

**FINANCING AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF THE REPUBLIC OF TURKEY**

**AND**

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

**CONCERNING THE MULTI-ANNUAL OPERATIONAL PROGRAMME**

**"TRANSPORT"**

**FOR COMMUNITY ASSISTANCE FROM THE INSTRUMENT FOR PRE-  
ACCESSION ASSISTANCE UNDER THE "REGIONAL DEVELOPMENT"  
COMPONENT IN TURKEY**

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# **The Government of The Republic of Turkey**

**And**

# **The Commission of the European Communities**

Hereafter jointly referred to as "the Parties" or individually as "the Beneficiary", in the case of the Government of the Republic of Turkey, or "the Commission", in the case of the Commission of the European Communities

## **Whereas**

- 1) On 17 July 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006<sup>1</sup> establishing an instrument for pre-accession assistance (hereinafter referred to as "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries and potential candidate countries in their efforts to enhance political, economic and institutional reforms with a view to becoming members of the European Union;
- 2) On 12 June 2007, the Commission adopted Commission Regulation (EC) No 718/2007<sup>2</sup> implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereinafter: referred to as "IPA Implementing Regulation");
- 3) Turkey figures in Annex I of the IPA Framework Regulation, and should therefore have access to the 5 components established under Article 3(1) of the same Regulation, i.e. (a) Transition Assistance and Institution building; (b) Cross-Border Cooperation; (c) Regional Development; (d) Human Resources Development and (e) Rural Development;
- 4) In accordance with Article 155 of the IPA Implementing Regulation, the assistance under the Regional Development and Human Resources Development components should be implemented through multi-annual operational programmes;
- 5) On 6 June 2007 the Beneficiary submitted to the Commission a strategic coherence framework which, pursuant to Article 154(1) of the IPA Implementing Regulation, constitutes a reference document for the programming of the Regional Development and Human Resources Development components;
- 6) On 1 May 2007 the Beneficiary submitted to the Commission a proposal for a multi-annual operational programme for "Transport" hereinafter referred to as "the programme";
- 7) On 7 December 2007 the Commission adopted its Decision No. C(2007)6053 approving the programme for IPA co-financing, hereinafter referred to as "the Financing Decision";

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<sup>1</sup> OJ L210, 31.7.2006, p.82

<sup>2</sup> OJ L 170, 29.6.2007, p.1

- 8) According to Article 17 of the IPA Framework Regulation the Commission and the Beneficiary shall conclude framework agreements and subsidiary agreements concerning the implementation of the assistance;
- 9) On 11 July 2008 the Beneficiary and the Commission concluded a Framework Agreement setting out the rules for co-operation concerning EC financial assistance under IPA;
- 10) According to Article 8 of the IPA Implementing Regulation and Article 5 (3) of the Framework Agreement, where required by the financing decision, the Commission and the Beneficiary shall conclude a Financing Agreement which may take the form of a multi-annual agreement;
- 11) The Financing Agreement shall lay down: (a) provisions by which the Beneficiary accepts the assistance of the Community and agrees to the rules and procedures concerning disbursement related to such assistance; (b) the terms on which the assistance is managed, including the relevant methods and responsibilities for implementing the multi-annual programme and/or operations; (c) provisions relating to the establishment and regular updating, by the Beneficiary, of a roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex-ante* controls by the Commission;
- 12) The programme, as adopted by the Commission Decision of 7 December 2007 should form an integral part of the Financing Agreement.

HAVE AGREED AS FOLLOWS:

## **CHAPTER I – GENERAL PROVISIONS**

### *Article 1 Subject matter*

1. This Agreement is concluded between the Government of the Republic of Turkey and the Commission of the European Communities, pursuant to Article 8 of the IPA Implementing Regulation and Article 5(3) of the Framework Agreement.
2. This Agreement concerns the multi-annual operational programme "Transport" for Community assistance from the Instrument of Pre-Accession Assistance under the "Regional Development" component in Turkey, adopted by Commission Decision C(2007)6053 of 7 December 2007.
3. All documents and correspondence pertaining to the programme shall bear the reference CCI No: 2007 TR 16 I PO 002
4. Without prejudice to the arrangements laid down in the IPA Implementing Regulation and in the Framework Agreement, this Agreement completes the technical, legal and administrative framework and includes detailed and specific provisions for the management, monitoring, evaluation and control under which the programme referred to in paragraph 2 and any amendments thereof shall be implemented.

*Article 2*  
*Objectives to be pursued*

1. In addition to Article 3 of the Framework Agreement, the objectives to be pursued under the programme shall be consistent with the overall aim to prepare the Republic of Turkey for the implementation and management of the Community's cohesion policy, with a view to EU membership.

2. Operations, projects, actions, and preparatory measures implemented under the programme shall follow a "learning by doing" approach with a view to preparing national authorities to achieve the aim expressed in paragraph 1, with due regard to the principle of proportionality, as expressed in the relevant legislation applicable to the Community's cohesion policy and its instruments.

*Article 3*  
*Conventional framework*

The provisions of the Framework Agreement concluded on 11 July 2008 between the Government of the Republic of Turkey and the Commission shall apply *mutatis mutandis* to this Agreement.

*Article 4*  
*Regulatory framework*

The regulatory framework applicable to pre-accession assistance, to be observed in the implementation of the programme, as it is provided/foreseen in the Framework Agreement, includes *inter alia*:

- a.) Council Regulation (EC EURATOM) No 1605/2002 of 25 June 2002<sup>1</sup>, on the Financial Regulation applicable to the general budget of the European Communities, hereinafter referred to as "the Financial Regulation";
- b.) Council Regulation (EC) No 1085/2006 of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA)<sup>2</sup>;
- c.) Commission Regulation (EC, EURATOM) No 2342/2002 of 23 December 2002<sup>3</sup>, laying down detailed rules for the implementation of the financial regulation, hereinafter referred to as the "Implementing Rules of the Financial Regulation";
- d.) Commission Regulation (EC) No 718/2007 of 12 June 2007<sup>4</sup> implementing Council Regulation (EC) No 1085/2006;
- e.) Commission Decision C(2007)6053 of 7 December 2007, adopting the multi-annual operational programme "Transport" in Turkey, and any amendments thereto, as may be decided by the Commission until the final closure of the programme;

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<sup>1</sup> OJ L 248, 16.9.2002, p.1  
<sup>2</sup> OJ L 210, 31.7.2006, p.82  
<sup>3</sup> OJ L 357, 31.12.2002, p.1  
<sup>4</sup> OJ L 170, 29.6.2007, p 1

- f.) Commission Decision C(2009)5754 of 23 July 2009 conferring management powers on the Republic of Turkey concerning the management of the programme, and any amendments thereto as may be decided by the Commission until the final closure of the programme.

#### *Article 5*

#### *Compliance with applicable regulatory and conventional framework and with other Community legislation and policies*

1. The Beneficiary shall take all necessary steps to ensure the proper execution of all activities and to facilitate the implementation of the programme, in compliance with the regulatory and conventional framework referred to under Articles 3 and 4 of this Agreement.
2. The Commission and the Beneficiary shall endeavour to ensure that all activities and the objectives pursued with the implementation of the programme are consistent with the Community legislation and policies in force, as may be applicable to the relevant sector, and contribute to the progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*.

#### *Article 6*

#### *Interpretation*

1. The provisions of this Agreement shall be interpreted as supplementing and completing the provisions of the conventional and regulatory frameworks provided for under Articles 3 and 4 of this Agreement.
2. Where contradictions exist between the provisions in the main part of the Financing Agreement and in its annexes, including in particular the provisions in Chapter V of Annex XIX (the "Implementing Provisions" of the Operational Programme), the provisions contained in the main part of the Financing Agreement shall prevail.
3. Subject to any explicit provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation, in the IPA Implementing Regulation and in the IPA Framework Agreement.
4. Subject to any explicit provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
5. Any references to Community instruments are references to such instruments as amended, supplemented or replaced from time to time.
6. Headings in this Agreement have no legal significance and do not affect its interpretation.

#### *Article 7*

#### *Partial invalidity and unintentional gaps*

1. If a provision of this Agreement is or becomes invalid, or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement.

The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of, and intent of, the invalid provision.

2. The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation, the IPA Implementing Regulation and the Framework Agreement.

#### *Article 8*

##### *Coordination, consistency and complementarity*

The Commission and the Beneficiary shall ensure adequate coordination, consistency and complementarity of the assistance provided under the programme with other forms of Community assistance, including but not limited to the other IPA components covered by the IPA Framework Regulation, as well as assistance financed by the European Investment Bank, other international financing institutions and bilateral donors.

#### *Article 9*

##### *Protection of the Community's financial interests*

1. In the implementation of Articles 28 and 29 of the Framework Agreement by the Beneficiary, Council Regulation (EC) No 2988/95 on the protection of the European Communities financial interest shall apply *mutatis mutandis*.

2. The Beneficiary shall adopt all legislative, regulatory and administrative provisions and take any other measures necessary to ensure effective protection of the financial interests of the Community, and particularly in order to:

- a.) check the authenticity and compliance of operations financed by the Community;
- b.) prevent and pursue irregularities;
- c.) recover sums lost as a result of irregularities or negligence;
- d.) report irregularities to the Commission by establishing a mechanism equivalent to that foreseen in section 4 "irregularities" (Articles 27-36) of Commission Regulation (EC) No 1828/2006<sup>1</sup>, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

3. The Beneficiary shall inform the Commission of the provisions adopted and measures taken under paragraph 2 and the measures taken for management and control, in compliance with Community legislation concerning support for the programme, in order to protect the financial interests of the Community.

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<sup>1</sup> OJ L 371, 27.12.2006, p.g 4

## CHAPTER II – COMMUNITY FUNDING

### *Article 10 Programme Funding Sources*

1. The total cost of the programme, expressed in terms of eligible public expenditure as defined in Article 17(2) of this Agreement, is estimated at 239,600,000 euro. The breakdown of this amount is set out in the Financial Plan in Annex I.
2. Subject to budgetary availability, the Community undertakes to co-finance the programme by way of a grant from the budget of the European Communities, up to the maximum amount indicated in the Financial Plan in Annex I.
3. The Beneficiary undertakes to co-finance the programme by way of cash contributions, corresponding as a minimum to the national co-financing requirements indicated in the Financial Plan in Annex I. In all instances, the Beneficiary shall ensure that the financing requirements for each operation shall be fully met.
4. The Community contribution referred to in paragraph 2 shall not exceed the ceiling of 75% of the eligible expenditure at the level of each priority axis. In exceptional and duly justified cases this percentage may be increased to 85%, subject to the formal agreement of the Commission, approved by way of a Commission Decision.
5. The Community contribution to the co-financing of the programme and each operation is subject to the observance of the provisions of this Agreement, as well as the regulatory and conventional framework applicable to pre-accession assistance, namely as provided for under Articles 3 and 4 of this Agreement.

### *Article 11 Financial Plan*

1. The Financial Plan, expressed in euros, applicable to the Community and national public contributions to the programme in calendar years 2007, 2008 and 2009, at the level of each priority axis, is the Financial Plan indicated in Annex I.
2. Amendments or modifications to this Financial Plan require the formal agreement of the Commission and must be approved by way of an amending Commission Decision.
3. The Financial Plan may be extended, to include Community and national public contributions to the programme in calendar years 2010, 2011, 2012 and 2013, subject to the formal agreement of the Commission, approved by way of a Commission Decision.
4. In the event of the extension of the Financial Plan in accordance with paragraph 3, the programme indicators and other relevant strategic and operational elements shall be amended accordingly.

*Article 12*  
*Commitment of community funding*

1. The Community contribution to the programme, as expressed in Articles 10 and 17 of this Agreement, shall be split in yearly commitments in accordance with the Financial Plan in Annex I.
2. The amount(s) to be committed in year 2009 and in any subsequent years are subject to the approval of the necessary credits in the budget of the European Communities by the budgetary authority.
3. Nothing in this Agreement can be interpreted as implying a financial commitment of the Community in relation to credits which have not yet been approved by the budgetary authority.

*Article 13*  
*Automatic decommitment (n+3)*

1. Pursuant to Article 166 of the Financial Regulation, the Commission shall automatically decommit any portion of a budget commitment for the programme where, by 31 December of the third year following year  $n$  being the one in which the budget commitment was made:
  - (i) it has not been used for the purpose of pre-financing; or
  - (ii) it has not been used for making intermediate payments; or
  - (iii) no declaration of expenditure has been presented in relation to it.
2. That part of budget commitments still open on 31 December 2017 for which a declaration of expenditure has not been made by 31 December 2018 shall be automatically decommitted.

**CHAPTER III – GENERAL PRINCIPLES OF IMPLEMENTATION**

*Article 14*  
*Implementation principles*

1. The implementation of the programme shall be carried out by the Beneficiary, on the basis of decentralised management, in accordance with Article 5 of the Framework Agreement.
2. The conditions for the conferral of management powers are set out in Section III, Articles 9, 10, 11 and 12 of the Framework Agreement.
3. In addition to the conditions referred to in paragraph 1, the Beneficiary shall ensure strict observance of the principles and conditions laid down in Article 56 of the Financial Regulation.
4. If the conditions and principles referred to in paragraphs 2 and 3 cease to be met, the Commission may suspend or terminate the implementation of this Agreement.

5. The Beneficiary undertakes to pursue the achievement of decentralisation without *ex-ante controls*, as provided for under Article 30 of this Agreement and Article 16 of the Framework Agreement.

6. All investments receiving Community financing under the programme must fully respect compliance with sustainable development principles and meet relevant environmental norms, such as directives on EIA<sup>1</sup>, Habitats<sup>2</sup> and Birds<sup>3</sup> (in order to avoid negative impacts on potential Natura 2000 sites) as appropriate.

#### *Article 15*

##### *Final beneficiary and operations*

1. In accordance with the provisions of Article 2(8) of the IPA Implementing Regulation, for the purpose of this Agreement, the term "final beneficiary" shall designate any body or firm, whether public or private, responsible for initiating or initiating and implementing operations. In the context of aid schemes, final beneficiaries are public or private firms carrying out an individual project and receiving public aid.

2. To the extent that the Operating Structure retains direct responsibility for the implementation of the operations under the programme, namely for all contracting arrangements and financial transactions associated thereto, the term "final beneficiary" shall be deemed to refer to the Operating Structure, or any body which has been specifically designated in the decision of conferral of management.

3. For the purpose of this Agreement, operations shall comprise a project or a group of projects, initiated or initiated and implemented by one or more final beneficiaries, allowing for the achievement of the goals of the measure and/or the priority axis to which they relate.

#### *Article 16*

##### *Co-financing*

In addition to the principles stated in Article 4 of the Framework Agreement, the following principles shall also apply to the implementation of the programme:

- a.) all operations receiving assistance under the programme shall require national and Community contribution;
- b.) the Community contributions to each operation shall be made available at the same time as the corresponding contribution from national sources;
- c.) the Community contribution to each operation shall be subject to the fulfilment of the obligations and conditions set out in the Framework Agreement and in this Agreement.

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<sup>1</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

<sup>2</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora

<sup>3</sup> Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds

*Article 17*  
*Aid intensity*

1. In line with the provisions of Article 149 of the IPA Implementing Regulation, the Community contribution to the programme shall be calculated on the basis of public expenditure.
2. For the purpose of this article "public expenditure" is any public contribution to the financing of operations whose origin is the European Community or the budget of public authorities of the beneficiary country and any contribution to the financing of operations whose origin is the budget of public law bodies or associations of one or more regional or local authorities or public law bodies.
3. The maximum amount of the Community contribution at the level of each priority axis under the programme is as set in the Financial Plan in Annex I.

In accordance with the provisions of Article 10(4), in exceptional and duly justified cases, these percentages may be increased up to a maximum of 85%, subject to a prior decision by the Commission.

4. No operation shall benefit from a higher co-financing rate than the one relating to the priority axis concerned.

*Article 18*  
*Treatment of receipts*

1. In line with the provisions of Article 35 of the IPA Implementing Regulation, revenue earned by an operation during the period of its co-financing shall be deducted from the amount of eligible expenditure under that operation. In this deduction, account shall be taken of the running costs of the operation and the need to ensure its sustainability. Proof of the deduction made shall be kept and declared to the Commission.
2. For the purpose of this article, the period of co-financing shall be counted from the date of the first payment made to the operation concerned, until three years after the final payment of Community funding to that operation, or the closure of the programme, whichever comes earlier.
3. The revenue earned includes sales, rentals, services, enrolment fees, intellectual property or other equivalent receipts.
4. The following revenues shall not be considered as revenues earned by the operation and are excluded therefore from the application of this article:
  - a.) Receipts generated through the economic life of the co-financed investments in the case of investments in firms;
  - b.) Receipts generated within the framework of a financial engineering operation, including venture capital and loan funds, guarantee funds, leasing;
  - c.) Where applicable, contributions from the private sector to the co-financing of operations, as shown in the financial tables of the programme, or as taken into account for the calculation of the total cost of the operation.

- d.) Revenue generated by infrastructure, which is taken into account in accordance with Article 19 of this Agreement.

*Article 19*  
*Revenue generating projects*

1. Pursuant to the provisions of Article 150 of the IPA Implementing Regulation, for the purposes of this Agreement, a revenue-generating project means any operation proposed for financing under the programme involving an investment in infrastructure, the use of which is subject to charges borne directly by users and which generates revenues, or any operation involving the sale or rent of land or buildings.
2. Public expenditure for revenue-generating projects, used for calculating the Community contribution to those projects in accordance with Article 17 of this Agreement, shall be equal to the discounted value of the investment cost of the proposed project, less the discounted value of the net revenue, calculated by deducting the operating costs from the global revenues from the investment over the appropriate reference period, depending on the project's financial features.
3. Where not all the investment cost is eligible for co-financing, the net revenue shall be allocated *pro rata* to the eligible and non-eligible parts of the investment cost.
4. In the calculation, the Operating Structure shall take account of the reference period appropriate to the category of investment concerned, the category of project, the profitability normally expected of the category of investment concerned, the application of the polluter-pays principle and, if appropriate, considerations of affordability, in particular in the environment sector.
5. Where, at the latest three years after the closure of the operational programme, it is established that an operation has generated revenue that has not been taken into account in accordance with this article, such revenue shall be refunded to the general budget of the European Union, in proportion to the net contribution received from the programme.
6. For the purpose of this Article, the methodology for carrying out the cost-benefit analysis, including the indicative discount rate to be applied and investment reference period, shall be as indicated in Working Document no. 4, or any additional or complementary guidance issued by the Commission's Directorate General for Regional Policy on this matter.

*Article 20*  
*Involvement of IFIs*

1. Pursuant to Article 19(8) of the IPA Framework Regulation, operations co-financed by the Community under the programme may also receive financing from other international organisations, a Member State, a third country or a regional organisation.
2. Where the situation foreseen in paragraph 1 occurs, notwithstanding the provisions of Chapter VIII of this Agreement regarding public procurement, contracting and grants, the Commission may decide to use such procurement and grant procedures as may be agreed among donors, in accordance with Article 56(2) of the Financial Regulation. The Commission must satisfy itself that the Operating Structure is capable of applying such procurement and

grant procedures, in a way that satisfies the conditions laid down in Article 56 (1) of the Financial Regulation.

3. For the purpose of this Agreement, eligibility of expenditure for operations co-financed in accordance with this article begins from the moment when:

- a.) the Operating Structure concerned has been accredited for the use of the IFIs procurement procedures;
- b.) the Commission has conferred the decentralised management of such procedures to the Operating Structure.

4. IFI contribution may also be implemented by parallel co-financing. This means that the funds provided by the various funding sources are dedicated to separate contracts from those covered under IPA.

#### *Article 21* *Polluter pays principle*

1. When calculating the rate of Community assistance to be provided to a project, due regard must be taken in relation to the application of the polluter pays principle<sup>1</sup>.

2. The Polluter Pays Principle implies that those who cause environmental damage should bear the costs of avoiding it or compensating for it. Therefore, public financing of environmental policy is in most cases to be avoided, as it should be financed by the polluters themselves as far as they can be identified.

#### *Article 22* *Affordability*

When calculating the tariffs to be applied on a project, due account must be taken of the end users' ability to pay.

#### *Article 23* *Intellectual property rights*

1. The Beneficiary and the implementing bodies responsible for the implementation of the programme and any associated projects shall ensure that they acquire all necessary intellectual property rights with regard to information technology, studies, drawings, plans, publicity and any other material made for planning, implementation, monitoring and evaluation purposes.

2. The Beneficiary shall guarantee that the Commission, or any body or person authorised by the Commission, shall have access and the right to use such a material. The Commission will only use such material for its own purposes.

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<sup>1</sup> Council Recommendation 75/436/Euratom, ECSC, EEC and attached communication

*Article 24*  
*Permits and authorisations*

Any type of permit and/or authorisation required for the implementation of the programme and its operations shall be provided in due time by the competent authorities of the beneficiary country, in accordance with national law and, where applicable, in compliance with the *acquis communautaire*, having regard, in this case, to the principle of proportionality referred to in Article 2(2) of the Agreement.

**CHAPTER IV – MANAGEMENT STRUCTURE AND AUTHORITIES**

*Article 25*  
*Structures and authorities common to other programmes*

1. In compliance with Article 6 of the Framework Agreement, the following structures and authorities, common to all IPA components, have been designated by the Beneficiary:
  - a.) The National IPA Coordinator: Secretary General, Secretariat General for European Union Affairs
  - b.) The Competent Accrediting Officer: State Minister in Charge of the Treasury
  - c.) The National Authorising Officer: Undersecretary of Treasury, Undersecretariat of Treasury
  - d.) The National Fund: Director of the National Fund, Undersecretariat of Treasury
  - e.) The Audit Authority: Chairman of the Board of Treasury Controllers
2. The Strategic Co-ordinator is: Undersecretary, Undersecretariat of State Planning Organisation (this structure is common to the Regional Development Component and the Human Resources Development Component).
3. The functions and responsibilities of the above-mentioned structures and authorities are set out in Article 8 and Annex A to the Framework Agreement.

*Article 26*  
*Structures and authorities specific to the programme*

1. In accordance paragraph 6 a) of Annex A of the Framework Agreement, the bodies constituting the Operating Structure for the programme are:
  - Ministry of Transport, IPA Implementation Unit
  - Central Finance and Contracts Unit

The Beneficiary has appointed The Deputy Undersecretary of the Ministry of Transport as Head of the Operating Structure, with responsibility for the tasks described in paragraph 6c) of Annexe A to the Framework Agreement.

2. The functions and responsibilities of the Operating Structure are set out in Article 8 and paragraph 6 b) of Annex A of the Framework Agreement.

3. In addition to the above-mentioned functions and responsibilities, the Head of the Operating Structure shall also be responsible for:

- a.) Managing the secretariat of the Sectoral Monitoring Committee;
- b.) Co-chairing the Sectoral Monitoring Committee;
- c.) Ensuring the interim evaluation of the operational programme.

#### *Article 27* *Delegation of tasks*

1. Within the overall framework defined by the conferral of management powers, the Head of the Operating Structure may delegate some or groups of tasks to specific bodies, within or outside the Operating Structure. This grouping and assignation shall respect the principles of segregation of duties imposed by the Financial Regulation. The relevant arrangements shall be made in writing between the Head of the Operating Structure and the body(ies) concerned. The final responsibility for the tasks delegated shall remain with the Head of the Operating Structure.

2. Such agreements shall clearly identify the functions to be performed by the delegated body or authority and the type of supporting documents and reports to be sent to the Head of the Operating Structure.

3. Such agreements shall also provide for access, by duly authorised agents or representatives of the Community or the Operating Structure, to information held by the delegated bodies/authorities, and for investigations by such authorised agents or representatives, of any operations financed under the programme, including the carrying out of checks on individual projects and recipients of aid.

4. The Beneficiary shall enable the Head of the Operating Structure to exercise the duties associated with his responsibilities, even where no hierarchical link exists between the Head of the Operating Structure and the bodies and authorities involved in the implementation of the programme.

5. The Beneficiary shall ensure that a system of deputising is in place, to ensure the continuity of the functions assigned to the relevant authorities.

#### *Article 28* *Communication and information*

1. Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document.

2. Any communication in connection with this Agreement must be sent to the following addresses:

*For the Commission:* Directorate General for Regional Policy

Postal Address: 200, rue de la Loi , B1049 Brussels, Belgium

Fax +32.2.292.01.39

*For the Beneficiary* Ministry of Transport, Department for EU Affairs

Postal Address T.C. Ulaştırma Bakanlığı ( Ministry of Transport), Hakkı Turaylıç  
Caddesi No: 5 Emek, Ankara, Turkey

Fax : +90 312 203 19 13

3. Any other communications to the structures and authorities involved in the management of the operational programme must be sent to the address specified in Annex V. The National IPA Coordinator shall communicate in writing to the Commission of the European Communities any modification of the appointed institutions or of their addresses.

## **CHAPTER V – DECENTRALISED MANAGEMENT**

### *Article 29*

#### *Conferral of management*

1. In accordance with Article 5 of the Framework Agreement, decentralised management shall apply to assistance granted under the programme. The conferral of management powers by the Commission is therefore a precondition to the signing of this Agreement.
2. Based on the requirements and procedures set out in Articles 9 to 12 of the Framework Agreement, the Commission adopted on 23 July 2009 its Decision No C(2009)5754 conferring management powers on the Republic of Turkey, for the implementation of the programme. The specific conditions attached to this Decision, including the list of *ex-ante* controls by the Commission, form an integral part of this Agreement (Annex VI).
3. The provisions of Articles 13 to 15 of the Framework Agreement regarding withdrawal or suspension of the accreditation of the National Authorising Officer, the National Fund and the Operating Structure, as well as regarding the withdrawal or suspension of conferral of management powers, shall apply.

### *Article 30*

#### *Waiving of ex-ante controls*

1. Decentralisation without *ex-ante* controls by the Commission is an objective for the implementation of the operational programme. Indicative benchmarks and time limits to achieve decentralised management without *ex-ante* controls by the Commission, are set out in the Roadmap referred to in Article 31 of this Agreement.
2. Before dispensing with the *ex-ante* controls laid down in the Commission Decision on conferral of management powers, the Commission shall satisfy itself of the effective functioning of the management and control system concerned, in accordance with the relevant Community and national rules. In particular, the Commission shall monitor the implementation, by the Beneficiary, of the Roadmap referred to in Article 31 of this Agreement and as laid down in Article 8(4)(c) of the IPA Implementing Regulation. The

Commission shall take due account of the results achieved by the Beneficiary in this context, in particular in the implementation of assistance and in the negotiation process.

#### *Article 31*

##### *Roadmap to the waiving of ex-ante controls*

1. In accordance with Article 8 (4) (c) of the IPA Implementing Regulation, the Beneficiary is required to provide a detailed Roadmap with indicative benchmarks and time limits, to achieve decentralised management without *ex-ante* controls by the Commission, in accordance with the requirements of Annex VII.

2. The minimum criteria and conditions for the waiving of *ex-ante* controls are presented as follows, with the preparation of the Roadmap addressing each of the issues listed:

- a.) there must be a well-defined system within the Operating Structure for managing the funds of the programme with full internal rules of procedure, as well as clear institutional and personal responsibilities;
- b.) the Beneficiary shall set up a benchmarking system which includes both quantitative and qualitative aspects;
- c.) the frequency of the reporting on benchmarking shall be on a quarterly basis;
- d.) there must have been a sustained and noticeable downward trend as regards the rejection rate due to the *ex-ante* controls by the Commission.

#### *Article 32*

##### *Statement of assurance by the National Authorising Officer*

The provisions of Article 17 of the Framework Agreement and Annex B thereto, regarding the presentation of an annual statement of assurance by the National Authorising Officer, shall apply.

#### *Article 33*

##### *Reports and opinions by the Audit Authority*

Reports and opinions by the Audit Authority are to be prepared in accordance with the requirements of Article 18 of the Framework Agreement.

## **CHAPTER VI – ELIGIBILITY OF EXPENDITURE**

#### *Article 34*

##### *Eligibility period*

1. Notwithstanding the provisions of Article 19 of the Framework Agreement, contracts and addenda signed, expenditure incurred and payments made by national authorities between the date of the signature of the Financing Agreement by both parties and 31 December 2017 are eligible for Community co-financing under the programme.

2. In the case of major projects, in the sense of Article 53 of this Agreement, the starting date of eligibility, in the sense of paragraph 1, shall be either the date of the signature of the Financing Agreement or the date of the Commission Decision approving the major project, whichever occurs later.

3. Expenditure related to calls for proposals or calls for tenders may also be eligible prior the initial conferral of management and after 1 January 2007, subject to this initial conferral of management being in place within the limits defined in a reserve clause to be inserted in the operations or calls concerned, and subject to prior approval of the documents concerned by the Commission. The calls for proposal or calls for tender concerned may be cancelled or modified, depending on the decision on conferral of management.

4. Contracts and addenda signed, expenditure incurred and payments made by national authorities, outside the time periods indicated in paragraphs 1 to 3, are not eligible for Community co-financing under the programme.

### *Article 35* *Eligible Expenditure*

1. Expenditure incurred in the implementation of the programme shall be eligible for Community co-financing if:

- a.) it has been actually incurred and paid within the eligibility period indicated in Article 34 of this Agreement and is supported by receipted invoices or accounting documents of equivalent probative value;
- b.) if the operations and activities giving rise to such expenditure are consistent with the operations and activities eligible for financing under one or more measures foreseen to be implemented under the programme, as adopted by the Commission (Annex XIX);
- c.) if the operations and activities giving rise to such expenditure have been selected in accordance with the selection criteria and procedures foreseen in the programme and in this Agreement;
- d.) if the rules and procedures regarding *ex ante* controls by the Commission have been respected;
- e.) if the expenditure has been incurred in accordance with the principles of sound financial management and, in particular, of economy and cost-effectiveness.

2. In accordance with Article 26 of the IPA Framework Agreement, taxes, customs and import duties and levies and/or taxes of equivalent effect are not eligible under IPA.

3. In addition to paragraph 2, the following expenditure shall not be eligible for funding under the programme:

- a.) purchase, rent or leasing of land and existing buildings;
- b.) fines, financial penalties and expenses of litigation;
- c.) operating costs;
- d.) second hand equipment;

- e.) bank charges, costs of guarantees and similar charges;
- f.) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- g.) contributions in kind;
- h.) maintenance and rental costs;
- i.) depreciation costs for the infrastructures.

4. The Commission reserves the right to declare other items ineligible, which it deems not relevant to the aims of a particular project, or unnecessary for the purposes of its implementation. In the event that there may be doubt as to the eligibility of a particular item or action, clarification must be sought from the Commission as to its status, prior to that item or action being implemented.

### *Article 36* *Management staff*

1. Statutory or temporary civil servants or staff specifically recruited or assigned to the management, implementation and follow-up of the programme, including evaluation and control, financial and physical monitoring and prevention of irregularities, are eligible for Community co-financing under the technical assistance priority of the programme, provided that the following conditions are met:

- a.) the staff is directly recruited in the Operating Structure, by duly-documented decisions of the competent authority/authorities;
- b.) the tasks to be executed must be clearly described and contractually formalised;
- c.) the expenditures must be charged in a transparent manner (e.g. by means of time sheets);
- d.) the period of secondment, or employment does not exceed the final date of eligibility of expenditure under the programme;
- e.) the selection of staff is made in line with the principles of transparency, non discrimination and proportionality;
- f.) the salaries and allowances are in line with prevailing market conditions, including those related to public services.

2. In the case where employees from other services of the public administration are recruited or assigned to perform the activities mentioned in paragraph 1, the following conditions must be met:

- a.) the employee must have temporarily left his statutory employment in his/her parent service of public administration;
- b.) the staff is seconded to the Operating Structure by a duly-documented decision of the competent authority in his/her parent service;
- c.) the period of secondment does not exceed the final date of eligibility of the programme.

### *Article 37*

#### *Expenditure incurred with the organisation of Monitoring Committees*

1. Expenditure incurred with the organisation of the sectoral monitoring committees and any sub-committees designated by the sectoral monitoring committee is eligible under the technical assistance priority.
2. Eligible costs may, as a general rule, include one or more of the following categories: interpretation services, *ad-hoc* hiring of meeting rooms and audio-visual and other necessary equipment, provision of documentation and related facilities, fees for the participation of experts and travel expenditure in accordance with EC rules<sup>1</sup>. The Head of the Operating Structure shall define the modalities applicable in agreement with the Commission services.
3. Salaries and allowances of the sectoral monitoring committee and sub-committees members, incurred in the context of their participation in such committees, are not eligible.

