programme (2007-2013). To support the institutional capacity development of the research and innovation centres in Bosnia and Herzegovina. Implementation: The participation of Bosnia and Herzegovina

			in relevant Community programmes shall follow the specific terms and conditions set out for each such programme in the memorandum of understanding as concluded or to be concluded with the Commission, in accordance with the agreements establishing the general principles for participation of the beneficiary country in Community programmes. It shall include provisions on both the total amount of the beneficiary country's contribution and the amount funded by assistance under the IPA Regulation. The institutional capacity development of the research and innovation centres will be implemented through 1 service contract for an indicative maximum amount of EUR 550,000 to be tendered in 2 nd quarter of 2010 and 1 supply contract for an indicative maximum amount of EUR 749,900 to be tendered in 3 rd quarter of 2010.
	TOTAL	41,500,000.00	

In addition to the assistance identified in the table above, support is provided to activities in the areas of Education (Erasmus Mundus and Tempus) and Nuclear Safety and Radiation Protection. The Erasmus Mundus project is funded from the Multi-beneficiary budget, Tempus and Nuclear Safety and Radiation Protection projects are funded from the National budget. To facilitate management of assistance, these projects are coordinated and implemented under the relevant IPA Multi-beneficiary programmes 2009

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

Experience with previous CARDS assistance as well as the recommendations of the evaluation of the CARDS Assistance to the Western Balkan countries in 2004 and the 2008 Ad Hoc Evaluation of the CARDS programme in Bosnia and Herzegovina leads to the following considerations:

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

A number of assistance projects in Bosnia and Herzegovina did not achieve the expected results because of an insufficient sense of ownership on the part of the beneficiaries. In the course of programming the IPA National Programme 2009, the Commission and the beneficiaries identified a number of proposed projects which carried political risks of various degrees, i.e. most of the projects to implement the European Partnership require reforms which are not necessarily endorsed by all competent authorities in Bosnia and Herzegovina.

The lesson learned is that European Commission assistance must not only reflect European Partnership priorities but, in the broader sense of the Paris Declaration, must also be interlocked with Bosnia and Herzegovina's own development and action plans. The IPA national programme 2009 aims at promoting ownership by ensuring that projects are in line with Bosnia and Herzegovina's own reform strategies and development plans, as well as by enhanced participation of future beneficiaries in the programming process. It is also prepared with due risk assessment ensuring that all the necessary implementation preconditions are met.

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

Monthly coordination meetings continued to be held with the EU Member States on programming and implementation of assistance. The European Commission also participated, and provided regular updates on the IPA programming process to a Donor Coordination Forum, which comprises of the European Commission Delegation, the EBRD, the IMF, UNDP/UNRC and the World Bank and key bilateral donors.

Improved donor co-ordination has resulted in a division of labour in certain areas where member states or other donors are carrying out projects which would otherwise have been considered for financing.

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

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

2.3. Horizontal issues

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

The programme will contribute considerably to gender mainstreaming by implementation of specific project activities in the areas of judiciary and constitutional reform, census, agriculture and SME sectors development and labour market mainly in terms of equal access to services, jobs, income and education opportunities, as well as greater involvement of women in decision making and implementation of reforms.

The Programme will also contribute to environmentally sustainable economic development by bringing the country closer to EU environmental standards, through strengthening administrative structures and fostering the approximation with *acquis* requirements.

2.4. Conditions

The programme includes the following conditionalities:

- The projects fiches are formally approved by exchange of letter between the Commission and the government of Bosnia and Herzegovina.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in that European Commission financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will endorse tender documents, including terms of reference.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

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

2.5. Benchmarks

	N		N+1 (cumulative)		N+2 (cumulative)	
	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched or grant agreements signed			34		38	
Number of calls for proposals launched			2		3	
Contracting Rate (%)			85		100	

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

* In case of parallel national co-financing

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

According to Article 8(4)(c) of the IPA Implementing Regulation, the beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without ex ante controls by the Commission.

As decentralisation with ex-ante controls has not yet been conferred by the Commission, a detailed specific plan and timetable for decentralisation with ex-ante controls shall be established by the beneficiary country, in accordance with the Commission's guidance "Roadmap to Decentralised Management for IPA".

The Decentralised Implementation System (DIS) Strategy of Bosnia and Herzegovina was adopted in July 2008. No nominations however were made except for the position of the National IPA Coordinator (NIPAC) which was established in the Ministry of Finance and Treasury. The CFCU (Central Finance and Contracts Unit) and National Fund (NF) are as well placed within the Ministry of Finance and Treasury and are functional although not yet fully staffed.

The authorities of Bosnia and Herzegovina are supported in their decentralisation efforts by the Commission through a number of technical assistance projects for preparation of the structures for all IPA components.