### *Article 38*

#### *Expenditure incurred with the organisation of ad-hoc meetings*

The rules specified in Article 37 may be applied by analogy for the organisation of *ad-hoc* meetings organised upon the request of or with the approval of the Commission services.

### *Article 39*

#### *Expenditure regarding information and publicity*

Expenditure for measures undertaken pursuant the provisions of this Agreement and in the relevant chapter of the programme regarding information and publicity, is eligible.

### *Article 40*

#### *Site preparation and construction*

In the case where public authorities are executing site preparation or construction works, or parts thereof, under their own accounts or under contractual arrangements other than those foreseen in Article 44 of this Agreement, the related expenditures are not eligible.

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<sup>1</sup> [http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)

*Article 41*  
*Durable equipment*

Expenditure relating to the purchase of equipment forming an essential part of the project, in order to allow the adequate operation of the investments (either permanently installed and fixed in the project, or mobile) is eligible, provided that it is listed in the inventory of durable equipment of the responsible body or authority and that it is treated as capital expenditure in accordance with standard accounting conventions. This provision refers *inter alia* to laboratory and surveying equipment, computer hardware and software related to the operation of the investment, surveying equipment and vehicles with dedicated purposes.

*Article 42*  
*Intangible assets*

The purchase and use of intangible assets, as for example patents, are eligible if they are necessary for the implementation of the project.

*Article 43*  
*Completion of operations*

1. Without prejudice of Article 34, all operations approved for Community co-financing under the programme must have a completion date not later than 31 December of the third year following the latest commitment year indicated in the Financial Plan in force (Annex I). Operations approved for Community co-financing before the first extension of the Financial Plan may have their completion date extended, if necessary, by two additional years. In the event the Financial Plan is extended until 2013, in accordance with the provisions of Article 11(3) of this Agreement, the completion date of operations shall be set not later than 31 December 2017. Expenditure incurred after the completion date of the operation is not eligible.

2. Notwithstanding paragraph 1, training of operating personnel and testing of a project and of its equipment and auditing may be taken into consideration as eligible expenditure after completion, provided that it falls within the eligibility period indicated in Article 34 of this Agreement.

**CHAPTER VII – PUBLIC PROCUREMENT, CONTRACTS AND GRANTS**

*Article 44*  
*Procurement rules and procedures*

The award of contracts for services, supplies and works co-financed with Community funding under the programme, is subject to the provisions of:

- a.) Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (and in particular Articles 56, 88 to 103, 167 and 168 thereof);

- b.) Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the abovementioned Financial Regulation, (and in particular Articles 116 to 159 and 235 to 252 thereof);
- c.) Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance, and in particular Article 19 thereof;
- d.) Commission Decision C(2007)2034 of 24 May 2007 laying down 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;
- e.) The Framework Agreement signed between the Commission and the Republic of Turkey.

#### *Article 45* *Grants*

The award of grants co-financed with Community funding under the programme, is subject to the provisions of:

- a.) Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (and in particular Articles 108 to 120, 169 and 169a thereof);
- b.) Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the abovementioned Financial Regulation, (and in particular Articles 160 to 184a and 253 thereof);
- c.) Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance, and in particular Article 19 thereof;
- d.) Commission Decision C(2007)2034 of 24 May 2007 laying down 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;
- e.) The Framework Agreement signed between the Commission and the Republic of Turkey

#### *Article 46* *Contract procedures*

1. Except as provided in paragraphs 2 and 3 of this article, or if otherwise agreed by the Commission, the procedural guidelines and standard documents for the award and performance of supply, works and service contracts and grants are those as specified in the "Practical Guide to Contract Procedures for EC external actions" and its annexes.
2. Notwithstanding paragraph 1, the general conditions of contracts to be used for works contracts, are those published (latest version) by the International Federation of Consulting Engineers (FIDIC), as appropriate to the type of works required.
3. All works contracts must be executed through the appointment of an independent supervising engineer. Contract procedures for the selection of supervising engineers shall not

include selection criteria that unduly restrict competition and are not proportionate to the objectives pursued. Experience with any particular Conditions of Contract will not be an eliminatory professional requirement.

4. Small scale works contracts may require the use of the FIDIC Short Form of Contract for small (value) works contracts. However, in this event, specific prior approval must be obtained from the Commission services to waive the requirement for a supervising engineer.

#### *Article 47*

##### *Eligible costs for the performance of services, works and supply contracts*

Services, works and supply contracts which implement operations, projects and activities foreseen under the programme may cover all the necessary material inputs forming part of the normal performance of a contract, in accordance with the relevant professional standards and practice, provided that they are directly related and strictly necessary for the implementation of the contract. These inputs may include, *inter alia*, the costs of site preparation, the provision of office space, plant and equipment which are the property of the contractor or are purchased for the performance of the contract.

#### *Article 48*

##### *Rules of Origin*

The rules of participation in the award of procurement and grant contracts and on the origin of supplies and materials purchased through a contract financed with IPA resources under the programme are as laid down in Article 19 of the IPA Framework Regulation. Derogations from these rules are subject to the prior authorisation by the Commission, in accordance with the provisions of Article 19(6) of the aforementioned Framework Regulation.

### **CHAPTER VIII – PROGRAMME IMPLEMENTATION**

#### *Article 49*

##### *Selection of operations by final beneficiaries other than national public bodies*

1. Pursuant to Article 158 of the IPA Implementing Regulation, all operations which are not major projects and which are implemented by final beneficiaries other than national public bodies shall be selected through call for proposals. The selection criteria shall be drawn up by the Operating Structure and shall be published with the call for proposals.

2. The Operating Structure shall set up a selection committee for each call for proposals, which shall analyse and select proposals, and recommend results to the Operating Structure.

The Operating Structure shall decide whether to approve the results of the selection procedure and state the reasons for its decision.

The composition of the selection committee and its functioning modalities are set out in Annex XI to this Agreement.

*Article 50*  
*General principles for selecting operations*

1. The following groups or categories of operations may be selected without recourse to calls for proposals, subject to prior information of the Sectoral Monitoring Committee and the agreement by the Commission services:

- a) operations initiated or initiated and implemented by national public bodies, namely:
  - state structures forming part of the central government structure;
  - central government agencies which perform public governance functions;
  - public authorities or entities set up under public law, by the state, or one of its authorities, acting on behalf of the state with regard to and within the limits of their specific areas of competence and covering the whole territory of the beneficiary country and
  - national or international public-sector bodies, or bodies governed by private law with a public-service mission covering the whole territory of the beneficiary country, providing that they offer adequate guarantees regarding the nature of their mission.
- b) operations, implemented by national public bodies, which co-finance existing national measures, provided that additionality is fully demonstrated;
- c) operations selected and prepared for implementation prior to the entry into force of this Financing Agreement, with a view to permit the early start of the implementation of the programme.

2. Major projects included in the indicative list of major projects of the Operational Programme approved by the Commission, or as may otherwise be subsequently proposed by the Operating Structure and decided by the Commission, may also be selected without recourse to calls for proposals.

3. Operations not falling within the scope of paragraphs 1 and 2 of this Article, and where relevant in the case of a wide range of potential recipients and having regard to the principle of proportionality referred to in Article 2(2) of this Financing Agreement, shall be selected through calls for proposals. Calls for proposals must be organised in such a way as to permit the preparation of a permanent pipeline of operations which can be implemented within the programme's lifespan and which will absorb fully the funds available. Accordingly, the Operating Structure shall organise a timetable of calls for proposals in accordance with the operational and financial management needs of the programme.

4. The selection procedures shall satisfy the principles of transparency, equal treatment and non discrimination. They shall prevent any conflict of interest and ensure stakeholders involvement and public access to information.

5. Pursuant to Article 167 (4) (a) of the IPA Implementing Regulation the Sectoral Monitoring Committee shall consider and approve the general criteria for selecting the operations within six months of the entry into force of this Financing Agreement and approve any revision of those criteria in accordance with programming needs.

6. The Operating Structure shall ensure that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programme, and that they comply with the relevant Community and national rules.

7. Where relevant, the Operating Structure shall be assisted by a selection committee, whose role is to advise the Operating Structure in the selection of operations. However, the final decision on the approval of operations shall be taken by the Operating Structure, in consultation with the Commission services.

#### *Article 51*

##### *Eligible Actions and beneficiaries*

1. The Beneficiary shall ensure that all actions selected for financing under the programme demonstrate a positive contribution to the achievement of the expected outputs and results under each measure.

2. Only those final beneficiaries or categories or groups specifically identified under each measure of the programme shall be considered. Financing of operations by final beneficiaries which have not been specifically foreseen under each measure of the programme should only be considered after prior consultation with and the approval of the Commission services.

3. Each operation financed under the programme shall be covered by an agreement, signed between the Operating Structure and the end recipient of assistance.

#### *Article 52*

##### *Operation identification sheet*

1. The Operating Structure shall establish an operation identification sheet for each operation selected for Community co-financing under the programme.

2. The operation identification sheet must contain *inter alia* the following elements:

- identification of the operation and the organisation responsible for its implementation;
- a summary description of the operation and the demonstration of its compatibility with the programme;
- implementation arrangements, risks and assumptions;
- expected outputs, results and impact, including contributions to horizontal themes;
- links with other IPA programmes;
- financing arrangements and estimated budget and
- procedures foreseen for tenders and contracts.

The template for the operation identification sheet is provided in Annex X.

3. The Operating Structure shall transmit a copy of the operation identification sheet to the Commission for information.

4. In the case of projects falling within the definition of major projects in accordance with Article 53 of this Agreement, or where the nature of the project justifies it, the requirements of this article will be covered with the preparation of application forms, in accordance with the template included in Annex VIII to this Agreement.

## CHAPTER IX – MAJOR PROJECTS

### *Article 53 Specific rules*

In accordance with Article 157 of the IPA Implementing Regulation a major project comprises a series of works, activities or services which is intended, in itself, to accomplish a definite and indivisible task of a precise economic or technical nature, which has clearly identified goals and whose total cost exceeds € 10 million.

### *Article 54 Major project applications*

1. Major projects shall be submitted to the Commission for approval by the Operating Structure. The Decision approving the project shall define the physical object and the eligible expenditure to which the co-financing rate for the priority axis applies. It shall be followed by a bilateral agreement with the Beneficiary, laying out the individual elements and requirements that are specific to the project.

2. According to Article 157 of the IPA Implementing Regulation, as a minimum, the following information shall be provided when making an application for major project funding:

- a.) information on the body responsible for implementation;
- b.) information on the nature of the investment and a description of its financial volume and location;
- c.) results of feasibility studies;
- d.) an implementation timetable for the project;
- e.) an assessment of the overall socio-economic impact of the project, based on a cost benefit analysis and including a risk assessment, and an assessment of the impact on the sector concerned, on the socio-economic situation of the beneficiary country and, where the project involves a transfer of activities from a region in a Member State, the socio-economic impact on that region. The methodology adopted for the analysis must be consistent with that provided in the *"Guide to Cost Benefit Analysis of Major Projects"* as well as *"Guidance on the Methodology for Carrying out Cost-Benefit Analysis, Working Document N° 4"* published by DG Regional Policy, as amended from time to time;
- f.) an environmental impact assessment, carried out in accordance with Directive 85/337/EEC, including the results of a full public consultation procedure. A non

technical summary of the conclusions of the authority reviewing the EIA should be attached to the project application;

- g.) a financing plan, showing the total financial contributions expected and the planned IPA contribution, as well as other Community and other external financing. The financing plan shall substantiate the required IPA grant contribution through a financial viability analysis.

3. Major Project funding applications shall be submitted to the Commission using the major project application form (see Annex VIII) appropriate for the sector. Aside from the information required in paragraph 2 all the additional information required in the standard project application form must also be provided.

#### *Article 55* *Bilateral Project Agreement*

Bilateral agreements for major projects, referred to in paragraph 1 of Article 54, must, as a minimum, contain the following information:

- a.) the project name and CCI number;
- b.) identification of the project location;
- c.) a concise description of the project, broken down, as necessary, into individual components;
- d.) details of the authority responsible for the project application, the body responsible for implementation, the contracting authority, the final beneficiary and the end recipient;
- e.) details of any IFIs or other donors involved in the project;
- f.) specific project objectives;
- g.) a summary of the main results of the economic and social cost benefit analysis;
- h.) a summary of the financial analysis;
- i.) a summary of the main findings of the environmental impact assessment;
- j.) the total estimated value of the project, as well as an indicative breakdown of the value of individual project elements;
- k.) the estimated total eligible and non-eligible project costs, total public expenditure in the meaning of Article 17(2) of this Agreement, the Community's financial contribution and the co-financing rate applicable to the total public expenditure;
- l.) any specific conditions related to the project;
- m.) an indicative procurement schedule indicating the specific types and estimated values of contracts to be tendered out and, in case of parallel co-financing with IFIs, the identification of the contracts to be financed by the IFIs, as well as an indication of the date of the start of the tender procedure;

- n.) an indicative implementation schedule;
- o.) an indicative list of key indicators to be used to demonstrate the achievement of the aims of the project;
- p.) the date from which expenditure is eligible.

The template for a Bilateral Project Agreement is attached as Annex IX.

*Article 56*  
*Major project modifications*

Modifications of approved major projects are subject to the limitations and conditions set out in the Bilateral Project Agreement.

**CHAPTER X – P.M. (NOT APPLICABLE)**

*Article 57*  
*p.m. (Not Applicable)*

*Article 58*  
*p.m. (Not Applicable)*

*Article 59*  
*p.m. (Not Applicable)*

*Article 60*  
*p.m. (Not Applicable)*

**CHAPTER XI – FINANCIAL MANAGEMENT**

*Article 61*  
*Transparency in accounting and reporting*

The Beneficiary shall ensure that, for the operation to which the programme relates, all public or private bodies involved in the management and implementation of the operations maintain either a separate accounting system or an adequate accounting codification of all transactions concerned which will facilitate the verification of expenditure by the Community and by national control authorities. They must also ensure that all expenditure is correctly attributed to the operation or project concerned.

*Article 62*  
*Bank Account*

1. In accordance with Article 5 of Annex A of the Framework Agreement, all payments by the Commission shall be made to an interest bearing euro account, opened by the National

Fund in a financial or treasury institution, on behalf of the Beneficiary and under the National Fund's responsibility.

2. The account to be used to receive payments from the Commission under the programme shall be communicated by the Head of the National Fund to the Commission no later than 15 days following the signature of the Financing Agreement.

3. This account shall be used exclusively for transactions related to the programme covered by this Agreement.

4. The sole authority authorised to request funds from the Commission and to authorise transfers of funds from this account to the Operating Structure, or any final beneficiary as may be designated by the Operating Structure, is the Head of the National Fund.

5. In case of suspension or withdrawal of the accreditation of the National Authorising Officer, the National Fund, or the Operating Structure, and in case of withdrawal or suspension of conferral of management powers by the Commission, this account shall be blocked and the Commission will cease to make transfers of funds to the Beneficiary. In this event and until the reinstatement of the accreditation, no payment made from this account shall be considered eligible for Community funding.

#### *Article 63*

##### *Payments from the Commission*

1. Only assistance under the programme which has been granted in accordance with the provisions of the Financing Agreement shall be subject to co-financing by the Community.

2. In line with the provisions of Articles 40 and 160 of the IPA Implementing Regulation, the following provisions shall apply to payments made by the Commission under the programme:

- a.) payment by the Commission of the Community contribution shall be made within the limits of the funds available and according to the Financial Plan at the level of the priority axis;
- b.) payments shall take the form of pre-financing, interim payments and payment of the final balance;
- c.) by 28 February each year, the Beneficiary shall send to the Commission a forecast of its likely payment applications for the financial year concerned and for the subsequent financial year, in relation to the programme. The Commission services may ask for an update of the forecast as appropriate;
- d.) exchange of information concerning financial transactions between the Commission and the national authorities and structures regarding the programme shall, where appropriate, be made by electronic means through the "SFC system" managed by the Commission. For the period until the "SFC system" is fully accessible by the Beneficiary, information regarding financial transactions may be transmitted by electronic means through normal word processing and data processing files, together with signed original documents in paper format in accordance with the model in Annexes II and XVI;

- e.) the combined total of pre-financing and interim payments shall not exceed 90 % of the Community contribution as set out in the financial table in Annex I;
- f.) when the ceiling referred to in sub-paragraph e) is reached, the National Authorising Officer shall continue transmitting to the Commission any certified statements of expenditure, as well as information about amounts recovered;
- g.) the amounts set out in certified statements of expenditure, in payment applications and in expenditure mentioned in the implementation reports, shall be denominated in euro. The Beneficiary shall convert the amounts of expenditure incurred in national currency into euro, using the monthly accounting rate of the euro calculated in accordance with Article 70 of this Agreement ;
- h.) payments by the Commission to the National Fund shall be made to the euro account identified in Article 62 of this Agreement ;
- i.) in the event that the final beneficiary is accredited to perform financial transactions for the relevant priority of measure, the Beneficiary shall ensure that the final beneficiaries receive the total amount of the public contribution in due time and in full. No specific charge or other charge with equivalent effect shall be levied which would reduce these amounts for the final beneficiaries. The National Authorising Officer, the National Fund and the Operating Structure shall ensure the timely treatment of payment requests by final beneficiaries (and from final beneficiaries to the recipient of the assistance);
- j.) the expenditure may be covered by Community financing only if it has been incurred and paid by the final beneficiary;
- k.) expenditure paid by final beneficiaries shall be substantiated by receipted invoices or accounting documents of equivalent probative value or other relevant documents;
- l.) expenditure must be certified by the National Authorising Officer;
- m.) expenditure declared in respect of a period may contain corrections to data declared in respect of the preceding payment application. These corrections are to be declared to the Commission.

*Article 64*  
*Pre-financing*

1. In order for the Commission to approve a payment application for a pre-financing payment to the National Fund, the following minimum requirements as set out in Article 42(1) of the IPA Implementing Regulation must be fulfilled:

- a.) the National Authorising Officer has notified the Commission of the opening of the euro account concerned;
- b.) the accreditations delivered by the competent accrediting officer and the National Authorising Officer are in force and the conferral of management by the Commission remains valid; and
- c.) this Agreement has entered into force.

2. Pre-financing payments shall amount to 30% of the Community contribution for the first three years of the programme. If necessary and having regard to the budget availability, the pre-financing may be made in two instalments.
3. The total amount paid as pre-financing shall be reimbursed to the Commission with all interest accrued if no payment application for the programme concerned is sent within 15 months of the date on which the Commission pays the first pre-financing amount. The Community contribution to the programme shall not be affected by such reimbursement.
4. The total pre-financing amount shall be cleared at the latest when the programme is closed. Throughout the lifetime of the programme, the National Authorising Officer shall use the pre-financing payment only to pay the Community contribution to expenditure which is eligible for financing in compliance with this Agreement.
5. The pre-financing amount may be used to pre-finance operations and to reimburse the expenditure incurred and declared by the final beneficiaries and accepted by the National Fund.

*Article 65*  
*Property of interest*

Any interest earned on the programme-specific euro account remains the property of the Beneficiary. It shall be posted exclusively to the operational programme concerned, being regarded as a resource of the Beneficiary in the form of a national public contribution to the programme. Interest shall be declared to the Commission with each payment declaration and at the time of the final closure of the operational programme.

*Article 66*  
*Applications for payment*

1. Applications for payment shall certify that all requirements laid down in this article and in Article 67 of this Agreement are fulfilled.
2. Applications for payment shall be drawn up in accordance with the models in Annex II (interim payments) and XVI (final payment).
3. The National Authorising Officer shall send to the Commission with each application for payment the following elements:
  - a.) a certificate of expenditure, signed by the National Authorising Officer, certifying that the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant Community and national rules, and that the statement of expenditure is accurate, results from reliable accounting systems and can be supported by receipted invoices or accounting documents of equivalent probative value;
  - b.) a certified statement of expenditure, drawn up by priority axis and measure;

- c.) a computerised listing of operations by measure and the corresponding expenditure, including contribution under the IPA Regulation, national public and, when applicable, private contributions;
  - d.) details of amounts recoverable following cancellation of all or part of the Community contribution for an operation;
  - e.) the volume of Community funds in the component-specific euro account at the date of the last debit to which this statement refers and the interest earned;
  - f.) revenues generated, calculated in accordance with Article 18 of this Agreement;
  - g.) any corrections made in accordance with Articles 67(4), 68(2) and 76 of this Agreement.
4. A payment application cannot be accepted if payments have been suspended in accordance with Article 72 of this Agreement.
5. An application for payment which does not meet the requirements listed in paragraph 2 of this article and in Article 67 of this Agreement, shall be considered as unacceptable by the Commission and shall not be taken into account under any of the provisions of this Agreement.

#### *Article 67* *Interim payments*

1. In order for the Commission services to approve a payment application for an interim payment, the minimum requirements to be fulfilled are the following:
- a.) the National Authorising Officer must have sent to the Commission an application for payment, together with the elements listed in Article 66(3) of this Agreement;
  - b.) the ceilings for Community assistance under each priority axis as indicated in Article 17(3) of this Agreement have been respected;
  - c.) the sectoral annual implementation reports as referred to in Article 85 of this Agreement, including the most recent one due, have been sent to the Commission;
  - d.) the Audit Authority has sent to the Commission, in accordance with the first and second indent of Article 29 (2)(b) of the IPA Implementing Regulation, the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of the IPA Implementing Regulation and those set out in this Agreement;
  - e.) the accreditations delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid.
2. The National Fund shall ensure that applications for interim payments under the operational programme are sent to the Commission at least three times a year. For a payment to be made by the Commission in a given year, the application for payment shall be submitted not later than 31 October of that year.

3. With a view to meeting the level of expenditure necessary to avoid automatic de-commitment, applications for payment may be submitted until 31<sup>st</sup> December of each year, provided that they are accompanied by adequate evidence of transmission to the Commission (postal stamp or other equivalent evidence) by that date. Payment shall take place in accordance with the time limits indicated in Article 71 of this Agreement.

4. If one or more of the conditions mentioned in paragraph 1 are not met, the Beneficiary shall, when so requested and within the time limit fixed by the Commission services, take the necessary steps to remedy the situation before the payment is made.

5. If it appears that the applicable rules have not been complied with or that Community funds have been improperly used, the Commission may reduce interim payments to the Beneficiary, temporarily interrupt payments, or suspend payments, in accordance with Articles 71 and 72 of this Agreement. If any of these situations arises the Commission services shall inform the Beneficiary accordingly.

#### *Article 68 Calculation of Payments*

1. Payments shall be calculated on the basis of the Community contribution to the financing of the operations concerned, up to the amount obtained by applying the co-financing rate laid down for each priority axis in the Financial Plan in Annex I to the eligible expenditure, subject to the maximum Community contribution attached to each priority axis.

2. Amounts resulting from the financial adjustments carried out in accordance with Article 76 of this Agreement, which may be re-used for the programme, shall be added to or deducted from the amount of the Community contribution at the time of the next declaration.

3. Without prejudice to the ceiling of 90% as provided for in Article 63(2)(e) of this Agreement, where the combined total of declarations of expenditure exceeds the total programmed for a given priority axis, the amount to be paid shall be capped at the amount programmed for that priority axis in the financing plan in force. Expenditure excluded as a result of this capping may be taken into account in a subsequent declaration of expenditure, provided that an adjusted financing plan has been submitted by the Beneficiary and approved by the Commission.

#### *Article 69 Payment of the final balance*

1. In accordance with Article 166 (3) b) of the Financial Regulation the ultimate deadline for the submission of declarations of expenditure to the Commission under the programme is 31 December 2018.

2. The minimum requirements for the Commission to approve the application for the payment of the final balance are the following:

- a.) the National Authorising Officer has sent to the Commission the final payment application together with the elements listed in Article 66 of this Agreement;
- b.) the Operating Structure has sent to the Commission the sectoral final report for the Programme, as referred to in Article 102 of this Agreement;

- c.) the Audit Authority has sent to the Commission its opinion on the final statement of expenditure, supported by a final activity report, in accordance with paragraph 7.c) of Annex A to the Framework Agreement;
  - d.) the accreditations delivered by the Competent Accreditation Officer and the National Authorising Officer are in force, and the conferral of management by the Commission, remains valid.
3. The Commission shall inform the Beneficiary of its conclusions on the content of the Audit Authority opinion referred to in paragraph c) above. This opinion shall be deemed accepted by the Commission in the absence of observations by the Commission within five months from the date of its receipt.
4. In addition to the requirements indicated in paragraph 2 the provisions of Article 67 of this Agreement are also applicable.
5. The Beneficiary shall ensure that the requirements regarding the retention of documents, as provided for under Article 104 of this Agreement, are fully observed. In this regard the Beneficiary shall set up a system which allows it to follow-up on the requirements regarding retention of documents shall identify the responsible body and shall inform the Commission of the practical arrangements concerning the transfer of responsibilities to this body.

#### *Article 70* *Exchange rate*

The conversion between euro and national currency or any other currency shall be made using a monthly accounting exchange rate of the euro. The monthly accounting exchange rate shall be the exchange rate published by the Commission in the internet site <http://ec.europa.eu/budget/inforeuro/> regarding the month in which the expenditure was registered in the accounts of the Operating Structure or, in the case of recoveries, the month in which the recovery takes place. In the event that a rate for a specific month is not published, the rate for the most recent previous month of publication shall be used.

#### *Article 71* *Payment deadlines and interruption of payments*

1. Subject to available funding, the Commission shall make interim payments no later than two months after the date on which an application for payment meeting all the conditions referred in Articles 66 and 67 of this Agreement is registered with the Commission, except as provided otherwise under paragraph 3.
2. Having regard that the amounts claimed under interim payments have been pre-financed in accordance to Article 64 of this Agreement, payments effected within longer periods shall not give rise to payment of interest.
3. The payment deadline referred to under paragraph 1 may be interrupted by the authorising officer by delegation of the Commission, with the meaning of the Financial Regulation if:

- a.) in a report of a national or Community audit body there is evidence to suggest a significant deficiency in the functioning of the management and control systems; or
- b.) the authorising officer by delegation in the Commission has to carry out additional verifications following information coming to his attention alerting him that expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected; or
- c.) clarifications are needed regarding the information contained in the statement of expenditure.

The National IPA Coordinator and the National Authorising Officer shall be informed immediately of the reasons for the interruption. The interruption shall be ended as soon as the necessary measures to remedy the deficiency, irregularity or lack of clarity have been taken by the Beneficiary.

## *Article 72*

### *Suspension of payments*

1. Notwithstanding the provisions of Article 71, all or part of the payments may be suspended by the Commission where any of the following situations may occur:

- a.) there is a serious deficiency in the management and control system of the Programme which affects the reliability of the procedure for certification of payments and for which corrective measures have not been taken; or
- b.) expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected; or
- c.) clarifications are needed regarding the information contained in the declaration of expenditure;

2. In addition to paragraph 1, the following situations may lead to the suspension of payments by the Commission:

- a.) the accreditations delivered by the Competent Accrediting Officer and/or the National Authorising Officer are suspended or withdrawn;
- b.) the conferral of management decision by the Commission is suspended or withdrawn;
- c.) the most recent annual audit activity reports and audit opinions due have not been sent to the Commission, in accordance with Article 18 of the Framework Agreement;
- d.) the National Authorising Officer has not sent to the Commission the annual statements of assurance as referred to in Article 17 of the Framework Agreement, including the most recent one due.

3. The Beneficiary shall be given the opportunity to present its observations within a period of 2 months, before the Commission decides on a suspension, in accordance with paragraphs 1 and 2 of this Article.

4. The Commission shall end the suspension when the Beneficiary has taken the necessary measures to remedy the deficiency, irregularity, or lack of clarity, referred to in paragraphs 1 and 2 of this Article.

5. If those measures have not been taken by the Beneficiary, the Commission may decide to cancel all or part of the Community contribution to the Programme, in accordance with Article 73 of this Agreement.

#### *Article 73*

##### *Financial corrections, repayment and re-use of Community contribution*

The provisions of the IPA Implementing Regulation, namely its Articles 49 to 54 and of Articles 30 to 35 of the Framework Agreement, shall apply in the event of financial corrections, repayments to the general budget of the European Union and re-use of Community contributions. Financial corrections may also take place in the case of past non-compliance with the requirements for conferral of management powers, namely as provided for under Articles 15 to 17 of the IPA Implementing Regulation.

#### *Article 74*

##### *Supervision, control and audit by the Commission and the European Court of Auditors*

The provisions of Article 27 of the Framework Agreement shall apply *mutatis mutandis* to the programme and to all operations and contracts which receive Community funding under the programme covered by this Agreement.

#### *Article 75*

##### *Prevention of irregularity and fraud, measures against corruption*

The provisions of Articles 28 of the Framework Agreement shall apply *mutatis mutandis* to all operations, contracts and grants which receive Community funding under the programme covered by this Agreement.

#### *Article 76*

##### *Financial adjustments*

The National Authorising Officer, who bears in the first instance the responsibility for investigating irregularities, shall make the financial adjustments where irregularities or negligence are detected in the management and implementation of the programme or any operations or contracts financed under the programme. He/she shall do so by cancelling all or part of the Community contribution to the operations concerned or the programme. The National Authorising Officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community contribution.

*Article 77*  
*Recovery of funds in case of irregularity or fraud*

The provisions of Article 29 of the Framework Agreement shall apply *mutatis mutandis* to the programme and all operations, contracts and grants which receive Community funding under the programme covered by this Agreement

**CHAPTER XII – MANAGEMENT AND CONTROL SYSTEMS**

*Article 78*  
*General principles of Management and Control Systems*

1. The management and control systems of the operational programme set up by the Beneficiary shall provide for:

- a.) a clear definition of the functions of the bodies concerned in management and control and the allocation of functions within each body;
- b.) compliance with the principle of segregation of duties and tasks between and within such bodies;
- c.) procedures for ensuring the correctness and regularity of expenditure declared under the operational programme;
- d.) reliable accounting, monitoring and financial reporting systems shall as far as possible be held in computerised forms;
- e.) arrangements for auditing the functioning of the systems;
- f.) systems and procedures to ensure an adequate audit trail;
- g.) reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid;
- h.) the proper execution of the measures co financed by the Community contribution in accordance with the terms of the Financing Agreement and with the obligations assigned to the measure;
- i.) in the case of delegation of tasks, reporting to the authority responsible on the performance of their tasks and means employed.

2. The Beneficiary shall ensure that adequate guidance on the provision of management and control systems necessary to ensure sound financial management of the IPA assistance with generally accepted principles and standards is given to:

- the body(ies) responsible for the selection of operations in accordance with the established selection criteria;
- the body(ies) responsible for dealing with public procurement, contracts and grants;
- the body(ies) responsible for the implementation of operations and projects to be carried out in accordance with the terms and objectives of the funding decisions;

- the authorities or bodies or individuals responsible for certifying statements of expenditure for which payments are claimed under IPA;
- the authorities responsible for the general management and coordination of the IPA operations which are identified in Article 25 of this Agreement.

3. The Commission services and the Beneficiary shall cooperate to coordinate audit strategies and plans, methods and implementation, so as to maximise the usefulness of the actions carried out. They shall exchange the results of the checks carried out.

At least once a year the following shall be examined and evaluated:

- a.) the results of the checks carried out by the Beneficiary and the Commission or the European Court of Auditors;
  - b.) any comments made by other national or Community Control bodies or institutions;
  - c.) the financial impact of the irregularities noted, the steps taken or still required to correct them and, when necessary, adjustments to the management and control systems.
4. Following the above examination and evaluation and without prejudice to the measures taken immediately by the Beneficiary, the Commission services may make observations on the management and control systems and in particular the financial impact of any irregularities detected. These observations shall be communicated to the National IPA Coordinator and the National Authorising Officer. The observations shall be accompanied, where necessary, by a request for corrective measures to remedy the management and control shortcoming found and to correct those irregularities detected which have not been corrected. The Beneficiary shall have the opportunity to comment on these observations.

#### *Article 79* *Management verifications*

1. The management and control systems put in place shall include procedures to verify whether assets of a relevant operation as well as activities thereof are used in accordance with the objectives of the programme, that expenditure declared has actually been incurred in accordance with applicable rules, the products and services have been delivered in accordance with the approval decision and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical, physical and performance aspects of operations, as appropriate.

2. The procedures shall require the recording of verifications on the spot. The records shall state the work done, the results of the verification and the measures taken in respect of discrepancies. Where any physical or administrative verifications are not exhaustive, but performed on a sample of works or transactions, the records shall identify the works or transactions selected and describe the sampling method.

3. The checks shall establish whether any problems encountered are of (a) a one-off character, or (b) of a systemic character, entailing a risk for other or all measures carried out by the same implementing bodies in the beneficiary country. They shall also identify the causes of such situations, any further examination which may be required and the necessary corrective and preventive action.

4. The Commission services may require the Beneficiary to carry out on the spot checks, to verify the correctness of one or more operations and the legality and regularity of the related transactions.

*Article 80*  
*Checks carried out by the Commission*

1. The Commission in its responsibility for the implementation of the Community budget shall verify that the Beneficiary has smoothly functioning management and control systems so that Community funds are efficiently and effectively used.

To that end, without prejudice to checks carried out by the Beneficiary, Commission officials or servants may carry out on-the-spot checks on the management and control systems and on the operations financed by IPA.

2. The Commission services shall try as much as possible to ensure that any checks that they carry out are performed in a coordinated manner so as to avoid repeating checks in respect of the same subject matter during the same period. The Beneficiary and the Commission services shall exchange any relevant information concerning the results of the checks carried out.

3. On-the-spot checks carried out in order to protect the financial interest of the Community against irregularities, may be prepared and conducted by the Commission services, or the European Court of Auditors, in close co-operation with the competent authorities of the beneficiary country concerned, which shall be notified in good time of the object and purpose of the checks, so that they can provide all the requisite help.

4. If the Beneficiary wishes, on-the-spot checks and inspections may be carried out jointly, subject to prior agreement of the relevant EC control body.

5. Commission officials shall have access, under the same conditions as national administrative inspectors and in compliance with national legislation, to all the information and documentation on the operations concerned, which are required for the proper conduct of the on-the-spot checks and inspections. They may avail themselves of the same inspection facilities as national administrative inspectors and in particular copy relevant documents.

6. In carrying out on the spot checks, the Commission services may call on outside experts and bodies, acting under their responsibility, to provide technical assistance. The Commission shall ensure that the aforementioned officials and bodies give every guarantee as regards technical competence, independence and observance of professional confidentiality.

7. The Beneficiary shall make available to the Commission any appropriate national control reports on the programme and projects concerned.

8. On-the-spot checks and inspections may be carried out by the Commission services also on economic operators. In order to make it easier for the Commission services to carry out such checks and inspections, economic operators shall be required to grant access to premises, land, means of transport or other areas, used for business purposes.

9. Where the economic operators resist an on-the-spot check or inspection, the Beneficiary acting in accordance with national rules, shall give Commission officials such assistance as they need to allow them to discharge their duty in carrying out an on-the-spot

check or inspection. It shall be for the Beneficiary to take any necessary measures in conformity with national law.

10. The Commission services shall report as soon as possible to the Beneficiary any fact or suspicion relating to an irregularity which has come to their notice in the course of the on-the-spot check or inspection.

#### *Article 81*

##### *Checks carried out by the Beneficiary*

1. Without prejudice to the Commission's responsibility for implementing the Community Budget, the Beneficiary shall take responsibility for the financial control of projects. To that end, the measures it will take shall include:

- a.) verifying that management and control systems have been set up and are being implemented in such a way as to ensure that Community funds are being used efficiently and correctly;
- b.) providing the Commission with a description of these arrangements prior to the conferral of management and at any time that a significant change is introduced in the management and control systems;
- c.) ensuring that operations and projects are managed in accordance with all applicable Community rules and that funds placed at their disposal are used in accordance with the principles of sound financial management;
- d.) certifying that the declarations of expenditure presented to the Commission are accurate and guaranteeing that they result from accounting systems based on verifiable supporting documents;
- e.) preventing and detecting irregularities, notifying these to the Commission, in accordance with the rules, and keeping the Commission informed of the progress of administrative and legal proceedings;
- f.) recovering any amounts lost as result of an irregularity detected and where appropriate charging interest on late payments.

#### *Article 82*

##### *Audits of a sample of operations or transactions*

1. The Beneficiary shall organise audits on operations and transactions on an appropriate sampling basis, aimed to:

- a.) verify the effectiveness of the management and control systems in place and
- b.) verify selectively, on the basis of risk analysis or any other appropriate methodology, expenditure declarations made at the various levels concerned.

2. In the case of a selection made on the basis of risk analysis, the checks shall take into account:

- a.) the need to check an appropriate mix of type and size of projects;

- b.) any risk factors which have been identified by national or Community checks; and
- c.) the need to ensure that the different types of bodies involved in the management and implementation of projects are satisfactorily checked.

In the event of any other appropriate methodology, this should be clearly described and the checks shall be determined on the basis of it.

3. Through the checks the Beneficiary shall verify the following:

- a.) the practical application and effectiveness of the management and control systems;
- b.) the execution of operations and projects in accordance with the terms of the funding decisions and the objectives assigned to the projects;
- c.) for an adequate number of accounting records, the correspondence of those records with supporting documents held by the various bodies, including the National Fund;
- d.) the presence of a sufficient audit trail;
- e.) for an adequate number of expenditure items that the nature and timing of this expenditure complies with the eligibility criteria and correspond to the specifications of the project and works actually executed;
- f.) that the appropriate national co financing has in fact been made available and
- g.) that the co-financed operations and projects have been implemented in accordance with the Community policies.

### **CHAPTER XIII – MONITORING AND EVALUATION**

#### *Article 83 Monitoring principles*

1. In accordance with Article 59 of IPA Implementing Regulation, a Sectoral Monitoring Committee shall be set up to assist the Beneficiary in the achievement of the objectives of the programme. At its first meeting after the entry into force of the Financing Agreement, the Sectoral Monitoring Committee shall review and approve the decisions taken by a "shadow" Sectoral Monitoring Committee.
2. The Sectoral Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of the programme in order to attain the programme's objectives.
3. The Sectoral Monitoring Committee shall meet at least twice a year, at the initiative of the Beneficiary or the Commission.
4. The Sectoral Monitoring Committee shall be co-chaired by the head of the Operating Structure and a representative of the Commission. Its composition shall be decided by the Operating Structure, in agreement with the Commission services. It shall include representatives of the Commission, the National IPA Coordinator, the Strategic Coordinator for the regional development and the human resources development components and the Operating Structure of the programme. Where applicable it shall also include representatives

from civil society, socio-economic partners and environmental NGO's. A representative of the International Financing Institutions (IFIs) may participate in an advisory capacity for those operational programmes to which it makes a contribution.

5. The Sectoral Monitoring Committee shall draw up its rules of procedure, in compliance with the mandate set out by the Commission services, and within the institutional, legal and financial framework of the beneficiary country concerned. It shall adopt these rules of procedure in agreement with the Operating Structure and the IPA Monitoring Committee.

6. The Sectoral Monitoring Committee shall report to the IPA monitoring committee. It shall provide the IPA monitoring committee in particular with information relating to:

- a.) the progress made in implementing the programme, by priority axis and, where relevant, by measures or operations; this shall include the results achieved, financial implementation indicators and other factors, and shall be established with a view to reviewing and improving the implementation of the programmes;
- b.) any aspects of the functioning of the management and control systems raised by the Audit Authority, the National Authorising officer or the competent accrediting officer.

7. The Sectoral Monitoring Committee shall:

- a.) consider and approve the general criteria for selecting the operations within six months of the entry into force of the Financing Agreement on the programme and approve any revision of those criteria in accordance with programming needs;
- b.) review at each meeting progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Operating Structure;
- c.) examine at each meeting the results of implementation, particularly the achievement of the targets set for each priority axis and measures and interim evaluations; it shall carry out this monitoring by reference to specified indicators;
- d.) examine the sectoral annual and final reports on implementation, prior to their transmission to the Commission, the National IPA Coordinator; and the Strategic Coordinator;
- e.) be informed of the annual audit activity report referred to in Article 29(2)(b) of the IPA Implementing Regulation, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f.) examine any proposal to amend the Financing Agreement of the programme and/or the programme itself;
- g.) be informed of audit activities being carried out and the opinion given by the audit authorities and the EC concerning the implementation of the programme;
- h.) consider and approve the Communication Action Plan referred to in Article 99 of this Agreement as well as any subsequent updates of the plan; and
- i.) propose periodical meetings at a technical level if needed.

8. The Sectoral Monitoring Committee may propose to the Operating Structure any revision or examination of the programme likely to make possible the attainment of the programme's objectives or to improve its management, including its financial management.

9. The Sectoral Monitoring Committee may also make proposals to the Commission and the National IPA Coordinator, with a copy to the National Authorising Officer, for decisions on any remedial measures to ensure the achievement of the programme's objectives and enhance the efficiency of the assistance provided.

#### *Article 84* *Monitoring sheets*

The Operating Structure shall maintain monitoring sheets for each operation, prepared in accordance with the templates and guidance provided by the Commission services, as may be deemed necessary. The monitoring sheets will be presented to the Sectoral Monitoring Committee and will constitute the core part of the Annual Implementation Report, prepared in accordance with Article 85.

#### *Article 85* *Sectoral annual report on implementation*

1. The Operating Structure shall submit a sectoral annual report in relation to the programme concerned to the Commission, the National IPA Coordinator and the Strategic Coordinator by 30 June each year and for the first time by 30 June 2008.

2. The reports shall be sent to the National IPA Coordinator, the National Authorising Officer and the Commission, after examination by the sectoral monitoring committee.

3. Sectoral reports shall include the following:

a.) the quantitative and qualitative progress made in implementing the operational programme, priority axes, measures and, where relevant, operations or groups of operations, in relation to their specific, verifiable targets, with quantification, when possible, using indicators at the appropriate level. Where relevant under the human resources development component, the statistics shall be broken down by sex;

b.) the financial implementation of the operational programme, detailing for each priority axis and measure:

- the total expenditure paid out by reference to each beneficiary and included in payment applications sent to the Commission by the National Fund;
- the total expenditure actually committed and paid out by the National Fund, with the corresponding public or public and private contribution; this shall be accompanied by computerised forms listing the operations, so that they can be followed through the from budgetary commitment by the Beneficiary to final payments;
- the total payments received from the Commission.

Where appropriate, financial implementation may be presented through the major areas of intervention and the regions where assistance is concentrated.

- c.) for information purposes, the indicative breakdown of the allocation under the IPA Regulation shall be given by categories, in accordance with the detailed list included in Annex XIII;
  - d.) the steps taken by the Operating Structure or the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:
    - the monitoring and evaluation measures, including data collection arrangements;
    - a summary of any significant problems encountered in implementing the operational programme and any subsequent measures taken;
    - the use made of technical assistance;
  - e.) the activities to provide information on and publicise the programme;
  - f.) where appropriate, for the regional development component, the progress and financing of major projects;
  - g.) where appropriate, under the human resources development component, a synthesis of the implementation of :
    - gender mainstreaming as well as of any gender-specific action;
    - action to increase the participation of migrants in employment and thereby strengthening their social integration;
    - action to strengthen integration in employment and thereby improve the social inclusion of disadvantaged persons;
    - action to strengthen integration in employment and social inclusion of other disadvantaged groups, including people with disabilities.
4. The sectoral report shall be considered admissible only if it contains all the appropriate information listed in paragraph 3. The National IPA Coordinator, the Strategic Coordinator and the Operating Structure shall be informed by the Commission services of the admissibility of the sectoral annual report within 10 working days from the date of its receipt.
5. The National IPA Coordinator, the Strategic Coordinator and the Operating Structure shall also be informed of the Commission's opinion on the content of an admissible sectoral annual report within two months from the date of receipt.
6. The monitoring sheets prepared in accordance with templates and guidance provided by the Commission services will be attached to the report.

#### *Article 86* *Interim evaluation*

1. During the period of implementation the Beneficiary shall carry out evaluations linked to the monitoring of the programme, in particular where this monitoring reveals a significant

departure from the goals initially set or where proposals are made for the revision of the programme. At least one interim evaluation shall be carried out during the period of implementation of the programme. The results of the evaluation shall be sent to the Sectoral Monitoring Committee and to the Commission.

2. Evaluations shall be carried out by internal or external experts or bodies, functionally independent of the authorities referred to in Article 21 of the IPA Implementing Regulation. The results shall be published according to the applicable rules on access to documents.

*Article 87*  
*Ex-post evaluation*

*Ex-post* evaluations are the responsibility of the Commission. The Commission services and the National IPA Coordinator shall decide whether *ex-post* evaluations should be carried out at the level of the programme or for a group of programmes or for IPA assistance as a whole.

**CHAPTER XIV – AUDIT**

*Article 88*  
*Audit principles*

Audits are to be carried out in line with Sections III, IV and V of the Framework Agreement and Title VIII, Chapter I, of the Financial Regulation. They shall be carried out in accordance with internationally accepted audit standards.

*Article 89*  
*Audit Authority*

1. The functions and responsibilities of the Audit Authority are those indicated in Annex A to the Framework Agreement.
2. Where the audits referred to in Article 88 of this Agreement are carried out by a body other than the Audit Authority, the Audit Authority shall ensure that such bodies have the necessary functional independence.
3. If weaknesses in management or control systems, or the level of irregular expenditure detected do not allow the provision of an unqualified opinion for the annual opinion referred to in Article 18 paragraph 1 point (b) of the Framework Agreement, or in the closure declaration referred to in paragraph 1 point (c), the Audit Authority shall give the reasons and estimate the scale of the problem and its financial impact.

*Article 90*  
*Audit trail*

1. In accordance with Article 21 of the Framework Agreement the management and control system for the programme shall provide a sufficiently detailed audit trail.
2. For the purposes of this agreement an audit trail shall be considered sufficient where it permits:

- a.) the aggregate amounts certified to the Commission to be reconciled with the detailed accounting records and supporting documents held at the various administrative levels, by the Operating Structure and the final beneficiaries with regard to operations co-financed under the operational programme;
  - b.) verification of the allocation and transfer of the available Community and national funds;
  - c.) verification of the correctness of the information supplied on the execution of the programme in accordance with the terms of the Financing Agreement granting the assistance and the objectives assigned to the programme;
  - d.) verification of the selection criteria established for the operational programme, and
  - e.) in respect of each operation, as appropriate, the technical specifications and financing plan, documents concerning the grant approval, documents relating to public procurement procedures, progress reports and reports on verifications and audits carried out.
3. An indicative description of the information requirements for a sufficient audit trail is given in Annex XIV.
4. The Beneficiary shall satisfy itself that the following points have been addressed:
- a.) that there are procedures to ensure that documents that are relevant to specific items of expenditure incurred, payments made, works undertaken and verification of them carried out in connection with the programme, and which are required for a sufficient audit trail, are held in accordance with the requirements of Annex XIV;
  - b.) that a record is maintained of the body holding them and its location; and
  - c.) that the documents are made available for inspection by the persons and bodies who would normally have the right to inspect such documents.
5. The persons and bodies referred to in paragraph 4 (c) shall be:
- a.) the staff of the National Fund, Operating Structure and specific bodies who process payment applications;
  - b.) the services undertaking audits of management and control systems;
  - c.) the National Authorising Officer as person responsible for certifying interim and final payment applications and the person or department which issues declarations for the winding up of measures; and
  - d.) mandated officials of national audit institutions and of the Community.

They may require that extracts or copies of the documents or accounting records referred to in paragraph 4 be supplied to them.

*Article 91*  
*Audits of operations*

1. The audits referred to in Article 88 of this Agreement shall be carried out each twelve-month period from 1 October of the year following the adoption of the programme, on a sample of operations selected by a method established or approved by the Audit Authority. The audits shall be carried out on-the-spot on the basis of documentation and records held by the beneficiary.
2. The audits shall verify that the following conditions are fulfilled:
  - a.) the operation meets the selection criteria for the operational programme, has been implemented in accordance with the approval decision and fulfils any applicable conditions concerning its functionality and use or the objectives to be attained;
  - b.) the expenditure declared corresponds to the accounting records and supporting documents held by the beneficiary;
  - c.) the expenditure declared by the beneficiary is in compliance with Community and national rules;
  - d.) the public contribution has been paid to the beneficiary in accordance with Article 40 (9) of IPA Implementing Regulation.
3. Where problems detected appear to be systemic in nature and therefore entail a risk for other operations under the operational programme, the Audit Authority shall ensure that further examination is carried out, including additional audits where necessary, to establish the scale of such problems. The necessary preventive and corrective action shall be taken by the relevant authorities.

*Article 92*  
*Documents presented by the Audit Authority and follow-up*

1. The annual audit activity report and the annual opinion referred to in Article 29.2(b) of the IPA Implementing Regulation shall be based on the systems audits and audits of operations carried out and shall be drawn up in accordance with the models set out in Annex C to the Framework Agreement.
2. The opinion on the final statement of expenditure referred to in Article 29.2(b) of the IPA Implementing Regulation shall be based on all the audit work carried out by, or under the responsibility of the Audit Authority, in accordance with the annual work plan. The opinion on the final statement of expenditure shall be drawn up in accordance with the model set out in Annex E to the Framework Agreement.
3. If there is a limitation in the scope of examination or if the level of irregular expenditure detected does not allow the provision of an unqualified opinion for the annual opinion referred to in paragraph 1 or in the opinion on the final statement of expenditure referred to in paragraph 2, the Audit Authority shall give the reasons and estimate the scale of the problem and its financial impact.
4. Following the receipt of the reports and opinions by the Audit Authority, the National Authorising Officer shall:

a.) decide whether any improvements to the management and control systems are required, record the decisions in that respect and ensure the timely implementation of those improvements;

b.) make any necessary adjustments to the payment applications to the Commission.

5. The Commission services may decide either to take follow-up action itself in response to the reports and opinions, for example by initiating a financial correction procedure, or to require the beneficiary country to take action, while informing the National Authorising Officer and the Competent Accrediting Officer of their decision.

*Article 93*  
*Availability of documents*

1. For the purposes of this Agreement, the Beneficiary shall ensure that a record is available of the identity and location of bodies holding the supporting documents relating to expenditure and audits, which includes all documents required for an adequate audit trail.

2. The Beneficiary shall ensure that the documents referred to in paragraph 1 are made available for inspection and that extracts or copies thereof are supplied to persons and bodies entitled to have access to them, including at least authorised staff of the Beneficiary, National Fund, Audit Authority and authorised officials of the Community and their authorised representatives.

3. The following, at least, shall be considered commonly accepted data carriers:

a.) photocopies of original documents;

b.) microfiches of original documents;

c.) electronic versions of original documents;

d.) documents existing in electronic version only.

4. The procedure for certifying the conformity of documents held on commonly accepted data carriers with the original document shall be laid down by the national authorities and shall ensure that the versions held comply with national legal requirements and can be relied on for audit purposes.

5. Where documents exist in electronic version only, the computer systems used must meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

6. The Commission services shall ensure that the information forwarded by the Beneficiary, or collected by them in the course of on-the-spot inspections, is kept confidential and secure.

#### *Article 94*

#### *Supervision, control and audit by the Commission and the European Court of Auditors*

Supervision, control and audit by the Commission and by the European Court of Auditors will be carried out in line with Section IV Articles 27 to 35 of the Framework Agreement and Title VIII, Chapter I of the Financial Regulation.

### **CHAPTER XV – INFORMATION AND VISIBILITY**

#### *Article 95*

#### *Personal Data*

According to Article 24(2)(d) of the Framework Agreement, the provisions of Regulation (EC) No 45/2001 of the European Parliament and the European Council on the protection of individuals with regards to the processing of personal data by the Community institutions and bodies and on the free movement of such data, and with due observance of the requirements of security, shall apply.

#### *Article 96*

#### *Electronic Exchange of Data*

1. The Beneficiary shall provide to the Commission an original paper version of the documents, dated and signed by a duly authorised official. The date taken into account shall be the date on which the paper document has been officially sent to the Commission.
2. Apart from the submission of paper documents by the Beneficiary to the Commission, the Beneficiary shall endeavour, whenever possible, to submit an electronic version of those documents.
3. In the event of divergence between the paper and electronic versions of the documents, the original paper document will be considered as the authentic document.
4. All documents and correspondence pertaining to the programme shall bear the CCI reference number indicated by the Commission.

#### *Article 97*

#### *Information and publicity*

1. The Beneficiary shall provide information on, and publicise the programme and operations, in accordance with Article 24 of the Framework Agreement. The information shall be addressed to the citizens and beneficiaries, with the aim of highlighting the role of the Community and ensuring transparency.
2. In accordance with Article 90 of the Financial Regulation the Commission shall publish the relevant information on contracts and grants. The Commission shall publish the results of tender and call for proposal procedures in the Official Journal of the European Union, on the EuropeAid website and in any other appropriate media, in accordance with the applicable contract procedures for Community external actions.

*Article 98*  
*Publication of information on beneficiaries of Community funding*

1. In accordance with Article 24.2 of the Framework Agreement, the Beneficiary shall publish the following information in relation to beneficiaries of Community financing:
  - a.) the names and addresses of the final beneficiaries and end recipients;
  - b.) the names of the operations;
  - c.) the amount of Community funding allocated to the operations.
2. The information referred to in paragraph 1 shall be published according to a standard presentation, in a dedicated and easily accessible place of the Beneficiary's internet site. If such internet publication is impossible, the information shall be published by any other appropriate means, including the national official journal.
3. The publication shall take place during the first half of the year following the closure of the budget year in respect of which the funds were attributed to the Beneficiary.
4. The Beneficiary shall communicate to the Commission the address of the place of publication and reference shall be made to this address in the dedicated place of the internet site of the Community institutions referred to in Article 97(2) of this Agreement. If the information is published otherwise, the Beneficiary shall give the Commission full details of the means used.

*Article 99*  
*Visibility*

1. Activities to make available and publicise in the beneficiary country information about assistance under the IPA, as referred to by Article 24(4) of the Framework Agreement, will be implemented based on a Communication Action Plan (CAP) prepared in accordance with the chapter on Implementing Provisions of the programme. The CAP shall be reviewed by the Sectoral Monitoring Committee and shall set out:
  - a.) the aims of the information and publicity;
  - b.) the target group;
  - c.) the content and the strategy of the resulting communication and information measures;
  - d.) the indicative budget;
  - e.) the administrative departments responsible for implementation;
  - f.) the criteria for evaluating the measures carried out.
2. Funding for information and publicity may be provided from the technical assistance priority of the programme.
3. At the meetings of the Sectoral Monitoring Committee, the Operating Structure shall report on progress in implementing the CAP and provide the Committee members with examples of such measures.

4. When the implementation of the present article implies specific information and publicity activities at operation level, such activities shall be the responsibility of the final beneficiaries, and shall be funded from the amount allocated to the relevant subject.

5. The Operating Structure shall ensure that operations financed in the framework of the programme respect the EU visibility guidelines for external actions<sup>1</sup>.

## CHAPTER XVI – PROGRAMME CLOSURE

### *Article 100* *Closure principles*

1. Programme closure implies the financial settlement of outstanding Community commitments, through the payment of the final balance, or the issue of a recovery note, or the de-commitment of appropriations by the Commission. To this end, a final payment application should be submitted to the Commission.

2. The Commission will inform the Beneficiary about the date of the closure of the programme.

3. The programme closure does not prejudice the Commission's right to carry out audits or undertake financial corrections.

4. Notwithstanding the results of any audits carried out by the Commission services or the European Court of Auditors, the final balance paid or the amount to be recovered by the Commission may be amended within nine months of the date on which the final payment is made, or of the date on which the recovery note is issued.

5. In accordance with the provisions of Article 45 of the IPA Implementing Regulation, for the closure of the programme, the following documents should be submitted to the Commission by the Beneficiary by 31 December 2018 at the latest, in order to successfully close the Community assistance:

- an application for the final payment issued by the National Authorising Officer;
- a final report submitted by the Operating Structure;
- a winding up declaration on the final statement of expenditure supported by a final activity report issued by the Audit Authority;
- an audit opinion on the final statement of expenditure.

6. A precondition for the successful closure of the programme is that the accreditation provisions foreseen in chapter II of the IPA Implementing Regulation are in force and the conferral of management by the Commission remains valid.

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<sup>1</sup> [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm) .

*Article 101*  
*Winding up declaration*

1. The winding up declaration sets out the opinion of the independent Audit Authority, designated under Article 29 of the IPA Implementing Regulation, on the final statement of expenditure submitted to the Commission by the National Authorising Officer.
2. The submission of the winding up declaration is a prerequisite for the programme closure. It will be submitted to the Commission and to the Competent Accrediting Officer at the same time as the final statement of expenditure.
3. The basis for forming the opinion expressed in the winding up declaration has to be clearly explained. The Audit Authority is required to declare that the final statement of expenditure and application for the payment of the balance issued by the National Authorising Officer are free of misstatements. The Audit Authority shall address in particular the following:
  - correct presentation and compilation of the documents;
  - correctness and accuracy of the calculations;
  - reconciliation of the final statement presented to the Commission with the statements presented by the implementing bodies to the National Authorising Officer;
  - consistency with the financial information, including information on irregularities, provided in the final report;
  - the legality and regularity of the underlying financial transactions, in accordance with the eligibility criteria and the procurement directives;
  - audits carried out by the Commission services, the European Court of Auditors or the Audit Authority on the National Fund and the National Authorising Officer, the Operating Structure as well as the contracting authorities, by summarising any weakness found in the management and control systems or in the financial transaction findings. The corrective measures put in place to remedy any weakness found in the management and control systems including any financial corrections imposed should be provided;
  - sample of financial transactions audited, including information on the total public expenditure and the error percentage, if any.
4. An indicative model of the winding up declaration is contained in Annex E of the Framework Agreement.

*Article 102*  
*Final report*

1. The Operating Structure shall draw up a sectoral final report on the implementation of the programme. It shall cover the whole period of implementation and may include the latest annual report.

2. After examination by the Sectoral Monitoring Committee, the Operating Structure shall submit the final sectoral report to the National IPA Coordinator, the Strategic Coordinator, the National Authorising Officer and to the Commission, at the latest six months after the final date of eligibility of expenditure.

3. The requirements for the content of the final sectoral report are set out in Article 169 of the IPA Implementing Regulation. This report shall include:

- a.) the quantitative and qualitative progress made in implementing the programme, by priority and measure, in relation to their specific targets, with quantification of the physical indicators, including results and impact indicators;
- b.) the financial implementation of the programme, summarising for each priority axis and measure, the total expenditure actually paid out and included in the payment applications submitted to the Commission by the National Fund, as well as a record of the total payments received from the Commission and the total expenditure actually committed and paid out by the National Fund, with the corresponding public or public and private contribution, accompanied by a list of the operations carried out;
- c.) the indicative breakdown of the allocations under the IPA Regulation, by category, in accordance with the detailed list included in Annex XIII;
- d.) the steps taken by the Operating Structure and/or the Sectoral Monitoring Committee, to ensure the quality and effectiveness of implementation and in particular:
  - i) the monitoring and evaluation measures, including data collection arrangements;
  - ii) a summary of any significant problems encountered in implementing the programme, including any corrective measures put in place;
  - iii) the use made of technical assistance;
- e.) the measures taken to provide information and publicity of the programme;
- f.) where appropriate, the progress and financing of major projects;
- g.) a list of projects implemented and whether these have been completed and are operational.

4. A final report shall be considered admissible if it contains all the information required in paragraph 3 above. The Commission services shall inform the National IPA Coordinator, the Strategic Coordinator and the Operating Structure of the admissibility of the final report within 10 working days from the date of its receipt.

5. The Commission's opinion on the content of an admissible final sectoral report shall be provided to National IPA Coordinator and the Operating Structure within five months from the date of receipt of the admissible report.

*Article 103*  
*Final application for payment*

1. A final application for payment, including a certificate of expenditure and a statement of expenditure, shall be drawn up in the form set out in Annex XVI to the Financing Agreement.
2. Expenditure declared should relate to expenditure actually incurred and paid out by the National Fund. This expenditure should correspond to payments effected supported by receipted invoices or accounting documents of equivalent probative value. Expenditure must have been certified by the National Authorising Officer.
3. The conditions to be checked by the National Authorising Officer in certifying the expenditure are set out in the form prescribed in Annex XVII.
4. The final statement of expenditure should be accompanied by the appendix on recoveries referred to in Annex XVI to this Agreement.
5. The pre-financing paid to the Beneficiary for the programme, pursuant to Article 64 of this Agreement, has to be justified by payments effected by the final beneficiaries at the latest when the final balance of the assistance is claimed.
6. The Beneficiary shall inform the Commission of recoveries made between the submission of the final declaration of expenditure and the final payment by the Commission, so that the Commission can deduct them. The Beneficiary should also inform the Commission of recoveries effected after the submission of the final declaration of expenditure and after closure of the programme and repay the IPA contribution to the Commission.

*Article 104*  
*Retention of documents*

1. The responsible body and authorities of the Beneficiary shall keep available for the Commission all documents related to the programme, including documents related to the authorisation of payment applications, of the accounting and payment of such applications and of the treatment of advances, guarantees and debts, for a period of at least three years following the closure of the programme.
2. For revenue generating projects, the period indicated in paragraph 1 shall be extended to five years following the date of the final payment to the project or three years after the closure of the programme, whichever comes later.
3. Written records of the entire procurement, grant award and contracting procedure shall be retained by the Operating Structure for a period of at least seven years from the payment of the balance of the contract.
4. The periods referred in paragraphs 1, 2 and 3 shall be interrupted in the case of legal proceedings, financial corrections or at the duly substantiated request of the Commission services.

## CHAPTER XVII – FINAL PROVISIONS

### *Article 105 Consultation*

1. Any question relating to the execution or interpretation of this Agreement shall be the subject of consultation between the Contracting Parties, leading where necessary to an amendment of this Agreement.
2. Where there is a failure to carry out an obligation set out in this Agreement which has not been the subject of remedial measures taken in due time, the Commission may suspend the financing of activities under IPA after consultation with the Beneficiary.
3. The Beneficiary may renounce in whole or in part to the implementation of activities under IPA. The Contracting Parties shall set out the details of the said renunciation in an exchange of letters.

### *Article 106 Settlement of differences, arbitration*

The provisions of Article 42 of the Framework Agreement shall apply *mutatis mutandis* to this Agreement.

### *Article 107 Disputes with third parties*

The provisions of Article 43 of the Framework Agreement shall apply *mutatis mutandis* to this Agreement.

### *Article 108 Annexes*

The Annexes shall form an integral part of this Agreement.

### *Article 109 Validity*

1. This signed Agreement shall enter into force on the date on which the Beneficiary notifies the Commission that all internal procedures in the Republic of Turkey necessary for the entry into force of this Agreement have been fulfilled.
2. This Agreement shall continue to be in force until the final date for the retention of documents related to the programme as provided for under Article 104 of this Agreement.
3. In case of legal proceedings or of any duly motivated situation agreed between the parties, the Financing Agreement shall remain in force until the final settlement of the situation that gives rise to the extension of validity.

*Article 110*  
*Review and amendment*

1. The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.
2. Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such an amendment shall enter into force on the date determined by the Parties.
3. If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least six months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

*Article 111*  
*Termination*

1. This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.
2. The termination of this Agreement shall not preclude the possibility for the Commission to make financial corrections in accordance with Articles 49 to 54 of the IPA Implementing Regulation.

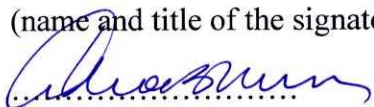
*Article 112*  
*Language*

This Agreement is drawn up in duplicate in the English language.