3. BUDGET (AMOUNTS IN EUR)

3.1. Indicative budget table

Nr	Centralised management	Institution Building (IB)					Investment (INV)					Total		
		Total expenditure	IPA contribution		National contribution*		Total expenditure	IPA contribution		National contribution*		Total expenditure	Total IPA	
		EUR	EUR	(1)%	EUR	(1)%	EUR	EUR	(1)%	EUR	(1)%	EUR	EUR	(2)%
		(a)=(b)+(c)	(b)		(c)		(d)=(e)+(f)	(e)		(f)		(g)=(a)+(d)	(h)=(b)+(e)	
	Political Requirements	8,445,000	8,170,000	96.74	275,000	3.26	8,930,000	7,330,000	82.08	1,600,000	17.92	17,375,000	15,500,000	37.35
1	Judiciary	1,170,000	1,170,000	100.00	0		2,830,000	2,830,000	100.00	0		4,000,000	4,000,000	
2	Constitutional Reform	1,000,000	1,000,000	100.00	0		0	0		0		1,000,000	1,000,000	
3	Preparation for IPA components III and IV	1,000,000	1,000,000	100.00	0		0	0		0		1,000,000	1,000,000	
4	Civil Society	3,275,000	3,000,000	91.60	275,000	8.40	0	0		0		3,275,000	3,000,000	
5	Cultural heritage	0	0		0		5,600,000	4,000,000	71.43	1,600,000	28.57	5,600,000	4,000,000	
6	Anti-corruption	500,000	500,000	100.00	0		0	0		0		500,000	500,000	
7	National Planning and Presidency	1,500,000	1,500,000	100.00	0		500,000	500,000	100.00	0		2,000,000	2,000,000	
	Economic Requirements	6,226,315	6,200,000	99.58	26,315	0.42	2,607,776	2,300,000	88.20	307,776	11.80	8,834,091	8,500,000	20.48
8	SME Support	2,000,000	2,000,000	100.00	0		1,666,600	1,500,000	90.00	166,600	10.00	3,666,600	3,500,000	
9	Labour and Education	4,226,315	4,200,000	99.38	26,315	0.62	941,176	800,000	85.00	141,176	15.00	5,167,491	5,000,000	

	European Standards	9,767,500	9,640,000	98.69	127,500	1.31	6,330,139	4,860,000	76.78	1,470,139	23.22	16,097,639	14,500,000	34.94
10	Economic and Fiscal Policy	2,000,000	2,000,000	100.00	0		0	0		0		2,000,000	2,000,000	
11	Single Market Integration	2,455,000	2,400,000	97.76	55,000	2.24	1,800,000	1,500,000	83.33	300,000	16.67	4,255,000	3,900,000	
12	Statistics - Census	2,000,000	2,000,000	100.00	0		0	0		0		2,000,000	2,000,000	
13	Agriculture and Rural Development	2,930,000	2,930,000	100.00	0		470,000	470,000	100.00	0		3,400,000	3,400,000	
14	Veterinary and Phytosanitary support	382,500	310,000	81.05	72,500	18.95	4,060,139	2,890,000	71.18	1,170,139	28.82	4,442,639	3,200,000	
	Supporting programmes	550,000	550,000	100.00	0		2,750,000	2,450,000	89.09	300,000	10.91	3,300,000	3,000,000	7.23
15	Community Programmes	550,000	550,000	100.00	0		2,750,000	2,450,000	89.09	300,000	10.91	3,300,000	3,000,000	
	TOTAL	24,988,815	24,560,000	98.28	428,815	1.72	20,617,915	16,940,000	82.16	3,677,915	17.84	45,606,730	41,500,000	100.00

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

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

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

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

The Community contribution, which represents 91% of the total budget allocated to this programme, has been calculated in relation to the eligible expenditure, which in the case of centralized management is based on the total expenditure. Parallel co-financing will be used.

The national co-financing is foreseen for 7 out of 15 projects and amounts to:

- Priority Axis 1 – 10.79%
- Priority Axis 2 – 3.78%
- Priority Axis 3 – 9.92%
- Priority Axis 4 - 9.09%

In the case of grants, final grant beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the project, both for investment and institution building projects, and a minimum of 5% of the eligible expenditure in case of twinning.

The envisaged grant agreements will be implemented in accordance with Articles 120 (1) and 120 (3) of Financial Regulation and Article 184 of Implementing Rules to the Financial Regulation.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Method of implementation

The programme will be implemented on a centralised basis by the European Commission Delegation to Bosnia and Herzegovina, in accordance with Article 53a of the Financial Regulation¹ and the corresponding provisions of the Implementing Rules².

4.2. General rules for procurement and grant award procedures

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

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

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website³ at the date of the initiation of the procurement or grant award procedure.

¹ OJ L 248, 16.9.2002, p.1.

² OJ L 357, 31.12.2002, p.1.

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

4.3. Implementation Principles for Twinning Projects

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

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

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

As regards the twinning contracts, the essential selection and award criteria for the selection of the proposals are laid down in the twinning manual. The twinning manual is available on the web site of the Directorate General for Enlargement of the European Commission at the following address:

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

4.4. Environmental Impact Assessment and Nature Conservation

- All investment shall be carried out in compliance with relevant Community Environmental Legislation.
- The procedure for environmental impact assessment as set down in the EIA-Directive will fully apply to all investment projects and the application of the European Principles for the Environment will be ensured.

5. MONITORING AND EVALUATION

5.1. Monitoring

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

5.2. Evaluation

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

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle. The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

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

includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96⁴.

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

7. NON SUBSTANTIAL REALLOCATION OF FUNDS

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

8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME

Limited adjustments in the implementation of this programme affecting elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature⁵, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

⁴ OJ L 292, 15.11.1996, p. 2.

⁵ 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.