Signed, for and on behalf of the Government of the Republic of Turkey

at (place) Ankara on (date) 18.11.2009

by (name and title of the signatory)

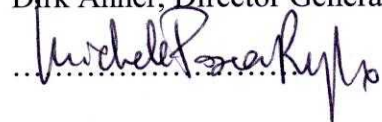


**Volkan BOZKIR**  
Ambassador  
Secretary General  
For EU Affairs

Signed, for and on behalf of the Commission of the European Communities,

at (place) on (date)

by Dirk Ahner, Director General



for the Director General absent,  
Michele Pasca-Raymondo  
Deputy Director General

## LIST OF ANNEXES

### Title

- I. Financial Plan
- II. Certificate and Statement of Expenditure and Application for Interim Payment
- III. Annual Statement on withdrawn and recovered amounts and pending recoveries
- IV. Forecast of likely payment applications
- V. Identification of authorities, names and addresses for correspondence
- VI. Specific conditions regarding conferral of management
- VII. Benchmark system for the roadmap to wave ex-ante controls
- VIII. Major project request for confirmation of rate of assistance
- IX. Template for a Bilateral Project Agreement
- X. Model of Operation Identification Sheet
- XI. Composition and functioning modalities for the committee for the selection of operations
- XII. Annual and Final Report
- XIII. Allocations by category of expenditures
- XIV. Indicative description of the information requirements for the audit trail
- XV. List of data on operations to be communicated on request to the Commission for the purpose of documentary and on-the-spot checks
- XVI. Certificate and Statement of Expenditure and Application for Final Payment
- XVII. Final control report and closure declaration
- XVIII. Guidelines for the completion of the standard form for quarterly communications of irregularities
- XIX. The operational programme

## ANNEX I

### Financial Plan

Financial plan of the "Transport" Operational Programme in Turkey

Years	Total Public Expenditure (€) (1)=(2)+(3)	Public Expenditure (€)		IPA co-financing rate (%) (4)=(2)/(1)
		Community Contribution (IPA) (€) (2)	National Public Contribution (€) (3)	
Year 2007				
Priority Axis 1	68,981,333	51,736,000	17,245,333	75%
Priority Axis 2	7,600,000	5,700,000	1,900,000	75%
Technical Assistance	1,552,000	1,164,000	388,000	75%
Total Year 2007	78,133,000	58,600,000	19,533,000	75%
Year 2008				
Priority Axis 1	71,914,667	53,936,000	17,978,667	75%
Priority Axis 2	7,600,000	5,700,000	1,900,000	75%
Technical Assistance	1,552,000	1,164,000	388,000	75%
Total Year 2008	81,067,000	60,800,000	20,267,000	75%
Year 2009				
Priority Axis 1	71,248,000	53,436,000	17,812,000	75%
Priority Axis 2	7,600,000	5,700,000	1,900,000	75%
Technical Assistance	1,552,000	1,164,000	388,000	75%
Total Year 2009	80,400,000	60,300,000	20,100,000	75%
Years 2007-2009				
Priority Axis 1	212,144,000	159,108,000	53,036,000	75%
Priority Axis 2	22,800,000	17,100,000	5,700,000	75%
Technical Assistance	4,656,000	3,492,000	1,164,000	75%
Total Years 2007-2009	239,600,000	179,700,000	59,900,000	75%

## ANNEX II

### Certificate and statement of expenditure and application for interim payment

#### EUROPEAN COMMISSION

*INSTRUMENT FOR PRE-ACCESSION ASSISTANCE – IPA*

*Regional Development Component (Component III)*

#### Certificate and statement of expenditure and payment application

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*Name of operational programme*

*Commission Decision* *of*

*Financing Agreement* *of*

*Commission reference (CCI) No:*

*National reference (if any)*

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CERTIFICATE

I, the undersigned,

National Authorising Officer,

hereby certify that all expenditure included in the attached statement complies with the criteria for eligibility of expenditure set out in the Financing Agreement signed on {DATE} between the Commission of the European Communities and the Government of Turkey and has been incurred and paid by the final beneficiaries on the implementation of operations selected under the operational programme in accordance with the conditions for granting IPA assistance.

after<sup>(1)</sup>

		20...
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and amounts to:

euro <sup>2</sup>	
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(exact figure to two decimal places)

The attached statement of expenditure, broken down by priority axis and measures, is based on accounts provisionally closed on

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and forms an integral part of this certificate.

I also certify that operations are progressing in accordance with the terms of the Financing Agreement, and in particular that:

1. all the requirements laid down in Article 67 of the Financing Agreement are fulfilled, in particular
  - The ceilings for Community assistance under each priority axis as laid down in the Commission financing decision (and the Financing Agreement), have been respected;
  - The sectoral annual implementation reports, including the most recent one have been sent to the Commission by the Operating Structure;
  - The most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of the Regulation (EC) 718/2007 and those of any agreement between the Commission and the beneficiary country has been sent to the Commission by the Audit Authority;
  - The accreditation delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid;
2. all conditions of the relevant Bilateral Project Agreements related to payments are fulfilled;
3. the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
4. the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant applicable Community rules and regulations, in

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(1) Starting date for eligibility of expenditure (Article 34 of the Financing Agreement)

(2) Total amount of eligible expenditure paid by final beneficiaries

particular those referred to in the Financing Agreement and the award of public contracts (PRAG).

5. the statement of expenditure and the payment application take account, where applicable, of any amounts recovered and of any interest received, and of net revenue accruing from operations financed under the operational programme;
6. the breakdown of the underlying operations is recorded on computer files and is available to the relevant Commission departments on request

In accordance with Article 104 of the Financing Agreement, the supporting documents are and will continue to be available for at least three years following the closure of the operational programme by the Commission.

Date

		20...
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Name in capitals, stamp, position and signature  
of National Authorising Officer

Statement of expenditure by priority axis and measures: Interim payment						
Operational Programme reference (CCI No):						
Name of programme:						
Date of provisional closure of accounts:		Date of sending to the Commission:				
<b>Total certified eligible expenditure<sup>1</sup> paid:</b>						
Priority axis/measure	Total expenditure incurred to date (between. <sup>2</sup> and ....)	Expenditure certified in present declaration	Total expenditure planned (initial budget)	Expenditure incurred to date as proportion of initial budget (%)	Estimated expenditure still required to complete the programme	
Priority Axis 1: total						
Measure 1.1						
Of which:						
- Operation xxx (reference no. plus title)						
- Major Project xxx (CCI no. plus title)						
Measure 1.2						
Priority Axis 2						
Measure 2.1						
Priority Axis 3						
Measure 3.1						
Priority Axis 4						
Measure 4.1						

<sup>1</sup> As defined by Articles 148, 150 and 152 of Commission Regulation 718/2007

<sup>2</sup> Starting date for eligibility of expenditure (Article 34 of the Financing Agreement)

Breakdown by year of the total certified eligible expenditure<sup>1</sup> (amounts in euros)

Priority axis/measure	2008	2009	2010	2011	2012
Priority Axis 1: total					
Measure 1.1					
Of which:					
- Operation xxx (reference no. plus title)					
- Major Project (CCI no. plus title)					
Measure 1.2					
Priority Axis 2					
Measure 2.1					
Priority Axis 3					
Measure 3.1					
Priority Axis 4					
Measure 4.1					

<sup>1</sup> By year: the breakdown mentioned in this table shall correspond to the payments made by the final beneficiaries in the year concerned. Where it is not possible to establish this breakdown precisely, the best estimate of the breakdown should be given.

### ANNEX 1 to statement of expenditure:

The computerised listing of operations by measure and operation, and the corresponding expenditure, including contribution under the IPA Regulation and national public expenditure

Priority axis/measure	Total expenditure (EURO)	IPA funds (EURO)	National public expenditure (EURO)	IPA co-financing rate (%)
Priority Axis 1: total				
Measure 1.1				
<i>Operation 1.1.1</i>				
<i>Operation 1.1.2</i>				
....				
Measure 1.2				
<i>Operation 1.2.1</i>				
<i>Operation 1.2.2</i>				
.....				
Measure 1.3				
<i>Operation 1.3.1</i>				
<i>Operation 1.3.2</i>				
.....				
Priority Axis 2: total				
Measure 2.1				
<i>Operation 2.1.1</i>				
....				
Priority Axis 3				
Measure 3.1				
<i>Operation 3.1.1</i>				
.....				

## **ANNEX 2 to statement of expenditure:**

Details of amounts recoverable following cancellation of all or part of the Community contribution for an operation

Name of the priority/measure /operation	
Amount ordered to be recovered	
Debtor	
Date of issue of recovery order	
Authority which issued recovery order	
Date of recovery	
Amount recovered	

### **ANNEX 3 to statement of expenditure:**

The volume of Community contribution in the component-specific euro account at the date of the last debit to which this statement refers and the interest earned

## APPLICATION FOR PAYMENT: Interim payment

*Name of operational programme:*

*Operational programme reference (CCI) No:*

Pursuant to Annex A of the Framework Agreement (Article 25 of Regulation (EC) No 718/2007), I, the undersigned (name in capitals of National Authorising Officer), hereby request payment of the amount of EUR .... as an interim payment.

This application is admissible because:

	Delete as appropriate
(a) no more than the maximum amount of assistance from IPA Funds as laid down in the Financing Agreement and the decision of the Commission approving the operational programme has been paid by the Commission during the whole period for each priority axis.	
(b) the Operating Structure has sent to the Commission the sectoral annual implementation reports, including the most recent one in accordance with art. 65(1)c of the Financing Agreement	<p>— has been forwarded by Operating Structure within the time limit laid down in art. 83 of the Financing Agreement</p> <p>— is attached</p>
(c) the Audit Authority has sent to the Commission, in accordance with Article 92 of the Financing Agreement, the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of the Regulation (EC) 718/2007 and/or those of any agreement between the Commission and the beneficiary country	<p>— has been forwarded by Audit Authority within the time limit laid down in art. 90 of the financing Agreement</p> <p>— is attached</p>
(d) the accreditations delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid	
(e) the payments have not been suspended in accordance with Article 72 of the Financing Agreement	
(f) None of the situations justifying blocking of payments to major projects have occurred	

The payment should be made by the Commission to the body designated by the beneficiary country for the purposes of making payments

Designated body	
Bank	
Bank account No	
Holder of account (where not the same as the designated body)	

Date

		20...
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Name in capitals, stamp, position and signature of  
National Authorising Officer

## ANNEX III

### Annual statement on withdrawn and recovered amounts and pending recoveries

(Article 66(3)d) of the Financing Agreement)

#### 1. WITHDRAWALS AND RECOVERIES FOR THE YEAR 20.... DEDUCTED FROM STATEMENTS OF EXPENDITURE

Priority axis	Withdrawals				Recoveries			
	Total expenditure of final beneficiaries	Public contribution	Co-financing rate <sup>1</sup>	EU contribution	Total expenditure of final beneficiaries	Public contribution	Co-financing rate <sup>2</sup>	EU contribution
1								
Operation 1.1.x								
2								
Operation 2.1.x								
3								
Operation 3.1.x								
<b>Total</b>								

<sup>1</sup> This co-financing rate and the method for its calculation are found in the financial table of the operational programme for the priority axis concerned.

<sup>2</sup> This co-financing rate and the method for its calculation are found in the financial table of the operational programme for the priority axis concerned.

## 2. PENDING RECOVERIES AS AT 31.12. 20..

Priority axis	Year of launch of recovery proceedings	Public contribution to be recovered	Co-financing rate <sup>1</sup>	EU contribution to be recovered
1	2007			
Operation 1.1.x				
	2008			
	...			
2	2007			
Operation 2.1.x				
	2008			
	...			
3	2007			
Operation 3.1.x				
	2008			
	...			
Sub-totals	2007			
	2008			
	...			
Grand total				

<sup>1</sup> This co-financing rate and the method for its calculation are found in the financial table of the operational programme for the priority axis concerned.

## ANNEX IV

### Forecasts of likely payment applications

(Article 63(2)c) of the Financing Agreement)

Provisional forecasts of likely payment applications by programme, for the current and subsequent financial year (in EUR):

	Community co-financing <sup>1</sup>	
	[current year]	[following year]
Operational Programme 1 (CCI number) total		
Priority 1		
Priority 2		
Priority 3		
Operational Programme 2 (CCI number) total		
Operational Programme 3 (CCI number) total		
Grand Total		

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<sup>1</sup> Only provisional forecasts of likely payment applications in respect of the Community contribution, and not total expenditure forecast, should be stated in the table. In the provisional forecasts of likely payment applications, the Community contribution should be stated for the year in question, and should not be cumulated from the beginning of the programming period.

## ANNEX V

### Identification of authorities, names and addresses for correspondence

#### (Article 28(3) of the Financing Agreement)

Field 1. **Operational programme CCI code:** 2007 TR 16 I PO 002

Field 2. **Name of the Operational Programme:** "Transport"

Field 3. **IPA component:** Regional Development

Field 4. **Beneficiary:** Republic of Turkey

Field 5. **National IPA Coordinator**

Name: Secretary General

Address: Secretariat General for the EU Affairs, Mustafa Kemal Mah. 6. Cadde No: 4  
06800 Bilkent, Ankara

Phone: 00 90 312 218 13 00

e-mail: bilgiedinme@abgs.gov.tr

Field 6. **Strategic Coordinator for the regional development and the human resources development components**

Name: Deputy Undersecretary

Address: Undersecretariat of State Planning Organization, Necatibey Caddesi No: 108  
06100 Yücetepe-Ankara-Turkey

Phone: +90 (312 ) 2945618

e-mail: sc@dpt.gov.tr

Field 7. **Competent Accrediting Officer**

Name: Minister of State

Address: Undersecretariat of Treasury , İnönü Bulvarı No:36 06510 Emek Ankara  
Turkey

Phone: +90 (312) 212 80 56

e-mail: ali.babacan@hazine.gov.tr

Field 8. **National Authorising Officer**

Name: Undersecretary of Treasury

Address: Undersecretariat of Treasury, İnönü Bulvarı No:36 06510 Emek Ankara  
Turkey

Phone: +90 (312) 212 86 30

e-mail ibrahim.canakci@hazine.gov.tr

Field 9. **National Fund**

Name: Director of the National Fund

Address Undersecretariat of Treasury , İnönü Bulvarı No:36 06510 Emek Ankara, Turkey

Phone + 90 (312) 212 88 56

e-mail ibrahim.sepici@hazine.gov.tr

Field 10. **Audit Authority**

Name: Chairman of the Board of Treasury Controllers

Address Undersecretariat of Treasury , İnönü Bulvarı No:36 06510 Emek Ankara Turkey

Phone + 90 (312) 212 89 04

e-mail yasar.akgun@hazine.gov.tr

Field 11. **Contracting Authority (CFCU)**

Name: CFCU Director

Address Central Finance and Contracts Unit, Eskişehir Yolu 4. Km 2. Cd (Halkbank Kampüsü) No: 63 C Blok 06520 Söğütözü /Ankara / Turkey

Phone +90 (312) 295 49 00

e-mail muhsin.altun@cfcu.gov.tr

Field 12. **Operating Structure**

Name: Ministry of Transport

Address: T.C. Ulaştırma Bakanlığı ( Ministry of Transport)

Hakkı Turaylıç Caddesi No: 5 Emek, Ankara / TURKEY

Phone: 00 90 312 203 1891

e-mail: [mustafa.kaya@ubak.gov.tr](mailto:mustafa.kaya@ubak.gov.tr)

Field 12.a **Head of the Operating Structure**

Name: Deputy Undersecretary

Address: T.C. Ulaştırma Bakanlığı ( Ministry of Transport)

Hakkı Turaylıç Caddesi No: 5 Emek, Ankara / TURKEY

Phone: 00 90 312 203 1140

e-mail: [aka@ubak.gov.tr](mailto:aka@ubak.gov.tr)

Field 13. **IPA Monitoring Committee**

Chairperson: National IPA Coordinator

Co-Chairperson: Head of EC Delegation in Ankara

Field 14. **Sectoral Monitoring Committee for the "Transport" Operational Programme**

Chairperson: Head of the Operating Structure

Co-Chairperson: Representative of the Directorate-General for Regional Policy, European Commission

Field 15. **Directorate General Regional Policy**

Address: 200 rue de la Loi, B1049 Brussels, Belgium

Phone: +32.2.299.11.11 (switchboard European Commission)

e-mail: [regio-ipa-isp@ec.europa.eu](mailto:regio-ipa-isp@ec.europa.eu) (functional mailbox)

Field 16: **Authorising Officer by Delegation:**

Name: Director General, Directorate General Regional Policy

Field 17: **Authorising Officer by Sub-delegation:**

Name: Director, Geographic Directorate with Responsibility for IPA/ISPA", Directorate General Regional Policy

Field 18: **Audit Unit:**

**Name:** Audit Unit with Responsibility for IPA/ISP, Audit Directorate, Directorate General Regional Policy

Field 19. **OLAF**

Name: European Anti-Fraud Office, Directorate C- Operational and Policy Support

Address: 200 rue de la Loi, B1049 Brussels, Belgium

Phone: +32.2.299.11.11 (switchboard European Commission)

e-mail:

## **ANNEX VI**

### **Specific conditions regarding conferral of management powers**

The management of the "Transport" Operational Programme under the Regional Development Component within IPA assistance is conferred on the Republic of Turkey under the following conditions:

- 1) Turkey shall comply with the recommendations and associated deadlines in order to implement them, set out in Annex I to the Decision conferring management powers relating to the "Transport" Operational Programme on the Republic of Turkey, and presented in Annex VIa of this Agreement;
- 2) Turkey shall provide the Commission at quarterly intervals with reports on the implementation of the decentralised system and progress towards fulfilment of the recommendations and associated deadlines in order to implement them, set out in Annex I to the Decision conferring management powers relating to the "Transport" Operational Programme on the Republic of Turkey, and presented in Annex VIa of this Agreement;
- 3) Turkey shall inform in advance and obtain approval from the Commission on any substantial change in the IPA management structures and system as described in the application submitted by the National Authorising Officer which was received by Directorate General for Regional Policy on 13 October 2008.

The Commission shall perform the ex-ante controls as listed in Annex II to the Decision conferring management powers relating to the "Transport" Operational Programme on the Republic of Turkey, and as presented in Annex VIb of this Agreement.

**ANNEX VIa**  
**Summary of Findings and Follow up Actions**

CAO						
N°	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated Timeframe to implement	Report Ref. File Ref.
1	CAO	Whilst the Turkish authorities have prepared a summary list of the responsibilities of the CAO regarding IPA, this document only summarises the responsibilities of the CAO in accordance with the IPA IR and does not include details on how these tasks shall be performed	M	The Turkish authorities should specify in the revised procedures who is going to be responsible for carrying out the operational monitoring functions in the CAO Office and how these tasks will be performed in practical terms.	30/6/2009	5.1.3 (Finding No 1)  Regio/J2 CAF - Vol III – NAO Office (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 1) CAO (Mar 09 Audit)

STRATEGIC COORDINATOR						
N°	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated timeframe to implement	Report Ref. File Ref.
2	SC / NAO	The legal basis (Prime Minister Circular) regarding the official appointment of the SPO as SC, has not been signed yet. This is expected to be done after the parliamentary ratification of the Framework Agreement. The PMC will define SC's duties and responsibilities including also those related to the IPA coordination for Components II and IV (chairing the Inter-Ministerial Regional Development and Human Resources Committee)	M	The EC auditors were notified that a draft PMC is currently being prepared in respect of the Strategic Coordinator's legal basis.	30/6/2009	5.3.2 (Findings No 1) Regio/J2 CAF - Vol III - NIPAC/AA/SC (Dec 08 Audit)
			M	In light of the above the EC auditors acknowledge the letter sent by the Turkish Ambassador on 19/3/09 requesting an extension of the deadline for issuing this Circular and thereby the deadline is herewith being extended.		Regio/J2 CAF - Vol II (Sc. 5) SC (Mar 09 Audit)
3	SC / NAO	The MIS is an important IT tool in order to enable the efficient management and monitoring of current (IPA) and future (Structural Funds) programmes. The Turkish authorities are currently developing an integrated MIS. The system will include both financial and contracting information and shall be used by all IPA actors as a monitoring & evaluation tool. An inter-ministerial working group, chaired by the SC has been recently established (September 2008) to address this weakness but the design has not yet been sufficiently developed, coverage not determined, costs not yet estimated and compatibility with IPA formal requirements still have to be tested. As regards implementation, MIS should start functioning by the end of the 1 <sup>st</sup> semester of 2009. As to date, the ToR and TS of the service contract have not yet been drafted.	M	Whilst the EC auditors were informed that the Turkish authorities plan to have the MIS operational by the end of July 2009 in accordance with action plan submitted during the follow-up audit, from the discussions held it is deemed that a more realistic deadline should probably be set given the work still pending to attain an operational MIS and its bridging with the separate MIS of the Operating Structures.	30/6/2009	5.3.2 (Findings No 2) Regio/J2 CAF - Vol III - NIPAC/AA/SC (Dec 08 Audit)
			L	The Turkish authorities are requested to submit updated information on the progress of the implementation of the MIS System. Upon its finalisation, sufficient training should be provided to all potential users of the MIS.	31/12/2009	Regio/J2 CAF - Vol II (Sc. 5) SC (Mar 09 Audit)
				The EC auditors confirmed that the Turkish authorities do not intend to have an IT audit after the		

		There is no reference in the relevant chapters of the PIM of the OSs to the MIS.		establishment of the MIS.  It is again recommended that an IT audit should be carried out in order to ensure that the system developed satisfies the ISO quality standards following the independent review of an IT expert.		
			M	It is recommended to update the PIM of all OS to include a reference to the MIS.	30/9/2009	
4	SC		M	It has been satisfactorily verified that a TA project has been proposed and that the translation of EU visibility guidelines shall be completed in the next few weeks and published on the web-site.  Furthermore, it was also noted that an inter-ministerial communication working group of publicity officers has been established and will be involved in the development of the Communication Strategy.	31/12/2009	5.3.2 (Findings No 3)  Regio/J2 CAF - Vol III – NIPAC/AA/SC (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 5) SC (Mar 09 Audit)
		The SC is responsible for the co-ordination and consistency of the publicity activities followed by the different Operating Structures. SC is responsible for ensuring the consistency of the publicity activities followed by the different operating structures through the publication of a comprehensive IPA communication strategy. An Inter-Ministerial working group, chaired by the SC, has been recently established to tackle this shortfall but Communication Strategy has not yet been finalized. This is a prerequisite for the development of the specific communication plans at the level of individual programmes and the issuance of EU visibility guidelines in order to raise awareness amongst public and potential beneficiaries about EU funding in Turkey.  Also a network of publicity officers, one from each operating structure should be set-up for the co-ordination and efficiency of all publicity actions.	M	The EC auditors were informed that conferences have been prepared where NGOs/Municipalities and Universities participated.  It is recommended to indicate what training and further guidance is envisaged in the coming months for the publicity officers in order to develop the program specific communication plans.	31/12/2009	

AUDIT AUTHORITY							
N°	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated Timeframe to implement	Report Ref.	File Ref.
5	AA	An IPA Audit Manual and Annual Audit Work Plan have been prepared. However, the component specific IPA auditing procedures have not yet been finalised. After these procedures are finalised they should also be incorporated in the IPA audit software which is still under development.	M	Significant progress has been observed in the preparation of component specific IPA audit procedures in accordance with the IPA Audit Manual. For those not yet finalised (e.g. reliance on internal audit – PS 03, assessment of internal controls – PS 04, Audit Planning Memorandum – AP 07, compliance audit – AP11) a realistic deadline has been set.  Furthermore, a number of recommendations (e.g. per component risk assessment for prioritization of audit objectives, timeframe for IPA audit procedures, enhancement of the audit programme procedure AP-08, inclusion of dates in the IPA Audit Manual, coverage of all IPA bodies in the annual audit work plan, conclusion of protocol agreements with internal audit units) were proposed by EC auditors.	30/06/2009	5.4.2 (Findin g No 1)	Regio/J2 CAF - Vol III – NIPAC/AA/SC (Dec 08 Audit)  -----  Regio/J2 CAF - Vol II (Sc. 6) AA (Mar 09 Audit)
			M	Training including study visits is currently in progress. Training maps will be updated after the finalisation of the IPA audit procedures and the revision of the annual audit work plan.	30/06/2009		
6	AA	The IPA Audit Manual refers to the possibility of outsourcing in cases where the AA has no adequate resources & capacities to carry out the audits as anticipated in the Annual Audit Work Plan. However, even in cases of outsourcing, the AA still retains the responsibility for the quality of the outsourced work	L	The IPA Audit Manual has to be updated to include the Audit Authority's reply to the initial audit finding. However no outsourcing is envisaged in the forthcoming audit period.	30/06/2009	5.4.2 (Findin g No 2)	Regio/J2 CAF - Vol III – NIPAC/AA/SC (Dec 08 Audit)

		and thus full ownership of the process. The manner (e.g. procedures, checklists, sample re-performance etc.) by which the AA is expected to operationally guide and review the outsourced work in order to obtain quality assurance is not sufficiently specified in its manual.					----- Regio/12 CAF - Vol II (Sc. 6) AA (Mar 09 Audit)
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NAO OFFICE						
Nº	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated Timeframe to implement	Report Ref. File Ref.
7	NAO	During the IPA preparation phase, a number of NF employees have been transferred to the NAO Office. 5 new officials are expected to join the NAO Office by the end of 2008 and another 5 new officials in 2009. These changes in the organisational set-up constitute a major change in the management & control system.	M	The auditors ascertained that that the transfer of staff from the NF to the NAO Office has been completed and that additional 5 new staff has started to work in the latter office. The Turkish authorities are requested to submit the state of play for recruiting the additional 5 staff in 2009.	31/12/2009	5.5.2 (Finding No 2) Regio/J2 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 2) NAO (Mar 09 Audit)
8	NAO	AFCOS has not yet been formally set-up for the coordination of all legislative, administrative and operational aspects of the protection of the Communities financial interests. Currently, the Prime Ministry Board of Investigation is carrying out the functions of AFCOS. This finding is also included in the Commission Decision for Component I and according to the Turkish Authorities it is not possible to set-up AFCOS within the timeframe indicated in this Decision.	M	The auditors note that the draft law stipulating the PMBI to be AFCOS is currently in progress and will be finalized in the next few months.  The Turkish authorities are requested to submit further information on the process and, if finalized, submit a copy of the AFCOS law.	30/6/2009	5.5.2 (Finding No 5) Regio/J2 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 2) NAO (Mar 09 Audit)
9	NAO / OS	The awareness related to what constitutes a major/minor change in the management and control systems within the bodies responsible for the OP was not sufficient. This is an important area which needs to be further clarified to the Operating Structures since the CAO and NAO are responsible under the provisions of Article 15 & 16 of the IPA IR to inform the Commission of any significant change in the management and control systems.	L	The auditors were informed that the procedures will be upgraded as recommended and relevant information circulated to the related parties. Furthermore training sessions shall be organized in the coming months.  Supporting evidence pertaining to the above should be submitted to the EC auditors when completed.	31/12/09	5.5.2 (Finding No 7) Regio/J2 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 2) NAO (Mar 09 Audit)

10	NAO	On a yearly basis, the OS shall prepare a management declaration to the NAO as part of the process of the building up of the statement of assurance to be presented by the NAO to the Commission by 28 February each year. These declarations have not yet been drafted.	M	The auditors confirmed that the Management Declarations templates are still being prepared. A copy should be submitted when these are completed.	30/6/2009	5.5.2 (Findings No 8)	Regio/J2 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 2) NAO (Mar 09 Audit)
11	NAO / Head of OS	The awareness related to the statement of assurance process within the bodies responsible for the OPs was not sufficient. This will be an essential process to provide annual assurance to the NAO and to the EC services.  The contribution of the Head of the OS should be provided based on a thorough review of a self-assessment exercise to be conducted by each of the bodies within the OS. The self assessment exercise aims at providing assurance on the effective functioning of the management and control systems as well as on the legality and regularity of the underlying transactions. The Head of the OS is also responsible for reporting to the NAO any control weakness, information on the execution of corrective measures and any supporting documentation which is required. From our interviews with the responsible staff we noted that the awareness of this new and essential procedure is not yet sufficient. This has also been confirmed during the review of the audit plan for 2008-2010 of the various internal audit units whereby there was no plan to conduct joint audits with CFCEU.	M	The auditors noted that a training plan is being prepared to increase awareness related to the statement of assurance.  It was also ascertained that the internal audit units of the OSs have started to update their audits plans for 2008-2010 to include joint audits with CFCEU.  Supporting evidence pertaining to the provision of the training on statement of assurance and updated internal audit plans should be submitted to the EC auditors as soon as they are delivered/completed.	30/6/2009	5.5.2 (Findings No 9)	Regio/J2 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 2) NAO (Mar 09 Audit)
12	NAO	It was satisfactorily noted that the NAO's Office has now prepared a clear updated procedure relating to what information shall be collected and analysed in order to formulate the Statement of Assurance. However, it is still not clear how all these tools at the	M	The auditors satisfactorily verified that a working group (Head of Department & Training Coordinator in the NAO Office & an Expert from the Financial Management Division) has been set-up as recommended in order to assign relative weightings	30/6/2009	5.5.2 (Findings No 10)	Regio/J2 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/J2 CAF -

		disposal of the NAO will be analysed and coordinated in order to arrive at a final conclusion regarding the effective functioning of the management and control systems.		to the indicators which will be used as a basis of the statement of assurance.  A copy of the results of the working group should be submitted as soon as this is completed.		Vol II (Sc. 2) NAO (Mar 09 Audit)
13	NAO	It is satisfactorily noted that the NAO's office plans to make annual accreditation checks by means of self-assessment checklists sent to the OS and CFCU and then followed by on-the-spot visits. It is envisaged that these checks shall be made on a yearly basis during the first week of December. Whilst the auditors acknowledge the pro-active approach of the NAO office, we would like to draw the attention of the Turkish authorities that in order to carry-out these accreditation checks the staff within the NAO's Office should have the necessary level of experience to conduct these assignments and/or receive specific training.	M	<p>The auditors satisfactorily noted that the NAO Office has improved both the :</p> <p>1) On-the-spot-visits check list (Annex D07 NF Manual) for project audit visits; &amp;</p> <p>2) On-the-spot checks check list (Annex D05 NF Manual) for accreditation checks.</p> <p>Both these check-lists are still being updated as further improvements are still needed. Once finalized they have to be provided to the EC auditors.</p>	30/6/2009	<p>5.5.2 (Findin g No 11)</p> <p>Regio/12 CAF - Vol III – NAO (Dec 08 Audit) ----- Regio/12 CAF - Vol II (Sc. 2.14 &amp; 2.15) NAO (Mar 09 Audit)</p>

NATIONAL FUND						
N°	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated timeframe to implement	Report Ref. File Ref.
14	NF	The current restructuring within the National Fund and NAO Office has not yet been supported by an updated work-load analysis and thereby the estimated increase in staffing could not be reconciled to the work-load analysis.	M	Updated W/LA to be submitted as indicated.	30/6/2009	5.6.2 (Findings No 1) Regio/J2 CAF - Vol III - NF (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 3) NF (Mar 09 Audit)
15	NF	In the updated organisational chart foreseen to be in place by the end of 2009, it appears that the Financial Management and Financial Control departments will not have a head. The Turkish authorities should assess the risk of having two departments within the National Fund without a head of department in place especially when the work-load will significantly increase and the projects will be up and running after the conferral of management decision. A department without proper management and planning in place will possibly not function properly and effectively.	M	During the follow-up audit the EC auditors were informed that Mr Mehmet AK is the Head of Financial Control. It is recommended to update the organigram to reflect this appointment and submit a copy of his appointment as substantive evidence.  The position of Head of Financial Management is still vacant and thus needs to be filled in.	31/12/2009	5.6.2 (Findings No 2) Regio/J2 CAF - Vol III - NF (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 3) NF (Mar 09 Audit)
16	NF	The whistle blowing procedures included in the PIM needs to be further elaborated in order to ensure that the staff at NF and NAO Office can clearly assess their rights and responsibilities insofar as whistle-blowing procedures are concerned.	L	The EC auditors were informed that procedures will be upgraded as recommended.	30/6/2009	5.6.2 (Findings No 3) Regio/J2 CAF - Vol III - NF (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 3) NF

17	NF	The pro-forma Irregularity database is not attached as an annex to the PIM. Whilst it was confirmed that the current irregularity database used for the pre-accession instruments will be used by the NF, it was noted that this should be updated to capture the key information relating to irregularities.	<b>L</b>	Finding has still to be addressed as recommended.	30/6/2009	Regio/J2 CAF - Vol III – NF (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 3.7) NF (Mar 09 Audit)	(Mar 09 Audit)
18	NF / NAO	The conditions for the Audit Authority (AA) to rely on the work of the different internal audit units within the Operating Structures are not yet satisfactorily met. This is mainly because the internal audit units have been recently established and some lack sufficient resources, experience in auditing of the EU funds and adequate methodology.	<b>M</b>	It has been satisfactorily noted that the Turkish authorities have prepared a new ToR under SEI funds envisaged for the training of 45 internal auditors involved in the IPA system with the aim of strengthening the internal audit units' capacity throughout all the various IPA bodies.  The auditors shall assess the state of play in relation to the strengthening of internal audit units during subsequent audit visits / progress reports.	31/12/2009	5.6.2 (Finding No 5)  Regio/J2 CAF - Vol III – NF (Dec 08 Audit) ----- Regio/J2 CAF - Vol II (Sc. 3.9) F (Mar 09 Audit)	
19	NF	The Internal Audit Manual has not yet been finalised.	<b>M</b>	A draft Internal audit manual has been obtained which still needs to be updated and completed by the Turkish authorities.	30/6/2009	5.6.2 (Finding No 6)  Regio/J2 CAF - Vol III – NF (Dec 08 Audit) Regio/J2 CAF - Vol II (Sc. 3.11) NF (Mar 09 Audit)	
20	NF	PIM Chapter I – Financial Management includes a number of references to documents used by the NF for the Turkish pre-accession instrument.	<b>M</b>	Finding has still to be addressed as recommended.	30/6/2009	5.6.2 (Finding No 7)  Regio/J2 CAF - Vol III – NF (Dec 08 Audit)Regio/J2 CAF - Vol II (Sc. 3) NF	

21	NF / NAO	<p>In accordance with the PIM, the NF shall be responsible to perform additional on-the-spot checks (4<sup>th</sup> level controls) to make sure that goods/supplies/services are timely and substantially delivered. The awareness related to how these on-the-spot checks shall be carried out was not clear to the NF staff and the procedures and selection criteria for such checks are not yet developed.</p> <p>The POG chapter explaining how the on-the-spot checks will be carried out needs to be further elaborated.</p>	<b>M</b>	<p>The EC auditors note that the Turkish authorities have drafted a "Risk assessment methodology for IPA" for the selection of projects which however still need to be finalized.</p> <p>POG chapter has to be updated accordingly.</p>	30/6/2009	5.6.2 (Findin g No 8)	<p>Regio/J2 CAF - Vol III – NF (Dec 08 Audit)</p> <p>-----</p> <p>Regio/J2 CAF - Vol II (Sc. 3.8) NF (Mar 09 Audit)</p>	(Mar 09 Audit)
22	NF	<p>A review of the risk management policy showed that most of the risks identified are closely related to the Annex I criteria of the IPA IR and the mitigation measures mostly state that every risk has been addressed. The risk management exercise should be concentrated on the risks at the organisational level and on specific activities. Whilst certain risks are closely related to the Annex I criteria, the risk identification of the NF should not be constrained by the latter. For instance, the Risk Management Policy states that the recruitment of staff on the basis of appropriate and timely work load analysis is a risk (rated 4 - High) and the mitigation measure is "comprehensive workload analysis has been carried out and staff recruited accordingly". In this case, the identified risks should have been for example the risk of high staff turnover; inexperienced staff with low quality documents; interruption of work due to a number of staff unavailable etc. In similar way, specific risk factors should be developed and included in the analysis for the areas of financial control, accreditation and assurance.</p>	<b>L</b>	<p>The EC auditors were notified that the risk management policy for 2009 is still being prepared. Once completed the document is to be submitted to the EC.</p>	31/12/2009	5.6.2 (Findin g No 9)	<p>Regio/J2 CAF - Vol III – NF (Dec 08 Audit)</p> <p>-----</p> <p>Regio/J2 CAF - Vol II (Sc. 3) NF (Mar 09 Audit)</p>	
			<b>M</b>	Finding has still to be addressed as recommended.	30/6/2009			

23	NF	The PIM does not mention the applicable procedures to follow-up any reported exceptions.	L	Finding has still to be addressed as recommended.	31/12/2009	5.6.2 (Finding No 10)	<p>Regio/J2 CAF - Vol III – NF (Dec 08 Audit)</p> <p>-----</p> <p>Regio/J2 CAF - Vol II (Sc. 3) NF (Mar 09 Audit)</p>
24	NF	In the National Fund there are 4 types of sensitive posts identified: Director of the NF, Head of the Financial Management Department, Head of the Financial Management Department and Accountant. According to the information obtained during the interviews, the mitigating measures will rather consist of further controls instead of staff rotation. For example, the Director of NF will be supervised by the NAO; in the case of accountants, the system is providing for adequate cross-checks.	L	Finding has still to be addressed as recommended and manuals updated respectively.	31/12/2009	5.6.2 (Finding No 11)	<p>Regio/J2 CAF - Vol III – NF (Dec 08 Audit)</p> <p>-----</p> <p>Regio/J2 CAF - Vol II (Sc. 3) NF (Mar 09 Audit)</p>

CFCU						
N°	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated Timeframe to implement	Report Ref. File Ref.
25	CFCU	The Strategic plan of the CFCU is currently still in draft form. In this regard, it is not possible to monitor objectives against targets and assess if CFCU objectives are being attained.	M	The EC auditors were informed that the strategic plan is still in the process of being finalized. The Turkish authorities are requested to communicate the strategic plan when completed.	30/6/2009	5.7.2 (Finding No 2) Regio/J2 CAF - Vol III – CFCU (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 7) CFCU (Mar 09 Audit)
26	CFCU	During the review of Irregularities it was noted that whistle blowing procedures are not clearly explained in the PIM.	M	Whilst the EC auditors noted that CFCU staff has been informed about whistle blowing procedures in the irregularity training, the PIM still needs to be further enhanced insofar as whistle blowing procedures are concerned in order that it highlights more clearly to the employees their rights and responsibilities and also to provide a practical guideline on how whistle blowing procedures may be applied.	30/6/2009	

27	CFCU	<p>During the review of risk management it was noted that:</p> <p>The risk assessment strategy for 2008 took into consideration only indicators at the organisational level and the risks existing at the level of the separate units within the CFCU were not captured in this exercise;</p> <p>A risk action plan with target dates by when the identified risks will be addressed has not been prepared for 2008; Risk mitigation plans need to be further enhanced.</p>	<b>M</b>	<p>A copy of the document which is still being enhanced "List of risks for objective of the CFCU" has been obtained. However, more enhancement is required regarding the prioritization of risks (risk rating) and the establishment of specific deadlines for addressing them.</p>	30/6/2009		Regio/J2 CAF - Vol II (Sc. 7.14) CFCU (Mar 09 Audit)
28	CFCU	<p>Following a review of the "Sensitive posts policy paper" it was noted that not all positions within CFCU have been subject to a sensitivity assessment. Indeed, the starting point was a list of positions which were deemed to be sensitive and then the sensitive assessment has been applied. This methodology is not correct and needs to be adjusted during the ongoing exercise to update this document. In fact, the post of CFCU director and Deputy CFCU director were not identified as sensitive on the basis of the methodology applied. Both these high level positions are normally expected to qualify as sensitive and mitigating factors then put in place accordingly. Specific mitigating factors should then put in place for the sensitive posts identified.</p>	<b>M</b>	<p>The EC auditors obtained a copy of the updated "Policy Paper on Identification, Managing and Inventory of Sensitive Post in the CFCU". In accordance with this policy paper, it is noted that the posts of CFCU director &amp; Deputy CFCU director are still not deemed to be sensitive. The EC auditors reiterate that these positions are sensitive by nature and thereby further improvements are still needed in this policy paper.</p>	30/6/2009	5.7.2 (Finding No 7)	Regio/J2 CAF - Vol III – CFCU (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 7.15) CFCU (Mar 09 Audit)
			<b>M</b>	<p>In line with the improvements needed in the Sensitive policy paper as recommended in the preceding finding, mitigating controls should also be set for the CFCU director and deputy director posts.</p>	30/6/2009		
29	CFCU	<p>The QACD guidelines have still to be completed. It is recommended that these guidelines are finalised since these will form the basis of the work of the QACD which have a key role within the CFCU.</p>	<b>M</b>	<p>A copy of the QACD guideline should be submitted to the EC auditors when it is finalized.</p>	30/6/2009	5.7.2 (Finding No 9)	Regio/J2 CAF - Vol III – CFCU (Dec 08 Audit) Regio/J2 CAF - Vol II (Sc. 7) CFCU (Mar 09 Audit)

30	CFCU	Our review of the internal audit manual revealed a very preliminary & incomplete audit manual which cannot currently be used as an operational guide by the internal auditors. This document needs to be improved in a number of areas	<b>M</b>	The internal audit manual is being revised at a horizontal level. Once finalized the manual is to be provided to the EC.	30/6/2009		
31	CFCU	The disaster recovery plan and business continuity plan for the IT Services is still in draft format and expected to be completed by June 2009.	<b>M</b>	The EC auditors obtained a copy of the draft Disaster Recovery & Business Continuity Plan (DR-BCP) during the follow-up audit and were notified that this shall be completed by June 2009. Once finalized the document is to be provided to the EC.	30/6/2009	5.7.2 (Finding No 13)	Regio/J2 CAF - Vol III – CFCU (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 7.16) CFCU (Mar 09 Audit)
32	CFCU	It was noted that despite of the obligatory involvement of the EC Delegation (ECD) before contract signature or any change of the contract, there are so called "variation orders (VO)" and "administrative order (AO)" used by the CFCU without previous approval of the EC Delegation. The first type of changing document refers typically to quantities or technical issues, whereas the AO usually concern other minor items of a contract, but can also be applied for extension of contract deadlines.  With reference to the ex-ante controls by the EC Delegation, error statistics do not include cases, where the ECD ask for additional information or changes to the documents by means of a suspension. For the sake of constant quality improvement of tender documents, the error statistics should encompass any requests or questions from the ECD.	<b>M</b>	The recommendation to the CFCU is maintained: Amend PIM, in order to ensure that ECD approval is obtained before any change concerning the key elements of a contract, i.e. price, scope and execution period.  In view of doubts presented to the auditors, following should be clarified: change of execution period requires an addendum (as essential element of the contract); whereas changes to the implementation period (contained in the period of execution) may be changed by means of an administrative order, as long as the period for execution is respected.	30/6/2009	5.7.2 (Finding No 14)	Regio/J2 CAF - Vol III – CFCU Regio/J2 (Dec 08 Audit) ----- CAF - Vol II (Sc. 7.22) CFCU (Mar 09 Audit)
			<b>M</b>	The EC auditors were informed that the analysis of the rejection rates is still being developed by the QACD and the system will be subsequently updated accordingly. Once finalized the analysis is to be provided to the EC auditors.	30/6/2009		

COMPONENT III – MINISTRY OF TRANSPORT (MoT)						
N <sup>o</sup>	Body responsible	Summary of finding	Risk rating (L/M/H)	Recommendation / Action required	Updated Timeframe to implement	Report Ref. File Ref.
33	MoT	It was noted that no register of modifications exists since it has been explained that no changes has yet been introduced in the system. In this regard, we would like to draw to the attention of the MoT that following the draft compliance audit report, the MoT replied to the compliance auditors that for the system finding No 32 (Procurement) written procedures for the management of preparation of major projects have been prepared and POG F06 enhanced and flow-charts have been updated. This constitutes a major change to the system which should thereby had been captured in the register of modifications.	M	The EC auditors verified that the PIM has been updated and the Register of modifications (Annex A03) has been prepared accordingly. However, the updated PIM must still be approved and thereby the MoT should submit the updated approved PIM when available.	30/6/2009	Regio/J2 CAF - Vol II (Sc. 10.7) MoT (Mar 09 Audit)
34	MoT	It was verified that no MoT employees have participated in the training on Ethics & Integrity policies delivered by the NAO.	L	The MoT should submit a copy of the new Training Needs Assessment (TNA).  After the training on ethics and integrity policies will be delivered the MoT should submit supporting evidence to the EC auditors for review.	31/12/2009	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
35	MoT	It was satisfactorily noted that the MoT plans to strengthen the technical implementation sub-unit with also the setting up of another sub-division (Financial management) in order to prepare for taking over the tasks currently allocated for a transitional period to the CFCU.	L	The MoT is requested to submit a copy of the updated organigram and corresponding staff list once recruitment is completed in the Technical Implementation sub-unit (including financial management subdivision). The EC auditors were informed that the MoT expects to take back the 5 staff currently seconded to the CFCU in order to further strengthen its technical implementation expertise.	31/12/2009	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)

36	MoT	<p>Whilst the general awareness in respect of what constitutes irregularities is deemed to be satisfactory across the Unit, it has been noted that newly recruited staff have not yet signed the Statement of Irregularities awareness.</p> <p>As regards the reporting of irregularities it has been noted that the IO needs to further acquaint himself with these procedures.</p>	<b>L</b>	<p>The EC auditors were informed that all newly recruited staff will be given specific training on irregularities and subsequently the Statement of irregularities awareness will be signed.</p> <p>Supporting evidence should be submitted to the EC auditors after the relative training has been delivered and statement of irregularities signed.</p>	31/12/2009	5.8.2 (Findings No 6)	<p>Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)</p>
			<b>M</b>	Supporting evidence of participation of the IO on specific irregularities training should be submitted to the EC auditors once this is delivered in the next months.	30/6/2009		
37	MoT	No Irregularity file and Irregularity register is maintained in accordance with the PIM provisions. One of the main responsibilities of the Irregularity officer is to ensure that any possible irregularity noted throughout the organisation is appropriately recorded and subsequently reported in accordance with the guidelines set out in the PIM. Adequate recording of irregularities facilitates the proper communication and subsequent follow-up of any irregularity and its eventual resolution.	<b>M</b>	The MoT should submit a copy of the Irregularity register once this is finalized.	30/6/2009	5.8.2 (Findings No 7)	<p>Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) (Mar 09 Audit)</p>
38	MoT	Whistle blowing procedures are not explained in detail in the PIM. In this respect, the awareness, even at the level of the Irregularity Officer, is rather limited especially as regards the protection of whistle blowers.	<b>M</b>	The EC auditors ascertained that whistle blowing procedures are still being further developed as recommended. A copy of the updated procedures should be submitted when completed.	30/6/2009	5.8.2 (Findings No 8)	<p>Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)</p>

39	MoT	The Risk Manager has not yet been officially appointed. The auditors were informed that this is due to the fact that this post will be allocated to a newly recruited employee.	<b>M</b>	The MoT should submit the official appointment of the Risk Manager to the EC once the new Ministerial Decision is taken.	30/6/2009	5.8.2 (Finding No 9)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
40	MoT	The risk register has been prepared but the deadlines for addressing the identified risks have not yet been set. It was also noted that risk alert forms are not always fully completed and risk management flowcharts have also not yet been prepared.	<b>M</b>	A copy of the flowchart for risk management should be provided to the EC auditors when completed.	30/6/2009		
41	MoT	The Quality Assurance and Control Unit is not yet staffed	<b>H</b>	The EC auditors were informed that the MoT has identified the 2 officials who will be appointed for the QACU. It is expected that one of the officials will be from the Ministry of Transport and the other civil service official from another Ministry possessing the necessary experience and expertise in quality assurance and control.  The MoT should submit a copy of the Ministerial decision appointing these 2 officials and a copy of their CVs when the recruitment procedure is completed.	30/6/2009	5.8.2 (Finding No 11)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
42	MoT	It was noted that training maps have not yet been prepared within the MoT since a general training needs assessment at the Unit level has been conducted. Whilst the auditors satisfactorily note that the MoT determined the general training needs at the Unit level it is recommended to develop training maps in order that any specific training needs required for some of the officials are also identified and properly addressed	<b>L</b>	The MoT is requested to submit a copy of the new training needs assessment and training maps when these are completed.	31/12/2009		
43	MoT	Neither the Cooperation Agreement with the CFCU nor the tasks of the IPA unit include information	<b>M</b>	The MoT is requested to submit the updated procedures from the Implementing Manuals (PIM-	30/6/2009	5.8.2 (Finding	Regio/J2 CAF - Vol III – MoT

		which are the respective tasks of the bodies with relation to assessing and approving projects changes.		POG)			g No 14)	(Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
44	MoT	In the cooperation agreement and the procedures manual the task of carrying out on-the-spot checks is foreseen for different bodies (CFCU, MoT and NF). The basis for planning on-the-spot checks (on-the-spot checks annual plan) and the possibility for conducting joint audits with the CFCU is still not clear. The risk is that on-the-spot checks are performed in an uncoordinated manner with the possibility of contradictory results and delays in the certification of expenditure and in the implementation of the measures.  It is also generally unclear the link between the results of the administrative checks and the ones of the on-the-spot checks.	M	The EC auditors obtained a detailed clarification that the OS is the body responsible for the on-the-spot checks and other bodies including CFCU may participate in a supportive verification role.  A copy of the updated procedures. (PIM-POG Annex M) clarifying the preparation and performance of the joint on-the-spot checks should be submitted to the EC auditors for review.	30/6/2009	5.8.2 (Findings No 15)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)	
45	MoT	Whilst it was satisfactorily noted that the staff is aware of the procedure for reporting of exceptions, the task of who shall be responsible to keep the register of exceptions has not yet been assigned.  Moreover, it was also found that whilst the 'pro-forma' exception report has been included in the accreditation package this has not yet been included in the PIM	M  L	The MoT should submit a copy of the Ministerial decision appointing th official responsible for keeping the register of exceptions when it is finalised.  The EC auditors verified that the PIM has been updated and the Report of Exceptions (Annex D04) has been prepared accordingly. However, the updated PIM must still be approved and thereby the MoT should submit the updated approved PIM when available.	30/6/2009  31/12/2009	5.8.2 (Findings No 16)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)  Regio/J2 CAF - Vol II (Sc. 10.17) MoT (Mar 09 Audit)	

46	MoT	<p>We have reviewed the internal audit manual and noted that this is still a very preliminary &amp; incomplete document which cannot currently be used as an operational guide by the internal auditors. This document needs to be improved in a number of areas, such as:</p> <ul style="list-style-type: none"> <li>- Preparation of Standard forms and Samples;</li> <li>- Risk Matrix;</li> <li>- Materiality levels;</li> <li>- Audit Engagement plan;</li> <li>- Reliance on the work of others, etc.</li> </ul> <p>We were unable to review the check-lists to be used by the internal auditors since these are currently only in Turkish language. Furthermore, the manual still needs to be updated for IPA Audits.</p> <p>The internal audit programme for 2009 needs to be updated since the audit of the IPA Unit planned for 2008 will now be performed in 2009 since it was postponed due to the conferral of management audit. Moreover, the audit plan for 2008-2010 overlooked the task of the internal audit unit to carry out joint audits within CFCU together with the internal auditors of the latter.</p>	<b>M</b>	The internal audit manual is being revised at a horizontal level. Therefore, once completed the manual should be submitted to the EC auditors for consideration.	30/6/2009	5.8.2 (Finding No 18)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
			<b>M</b>	Once the audit checklists are translated into English and completed they should be submitted to the EC auditors for review.	30/6/2009		
			<b>M</b>	A copy of the revised internal audit programme for 2009 and internal audit plan for 2008-2010 should be submitted to the EC auditors when completed and approved by the Under-Secretary.	30/6/2009		
47	MoT	<p>The interim evaluation of the Transport OP is anticipated to be performed around 2010 by external contractors. However, there is currently no reference in the PIM how these activities will be supervised by the OS.</p>	<b>M</b>	Once the relevant procedures setting out how the external contractor's activities shall be monitored and reviewed the MoT should submit a copy to the EC auditors.	30/6/2009	5.8.2 (Finding No 19)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
48	MoT	<p>It was satisfactorily noted that a communication strategy and action plan (including the exact Budget) at the MoT is in the process of tendering selection</p>	<b>M</b>	A copy of the final version of the Communication strategy and action plan should be submitted to the EC auditors when completed.	30/6/2009	5.8.2 (Finding No 19)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit)

		which should be finalised by April 2009.				20)	-----Regio/J2 CAF - Vol II (Sc. 10.19) MoT (Mar 09 Audit)
49	MoT	It has been satisfactorily noted that most of the recommendations of the Compliance auditors have been satisfactorily addressed by the MoT. However, there are still a number of weaknesses which should have been addressed by the end of 2008 such as continuity plans and procedures for security violations which were still pending at the time of our audit visit.	<b>M</b>	Supporting evidence should be submitted by the MoT once the pending findings from the Compliance Audit relating to IT have been addressed as indicated in the relative action plan.	30/6/2009	5.8.2 (Findings No 21)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)
50	MoT	With reference to the controls carried out by the CFCEU and the EC Delegation, their results in form of error statistics shall be kept by an expert in the Tender Management Sub-unit. It has to be noted that the unit has only limited experience with technical assistance projects, and no experience with relation to works and service contracts.	<b>M</b>	The MoT is requested to submit the updated procedures from the Implementing Manuals (PIM – POG, chapter Q) as well as the updated job descriptions of QACU staff.	30/6/2009	5.8.2 (Findings No 22)	Regio/J2 CAF - Vol III – MoT
51	MoT	According to the information obtained, a management software for contract monitoring (Primavera) is to be purchased, which is supposed to be used by the OS, beneficiaries and potentially also by contractors. At the time of audit, this purchase is now under preparation.	<b>M</b>	During the follow-up audit visit the EC auditors noted that it is not yet clear which MIS system the MoT shall be using i.e. Primavera or other software.  It is recommended that the MoT determines what will be the current and future management information and monitoring needs. A detailed action plan can then be prepared on how and by when it expects to have the tailored MIS in place.	30/6/2009	5.8.2 (Findings No 23)	Regio/J2 CAF - Vol III – MoT (Dec 08 Audit) -----Regio/J2 CAF - Vol II (Sc. 10) MoT (Mar 09 Audit)

## **ANNEX VIb**

### **List of the ex-ante controls to be performed by the Commission**

#### **In relation to service, supply and works contracts**

##### **Procurement procedures**

- (1) Approval of the use of competitive dialogue
- (2) Approval of the use of a negotiated procedure
- (3) Approval of the use of a restricted procedure for works contracts of € 5.000.000 or more

##### **Publications**

- (4) Publication of the individual contract forecast in the Official Journal, on the EuropeAid website and in any other appropriate media
- (5) Publication of procurement notices and tender dossier in the Official Journal, on the EuropeAid website and in any other appropriate media
- (6) Publication of the corrigendum notice in the Official Journal, on the EuropeAid website and in any other appropriate media
- (7) Publication of the references of the local open tender procedure on the EuropeAid website with the address from which firms can obtain further information
- (8) Publication of the additional information during the calls for tender procedure.
- (9) Publication of the contract award notice and the results of the tender procedure in the Official Journal, on the EuropeAid website and in any other appropriate media.
- (10) Publication of the cancellation notice.

##### **The Evaluation Committee**

- (11) Approval of the composition of the Evaluation Committee.
- (12) Nomination of an observer to follow all or part of the proceedings of the Evaluation Committee.
- (13) Approval of other observers in the Evaluation Committee

##### **Establishment of shortlists in service contracts**

- (14) Endorsement of the short list with less than minimum of four candidates meeting the selection criteria.

- (15) Endorsement of the shortlist report approved by the relevant services of the Contracting Authority

#### Tender dossier and evaluation

- (16) Endorsement of the tender dossier (Terms of Reference/Technical specifications) prior to issue
- (17) Prior approval of the derogations specifically provided for by PRAG. Authorisation for derogation from the basic rules (e.g. shorter deadline for submission of tenders such as 50 days for services, 60 days for supply, 90 days for works). Derogation from rule of origin, nationality in exceptional cases following approval of HQ.
- (18) In case of particularly complex supplies prior approval of the use of a combination of quality and price as the basis for awarding the contract to the most economically advantageous tender. Provision of technical support on a case-by-case basis.
- (19) Endorsement of the Evaluation Report together with its recommendations.
- (20) Prior approval before cancelling a tender procedure.

#### Provision and replacement of experts

- (21) Prior approval before cancelling the contract.
- (22) Prior approval before replacing experts.

#### Award of the contract

- (23) Formal endorsement of award prior to the submission of the notification letter to the successful tenderer.
- (24) Endorsement of the contract dossier.
- (25) Receipt of one signed original from the successful tendered/applicant.

#### Modifying contracts

- (26) Endorsement of an addendum to the contract.
- (27) Receipt of one signed original of the addendum from the contractor.

#### **In relation to Grants**

- (28) Prior approval of the derogations specifically provided for by PRAG.
- (29) Prior approval of the use of a framework partnership agreement.
- (30) Prior approval of the use of the direct award procedure.

#### Evaluation Committee

- (31) Approval of the composition of the Evaluation Committee.
- (32) Nomination of an observer to follow all or part of the proceedings of the Evaluation Committee.
- (33) Approval of other observers in the Evaluation Committee.
- (34) Approval of the list of assessors where the assessors are to be used for examination of proposals.
- (35) Endorsement of the proposal opening session and administrative check report.
- (36) Endorsement of the evaluation report of the concept note.
- (37) Endorsement of the evaluation report of the application form.
- (38) Endorsement of the Evaluation Report.

#### Grant procedure and grant award

- (39) Approval of the annual work programmes and the Guidelines for Applicants.
- (40) Publication of the annual work programmes, Guidelines for Applicants and grant award notices.
- (41) Prior approval for cancelling a call for proposals procedure
- (42) Endorsement of details of the proposed grants and where appropriate, the draft contracts
- (43) Endorsement of the grant award
- (44) Notification by the contracting Authority on the signature of the contract
- (45) Endorsement of an addendum to a contract

## **ANNEX VII**

### **Requirements of the roadmap to waive *ex-ante* controls**

#### **(Article 31 of the Financing Agreement)**

Decentralisation without *ex-ante* controls by the Commission is the objective for the implementation of the Operational Programme "Transport" in Turkey.

In accordance with Article 8(4)c of Commission Regulation (EC) No. 718/2007 this Financing Agreement lays down the provisions relating to the establishment and regular updating by Turkey of a Roadmap to achieve decentralisation without *ex-ante* controls by the Commission.

#### **1. Objective**

The objective of the Roadmap is to set the requirements and benchmarks to be met in order to achieve by Turkey a decentralised management without *ex-ante* controls by the Commission.

#### **2. Deadline for submission of the Roadmap and frequency of reporting**

The Roadmap will be submitted by the NAO to the Directorate General for Regional Policy at the latest three months after the signature of the Financing Agreement.

Turkey shall report to the Commission on a quarterly basis on the current state of affairs with respect to its achievements in meeting the requirements and benchmarks set.

#### **3. Scope and structure**

The Roadmap will describe the existing system for managing funds under the Operational Programme "Transport". It will identify the steps and improvements necessary to achieve a management and control system with internal rules of procedure as well as clear institutional and personal responsibilities which will efficiently function without *ex-ante* controls by the Commission.

The Roadmap will set quantitative and qualitative benchmarks on (non exhaustive list):

- the establishment and management of the institutional set up,
- the staffing,
- the functioning of decentralised implementation system with *ex-ante* controls,
- the implementation of operations/projects under the Operational Programme "Transport".

The Roadmap will additionally include a set of benchmarks relating to the tendering and contracting process. In particular these benchmarks will refer to the increased quality of tender and contract documents submitted to the EC Delegation for *ex-ante* approval and to the timely procurement (procurement plan with binding deadlines).

In the Roadmap Turkey will set the deadline for sending to the Commission the application for the waiving of ex-ante controls.

The Roadmap may refer to a phased waiver of different types of ex-ante controls.

#### **4. Status of the document and procedure**

The Roadmap will be established by Turkey in close consultation with the Commission.

The Roadmap will not be adopted/ approved by the Commission, i.e. it will remain a Turkish document. It will be however the basis for the monitoring and assessment of the functioning of the management and control system.

#### **5. Next steps**

Before dispensing with the ex-ante controls laid down in the Commission Decision on conferral of management powers relating to the Operational Programme "Transport", the Commission will satisfy itself as to the effective functioning of the management and control system concerned in accordance with the relevant Community and national rules.

The dispensing of ex-ante controls by the Commission will be subject of another Decision once the Commission is satisfied that the requirements set out in Article 18 of Regulation (EC) No 718/2007 are met.

## **ANNEX VIII**

### **TEMPLATE**

# **MAJOR PROJECT REQUEST FOR CONFIRMATION OF ASSISTANCE UNDER ARTICLE 10 OF COUNCIL REGULATION (EC) N0. 1085/2006 AND ARTICLE 157 OF COMMISSION REGULATION (EC) N0. 718//2007 INSTRUMENT FOR PRE-ACCESSION ASSISTANCE INFRASTRUCTURE INVESTMENT TRANSPORT**

**[Project title]**

**CCI No [.....]**

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## **A. ADDRESSES and REFERENCES**

### **A.1 Authority responsible for the application (operating structure)**

*A.1.1 Name: TEXT*

*A.1.2 Address: TEXT*

*A.1.3 Contact: TEXT*

*A.1.4 Telephone: TEXT*

*A.1.5 Telex/Fax: TEXT*

*A.1.6 E-mail: TEXT*

### **A.2 Final Beneficiary**

*A.2.1 Name: TEXT*

*A.2.2 Address: TEXT*

*A.2.3 Contact: TEXT*

*A.2.4 Telephone: TEXT*

*A.2.5 Telex/Fax: TEXT*

*A.2.6 E-mail : TEXT*

### **A.3 Body responsible for tendering and contracting (contracting authority), if different from the body in A.2.**

*A.3.1 Name: TEXT*

*A.3.2 Address: TEXT*

*A.3.3 Contact: TEXT*

*A.3.4 Telephone: TEXT*

*A.3.5 Telex/Fax: TEXT*

*A.3.6 E-mail: TEXT*

### **A.4 End recipient of the project (project owner after implementation)**

*A.4.1 Name: TEXT*

*A.4.2 Address: TEXT*

*A.4.3 Contact: TEXT*

*A.4.4 Telephone: TEXT*

*A.4.5 Telex/Fax: TEXT*

*A.4.6 E-mail: TEXT*

## B. PROJECT DETAILS

B.1.1 Title of project / project phase:

TEXT BOX

### B.2 Categorisation of project activity (to be filled by the Commission)

B.2.1 Code for the priority theme dimension

Code

Percentage

Code

Percentage

B.2.2 Code for the form of finance dimension

Code

B.2.3. Code for the location dimension NUTS II,

Code

if available

### B.3 Compatibility and coherence with the Operational Programme

B.3.1 Title of the related Operational Programme:

TEXT BOX

B.3.2 Common Code for Identification (CCI) No of Operational Programme

TEXT BOX

B.3.3 Commission decision (no and date) & the date of signing of the financing agreement for this OP:

TEXT BOX

B.3.4 Title of the priority axis and measure

TEXT BOX

### B.4 Project objectives and location

B.4.1 Current infrastructure endowment and impact of the project

Indicate the extent to which the region(s) is/are at present endowed with the type of infrastructure covered by this application; compare it with the level of infrastructure endowment aimed for by target year 20.....(i.e., according to the relevant strategy or national/regional plans, where applicable). Indicate the foreseeable contribution of the project to the strategy/plan objectives and the impact on the sector concerned. Specify potential bottlenecks or other problems to be resolved.

TEXT BOX

B.4.2 Socio-economic objectives

Indicate the project's socio-economic objectives and targets.

TEXT BOX

*B.4.3 Contribution to the achievement of the Operational Programme*

Describe how the project contributes to the achievement of the priorities of the Operational Programme (provided quantified indicators where possible) linked with the appropriate measure.

TEXT BOX

*B.4.4. Project objectives*

Fully describe objectives and targets (e.g. specific bottlenecks to be tackled, planned increase in capacity, reduction in transport time, or service levels, national and international traffic growth, etc.)

Quantify as far as possible.

TEXT BOX

*B.4.5. How does the project contribute to the objectives of the Accession Partnership and the National Programme for the Adoption of the Acquis?*

TEXT BOX

*B.4.6. Project's role in the country's national transport policy*

Refer to National Transport Plan or Strategy and state what priority is given to the measure within the plan/strategy.

TEXT BOX

*B.4.7. Is the project located on a Pan-European transport corridor or other part of the network identified in the TINA/ SEETO process?*

Yes

☐

No

☐

If yes, specify which corridor/network and illustrate with maps:

If no, describe the project's contribution to the corridor.

*B.4.8. Has the project any immediate trans-border impact?*

Yes

☐

No

☐

If yes, refer to any specific agreement with a neighbouring country.

TEXT BOX

*B.4.9. If not included in the TINA/SEETO network, explain why the project can be considered to be of interest in terms of the TINA network?*

TEXT BOX

B.4.10. *Are there any other projects of common interest located on the same transport corridor which are to be realised in the relevant period?*

Yes

☐

No

☐

If yes, give brief details and indicate relative priorities between projects (if necessary, in separate note).

## **B.5 Detailed project description**

### **B.5.1 Project description:**

- a) Provide a description of the project.

TEXT BOX

- b) Where the project is a stage of an overall project, provide a description of all proposed stages of implementation (explaining whether they are technically and financially independent).

TEXT BOX

- c) What criteria have been used to determine the division of the project into stages?

TEXT BOX

### **B.5.2 Technical description of the investment in infrastructure**

- a) Describe the proposed infrastructure and the work for which assistance is being proposed specifying its main characteristics and component elements.

TEXT BOX

- b) In respect of the work involved, identify and quantify the key output indicators to be used:

TEXT BOX

- c) Identify the monitoring body. Specify arrangements for project managing.

TEXT BOX

- d) End users of the infrastructure (i.e. target population served, quantified where possible):

TEXT BOX

- e) Is the construction of the infrastructure to be delivered through a public contract or any other form of public procurement {i.e. concession, other type of public-private partnership (PPP)}?

Yes

☐

No

☐

If yes, describe the form of the contract (i.e. legal framework enforced selection process of the operator and when applicable, structures of the PPP, infrastructure ownership arrangements, risk allocation arrangements, etc.):

TEXT BOX

- f) If the infrastructure is to be managed in a different way after the project is completed, give details of how (i.e., public management, new concession, or other form of arrangement)

TEXT BOX

- g) Does the project part of a cross-border measure involving two or more countries?

Yes

☐

No

☐

If so, specify which measure:

TEXT BOX

- h) Does the project form part of a Trans-European Network- T agreed at Community level?

Yes

☐

No

☐

TEXT BOX

## **C. RESULTS OF FEASIBILITY STUDIES**

### **C.1 Demand analysis**

Provide a summary of the demand analysis, including the predicted utilisation rate on completion and the demand growth rate.

TEXT BOX

### **C.2 Options considered**

Outline the alternative options considered in the feasibility studies.

TEXT BOX

### **C.3 Provide a summary of the main conclusions of the feasibility studies conducted**

TEXT BOX

Give precise references if Community assistance is/was involved in the financing of the feasibility studies.

TEXT BOX

## D. TIMETABLE

### D.1 Project timetable

Give below the timetable for the development of the overall project.

Foresee a separate entry in the table for each contract or phase, where relevant. Where the application concerns a project stage, clearly indicate in the table the elements of the overall project for which assistance is being sought by this application:

	Start date (A)	Completion date (B)
1. Feasibility studies:	dd/mm/yyyy	dd/mm/yyyy
2. Cost-benefit analysis (including financial analysis):	dd/mm/yyyy	dd/mm/yyyy
3. Environmental impact assessment:	dd/mm/yyyy	dd/mm/yyyy
4. Design studies:	dd/mm/yyyy	dd/mm/yyyy
5. Preparation of Tender documentation:	dd/mm/yyyy	dd/mm/yyyy
6. Expected launch of tender procedure(s)	dd/mm/yyyy	
7. Land acquisition:	dd/mm/yyyy	dd/mm/yyyy
8. Construction phase / contract:	dd/mm/yyyy	dd/mm/yyyy
9. Operational phase:	dd/mm/yyyy	

Please attach a summary schedule of the main categories of works (e.g. Gantt chart).

### D.2 Project maturity

Describe the project timetable (D.1) in terms of the technical and financial progress and current maturity of the project under the following headings:

#### D.2.1 Technical Feasibility studies

TEXT BOX

D.2.2. Provide a comprehensive list of legal and administrative documents (decisions, authorisations, EIA, land acquisition, invitations to tender permits etc) that would be required for project implementation. Indicate which documents have already been obtained and provide indicated dates for obtaining the remaining documents.

TEXT BOX

*D.2.3. Financial (commitment decisions in respect of national public expenditure, loans requested or granted, etc. - give references):*

TEXT BOX

*D.2.4. If the project has already started, indicate the current state of works:*

TEXT BOX

## E. COST-BENEFIT ANALYSIS

Cost Benefit Analysis is required in Art; 157 §3 and 157 §4 of the IPA implementing regulation. In addition to the summary elements to be provided, the full cost-benefit analysis document shall be provided in support of this application as Annex II. Guidance on the Methodology for Carrying out Cost-Benefit Analysis could be found at the following website [http://ec.europa.eu/regional\\_policy/sources/docoffic/2007/working/wd4\\_cost\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/2007/working/wd4_cost_en.pdf).

### E.1 Financial analysis

The key elements from the financial analysis of the CBA should be summarised below.

#### E.1.1 Short description of methodology and specific assumptions made

TEXT BOX

#### E.1.2 Main elements and parameters used for financial analysis

	Main elements and parameters	Value Not discounted	Value Discounted (Net Present Value)
1	Reference period (years)		
2	Financial discount rate (%) <sup>1</sup> (Specify real or nominal)		
3	Total investment cost (in euro, not discounted)		
4	Total investment cost (in euro, discounted)		
5	Residual value (in euro, not discounted)		
6	Residual value (in euro, discounted)		
7	Revenues (in euro, discounted)		
8	Operating costs (in euro, discounted)		
9	Net revenue = revenues – operating costs + residual value (in euro, discounted) = (7) – (8) + (6)		
10	Funding gap rate (%) = $\{(4)-(9)\}/(4)$		

[The costs and revenues should be based on figures excluding VAT]

<sup>1</sup> Specify if the rate is real or nominal. If the financial analysis is conducted in constant prices, a financial discount rate expressed in real terms shall be used. If the analysis is conducted in current prices, a discount rate in nominal terms shall be used.

### E.1.3 Main results of the financial analysis

	Without Community assistance (FRR/C) A		With Community assistance (FRR/K) B	
1. Financial rate of return		FRR/C		FRR/K
2. Net present value (euro)		FNPV/C		FNPV/K

### E.1.4 Revenues generated over its lifetime

If the project is expected to generate revenues through tariffs or charges borne by users, please give details of charges (types and level of charges, principle on the basis of which the charges have been established).

- a) Do the charges cover the operational costs and depreciation of the project?

TEXT BOX

- b) Do the charges differ between the various users of the infrastructure?

TEXT BOX

- c) Are the charges proportional
- i. To the use of the project/real consumption?

TEXT BOX

- ii. To the pollution generated by users?

TEXT BOX

- d) If no tariffs or charges are proposed, how will operating and maintenance costs be covered?

TEXT BOX

## E.2 Socio-economic analysis

E.2.1 Provide a short description of methodology (key assumptions made in valuing costs and benefits) and the main findings of the socio-economic analysis:

TEXT BOX

*E.2.2 Give details of main economic costs and benefits identified in the analysis together with values assigned to them:*

<b>Benefit</b>	<b>Unit value (where applicable)</b>	<b>Total value (in euro, discounted)</b>	<b>% of total benefits</b>
...	...	...	...
<b>Cost</b>	<b>Unit value (where applicable)</b>	<b>Total value (in euro, discounted)</b>	<b>% of total costs</b>
...	...	...	...

*E.2.3 Main indicators of the economic analysis*

<b>Main parameters and indicators</b>	<b>Values</b>
1. Social discount rate (%)	
2. Economic rate of return (%)	
3. Economic net present value (in euro)	
4. Benefit-cost ratio	

*E.2.4 Employment effects of project*

Provide an indication of the number of jobs to be created (expressed in terms of full-time equivalents (FTE))

<b>Number of jobs directly created:</b>	<b>No (FTE) (A)</b>	<b>Average duration of these jobs (months) (B)</b>
1. During implementation phase		
2. During operational phase		

[NB: indirect jobs created or lost are not sought for public infrastructure investments].

E.2.5 List the benefits and costs which cannot be quantified or assessed:

TEXT BOX

### E.3 Risk and sensitivity analysis

E.3.1 Short description of methodology and summary results

TEXT BOX

E.3.2 Sensitivity analysis

- State the percentage change applied to the variables tested: .....
- Present the estimated effect on results of financial and economic performance indexes.

Variable tested	Financial Rate of Return variation	Financial Net Present Value variation	Economic Rate of Return variation	Economic Net Present Value variation

Which variables were identified as critical variables? State which criterion is applied.

TEXT BOX

Which are the switching values of the critical variables?

TEXT BOX

E.3.3 Risk analysis

Describe the probability distribution estimate of the project's financial and economic performance indexes. Provide relevant statistical information (expected values, standard deviation)

TEXT BOX

## F. ANALYSIS OF THE ENVIRONMENTAL IMPACT

### F.1 How does the project:

- a) contribute to the objective of environmental sustainability (European climate change policy, halting loss of biodiversity, other ...)
- b) respect the principles of preventive action and that environmental damage should as a priority be rectified at source
- c) respect the "polluter pays" principle

TEXT BOX

### F.2 Consultation of environmental authorities

Have the environmental authorities likely to be concerned by the project been consulted by reason of their specific responsibilities?

Yes

☐

No

☐

If yes, please give name(s) and address(es) and explain that authority's responsibility:

TEXT BOX

If no, please give reasons:

TEXT BOX

### F.3 Environmental Impact Assessment

#### F.3.1 DEVELOPMENT CONSENT<sup>1</sup>

F.3.1.1 Has development consent already been given to this project?

Yes

☐

No

☐

F.3.1.2 If yes, on which date?

DD/MM/YYYY

F.3.1.3 If no, when was the formal request for the development consent introduced?

DD/MM/YYYY

F.3.1.4 By which date is the final decision expected?

DD/MM/YYYY

<sup>1</sup> 'development consent' means the decision of the competent (national) authority or authorities which entitles the developer to proceed with the project.

F.3.1.5 Specify the competent authority or authorities, which has given or will give the development consent

TEXT BOX

*F.3.2 APPLICATION OF COUNCIL DIRECTIVE 85/337/EEC ON ENVIRONMENTAL IMPACT ASSESSMENT (EIA)<sup>1</sup>*

F.3.2.1 Is the project a class of development covered by:

- ☐ Annex I of the Directive (go to question F3.2.2)
- ☐ Annex II of the Directive (go to question F.3.2.3)
- ☐ Neither of the two annexes (go to question F.4)

F.3.2.2 When covered by Annex I of the Directive, include the following documents:

- a) Non-technical summary<sup>2</sup> of the Environmental Impact Study carried out for the project.
- b) Information on consultations with competent environmental authorities, indicating in what way the concerns of the designed consultees have been taken into account.
- c) Results of the consultations with the public concerned<sup>3</sup>.
- d) Trans boundary consultation with those states affected by the project need to be provided, demonstrating that the procedure of art.7 of the EIA directive has been applied. Indication in what way the concerns of the designed consultees and concerned public have been taken into account should be provided.

---

<sup>1</sup> on the assessment of the effects of certain public and private projects on the environment (the "EIA Directive"), OJ L 175, 5.7.1985, as last amended by Directive 2003/35/EC, OJ L 156, 25.6.2003.

<sup>2</sup> - a description of the project comprising information on the site, design and size of the project,

- a description of the measures envisaged in order to avoid, reduce and, if possible, remedy significant adverse effects

- the data required to identify and assess the main direct and indirect effects which the project is likely to have on the environment on the following factors:

- human beings, fauna and flora (including those environmentally sensitive areas which might fall in future under the protection of the Birds (79/409/EEC) and Habitats (92/43/EEC) Directives;
- soil, water, air, climate and landscape;
- material assets and the cultural heritage;
- interaction between the factors mentioned in the first, second and third indents.
- any further information which might arise from any of the obligations deriving from Annex IV of the EIA Directive.

<sup>3</sup> The information provided should cover the following:

- the concerned public which has been consulted,
- the places where the information has been consulted,
- the time which has been given to the public in order to express its opinion,
- the way in which the public has been informed (for example, by bill-posting within a certain radius, publication in local newspapers, organisations of exhibitions with plans, drawings, tables, graphs, models, etc.),
- the manner in which the public has been consulted (for example, by written submissions, by public enquiry, etc.)
- the way in which the concerns of the public have been taken into account.

- e) Evidence that the decision to grant or refuse development consent has been available to the public by the competent authority<sup>1</sup>.

*In relation to point b), c) and d), project proponents should be informed that these may be represented in the form of a statement, conclusion or certification by the competent environmental authorities testifying that all obligation as described in the items above have been followed and describing how.*

F.3.2.3 When covered by Annex II of the Directive, has an Environmental Impact Assessment been carried out for this project?

- ☐ Yes  
(in which case, include the necessary documents listed under point F.3. 2.2)
- ☐ No  
(in which case, explain the reasons and give the thresholds, criteria or case by case examination carried out to reach the conclusion that the project has no significant environmental effects):

TEXT BOX

#### F.4 ASSESSMENT OF EFFECTS ON SITES OF NATURE CONSERVATION IMPORTANCE

F.4.1 *Is the project likely to have significant negative effects on sites included or intended to be included in sites of nature conservation importance?*

Definition of sites of nature conservation importance

- a) Sites identified by the competent national authorities as sites to be proposed for the Natura 2000 network as laid down in the Birds Directive (79/409/EEC) and Habitats Directive (92/43/EEC);
- b) Sites listed in the latest inventory of Important Bird Areas (IBA 2000) for candidate countries or (if available) equivalent more detailed scientific inventories endorsed by national authorities;
- c) Wetlands of international importance designated under the Ramsar Convention or qualifying for such protection;
- d) Areas to which the Bern convention on the conservation of European Wildlife and Natural Habitats (Art.4) applies, in particular sites meeting the criteria of the Emerald network;
- e) Areas protected under national nature conservation legislation.

---

<sup>1</sup> Including:

- the content of the decision and conditions attached thereto,
- the main reasons and considerations on which the decision has been based,
- a description, where necessary, of the main measures to avoid, reduce and, if possible, offset the major adverse effects.

F.4.2

☐ Yes, in which case

- (1) Please provide a summary of the conclusions of the appropriate assessment carried out according to Article 6 (3) of Directive 92/43/EEC<sup>1</sup>

TEXT BOX

- (2) In case, compensation measures were deemed necessary according to Article 6 (4), please provide a copy of the form "Information on projects likely to have significant negative effect on sites of "Nature Conservation Importance, as notified to the Commission (DG Environment) under Directive 92/43/EEC<sup>2</sup>".

☐ No, in which case attach a completed Annex I declaration filled in by the relevant authority.

**F.5 Additional environmental integration measures**

Does the project envisage, apart from Environmental Impact Assessment, any additional environmental integration measures (e.g. environmental audit, environmental management, specific environmental monitoring)?

Yes

☐

No

☐

If yes, specify

TEXT BOX

**F.6 Cost of measures taken for correcting negative environmental impacts**

If included in total cost, estimate proportion of cost of measures taken to reduce and/or to compensate for negative environmental impacts

%

Explain briefly:

TEXT BOX

<sup>1</sup> OJ L 206 of 22.07.92.

<sup>2</sup> Document 99/7 rev.2 adopted by the Habitats Committee (Member States representatives established under Directive 92/43/EEC) at its meeting on 04.10.99.

## G. JUSTIFICATION FOR THE PUBLIC CONTRIBUTION

The socio economic analysis set out above provides information on the internal rate of return of the project. The financial analysis demonstrates the financing gap and the impact of the Community assistance on the financial viability of the project. Please complete this information with the elements set out below.

### G.1 Competition

Does this project involve State Aid? Answer if possible,

Yes

☐

No

☐

### G.2 Impact of Community assistance on project implementation

For each affirmative answer, give details:

Will Community assistance:

- a) Accelerate implementation of the project?

Yes

☐

No

☐

- b) Be essential to implementation of the project?

Yes

☐

No

☐

TEXT BOX

## H. FINANCING PLAN

The decision amount and other financial information in this section must be coherent with the basis (eligible public expenditure) for the co-financing rate of the priority axis. As private expenditure is not eligible for financing under the priority axis it shall be excluded from these costs.

### H.1 Cost breakdown

Euro	TOTAL PROJECT COSTS (A)	INELIGIBLE COSTS (B)	ELIGIBLE COSTS (C)=(A)-(B)
1. Planning/design fees			
2. Land purchase			
3. Building and construction			
4. Plant and machinery			
5. Technical assistance			
6. Publicity			
7. Supervision during construction implementation			
8. Sub-TOTAL			
9. Contingencies <sup>1</sup>			
10. TOTAL			
11.(VAT)			

### H.2 Total planned resources and planned contribution from IPA

The funding gap rate was already presented under Section E.1.2. This should be applied to the eligible public cost to calculate the “amount to which the co-financing rate for the priority axis applies”. This amount is then multiplied by the co-financing rate of the priority axis to determine the Community contribution.

<sup>1</sup> Contingencies should not exceed 10% of total investment cost net of contingencies. These contingencies may be included in the total eligible costs used to calculate the planned contribution of the assistance – Section H2.

### H.2.1 Community contribution calculation

		Value
1.	Eligible cost (in euro, not discounted) (Section H.1.10(C))	
2.	Funding gap rate (%) = (E.1.2.10)	
3.	"Eligible expenditure to which the co-financing rate for the priority axis applies" (Article 157§3 IPA Implementing Regulation) = (1)*(2)	
4.	Co-financing rate of the priority axis (%)	
5.	Community contribution (in euro) = (3)*(4)	

[The costs and revenues should be based on figures excluding VAT]

### H.2.2 Sources of co-financing

In the light of the results of the financing gap calculation (where relevant) the total investment costs of the project shall be met from the following sources:

Sources of co-financing (€)					Of which (for Information)
	Eligible expenditure= H.2.1.3				
Total investment cost [H.1.10.(A)]	Community assistance [H.2.1.5]	National public (or equivalent)	National private	Other sources (specify)	EIB / other Community and other external funding
<b>a)= b)+c)+d)+e)</b>	<b>b)</b>	<b>c)</b>	<b>d)</b>	<b>e)</b>	<b>f)</b>

The details of the decision(s) on national public and private financing, loans, etc., should be provided in Section D.2.3 above.

Loan financing, where it is used, is attributed to the body liable to repay the loan, national public or national private. Only in the case of EIB loans is it requested to identify the sum of loan financing for information purposes.

### **H.3 Annual financing plan of Community contribution**

The Community contribution (H.2.1.5) shall be presented below in terms of the share of annual programme commitment.

(in Euro)	2007	2008	2009	2010	2011	2012	2013

## I. COMPATIBILITY WITH COMMUNITY POLICIES AND LAW

Article 1 of Regulation (EC) No 1085/2006 states that "The Community shall assist the countries listed in Annexes I and II in their progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*, with a view to membership. In addition to the elements already set out above please provide the following information:

### I.1 Other Community financing sources

*Has an application been made for assistance from any other Community source (including ISPA, IPA, PHARE, CARDS, Turkey Financing Mechanism....)*

a) *For this project?*

Yes

☐

No

☐

If yes, please give details (financial instrument concerned, reference numbers, dates, amounts requested, amounts granted, etc.):

TEXT BOX

b) *For an earlier phase of this project (including feasibility and preparatory phases)?*

Yes

☐

No

☐

If yes, please give details (financial instrument concerned, reference N°s, dates, amounts requested, amounts granted, etc.):

TEXT BOX

c) *For a complementary project?*

Yes

☐

No

☐

If yes, give details (provide precise details, reference N°s, dates, amounts requested, amounts granted, etc.):

TEXT BOX

### I.2 IFI financing

*Has an application been made for financial support from EIB / other IFI's...*

a) *For this project?*

Yes

☐

No

☐

If yes, please give details (financial instrument concerned, reference N°s, dates, amounts requested, amounts granted, etc.):

TEXT BOX

- b) *For an earlier phase of this project (including feasibility and preparatory phases)?*

Yes ☐ No ☐

If yes, please give details (financial instrument concerned, reference N°s, dates, amounts requested, amounts granted, etc.):

TEXT BOX

- c) *For a complementary project?*

Yes ☐ No ☐

If yes, give details (provide precise details, reference N°s, dates, amounts requested, amounts granted, etc.):

TEXT BOX

- I.3. Is the project subject to a legal procedure for compliance with Community legislation?**

Yes ☐ No ☐

If yes, please give details:

TEXT BOX

**I.4. Publicity measures**

Give details of the proposed measures to publicise Community assistance (i.e., type of measure, brief description, estimated costs, duration, etc.):

TEXT BOX

**I.5 Public procurement**

In cases where contracts have been already advertised in the Official Journal of the European Communities, give reference.

Provide indicative procurement plan (services, supplies, works - design & build or measured works) with values of contracts envisaged and start and completion dates.

Contract N°.	Contract type	Estimated commencement date	Estimated completion date	Estimated value
...		...	...	

## **J. ENDORSEMENT OF COMPETENT NATIONAL AUTHORITY**

I confirm that the information presented in this form is accurate and correct.

NAME:

SIGNATURE:

ORGANISATION:

(OPERATING STRUCTURE)

DATE:

## ANNEX I

### DECLARATION BY AUTHORITY RESPONSIBLE FOR MONITORING SITES OF NATURE CONSERVATION IMPORTANCE

Responsible Authority \_\_\_\_\_

Having examined the project application \_\_\_\_\_

Which is to be located at \_\_\_\_\_

Declares that the project is not likely to have significant effects on a site of nature conservation importance on the following grounds:

text box

Therefore an appropriate assessment required by Article 6 (3) was not deemed necessary.

A map at scale of 1:100.000 (or the nearest possible scale) is attached, indicating the location of the project as well as the sites of nature conservation importance concerned, if any.

Date (dd/mm/yyyy): \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Organisation: \_\_\_\_\_

(Authority responsible for monitoring sites of sites of Nature Conservation Importance)

Official Seal:

**ANNEX IX**  
**TEMPLATE**  
**BILATERAL PROJECT AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF THE REPUBLIC OF TURKEY**  
**AND**  
**THE COMMISSION OF THE EUROPEAN COMMUNITIES**  
**CONCERNING THE CO-FINANCING**  
**OF THE MAJOR PROJECT**  
**(.....)**  
**CCI No: .....**  
**UNDER**  
**THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)**  
**IPA Component III – Regional Development**  
**Operational Programme**  
**"Transport"**  
**CCI No: 2007 TR 16 I PO 002**  
**Title and Priority Axis No: .....**  
**Title and Measure No: .....**

## **The Government of The Republic of Turkey**

**And**

## **The Commission of the European Communities**

Hereafter jointly referred to as "the Parties" or individually as "the Beneficiary", in the case of the Government of the Republic of Turkey, or "the Commission", in the case of the Commission of the European Communities

### **Whereas**

- 1) On 17 July 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006<sup>1</sup> establishing an Instrument for Pre-Accession Assistance (hereinafter referred to as "IPA Framework Regulation").
- 2) On 12 June 2007, the Commission adopted Regulation (EC) No 718/2007<sup>2</sup> implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereinafter referred to as "IPA Implementing Regulation").
- 3) On 7 December 2007 the Commission adopted Decision No. C(2007) 6053 approving the multi-annual programme "Transport" for co-financing under the Instrument for Pre-Accession Assistance in Turkey
- 4) On 11 July 2008 the Beneficiary and the Commission signed a Framework Agreement setting out the rules for co-operation concerning the EC financial assistance from the Instrument for Pre-Accession Assistance (IPA). This Framework Agreement entered into force on 24 December 2008.
- 5) On {DATE} the Beneficiary and the Commission signed a Financing Agreement laying down specific provisions for the implementation of the multi-annual programme "Transport". This Financing Agreement entered into force on {DATE}
- 6) In accordance with Article 54 of the Financing Agreement, the Operating Structure submitted to the Commission a major project {NAME} in which it envisages a contribution from the Instrument for Pre-Accession Assistance under priority axis {NAME} of the multi-annual operational programme "Transport" (*where applicable*) [At the request of the Commission, the Operating Structure submitted additional information on {DATE}].
- 7) On {DATE}, the Commission adopted decision N° C {NUMBER} approving a Community contribution to the major project {NAME}

---

<sup>1</sup> OJ L210, 31.7.2006, p.82

<sup>2</sup> OJ L 170, 29.6.2007, p.1

- 8) In accordance with Article 54 of the Financing Agreement, the decision of the Commission approving the project shall define the physical object and the eligible public expenditure to which the co-financing rate for the priority axis applies and shall be followed by a Bilateral Project Agreement with the Beneficiary.

HAVE AGREED AS FOLLOWS:

#### **Article 1** **Subject matter**

1. This Bilateral Project Agreement is concluded between the Government of the Republic of Turkey and the Commission of the European Communities. It concerns the project {NAME} adopted by Commission Decision C {NUMBER} as described in Annex I. All documents and correspondence pertaining to this project shall bear the reference CCI {NUMBER}.

#### **Article 2** **Project funding**

1. The Eligible Public Expenditure calculated in accordance with Article 150 of Commission Regulation (EC) 718/2007 is (...) €.
2. The co-financing rate for the priority axis {NAME} of the "Transport" Operational Programme applies to the project. The maximum Community Contribution to the project is (...) €.
3. The Community Contribution to the co-financing of the project is subject to the fulfilment of the provisions of this Bilateral Project Agreement and the obligations and conditions set out in the Framework Agreement, Financing Agreement as well as the regulatory and conventional framework applicable to pre-accession assistance.

#### **Article 3** **Eligibility period**

1. The eligibility period is as laid down in Articles 11(3), 34(2), 43 of the Financing Agreement.

#### **Article 4** **Eligible Expenditure**

1. Expenditure incurred in the implementation of the project shall be eligible for Community co-financing if:
  - a) it has been actually incurred within the eligibility period indicated in Article 3 above and is supported by receipted invoices or accounting documents of equivalent probative value;

- b) if contracts giving rise to such expenditure are consistent with the project, as adopted by Commission Decision C {NUMBER} of (date);
- c) if it has been incurred in accordance with the principles of sound financial management and, in particular, of economy and cost-effectiveness and
- d) if it conforms to the eligibility rules laid down in Chapter VI of the Financing Agreement.

#### **Article 5 Agreement**

- 1. An agreement as stated in Article 51(3) of the Financing Agreement must be signed prior to the commencement of any contract within the project. In addition the agreement shall define also the modalities of handing over the project to the end recipient after its completion.
- 2. A signed copy of the agreement shall be sent to the Commission services.
- 3. Notwithstanding the above, the requirements of Article 27 of the Financing Agreement remain applicable.

#### **Article 6 Procurement rules and procedures**

- 1. The procurement rules and procedures to be followed are stipulated in Articles 44, 46 and 48 of the Financing Agreement. In addition, and where applicable, the rules laid down in Article 20 of the Financing Agreement governing procurement by IFIs also apply.
- 2. In duly substantiated exceptional cases derogation from the rules of participation and origin might be authorised in line with the provision of Article 19(6) of the Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession {to specify}

#### **Article 7 Monitoring**

- 1. Monitoring refers to the use of a system of information in order to trace the progress made in implementing the project. Monitoring shall use financial and physical indicators which enable actual progress towards completion of the project to be compared with the Indicative Work Schedule/Expenditure Plan presented in Annex I.
- 2. The implementation of the project shall be monitored in line with the stipulations of Chapter XIII (Monitoring and Evaluation) of the Financing Agreement. This, amongst others, will require:
  - a. the Operating Structure, and where appropriate the relevant Contracting Authority, managing the project monitoring activities;

- b. the Sectoral Monitoring Committee reviewing the progress of implementation;
- c. the preparation of the monitoring sheets provided by the Commission. These monitoring sheets form the principal part of the sectoral annual report on implementation in accordance with Articles 84 and 85 of the Financing Agreement;
- d. special or ad-hoc monitoring reports, if deemed necessary by the Operating Structure or the Commission services;
- e. physical on the spot checks.

## Article 8 Evaluation

1. An assessment of the project may be carried out during its implementation at the request of the Beneficiary, or on the initiative of the Commission, in order to assess whether the project is proceeding towards completion in accordance with the objectives originally laid down in Annex I to this agreement and to propose adjustments to take account of problems encountered during implementation.
2. An ex-post assessment of the impact of the project may be carried out by an assessor appointed either by the Beneficiary or the Commission once the project has been completed.

## Article 9 Project modification

1. Any modification to the approved project shall require the approval of the Commission by way of a modifying decision or by exchange of letters between the Beneficiary and the Commission services.
2. Expenditure relating to a physical object introduced in the project by way of a modification is eligible from the date of approval of the modification by the Commission.
3. Any modification to the project presented in Annex I to this agreement which affects the content of the operational programme, will necessitate not only a Commission modification decision concerning the project, but also a decision concerning modification of the operational programme. Therefore, such project modification requests are receivable only if submitted in parallel with the necessary request for a modification of the operational programme.
4. Any major modification to the project, as defined in Annex I to this Bilateral Project Agreement requires the approval by the Commission by way of a modifying decision. Such modifications must be supported by a duly motivated request to be submitted before the end of eligibility of expenditure as defined in Article 3 above.

A modification is considered **major** when it involves

- a) a change in any of the elements described in points 4 (Project Description) and 5 (Objectives) of Annex I to this Bilateral Project Agreement; or
- b) any change in the amount of Community Contribution allocated to the project; or

- c) a change in the Eligible Public Expenditure of the project; or
  - d) a substantial change in the physical characteristics or the functional purposes of the project, which alter its objectives, including the addition of a physical component not covered by the original decision; or
  - e) a change in the conditions of ownership or operation of the project.
5. Any minor modification to the project can be approved by way of an exchange of letters between the Beneficiary and the Commission services, on the basis of a duly motivated proposal to be submitted before the end of eligibility of expenditure as defined in Article 3 above.
- A modification is considered **minor** in all cases except those mentioned in the previous paragraph, notably when it concerns,
- a) an extension to the period of implementation initially envisaged in the project application; or
  - b) amendments to the Indicative Work Schedule/Expenditure Plan that do not fall under paragraph 4 ( c )above; or
  - c) a change to the physical characteristics or functional purposes of the project that does not affect its overall objectives.
6. The Sectoral Monitoring Committee shall be informed about major and minor project modification proposals.
7. As a general rule, the number of major project modifications requiring a Commission modification decision should be kept to minimum.
8. Each request for a modification, be it major or minor, will be examined by the Commission on a case-by-case basis.
9. The Commission reserves the right to refuse project modification requests which would result in modifications of the operational programme it deems unacceptable.

#### **Article 10** **Special Conditions**

*{List any conditions which have to be fulfilled including related to payments and may be necessary for co-financing the project e.g. financial or legal arrangements, submitting of permits, evidence of the completion of land purchase, preliminary agreements, any requirements for later stages of the project (i.e. timetable for closing remaining landfills, disconnecting cess pits etc.).}*

#### **Article 11** **Language**

This Bilateral Project Agreement is drawn up in duplicate in the English language.

Signed, for and on behalf of the Government of the Republic of Turkey,

at

by .....

Signed, for and on behalf of the Commission of the European Communities,

at

by .....

## **ANNEX 1**

### **PHYSICAL OBJECT OF THE MAJOR PROJECT**

**Operational Programme**

"Transport"

**CCI No:** 2007 TR 16 I PO 002

**Project name**

.....

**CCI No:** .....

**Title and Priority Axis No:** .....

**Title and Measure No:** .....

**1. AUTHORITY RESPONSIBLE FOR THE APPLICATION (Operating Structure)**

Name:  
Address:  
Contact  
Telephone  
Fax  
E-mail

**2. FINAL BENEFICIARY (Article 15 of the Financing Agreement)**

Name:  
Address:  
Contact  
Telephone  
Fax  
E-mail

**3. END RECIPIENT OF ASSISTANCE**

Name:  
Address:  
Contact  
Telephone  
Fax  
E-mail

**4. PROJECT LOCATION**

4.1. Beneficiary country:.....

4.2. County/province:.....

**5. PROJECT DESCRIPTION**

**5.1. General description of the physical object of the project**

(a) *(Provide a description of the project and the type of problems it addresses?)*

*(Main goals, end users (i.e. target population served, quantified where possible) of the infrastructure. Where applicable, indicate the Trans-European Network agreed at Community level the project is linked to)*

(b) *(Where the project is a phase of an overall project, provide a description of the proposed stages of implementation (explaining whether they are technically and financially independent)*

## 5.2. Technical description of the infrastructure investment

- (a) *(Describe the proposed infrastructure and the work for which assistance is being proposed specifying its main characteristics and component elements - it is important to be comprehensive with this description to reduce doubt later regarding the eligibility of actions or equipment.*
- (b) *(In respect of the work involved, identify and quantify the key output indicators to be used)*
- (c) *(Give details of how the infrastructure is to be managed after the project is completed, (i.e., public management, concession, other form of Public Private Partnership))*

## 6. OBJECTIVES

Outline the objectives of the project

## 7. INDICATIVE PHYSICAL AND/OR PERFORMANCE INDICATORS

Provide the main physical and/performance indicators:

For drinking water projects e.g. reduction of water losses, increase in drinking water quality, increase in metering of water supplies, reduction in distribution costs, increase in network length, increase in length of network in serviceable condition (for rehabilitation projects) etc.

For waste water projects e.g. reduction in leakages, increase in % of population connected to the network, increase in the amount of sewage treated, increase in the level of sewage treatment, increase in quality of receiving waters, reduction in disposal costs, increase in network length, increase in length of network in serviceable condition etc.

For solid waste projects e.g. reduction in quantity of waste going to landfill, increase in amount of recycled materials, number of landfill sites closed and rehabilitated, % of population covered by waste removal services, etc.

For transportation projects e.g. length of road/rail/waterway constructed/rehabilitated/upgraded, reduction in travel times, reduction in operational and/or maintenance costs, increase in road/rail/waterway traffic capacity.

List the relevant EC Directives that the project will address. For transportation projects also list the technical standards that will be achieved.

The indicators might be refined in the Monitoring Committee when deemed necessary especially upon the finalisation of the contracting. Should it be the case, confirmation of the indicators will be by exchange of letters. In any case, the proposed physical and/or performance indicators are as follows\*:

Indicative Indicators	Before	After
<p>a) Physical</p> <p>e.g. length (in km) of new/rehabilitated sewage/water networks, length (in km) of rehabilitated/new single railway track, reduction (%) in unaccounted for water, reductions in water pollutants i.e. BOD, COD, Suspended Solids, Nitrogen, Phosphorous (mg/l or %)</p>		
<p>b) Performance</p> <p>e.g. reduction in travelling time (mins), increase in line speed (km/h), reduction (%) in drinking water quality degradation through distribution, reduction in sewage pollution levels, beneficiary's compliance with discharge standards of Urban Waste Water Treatment Directive (%)</p>		

\* Provide more than 1 table as necessary.

8. INDICATIVE WORK SCHEDULE / EXPENDITURE PLAN

Provide information concerning the number and type of contracts envisaged. Include and indicate clearly any IFI financed components

	Description of contract	Contract type* works/supply/s service	Estimated contract value (€)	Tendering Launch month/year	Contract Award month/year	Contract Completion month/year
1						
2						
3						
4						
5						
6						

\* indicate whether yellow or red FIDIC for works contracts.

**9. SUMMARY OF THE MAIN RESULTS OF THE ECONOMIC AND SOCIAL COST-BENEFIT ANALYSIS**

Provide the main conclusions of the economic and social cost benefit analysis:

- The estimated NPV for the project is (...) and the discount rate used is (....)
- The estimated Benefit/Cost ratio is: .....
- The estimated EIRR =

**10. SUMMARY OF THE FINANCIAL ANALYSIS**

Provide a summary of the main conclusions of the financial analysis.

Ensure that income generation is taken into account when calculating the Community (IPA) Contribution:

- Based on the information provided in the application and/or any additional information obtained during appraisal
  - the FNPV for the project is estimated € ....million.
  - the FIRR is estimated ....%.
- The Public Eligible Expenditure (funding gap) as calculated in accordance with Articles 17 and 19 of the Financing Agreement is .....€.
- The Community Contribution is .....€.

**11. POLLUTER PAYS PRINCIPLE (FOR ENVIRONMENTAL PROJECTS ONLY)**

Describe how the Polluter Pays Principle is to be applied on the project.

**12. FINANCIAL SUSTAINABILITY AND AFFORDABILITY**

Outline the main elements of the pricing policy to be pursued.

**13. OPERATION AND MAINTENANCE**

Describe the way the project will be operated and maintained. Describe the organisational and legal setup of the body responsible for managing the finished product.

**14. SUMMARY OF THE MAIN FINDINGS OF THE ENVIRONMENTAL IMPACT ASSESSEMENT**

If a decision has been issued by the relevant body concerning the completion of an EIA list the main conclusions of the non-technical summary. If no EIA has been carried out present a timetable for conducting a full EIA as part of the project, or list the reasons why this is not considered necessary with reference to national EIA legislation.

**15. COST AND ASSISTANCE (IN €)**

Provide an indicative cost breakdown between type of expenditure and project component.

**A. Cost Breakdown between types of Expenditure**

<b>Item</b>	<b>Total costs (estimates) (mln. Euro)</b>	<b>Non-eligible costs (estimates) (mln. Euro)</b>	<b>Total eligible costs (estimates) (mln. Euro)</b>
e.g. Land purchase			
e.g. Main works			
<b>TOTAL ESTIMATED</b>			

**B. Eligible Cost Breakdown by Component (estimates)**

Item	Component I	Component II	Component III	Totals (million Euros)
Site preparation				
e.g. Main works				
e.g. Plant and machinery				
<b>TOTAL ESTIMATED</b>				

The above mentioned quantities are indicative and may vary upwards or downwards during the project contracting and during the course of implementation. These fluctuations of quantities should be in line with the existing legal framework, qualitatively reasonable and sufficiently justified.

**C. Expected financial contribution**

Estimated Total Costs (€ mln)	Of which non eligible (€ mln)	Eligible Public Expenditure (€ mln)	Of which Community Contribution (€ mln)	Public Contribution (€ mln)	Of which: National (€ mln)	IFI (€ mln)	Other (€ mln)
(1)=(4)+5	(2)	(3)	(4)=(3x cofinancing rate)	(5)=(6)+(7)+(8)	(6)	(7)	(8)

Note: Data other than Eligible Public Expenditures and Community Contribution are indicative. Non eligible expenditures are included in public contribution

**16. INVOLVEMENT OF IFIs**

Outline the involvement of any IFIs in the project. Provide a detailed description of their scope of work, together with the financial costs and proposed implementation timescale. In addition provide details of any technical assistance measures envisaged by the IFI e.g. institutional reform as part of the project.

Describe the implementing arrangements (parallel or co-financing), what procurement rules will be applied, and whether the Operating Structure is accredited to apply the relevant procurement rules.

Where applicable, indicate for which contracts derogation from the rules of participation and origin is authorised in line with the provision of Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession.

**17. PUBLICITY MEASURES**

Describe the publicity measures envisaged for the project

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## ANNEX X

### Model of Operation Identification Sheet

*(max 5 pages)*

1. Title of the Operation:
2. Operating Structure: **insert contacts**
3. Organisation Responsible for the Implementation of the Operation: **insert contacts, including contact person**
4. Compatibility and coherence with the Operational Programme
  - 4.1 Title of the programme
  - 4.2 Title of the priority axis
  - 4.3 Title of the measure
  - 4.4 Final Beneficiary (Article 15 of the Financing Agreement)
  - 4.5 End recipient of assistance
  - 4.6 Category/Type of activities foreseen under the measure
5. Description of the Operation
  - 5.1 Contribution to the achievement of the Operational Programme: Describe how the operation contributes to the achievement of the objectives of the Operational Programme (provided quantified indicators where possible) linked with the appropriate measure.
  - 5.2 Overall Objective: Explain in one sentence
  - 5.3 Operation Purpose: Explain in one sentence
  - 5.4 Location(s): Please keep in mind the eligible regions
  - 5.5 Duration: Duration of the operation cannot exceed the final date of eligibility of expenditure set in the Financing Agreement
  - 5.6 Target group(s) :
  - 5.7 Description of the Operation and background: Maximum 10 lines
  - 5.8 Results with measurable indicators:
  - 5.9 Activities:

6. Implementation arrangements

- 6.1. Institutional framework: institutional arrangements foreseen for the implementation of the operation, e.g. operation coordination unit, steering committee, regional and/or provincial authorities, technical assistance team
- 6.2. Proposed monitoring structure and methodology: who will be responsible for monitoring of the operation, how will the operation be monitored, what will be the workflow and reporting lines?
- 6.3. Required procedures and contracts for the implementation of the operation and their sequencing: list the type of procedures (call for proposals, direct implementation by national institutions without prior call for proposals, direct agreements with international organisations, etc) and the corresponding contracts (grant contracts, contribution agreements with international organisations, services, supplies, works, etc) for the proposed activities, together with their sequencing

(please provide detailed chronogram for preparatory stages, tendering, contracting and starting of operations)

7. Risks and assumptions:

8. Expected impact of the operation on the target group and multiplier/spill over effects:

9. Sustainability:

10. Equal opportunity of disadvantaged persons and vulnerable groups (where relevant):

11. Links with other IPA component measures:

12. Requested financing from the European Commission:

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

(no operation shall benefit from a higher co-financing rate than the one relating to the priority axis concerned – Art 149.3 and 153.3 of IPA IR)

13. Co-financing: (please identify expected total contribution by source)

14. Budget breakdown:

(indicative, per operation component if applicable, including estimated total cost, public expenditure, IPA contribution, national public contribution and private contribution)

15. Cash flow requirements by source of funding

## ANNEX XI

### **Composition and Functioning Modalities of the committee for the selection of operations**

Pursuant to Article 50 of the Financing Agreement, the Operating Structure is not under the obligation of selecting operations through calls for proposals for any of the operations in the Operational Programme "Transport".

According to Article 50.2 of the Financing Agreement major projects included in the indicative list of major projects of the "Transport" Operational Programme approved by the Commission may be selected without recourse to calls for proposals.

Since all the projects to be supported under the "Transport" Operational Programme are major projects included in the indicative list of major projects there is no obligation to select operations through call for proposals.

#### Operations under

#### Priority Axis 3: Technical Assistance

Operations under this *Priority Axis* are initiated or initiated and implemented by national public bodies (Operating Structure) and pursuant to Article 50.1.a they may be selected without recourse to calls for proposals, subject to prior information of the Sectoral Monitoring Committee and the agreement by the Commission services.

Should the Operating Structure decide to have recourse to a selection committee for the selection of operations the modalities will be those indicated in the Operational Programme, as follows:

*The Operating Structure will set up a selection committee for each call for proposals launched for the selection of operations financed under a specific measure. The selection committee will appraise project applications in compliance with the selection criteria and methodologies agreed by the Sectoral Monitoring Committees and published in the call for proposals documents. The applications will first be screened for their compliance with eligibility and administrative criteria meeting the relevant eligibility requirements set out in the relevant measures (completeness, accuracy, etc) and thereafter will be evaluated according to their quality. The selection committee will then make recommendations to the operating structure, in compliance with Article 158 of the IPA Implementing Regulation. Members of the Selection Committee should be the most appropriate officials and experts with technical competence to undertake a qualitative appraisal of project applications.*

The Commission may participate in the Selection Committee work as an observer

## ANNEX XII

### Annual and Final Report

(Articles 85 and 102 of the Financing Agreement)

#### 1. IDENTIFICATION

OPERATIONAL PROGRAMME	Programming period
	Programme number (CCI N°)
	Programme title
ANNUAL IMPLEMENTATION REPORT	Reporting year
	Date of approval of the annual report by the Sectoral Monitoring Committee

#### 2. OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

##### 2.1 Quantitative progress (by priority axis and measures)

Information on the physical progress made in implementing the operational programme, priority axes, measures and where relevant, operations or groups of operations, in relation to their specific, verifiable targets, with a quantification, when possible using the indicators at the appropriate level.

Where relevant, for the HRD component all indicators shall be broken down by gender. If the figures (data) are not yet available, information on when they will become available and when the Operating Structure will provide it to the Commission will be stated.

The list of operations financed under the operational programme should be annexed to the report.

##### 2.2 Qualitative analysis

Analysis of the achievements as measured by physical and financial indicators, including a qualitative analysis on the progress achieved in relation to the targets set out initially.

List of unfinished operations and the schedule for their completion (final report only).

##### 2.3 Financial information

	Expenditure paid out by the final beneficiaries included in payment applications sent to the Commission by the National Fund	Total expenditure committed and paid out by the National Fund	Corresponding public contribution	Corresponding private contribution	Total payments received from the Commission
Priority axis 1					
Measure 1.1					
Measure 1.2					
.....					
Priority axis 2					
Measure 2.1					
.....					
Priority axis 3					
Total					

(all financial data should be expressed in euro)

In addition, financial information may also be provided graphically.

*Indicative breakdown of allocations, by categories of expenditures (for component III only)*

Information in accordance with the detailed list included in Annex XIII of the Financing Agreement.

*Assistance repaid or re-used*

Information on the use made of assistance repaid or re-used following cancellation of assistance as referred to in Articles 54 of the IPA Implementing Regulation.

#### **2.4 Changes in the context of the operational programme implementation (if relevant)**

Description of any elements which, without stemming directly from the assistance of the operational programme, have a direct impact on the programme's implementation (such as legislative changes or unexpected socio-economic developments).

#### **2.5 Information about compliance with Community acquis.**

Any significant problems relating to the compliance with Community acquis which have been encountered in the implementation of the operational programme and the measures taken to deal with them.

#### **2.6 Complementarity with other instruments**

Summary of the implementation of the arrangements made ensuring demarcation and coordination between other programmes and components of IPA assistance, the interventions of the EIB and other existing financial instruments.

### **3. QUALITY AND EFFECTIVENESS OF IMPLEMENTATION.**

#### **3.1 Monitoring arrangements**

Monitoring and evaluation measures taken by the Operating Structure or the Sectoral Monitoring Committee, including data collection arrangements, difficulties encountered and steps taken to solve them.

#### **3.2 Significant problems encountered and measures to overcome them.**

Any significant problems encountered in implementing the operational programme, including a summary of problems identified under the procedure in Article 29(2)(b) of the IPA Implementing Regulation, where appropriate, as well as any measures taken by the Operating Structure or the Sectoral Monitoring Committee to solve the problems.

#### **3.3 Technical assistance**

Explanation of the use made of technical assistance, including where relevant technical assistance prior to the conferral of management

Percentage of the amount of the IPA Funds contribution allocated to the operational programme spent under technical assistance.

#### **4. INFORMATION AND PUBLICITY**

Progress achieved in the implementation of the Communication Action Plan submitted according to the operational programme, stressing the measures undertaken and their impact.

#### **5. MAJOR PROJECTS**

- Progress in the implementation of major projects.
- Progress in the financing of major projects.
- Any change in the indicative list of major projects in the operational programme.

#### **6. ACTIONS RELATED TO THE HUMAN RESOURCES DEVELOPMENT COMPONENT**

Information on the implementation of horizontal issues such as equal opportunities for men and women, good governance, inclusion of disadvantaged persons, geographical concentration of support or sustainable development and environmental protection (as appropriate).

Where appropriate, a synthesis of the implementation of:

- Gender mainstreaming and gender specific actions
- Participation of migrants in employment
- Integration in employment and social inclusion of disadvantaged persons and other disadvantaged groups, including people with disabilities.

Where appropriate, a description of how the actions supported by IPA Human Resources Development Component are consistent with and contribute to the actions undertaken in the follow up of the Joint Assessment Paper (JAP) and the Joint Inclusion Memorandum (JIM).

**ANNEX XIII**  
**Allocations by category of expenditures**  
**(Article 85(3)c) of the Financing Agreement)**

**Part A: Codes by Dimension**

**TABLE 1: CODES FOR THE PRIORITY THEME DIMENSION**

Code	Priority theme
1	Transport
1.1	Rail infrastructure
1.1.1	Interconnection/interoperability between national networks
1.1.2	Interconnection/interoperability between national networks and trans-European
1.2	Road infrastructure
1.2.1	Interconnection/interoperability between national networks
1.2.2	Interconnection/interoperability between national networks and trans-European
1.3	Maritime ports infrastructure
1.4	Inland waterways
1.5	Airports infrastructure
1.6	Multi-modal transport infrastructure
1.7	Intelligent transport systems
1.8	Technical Assistance
1.9	Other
2	Environment
2.1	Waste management
2.2	Water supply
2.3	Urban waste water
2.4	Air quality
2.5	Rehabilitation of contaminated sites and land
2.6	Energy efficiency
2.7	Renewable energy
2.8	Other
2.9	Technical assistance
3	Regional Competitiveness
3.1	provision of business and technology services for enterprises, particularly in the
3.2	access and use of information and communication technologies
3.3	promotion of technological development, research and innovation including
3.4	development of business networks and clusters
3.5	creation and development of financing instruments which facilitate access to
3.6	provision of local infrastructure and services which contribute to facilitate
3.7	education and training infrastructures, where necessary for regional development
3.8	improvement of tourism potential of regions
3.9	Other
4.0	Technical assistance
4	Technical Assistance
4.1	Preliminary studies and technical support related to eligible activities, including
4.2	Programme management, monitoring, evaluation, information and control activities

**TABLE 2: CODES FOR THE FORM OF FINANCE DIMENSION**

Code	Form of finance
01	Non-repayable aid
02	Aid ( <i>loan, interest subsidy, guarantees</i> )
03	Venture capital ( <i>participation, venture-capital fund</i> )
04	Other forms of finance

**Part B:****Cumulative breakdown of allocations of the Community contribution by category in the annual and final report on implementation**

CCI No: \_\_\_\_\_

Name \_\_\_\_\_ of \_\_\_\_\_ the \_\_\_\_\_ programme:  
\_\_\_\_\_Date of the last Commission decision for the Operational Programme concerned:  
\_\_/\_\_/\_\_

Code * Dimension 1 Priority theme	Code * Dimension 2 Form of finance	Amount **

\* The categories should be coded for each dimension using the standard classification.

\*\* Allocated amount of the Community contribution for each combination of categories.

## ANNEX XIV

### Indicative description of the information requirements for a sufficient audit trail

#### *(Article 90 of the Financing Agreement)*

A sufficient audit trail, as referred to in Article 90, is present when, for a given measure, including individual projects within a group of projects:

1. Accounting records kept at the appropriate management level provide detailed information about expenditure actually incurred in the co-financed measure by the Operating Structure, including where the latter is not the final recipient of funding, the bodies and firms involved in the implementation of the measure, whether as concession-holders, delegates or otherwise. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date and method of payment. The necessary documentary evidence (e.g., invoices) is attached.
2. For items of expenditure relating only partly to the co-financed measure, the accuracy of the allocation of the expenditure between the co-financed measure and the rest is demonstrated. The same applies to types of expenditure that are considered eligible only within certain limits or in proportion to other costs.
3. The technical specifications and financial plan of the measure, progress reports, documents concerning tendering and contracting procedures, and reports on inspections of the execution of the measure are also kept at the appropriate management level.
4. For declaring expenditure actually incurred in the co-financed measure to the National Fund, the information referred to in paragraph 1 is aggregated into a detailed statement of expenditure broken down by category. The detailed statements of expenditure constitute supporting documents for the accounting records of the National Fund and are the basis for the preparation of declarations of expenditure to the Commission.
5. Where there is one or more delegated bodies between the Operating Structures or the bodies or firms involved in implementation of the measure and the National Fund, each delegated body for its area of responsibility requires detailed statements of expenditure from the body below it as supporting documentation for its own accounting records, from which it provides at least a summary of the expenditure incurred on the measure to the body above it.
6. In the case of computerised transfer of accounting data, all the authorities and bodies concerned obtain sufficient information from the lower level to justify their accounting records and the sums reported upwards, so as to ensure a sufficient audit trail from the total summary amounts certified to the Commission down to the individual expenditure items and the supporting documents at the level of the Operating Structure and the other bodies and firms involved in the implementation of the measure.

## ANNEX XV

### List of data on operations to be communicated on request to the Commission for the purpose of documentary and on-the-spot checks

(Article 80(5) of the Financing Agreement)

The data requested may include the following, the precise content being subject to agreement with the Beneficiary Country. The field numbers represent the record structure preferred when compiling computer files for transfer to the Commission.

#### A. Data on operations

Field 1	Operational programme
Field 2	Number of priority
Field 3	Name of fund
Field 4	Code of region or area where operation is located/carried out (NUTS Level or other, if appropriate)
Field 5	Operating Structure
Field 6	National Authorising Officer
Field 7	Final beneficiary or other body that declares expenditure to Operating Structure, if applicable
Field 8	Unique code number of operation
Field 9	Short description of operation
Field 10	Starting date of operation
Field 11	Completion date of operation
Field 12	Body issuing approval decision
Field 13	Approval date
Field 14	Reference of end recipient
Field 15	Currency (if not euro)
Field 16	Total estimated cost of operation (1)
Field 17	Total eligible expenditure
Field 18	Total public eligible expenditure
Field 19	EIB (to include equivalent for IPA) financing

(1) i.e., including private funding but net of non-eligible expenditure and other financing.

## B. Expenditure declared on operation

Field 20	Internal reference number of last application for reimbursement from operation
Field 21	Date on which last application for reimbursement from operation was entered into monitoring system
Field 22	Amount of eligible expenditure declared in last application for reimbursement from operation entered into monitoring system
Field 23	Total eligible expenditure for which an application for reimbursement has been made
Field 24	Location of detailed supporting documents for claim if not on premises of beneficiary
Field 25	Expenditure paid in areas adjacent to the eligible areas (cross border cooperation) (non eligible)
Field 26	Expenditure paid by partners located outside the area (transnational cooperation) (non eligible)
Field 27	Expenditure paid outside the Community (cross-border, transnational and interregional cooperation)
Field 28	Expenditure paid for the purchase of land
Field 29	Expenditure paid for housing
Field 30	Expenditure paid for indirect costs/overheads charged at flat rates
Field 31	Revenue deducted from applications for reimbursement, if any
Field 32	Financial corrections deducted from applications for reimbursement, if any
Field 33	Total eligible expenditure declared from operation and included in statement of expenditure sent to the Commission by National Authorising Officer (in EUR)
Field 34	Total eligible expenditure declared from operation and included in statement of expenditure sent to the Commission by National Authorising Officer (national currency)
Field 35	Date of last statement of expenditure of the certifying authority containing expenditure from operation
Field 36	Date of verifications carried out pursuant to Article 81
Field 37	Date of audits pursuant to Article 82
Field 38	Body carrying out the audit or verification
Field 39	Degree of achievement of target for operation, if completed (%)

## ANNEX XVI

### Certificate and statement of expenditure and application for final payment

#### EUROPEAN COMMISSION

*INSTRUMENT FOR PRE-ACCESSION ASSISTANCE – IPA  
Regional Development Component (Component III)*

#### Certificate and statement of expenditure and payment application

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*Name of operational programme*

*Commission Decision* *of*

*Financing Agreement* *of*

*Commission reference (CCI) No:*

*National reference (if any)*

---

# CERTIFICATE

I, the undersigned,

National Authorising Officer,

hereby certify that all expenditure included in the attached statement complies with the criteria for eligibility of expenditure set out in the Financing Agreement signed on {DATE} between the Commission of the European Communities and the Government of Turkey and has been incurred and paid by the final beneficiaries on the implementation of operations selected under the operational programme in accordance with the conditions for granting IPA assistance.

after<sup>(1)</sup>

		20...
--	--	-------

and amounts to:

euro <sup>2</sup>	
-------------------	--

(exact figure to two decimal places)

The attached statement of expenditure, broken down by priority axis and measures, is based on accounts provisionally closed on

		20...
--	--	-------

and forms an integral part of this certificate.

I also certify that operations are progressing in accordance with the terms of the Financing Agreement, and in particular that:

1. all the requirements laid down in Article 69 of the Financing Agreement are fulfilled, in particular
  - The sectoral final implementation report for the programme concerned has been sent to the Commission by the Operating Structure;
  - An opinion on any final statement of expenditure, supported by a final activity report has been sent to the Commission by the Audit Authority in accordance with Article 92 of the Financing Agreement
  - The accreditation delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid
2. the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
3. the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant applicable Community and national rules, in particular as regards rules on protection of the environment, transport, competition, and the award of public contracts (PRAG).
4. the statement of expenditure and the payment application take account, where applicable, of any amounts recovered and of any interest received, and of net revenue accruing from operations financed under the operational programme;
5. the breakdown of the underlying operations is recorded on computer files and is available to the relevant Commission departments on request

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(1) Starting date for eligibility of expenditure (date of signature of the Financing Agreement)

(2) total amount of eligible expenditure paid by final beneficiaries.

In accordance with Article 104 of the Financing Agreement, the supporting documents are and will continue to be available for at least three years following the closure of the operational programme by the Commission.

Date

		20...
--	--	-------

Name in capitals, stamp, position and signature

of National Authorising Officer



### ANNEX 1 to statement of expenditure:

The computerised listing of operations by measure and the corresponding expenditure, including contribution under the IPA Regulation and national public expenditure

Priority axis/measure	Total expenditure (EURO)	IPA funds (EURO)	National public expenditure (EURO)	IPA co-financing rate (%)
Priority Axis 1: total				
Measure 1.1				
Operation 1.1.1				
Operation 1.1.2				
...				
Measure 1.2				
Operation 1.2.1				
Operation 1.2.2				
...				
Measure 1.3				
Operation 1.3.1				
Operation 1.3.2				
...				
Priority Axis 2: total				
Measure 2.1				
Operation 2.1.1				
...				
Priority Axis 3				
Measure 3.1				
Operation 3.1.1				
...				

**ANNEX 2 to statement of expenditure:**

Details of amounts recoverable following cancellation of all or part of the Community contribution for an operation

Name of the priority/measure /operation	
Amount ordered to be recovered	
Debtor	
Date of issue of recovery order	
Authority which issued recovery order	
Date of recovery	
Amount recovered	

**ANNEX 3 to statement of expenditure:**

The volume of Community contribution in the component-specific euro account at the date of the last debit to which this statement refers and the interest earned

# APPLICATION FOR PAYMENT: final payment

Name of operational programme:

Operational programme reference (CCI) No:

Pursuant to Annex A of the Framework Agreement (Article 25 of Regulation (EC) No 718/2007), I, the undersigned (name in capitals of National Authorising Officer), hereby request payment of the amount of EUR .... as a final payment.

This application is admissible because:

	Delete as appropriate
(a) no more than the maximum amount of assistance from IPA Funds as laid down in the Financing Agreement and the decision of the Commission approving the operational programme has been paid by the Commission during the whole period for each priority axis.	
(b) the Operating Structure has sent to the Commission the sectoral final implementation reports, in accordance with art. 67 of the Financing Agreement	— has been forwarded by Operating Structure within the time limit laid down in art. 100 of the Financing Agreement — is attached
(c) the Audit Authority has sent to the Commission, in accordance with Article 92 of the Financing Agreement, an opinion on any final statement of expenditure, supported by a final activity report	— has been forwarded by Audit Authority within the time limit laid down in art.90 of the Financing Agreement — is attached
(d) the accreditations delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid	
(e) the payments have not been suspended in accordance with Article 72 of the Financing Agreement	
(f) none of the situations justifying blocking of payments to major projects have occurred	

The payment should be made by the Commission to the body designated by the beneficiary country for the purposes of making payments

Designated body	
Bank	
Bank account No	
Holder of account (where not the same as the designated body)	

Date

		20...
--	--	-------

Name in capitals, stamp, position and signature of

## **ANNEX XVII**

### **MODEL**

#### **FINAL CONTROL REPORT AND CLOSURE DECLARATION FOR OPERATIONAL PROGRAMMES**

**PURSUANT TO ARTICLE 29 OF COMMISSION REGULATION (EC) No 718/2007**

##### **Part A: Model final control report**

##### **1. INTRODUCTION**

- Indication of the responsible audit authority and other bodies that have been involved in preparing the report.
- Indication of the reference period from which the random sample was drawn.
- Identification of the operational programme covered by the report and its Operating Structure and National Authorising Officer,
- Description of the steps taken to prepare the report.

- 2. CHANGES IN MANAGEMENT AND CONTROL SYSTEMS—** Indication of any significant changes in the management and control systems notified to the audit authority and of the dates from which the changes apply.

##### **—3. SUMMARY OF AUDITS CARRIED OUT**

*For systems audits:*

- Indication of the body (ies) that have carried out systems audits, including the audit authority itself.
- Summary list of audits carried out: bodies audited and year of audit.
- Description of the basis for selection of audits in the context of the audit strategy.
- Description of the principal findings and the conclusions drawn from the audit work for the management and control systems and their functioning, including the sufficiency of management checks, accreditation procedures and the audit trail, adequate separation of functions and compliance with Community requirements and policies.
- Indication of whether any problems identified were considered to be of a systemic character, and the measures taken, including a quantification of the irregular expenditure and any related financial corrections.

*For audits of operations:*

- Indication of the body (ies) that carried out the sample audits, including the audit authority itself.
- Description of the basis for selection of the sample(s).
- Indication of the materiality level and, in the case of statistical sampling, the confidence level applied and the interval, if applicable.
- Description of the principal results of the audits, indicating in particular the amount of irregular expenditure and the error rate resulting from the random sample audited.
- Indication of the conclusions drawn from the results of the audits with regard to the effectiveness of the management and control system.
- Information on the follow-up of irregularities, including revision of previously reported error rates.
- Indication of whether any problems identified were considered to be systemic in nature, and the measures taken, including a quantification of the irregular expenditure and any related financial corrections (1).

#### **4. FOLLOW-UP OF AUDIT ACTIVITY**

- Information on the follow-up of the results of systems audits and audits of operations.

#### **5. ADDITIONAL WORK UNDERTAKEN BY AUDIT AUTHORITY IN PREPARING ITS CLOSURE DECLARATION**

- Summary of audits of the closure procedure of the operating structure.
- Summary of the results of the re-performance of controls on the accuracy of the amounts declared in relation to supporting documents.
- Summary of the results of examination of reports of other national or Community audit bodies (specify, by category, which reports have been received and examined).
- Summary of the results of examination of information relating to follow-up of audit findings and reported irregularities.
- Summary of the results of examination of additional work carried out by the operating structure or any other relevant body to enable an unqualified opinion to be provided.
- Other.

#### **6. LIMITATIONS ON THE SCOPE OF THE EXAMINATION BY THE AUDIT AUTHORITY**

- Details of any factors that have limited the scope of the examination by the audit authority should be reported (2).
- Estimated amounts of expenditure and the Community contribution that are affected must be stated.

#### **7. REPORTED IRREGULARITIES**

- Confirmation that the procedure for reporting and following up irregularities, including the treatment of systemic problems, has been carried out in accordance with regulatory requirements in force.
- Confirmation of the accuracy of the information given in the final implementation report on the irregularities reported. .
- A list of cases of irregularity regarded as systemic and the amounts of expenditure affected.

#### **8. OTHER INFORMATION (IF APPLICABLE)**

**9. TABLE FOR DECLARED EXPENDITURE AND SAMPLE AUDITS**

IPA	CCI n°	Programme	Expenditure declared in reference year	Expenditure in reference year audited for the random sample		Amount and percentage (error rate) of irregular expenditure in random sample		Other expenditure Audited (3)		Amount of irregular expenditure in other expenditure sample	Total expenditure declared cumulatively	Total expenditure audited cumulatively as a percentage of total expenditure declared cumulatively
				(1)	(2)	Amount	%	(1)				

(1) Amount of expenditure audited

(2) Percentage of expenditure audited in relation to expenditure declared to the Commission in the reference year

(3) Expenditure from complementary sample and expenditure for random sample not in reference year

## **Part B: Closure declaration**

To the European Commission, Directorate-General

### **1. INTRODUCTION**

I, the undersigned, representing the ... (name of the body designated by the Beneficiary Country), have for the operational programme ... (name of the operational programme, CCI code number, period) examined the results of the audit work carried out on this programme by or under the responsibility of the audit authority in accordance with the audit work plan (and have carried out the additional work I judged necessary). The results of the examination and any additional work I have performed are summarised in the attached final audit activity report (which also contains the information required by the annual audit activity report for the period 1 January 2015 to 31 December 2016). I have planned and performed this work with a view to obtaining a reasonable assurance as to whether the payment application for the final balance of the Community contribution to the operational programme is correct and valid and the underlying transactions covered by the final statement of expenditure are legal and regular.

### **2. SCOPE OF THE EXAMINATION**

The examination was carried out in accordance with the audit strategy in respect of this programme and reported in the attached final control report pursuant to Article 29 of Commission Regulation (EC) No 10718/2007.

#### **Either**

There were no limitations on the scope of the examination.

#### **Or**

The scope of the examination was limited by the following factors:

- (a) ...
- (b) ...
- (c) etc.

(Indicate any limitation on the scope of the examination, for example any systemic problems, weaknesses in the management and control system, lack of supporting documentation, cases under legal proceedings, etc., and estimate the amounts of expenditure and the Community contribution affected. If the audit authority does not consider that the limitations have an impact on the final expenditure declared, this should be stated.)

### **3. IRREGULARITIES AND ERROR RATES**

#### **Either**

The cases of irregularity and error rates found in the audit work are not such as to preclude an unqualified opinion given the satisfactory way they have been dealt with by the operating structure and the trend in the level of their occurrence over time.

**Or**

The cases of irregularity and error rates found in the audit work and the way they have been dealt with by the operating structure are such as to preclude an unqualified opinion. A list of these cases is provided in the final control report, together with an indication of their possible systemic character and the scale of the problem. The amounts of total declared expenditure and public contribution that could be affected are **xxxx** respectively. As a consequence, the corresponding Community contribution that could be affected **is xxx**.

#### **4. OPINION**

**Either**

(Unqualified opinion)

*If there were no limitations on the scope of the examination and the cases of irregularity and error rates and the way they have been dealt with by the Operating Structure do not preclude an unqualified opinion:*

Based on the examination referred to above, it is my opinion that the final statement of expenditure presents fairly, in all material respects, the expenditure paid under the operational programme, that the application for payment of the final balance of the Community contribution to this programme is valid and that the underlying transactions covered by the final statement of expenditure are legal and regular.

**Or**

(Qualified opinion)

*If there were limitations on the scope of the examination and/or the cases of irregularity and error rates and the way they have been dealt with by the Operating Structure call for a qualified opinion but do not justify an unfavourable opinion for all the expenditure concerned:*

Based on the examination referred to above, it is my opinion that the final statement of expenditure presents fairly, in all material respects, the expenditure paid under the operational programme, that the application for payment of the final balance of the Community contribution to this programme is valid and that the underlying transactions covered by the final statement of expenditure are legal and regular, except with regard to the matters referred to at point 2 and/or to the observations at point 3 regarding the error rates and cases of irregularity and the way they have been dealt with by the managing authority, the impact of which is quantified above. I estimate the impact of these qualifications to be **xxx** of the total expenditure declared. The Community contribution affected is thus **xxx**.

**Or**

(Adverse opinion)

*If there were major limitations on the scope of the examination error rates and cases of irregularity and the way they have been dealt with by the Operating Structure such that no conclusion can be reached on the reliability of the final statement of expenditure without considerable further work:*

Based on the examination referred to above, and in particular in view of the matters referred to at point 2 and/or the error rates and cases of irregularity and the fact that they have not been dealt with satisfactorily by the Operating Structure as reported at point 3, it is my opinion that the final statement of expenditure does not present fairly, in all material respects, the expenditure paid under the operational programme, that, as a consequence, the application for payment of the final balance of the Community contribution to this programme is not valid and that the underlying transactions covered by the final statement of expenditure are not legal and regular.

Date Signature

... ..

## **ANNEX XVIII**

### **Guidelines for the completion of the standard form for quarterly communications of irregularities**



EUROPEAN COMMISSION  
EUROPEAN ANTI-FRAUD OFFICE (OLAF)

Operational & Policy Support  
**Fraud Prevention & Intelligence**

### WORKING DOCUMENT

## **Guidelines for the completion of the standard form for quarterly communications of irregularities in connection with the Instrument for Pre-Accession Assistance (IPA)**

## **GUIDELINES FOR THE COMPLETION OF THE STANDARD FORM FOR QUARTERLY COMMUNICATIONS OF IRREGULARITIES IN CONNECTION WITH THE INSTRUMENT FOR PRE- ACCESSION ASSISTANCE (IPA)**

### **INTRODUCTION**

In accordance with Article 28 of the Framework Agreements<sup>1</sup> between Candidate Countries and Potential Candidate Countries benefiting from pre-accession assistance a control and reporting mechanism concerning irregularities<sup>2</sup> shall be organised according to the provisions set out by Commission Regulation No. 1828/2006, Section 4 Irregularities (Articles 27-36)<sup>3</sup>. Consequently, Beneficiary Countries are equally required to report quarterly to the Commission the irregularities detected in IPA funded projects. In order to facilitate this task and to ensure the uniform recording of cases in the appropriate database, the Commission has developed a standard form (Annex I) based on the above regulation.

These guidelines are used when the "paper version" of the standard form is filled. An electronic system is in the process of being developed.

### **GUIDELINES**

#### **Preliminary remarks:**

1. Within two months following the end of each quarter Beneficiary Countries shall report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding. Irregularities have to be reported in English.
2. It is recommended that Beneficiary Countries designate a competent national body responsible for reporting irregularities to the Commission.
3. All irregularities should be reported using the standard form and accompanied by an explanatory letter sent to the following address:  
European Commission  
OLAF – European Anti-Fraud Office  
Directorate C  
Rue Joseph II 30  
B-1049 Brussels  
Belgium  
The irregularity reports should also be forwarded in copy to the DGs in charge of a given component. Please, see the list of DGs in Annex II.
4. The cover letter should contain the following information: which component it relates to, the quarter it refers to, and the various irregularity reports should be attached (separating new reports from updates). In case of a combined cover letter for more than one component, the numbers should be given separately for each component.

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<sup>1</sup> Implementing Article 18 of Council Regulation (EC) No 1085/2006 and Article 19 of Commission Regulation (EC) No 718/2007

<sup>2</sup> As defined in Article 2(7) of Council Regulation (EC) 1083/2006 (see also point 5.1 of the Guidelines).

<sup>3</sup> Commission Regulation (EC) No 1828/2006, OJ L371, 27.12.2006, p. 27-32.

5. Please note that Beneficiary Countries are obliged to inform the Commission if no irregularities have occurred in a given quarter. This should be done by letter, stating clearly which quarter the letter refers to.
6. Please note there are different ways of completing the standard form depending on whether the form refers to a communication relating to Article 28 of Commission Regulation (EC) No 1828/2006 (first communication) or Article 30 (an update). In the case of an **Article 28 communication, all currently available information at the time of completion** of the form should be submitted. In the case of an **Article 30 communication, information on important changes resulting from the instituted procedures with respect to irregularities previously notified** should be presented. If no new facts concerning an irregularity have occurred, there is no need to send an update. Updates should be sent to the Commission only if new information concerning the case has become known.
7. Where a Beneficiary Country considers that an amount cannot be recovered or is not expected to be recovered, in accordance with Article 30 (2), it shall inform the Commission, in a special report with sufficiently detailed information to allow the Commission to take the decision on apportionment of the loss. The provisions on Special report are **not** applicable to Component V – IPARD.
8. In order to fill the sections concerning the manner in which the irregularity was discovered and the type of irregularity, as well as the actions taken by the Beneficiary Country and sanctions applied, the non-exhaustive lists included should be used. If the issue is not included on the list, please indicate it in point 22. Suggestions on what should be added to the lists will be taken into account.
9. The following cases need not be reported:
- (a) cases where the irregularity consists solely in the failure to execute, in whole or in part, an operation included in the co-financed operational programme owing to the bankruptcy of the beneficiary. Bankruptcy has to be officially established by the competent national authorities. The relevant proceedings are listed in the Council Regulation (EC) No 1346/2000;
  - (b) cases brought to the attention of the Operating structure and the National Fund by the beneficiary voluntarily and before detection by either of them, whether before or after the payment of the public contribution;
  - (c) cases which are detected and corrected by the Operating structure and the National Fund before any payment to the beneficiary of the public contribution and before inclusion of the expenditure concerned in a statement of expenditure submitted to the Commission.
- However, irregularities preceding a bankruptcy and cases of suspected fraud must be reported<sup>1</sup>.
10. Irregularities relating to operational programmes under Component II - Cross border

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<sup>1</sup> Commission Regulation (EC) No 1828/2006, Art. 28 (2), OJ L371, 27.12.2006, p. 28-29.

cooperation shall be reported by the Participating Country ('shall mean Member State or beneficiary countries, i.e. candidate or potential candidate countries') in which the expenditure is paid by the beneficiary in implementing the operation. The Participating Country shall at the same time inform the managing authority, the certifying authority and the audit authority<sup>1</sup> (in case of cross border cooperation programmes between Beneficiary Countries and Member States) and the competent Accrediting Officer, the National Authorizing Officer and the audit authority (in case of cross border programmes between Non Member States Beneficiary Countries).

11. For cases where there is no obligation to communicate irregularities because the amount involved does not exceed threshold of € 10 000, Beneficiary Countries are obliged to register and undertake recovery proceedings but, unless the Commission explicitly requests information, need not inform the Commission<sup>2</sup>. However, Beneficiary Countries are obliged to inform the Commission (see Annex II) in the framework of the closure report of the programme about follow up activities concerning all the irregularities detected, irrespective of the reporting threshold.

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<sup>1</sup> Commission Regulation (EC) No 1828/2006, Art. 28 (4), OJ L371, 27.12.2006, p. 29.

<sup>2</sup> Commission Regulation (EC) No 1828/2006, Art. 36 (1), OJ L371, 27.12.2006, p. 32.

## IDENTIFICATION OF COMMUNICATION

**Beneficiary Country:** Please indicate the Country

Format: Free text in capitals.

Example: CROATIA

**Case N°:** The number of the case has to be indicated by the Member State on each page of the form.

Format: XX<sup>1</sup>/9999<sup>2</sup>/999<sup>3</sup>/XX<sup>4</sup>/9<sup>5</sup>, X = capital letter, 9 = figure from 0 to 9

Examples: HR/2004/001/CB/0 TR/2005/003/HR/2

1. Beneficiary Country's initials: two letters; the initials to be used are:

AL – Albania

BA – Bosnia and Herzegovina

HR – Croatia

KS – Kosovo under UNSCR 1244

MK – The Former Yugoslav Republic of Macedonia

ME – Montenegro

RS – Serbia

TR – Turkey

2. Year: four digits: 2008, 2009, etc.

3. The number of the case: three digits: 001, 002, etc.

**NB. Numbering is consecutive and corresponds to each component and to each year separately.**

**ATTENTION: The initial number of the case stays the same throughout the years only the version number changes!**

4. The abbreviation identifying the component which the communication relates to.

It is compulsory to use the abbreviations. The abbreviations for the components to be used are as follows:

TA for Transition Assistance and Institution Building

CB for Cross-Border Cooperation

RE for Regional Development

HR for Human Resources Development

RD for Rural Development

5. New cases or updates of cases already communicated - one digit: 1 for a new case, 2 for a first update, 3 for a second update, etc.

For example: Initial Communication: TR/2008/003/TA/1

Follow-up Communication: TR/2008/003/TA/2

Next Follow-up Communication: TR/2008/003/TA/3

**NB. The reference number is unique to the specific case and is attributed when initial communication is sent (Art 28 of Commission Regulation (EC) No 1828/2006). When an update has to be reported (article 30 communication), the**

same reference number must be used. If by mistake a new one is inserted, this will be considered as a notification of a new case and, consequently, a duplication of the irregularity will occur.

**Quarter:**

Please indicate the quarter of the year in question.

For updates of existing cases, please tick the current reporting quarter.

**Date sent:**

The date sent is the date of communication to the Commission. This will normally be a date in the two months following each quarter.

Format: DD/MM/YYYY, Year month day.

Example: **13/12/2004**

**NB. This rule is valid for all other dates!**

**Administrative Department in the Beneficiary Country:**

Please indicate the administrative, national and/or regional department(s) responsible for the administration of the irregularity.

Format: Description in block capitals.

Example: **MIN. OF AGRICULTURE, FISHERIES AND FOOD**

Format in case of an addition to the list: Free text uninterrupted (without blank lines!).

Example: **MINISTRY OF ECONOMIC AFFAIRS**

**Address: ...**

**Contact Point:**

Please, specify the details of a contact person, within the administrative department responsible for reporting, who can be contacted in case additional information or clarification is required.

Format: Free text in the given fields.

## DETAILS OF IRREGULARITY

### 1. Description of operation

#### 1.1. Name of programme:

Please quote the name of the annual or multiannual operational programme under one of IPA components, or the form of assistance.

Format: Free text uninterrupted (without blank lines).

Examples: **RD – Multiannual ‘Environmental’ Operational Programme for Croatia**

#### 1.2. Identification number:

Please quote the programme identification number.

Format: Free text uninterrupted (without blank lines).

#### 1.3. Commission decision approving the programme:

Please quote the number and date of the EC Decision by virtue based on which the assistance was granted.

Format: Free text, date DD/MM/YYYY.

Example: **C/2007/6565-1, 13/12/2007.**

#### 1.4. Name of measure and title of project:

Please give the number and the title of the priority axis together with the title of a project.

Measure

Format: Free text.

Example: **Priority 1: Developing Waste Management Infrastructure for Establishing and Integrated Waste Management System in Croatia**

Title of project

Format: Free text.

Example: **Regional Waste Management Centre for the County of Istria**

#### 1.5. Beneficiary Country's project number:

If the operation was allocated a national reference number, please quote it.

Format: Free text.

### 2. Provisions infringed:

Please specify which Community or national (including contractual provisions) legislation has been infringed.

Format: Free text.

Example: **Article X of the Penal Code**

### **3. Date of first information leading to suspicion of irregularity:**

Please indicate the date on which the first information leading to the suspicion of an irregularity was received. For example in the case of reporting by phone, the date of the telephone conversation should be given.

Format: DD/MM/YYYY

Example: **25/06/2008**

### **3.1. Source of first information leading to suspicion of irregularity:**

Please indicate how you first became aware of the existence of the irregularity.

Format: Free text.

Example: **Informant, press report, audit, etc.**

### **4. Manner in which the irregularity was detected**

#### **4.1. Who detected the irregularity?**

Please select from the list below a relevant authority which detected the irregularity

Format: Number and the authority.

Example: **10 – National administration**

#### **List of authorities:**

- 10 – National administration
- 20 – European Commission
- 30 – Court of Auditors
- 90 – Other

#### **4.2. How was the irregularity detected?**

Please select from the list below a relevant method of detection of the irregularity

Format: Number and method.

Example: **10 – Audit**

#### **List of methods of detection:**

- 10 – Audit
- 20 – Bankruptcy
- 30 – Control of products
- 40 – Control of documents ex-ante
- 45 – Control of documents ex-post
- 50 – On the spot control
- 60 – Informant
- 70 – Media
- 80 – Analysis
- 90 – Other

### **5. Type of irregularity:**

Please select from the list below a relevant type of irregularity.

Format: Number and type.

Example: **102 - Incorrect accounts**

#### **List of types of irregularity:**

- 102 - Incorrect accounts
- 103 - Falsified accounts
- 104 - Accounts not presented
- 201 - Missing/incorrect /incomplete documents
- 213 - Falsified supporting documents
- 299 - Other cases of irregular documents
- 325 - Non-eligible expenditure
- 402 - Non-existing operator
- 405 - Irregular termination, sale or reduction
- 408 - Operator/beneficiary not having the required quality
- 601 - Failure to respect deadlines
- 608 - Refusal of control
- 609 - Refusal of payment
- 610 - Absence or incompatibility of contract
- 611 - Several requests for the same object
- 612 - Failure to respect other regulations/contract conditions
- 614 - Infringement of rules concerning public procurement
- 741 - Failure to fulfil commitments entered into
- 810 - Action not implemented
- 812 - Action not carried out in accordance with rules
- 822 - Expenditure incurred outside the contracting period
- 832 - Infringement with regard to the co-financing system
- 840 - Undeclared revenue
- 850 - Corruption
- 860 - Conflict of interest
- 999 - Other irregularities (to be specified)

#### **5.1. Qualification of irregularity**

Please qualify case as an irregularity or suspected fraud.

**irregularity**<sup>1</sup> - means any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget;

**suspected fraud**<sup>2</sup> - means an irregularity giving rise to the initiation of administrative and/or judicial proceedings at national level in order to establish the presence of intentional behavior, in particular fraud, such as is referred to in Article 1(1), point (a), of the Convention on the protection of the European Communities' financial interests;

**established fraud** – means 'suspected fraud' which has been the subject of a judgment which has the force of res judicata for fraud or any other illegal activity detrimental to the Communities' financial interests;

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<sup>1</sup> Council Regulation (EC) No 1083/2006, Art. 2 (7), OJ L 210, 31.07.2006, p.26.

<sup>2</sup> Commission Regulation (EC) No 1828/2006, Art. 27 (c), OJ L 371, 27.12.2006, p.27.

**no irregularity** – means that in the course of an administrative and/or judicial proceedings allegations of irregularity or fraud have not been confirmed;  
NB: The case can not be qualified as no irregularity in the initial communication!

## **5.2. Practices employed in committing the irregularity:**

Describe the practice employed (modus operandi).

Format: Free text.

Example: **Falsification of invoices by altering the original amounts.**

## **5.3. Are these practices considered new? Yes ( ), No ( ), Not known ( )**

Please tick as appropriate. It is up to the Beneficiary Country to decide whether the practices employed are new or not.

## **6. Are other countries involved: Yes ( ) No ( ) Not known ( )**

This heading applies to cases involving cross-border operations (participation in the programme by more than one State), or cases where the beneficiary is an international firm participating in actions such as investment projects or training courses in more than one State.

Format: Please tick as appropriate. See point 5.3; Free text in block capitals.

Example: **HUNGARY.**

## **6.1. If yes, has notification been sent? Yes ( ), date and references: , No ( ), Not known ( )**

Please tick as appropriate. If the answer is yes, please give the date and references of the communication.

Format: date DD/MM/YYYY; for the references: free text.

Example: **Yes (X) Date and reference: 26/05/2008 detailed information sent to Hungarian authorities.**

## **7. Period of irregularity**

Indicate the date(s) on which, or between which, the irregularity was committed.

Format for the date: DD/MM/YYYY.

Example: **25/11/2008**

For the period: date of the beginning of the irregularity/ date of the end of the irregularity.

Format: DD/MM/YYYY – DD/MM/YYYY

Example: **13/05/2008 – 12/06/2008**

If this information is not known, please indicate this by using the first day of the month, the first month of the quarter (01, 03, 06, 09), the first day and month of the year if only the year is known

Example: **01/01/2008**

## **8. Date of Primary administrative or judicial finding:**

“Primary administrative or judicial finding” means a first written assessment by a competent authority, either administrative or judicial, concluding on the basis of specific facts that an irregularity has been committed, without prejudice to the possibility that this conclusion may subsequently have to be revised or withdrawn as a result of developments in the course of the administrative or judicial procedure<sup>1</sup>.

Format: DD/MM/YYYY

## **9. Authorities or bodies.**

### **9.1. Authorities or bodies which drew up the Primary administrative or judicial finding:**

Please name the authority or body which acted upon the initial discovery and drew up the official report using block capitals.

Format: Free text in block capitals, uninterrupted (without blank lines!!).

Example: **MINISTRY OF JUSTICE**

**Address: ...**

### **9.2. Authorities or bodies responsible for administrative or judicial follow-up:**

Please name the authority or body which is responsible for the administrative or judicial follow-up using block capitals.

Format and example: see 9.1.

## **10. Name and address of natural and legal persons involved**

### **10.1. Natural persons:**

Please give the name, address, etc., of the person(s) involved in the irregularity.

Format: Text, but strict rules have to be followed.

A. surnames and first names have to be given in block capitals

B. special characters are to be avoided (e.g. -, \$, &);

C. indications like M, Mr, Mrs, etc., are to be avoided;

D. addresses have to be given in small print except for the first letter.

Example: -Name: **ABON**

-First name: **PIOTR**

-Address: **Kurica 25**

-Postal code: **2435**

-City: **Rjeka**

-Country: **CROATIA**

-Function: **Administrator**

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<sup>1</sup> Definition from Art 27 Commission Regulation (EC) No 1828/2006 OJ L 371, 27.12.2006, p.27.

## 10.2. Legal persons:

Please give the name, address, etc. of the legal person involved in the irregularity.  
Format: Text, but strict rules have to be followed:

- A. names are to be given in block capitals
- B. special characters are to be avoided (e.g. -, \$, &);
- C. legal abbreviations like Ltd, Co, N.V, etc. are to be given in small print, after the name;
- D. addresses are to be given in small print except for the first letter;
- E. the same applies to references to cities or countries in the name of the firm (e.g. IBM ANKARA, )

Example: **-Name: TALKER Ltd**

**-Registered Office: Wallstreet 900**

**-Postal code: 1529**

**-City: Medias**

**-Country: BOSNIA AND HERZEGOVINA**

The name and address required are those of the company. If individuals working for the company are involved in the irregularity, this information should be entered under point 10.1.

If more names are to be provided as foreseen on page 3 of the form, please copy and paste fields under points 10.1 and 10.2.

**NB. In order to comply with rules guaranteeing confidentiality of personal data, please do not refer to the names of physical or legal persons other than under points 10.1 and 10.2.**

## FINANCIAL ASPECTS

### 11. Total amount and distribution between sources of financing

#### 11.1. Total amount of the operation:

Please indicate the total amount contracted in the operation. The amount mentioned has to equal the sum of points 11.2 and 11.3 ("11.1"="11.2"+"11.3").

**The amount has to be in Euro throughout the whole Financial Aspects Section.**

Amounts in national currency shall be converted into Euro using the monthly accounting exchange rate of the Commission in the month during which the expenditure was registered in the accounts of the Operating structure of the programme concerned<sup>1</sup>.

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<sup>1</sup> See Art. 81(3) of the Council Regulation (EC) No 1083/2006, OJ L 210, 31.07.2006, p.61.

Where the expenditure has not been registered in the accounts of the, Operating structure the most recent accounting exchange rate published electronically by the Commission shall be used<sup>1</sup>.

Commission's monthly accounting rate can be found at:

<http://ec.europa.eu/budget/inforeuro/>

Format: 999999999999 currency. Do not separate the figures and do not use decimals. Leave space after the last figure, and then add the currency

Example: **22345000 EUR**

#### **11.2. Community financing:**

Please give the share of the amount financed by the Community.

Format: See point 11.1.

#### **11.3. Beneficiary Country financing:**

Please give the share of the amount financed by the Beneficiary Country. It should not include the private contribution.

Format: See point 11.1.

#### **12. Nature of the irregular amount:**

Please indicate the nature of the irregular amount found irregular.

Format: Free text.

Examples: **Salaries, computer equipment, funding of studies.**

#### **13. Amount of the irregularity**

##### **13.1. Total irregular amount:**

Please indicate the total amount **considered to be irregular**. The amount mentioned has to equal the sum of points 13.2, 13.3 ("13.1"="13.2"+"13.3")

Format: See point 11.1.

##### **13.2. Community irregular amount:**

Please give the Community share of the total irregular amount.

Format: See point 11.1.

##### **13.3. Beneficiary Country irregular amount:**

Please give the Beneficiary Country share of the total irregular amount.

Format: See point 11.1.

#### **14. Financial consequences**

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<sup>1</sup> See Art 36(2) of the Commission Regulation (EC) No 1828/2006, OJ L 317, 27.12.2007, p.32.

**14.1. Irregular amount under 13.1 already paid:**

Please give the irregular amount that has been unduly paid to the beneficiary. The amount mentioned has to equal the sum of points 14.2 and 14.3 ("14.1"="14.2"+"14.3")

**14.2. Community irregular amount under 13.2 already paid:**

Please give the Community share of the irregular amount paid to the beneficiary.

Format: See point 11.1.

**14.3. Beneficiary Country irregular amount under 13.3 already paid:**

Please give the Beneficiary Country share of the irregular amount paid to the beneficiary.

Format: See point 11.1.

**15. Irregular amount not yet paid**

**15.1. Irregular amount under 13.1 not yet paid:**

Please give the irregular amount **not yet paid** to the beneficiary. The amount mentioned has to equal the sum of points 15.2 and 15.3 ("15.1"="15.2"+"15.3").

Format: See point 11.1.

**15.2. Community irregular amount under 13.2 not yet paid:**

Please state the Community share of the irregular amount **not yet paid** to the beneficiary.

**15.3. Beneficiary Country irregular amount under 13.3 not yet paid:**

Please state the Beneficiary Country share of the irregular amount **not yet paid** to the beneficiary. Format: See point 11.1.

**15.4. Has the payment been suspended? Yes ( ) No ( ) Not Applicable ( )**

Please tick as appropriate.

**16. Possibility of recovery:**

Please give an assessment of the likelihood of recovery of the funds and state as far as possible the underlying reasons.

Format: Free text.

Example: **Possible** or **Not possible due to bankruptcy**.

**17 Amount recovered**

**17.1. Total amount recovered:**

Please state the amount recovered. The amount mentioned has to equal the sum of points 17.2 and 17.3 ("17.1"="17.2"+"17.3").

Format: See point 11.1.

**Interest rates, penalties, etc. should be specified in the brackets and not included in the basic amount.**

**17.2. Community amount recovered:**

Please state the Community share of the recovered amount.

Format: See point 11.1.

**17.3. Beneficiary Country amount recovered:**

Please state the Beneficiary Country share of the recovered amount.

Format: See point 11.1.

**18. Amount to be recovered**

**18.1. Total amount to be recovered:**

Please state the total amount to be recovered. The amount mentioned has to equal the sum of points 18.2 and 18.3 (" $18.1 = 18.2 + 18.3$ ").

Format: See point 11.1.

**Interest rates, penalties, etc. should be specified in the brackets and not included in the basic amount.**

**18.2. Community amount to be recovered:**

Please state the community share of the amount to be recovered.

Format: See point 11.1.

**18.3. Beneficiary Country amount to be recovered:**

Please state the Beneficiary Country share of the amount to be recovered.

Format: See point 11.1.

**NB: Total Irregular amount should equal the sum of amount not yet paid, total amount recovered and total amount to be recovered " $13.1 = 15.1 + 17.1 + 18.1$ ". The amount unduly paid equals to the amount recovered and to be recovered " $14.1 = 17.1 + 18.1$ ". If due to exchange rates differences the sum is not equal, please, indicate that including exchange rate.**

**STAGE OF PROCEDURES**

**19. Action by Beneficiary Country:**

Please select from the list below a relevant action taken following the detection of irregularity.

Format: Number and the name of action from the list.

Example: **20 – Judicial proceedings**

**List of actions taken:**

**10 – Administrative proceedings** is selected when a normal administrative recovery procedure is ongoing. If a concurrent judicial or penal procedure is on the way, the judicial/penal procedure prevails and is the one to be indicated.

**20 – Judicial proceedings** shows that the case is currently in front of a non-penal Court. If a concurrent administrative procedure is on the way, the judicial procedure prevails and is the one to be indicated.

**30 – Special procedure** is used when the amount affected by irregularity turns out to be irrecoverable and the Commission has been informed by means of a special report as required in Art 30 (2) of the Commission Regulation (EC) No 1828/2006.

**40 – Penal proceedings** is selected when the case is referred to a Penal Court. If a concurrent administrative procedure is on the way, the penal procedure prevails and is the one to be indicated.

**50 – Procedures closed** is selected when all recovery and related procedures are completed. This means also when the whole procedure is finalised and no irregularity is established or when the outcome of the procedure is that no amount has to be recovered.

**20. Has the recovery procedure been abandoned? Yes ( ) No ( ) Not Applicable( )**

Please tick as appropriate.

**21. Have criminal proceedings been abandoned?: Yes ( ) No ( ) Not Applicable( )**

Please tick as appropriate.

**22. Sanction applied (administrative and/or judicial):**

Please select from the list below a relevant sanction applied.

Format: Number and the name of a sanction from the list.

Example: **600 - National administrative sanction**

**List of sanctions applied:**

- 500 – No sanction imposed
- 550 – Sanction to be imposed
- 600 – National administrative sanction
- 640 – Removal of national subsidies
- 650 – Exclusion from future national subsidy
- 660 – Limitation of access to public procurement
- 740 – Exclusion from future Community subsidies
- 810 – Fine under penal law
- 820 – Imprisonment
- 890 – Other penal sanctions
- 900 – Other sanctions, to be specified

**23. Additional observations:**

Please give any additional information/comments which you consider relevant and which has not been covered in the above points.

**24. Final communication: Yes ( ) No ( )**

Please indicate 'Yes' if all administrative and/or judicial proceedings have been finalised and irregular amount has been recovered or declared irrecoverable. No further actions concerning communicated irregularity are foreseen.

**In case of any questions on filling the form, please, do not hesitate to contact the following persons.**

Auste Savickiene  
e-mail: [Auste.Savickiene@ec.europa.eu](mailto:Auste.Savickiene@ec.europa.eu)  
tel: +32-2-295.36.56

Andrea Bordoni  
e-mail: [Andrea.Bordoni@ec.europa.eu](mailto:Andrea.Bordoni@ec.europa.eu)  
tel: +32-2-296.77.37

fax: +32-2-295.97.59

OLAF – European Anti-Fraud Office  
Directorate C – Operational and Policy Support  
Unit C.2– Fraud Prevention and Intelligence  
Rue Joseph II 30,  
B-1049 Brussels  
Belgium

## ANNEX I - Irregularity report

**CONFIDENTIAL**

**Case No: XX/9999/999/X/9**

### **QUARTERLY COMMUNICATION OF IRREGULARITIES IN CONNECTION WITH THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)**

#### **IDENTIFICATION OF COMMUNICATION**

Beneficiary Country:

Case Number: XX/9999/999/X/9

Quarter:

(a) Quarter I ( )

(b) Quarter II ( )

(c) Quarter III ( )

(d) Quarter IV ( )

Date Sent: DD/MM/YYYY

Administrative Department in Beneficiary Country:

Contact Point: Name:

Phone:

Fax:

E-mail:

#### **DETAILS OF IRREGULARITY**

##### **1. Description of Operation**

1.1. Name of programme:

1.2 Identification number:

1.3. Commission decision approving the programme:

1.4. Name of measure and title of project:

1.5. Beneficiary Country's project number:

##### **2. Provision Infringed:**

##### **3. Date of first information leading to suspicion of irregularity:**

3.1. Source of first information leading to suspicion of irregularity:

##### **4. Manner in which irregularity was detected**

4.1. Who detected the irregularity?

4.2. How was the irregularity detected?

##### **5. Type of irregularity:**

5.1. Qualification of Irregularity:

- (a) No irregularity ( )
- (b) Irregularity ( )
- (c) Suspected Fraud ( )
- (d) Established Fraud ( )

5.2. Practices employed in committing the irregularity:

5.3. Are these practices considered new? Yes ( ) No ( ) Not known ( )

**6. Are other countries involved? Yes ( ) No ( ) Not Known ( )**

6.1. If yes, has notification been sent?

Yes ( ) Date and reference: No ( ) Not known ( )

**7. Period of irregularity:**

**8. Date of primary administrative or judicial finding:**

**9. Authorities or bodies**

9.1. Authorities or bodies which drew up the Primary administrative or judicial finding:

9.2. Authorities or bodies responsible for administrative or judicial follow-up:

**10. Name and address of natural and legal persons involved**

10.1. Natural persons:

- Name:
- First Name:
- Address:
- Postal Code:
- City:
- Country:
- Function:

10.2. Legal persons:

- Name:
- Registered Office:
- Postal Code:
- Country:

## **FINANCIAL ASPECTS**

### **11. Total amount and distribution between sources of financing**

11.1. Total amount of the operation:

11.2. Community financing:

11.3. Beneficiary Country financing:

### **12. Nature of the irregular amount:**

### **13. Amount of the irregularity**

13.1. Total irregular amount:

13.2. Community irregular amount:

13.3. Beneficiary Country irregular amount:

### **14. Financial consequences**

14.1. Irregular amount under 13.1.already paid:

14.2. Community irregular amount under 13.2.already paid:

14.3. Beneficiary Country irregular amount under 13.3 already paid:

15.1. Irregular amount under 13.1 not yet paid:

15.2. Community irregular amount under 13.2 not yet paid:

15.3. Beneficiary Country irregular amount under 13.4 not yet paid:

15.4. Has the payment been suspended? Yes ( ) No ( ) N/A ( )

### **16. Possibility of recovery:**

### **17. Amount recovered**

17.1. Total amount recovered:

17.2. Community amount recovered:

17.3. Beneficiary Country amount recovered:

### **18. Amount to be recovered**

18.1. Total amount to be recovered:

18.2. Community amount to be recovered:

18.3. Beneficiary Country amount to be recovered:

**STAGE OF PROCEDURES**

19. Action by Beneficiary Country:

20. Has the recovery procedure been abandoned? Yes ( ) No ( ) N/A ( )

21. Have criminal proceedings been abandoned? Yes ( ) No ( ) N/A ( )

22. Sanction applied (administrative and/or judicial):

23. Additional observations:

24. Final communication: Yes ( ) No ( )

## **ANNEX II – List of responsible DGs**

### **COMPONENT I - THE TRANSITION ASSISTANCE AND INSTITUTION BUILDING**

European Commission  
DG Enlargement  
Rue de la Loi 170  
B – 1049 Brussels  
Belgium

### **COMPONENT II - CROSS-BORDER COOPERATION**

European Commission  
DG Regional Policy  
Rue Pere de Deken 23  
B-1040 Brussels  
Belgium

### **COMPONENT III – REGIONAL DEVELOPMENT**

European Commission  
DG Regional Policy  
Rue Pere de Deken 23  
B-1040 Brussels  
Belgium

### **COMPONENT IV - HUMAN RESOURCES DEVELOPMENT**

DG Employment and social Affairs  
Rue Joseph II 54  
B-1000 Brussels  
Belgium

### **COMPONENT V – RURAL DEVELOPMENT**

European Commission  
DG Agriculture and Rural Development  
Rue de la Loi 130  
B – 1049 Brussels  
Belgium

**ANNEX XIX**  
**Operational Programme**