



OPERATIONAL MANUAL FOR PROGRAMMING COMPONENT I OF INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)

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Glossary

European Commission Delegation – a diplomatic representative office of the European Commission based in Podgorica. In a centralised system EC Delegation holds full responsibility for the implementation of projects funded by pre-accession funds.

Enlargement Strategy – part of the package adopted annually by the European Commission for each individual country striving towards European Union membership. It includes priorities and guidelines for progress on the path towards European integration.

European Partnership – a document adopted by the European Commission and including short-term and long-term priorities. Priorities make a starting point for strategic planning of EU funds implementation.

Multi-Annual Indicative Financial Framework (MIFF) – a document including an indicative break down of EU funds allocation by individual years and components for any state having access to IPA funds.

Multi-Annual Indicative Planning Document (MIPD) – the basic strategic document for IPA funds programming. Priorities within IPA Component 1 are divided by priority lines into: political criteria, economic criteria, and capacity to undertake obligations arising from membership.

Progress Report – the report on progress made in European integration processes adopted annually by the European Commission and including an assessment of achievement and an assessment of the current state of affairs in the given country. It is part of the package of documents adopted annually by the European Commission.

Steering Committee – a committee composed of project beneficiaries and EC Delegation with an objective to monitor project implementation and make decisions concerning proper project implementation.

Technical Assistance Information Exchange -TAIEX - instrument for short-term assistance in adoption and enforcement of the Community *acquis*.

Project Preparation Facility -PPF – any annual IPA programme includes a specific amount to be used for preparation of future projects (drafting of feasibility studies, environment impact assessment...).

Technical Assistance – where a project is implemented under a service contract, it implies engagement of consultants, experts, and advisors in order to ensure transfer of know-how.

Twinning – twinning is a partnership instrument between the beneficiary state and an EU member-state. Under twinning, representatives of member-state public administration transfer their experience and knowledge to counterpart administration in the beneficiary state and they work together on achieving previously set objectives.

Twinning Light – a flexible tool for mid-term objectives providing assistance through the expertise of civil servants on secondment from member-state public administration for up to six months. Its budget is maximum €250,000.

Resident Twinning Advisor – RTA – any classical twinning implies the presence of the so called Resident Twinning Advisor who has responsibility to oversee project implementation on a daily basis. There are counterpart advisors in both the beneficiary state and an EU member-state.

Grant - direct financial donation from the budget of the European Communities granted in order to finance activities and projects of non-profit entities (local self-government, developmental agencies, civil society and the media) pursuing the goals in the common European interest and implementation of the European Union policies.

National IPA Coordinator (NIPAC) - responsible for overall coordination of assistance under IPA programmes. He/she ensures partnership between the European Commission and national authorities and close cooperation between a general accession process and implementation of pre-accession assistance under IPA programme.

Senior Programme Officer (SPO) - responsible for programming within his/her sector, i.e. department. He/she also coordinates programming by institutions that fall within the competence of the given ministry.

Commission for European Integration – national commission playing a major role in inter-sectoral coordination of European integration processes and therefore in implementation of the EU funds.

IPA Committee - IPA Committee is a European Commission body responsible for approval of project fiches. It is composed of representatives of all European Union member-states.

Log frame matrix - an **analytical process** and a **set of tools** (instruments) used in project management. The log frame matrix includes a clear overview of project activities. It allows for checking whether the project is planned well and facilitates project monitoring and assessment.

Project fiche – description of project in a ready-made format including extensive information on project justification, beneficiaries, objectives, link with other projects or donors, key activities, budget, method of implementation and project duration.

Stakeholders – potentially any individual, group or organisation interested in project implementation, be it a user of project services or someone who takes part in the work of the institution nominating the project, cooperates with that institution, directly or indirectly feels the impact of activities carried out by that institution, therefore anyone who could be interested in whether the project will be successful or not. The concept of stakeholders is to be interpreted broadly but not too broadly since it could be wrongly identified with the entire social system.

Budget – specification of project cost by individual components.

Centralised management – a method of programme and project implementation with the responsibility for implementation maintained by the European Commission in Brussels.

Centralised deconcentrated management – a method of programme and project implementation with the responsibility for implementation conferred on the European Commission Delegation, and previously on the European Agency for Reconstruction.

Decentralised Implementation System (DIS) – a method of project implementation with responsibility for funds management conferred on the national institutions in the beneficiary

country (tendering, contracting, payment) after the European Commission has received firm evidence of effective operation of the management and control system in the country. Establishment of a decentralised implementation system is subject to accreditation by the European Commission.

Joint management – a method of project implementation together with international organisations in case of funds raised from various donors. In that case some implementation activities are left to international organisations.

Indirect Centralised Management – a method of project implementation whereby the European Commission delegates certain implementation activities to the European national agencies or bodies. For example, this management model is applied in implementation of community programmes in education sector.

Shared management - a method of project implementation with the responsibility for project implementation transferred on member states. It is applied, for example, in the implementation of cross-border cooperation with member-states.

Stabilisation and Association Agreement (SPP) – an agreement between the European Community and its member states and a non-member state undergoing European integration process which sets the framework for political, economic, and institutional cooperation in country's accession to the European Union.

National Programme for Integration (NPI) – a document prepared by potential candidate countries for membership of the European Union which represents a precise plan on how to meet all the requirements for membership of the EU, from political and economic requirements to very specific EU standards in the areas of trade, agriculture, environment protection, infrastructure, regional development, etc.

SWOT analysis – a strategic planning tool for analysing the competitive position of an organisation, country or region. SWOT defines strengths, weaknesses, opportunities and threats.

PRAG (Practical Guide to Contract Procedures for EC External Actions) defines rules of public procurement and contracting applied to financing from pre-accession assistance.

Financing Agreement – a legally binding act signed by the European Commission and a beneficiary country after the Commission has adopted its financing decision. It includes a description of programmes or projects to be funded. This document is a legal basis for the beginning of project implementation.

Co-financing – refers to a situation when a single project is funded from both EU funds and national funds at the same time.

Instrument for Pre-Accession Assistance (IPA) – Instrument for Pre-accession Assistance for 2007-2013, with an overall financial envelope of €11.468 billion. It was introduced under Council Regulation No. 1085/2006 and is made up of five components.

TAIB (Transition Assistance and Institution Building) – IPA Component 1.

Financial perspective 2007-2013 – framework for Community expenditure during the six-year period designed on the basis of relevant strategic documents, priorities and measures for their implementation.

CARDS (Community Assistance for Reconstruction, Development and Stability) – pre-accession instrument for financial perspective 2000-2006, with a financial envelope of €4.65 billion intended for accession countries: Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia. The legal basis is EC Regulation No. 2666/2000.

EAR (European Agency for Reconstruction) – a body of the European Commission and the European Parliament set up to perform strategic, technical and administrative functions necessary for effective CARDS management. EAR stopped work on 31 December 2008. Agency's headquarters were in Thessalonica, with operational centres in Belgrade, Pristina, Podgorica and Skopje.

Quality Support Group – an expert body within the European Commission Directorate-General for Enlargement, responsible for preliminary quality assessment of projects submitted by IPA beneficiaries.

I SUMMARY

The countries of the Western Balkans enjoy strong international financial support dominated by the funds donated by the European Union, the major donor in Montenegro in terms of annual support.

Setting up an efficient system for implementation of European Union funds is a complex and challenging process calling for long-term, coordinated, planned and active participation of all the relevant state institutions. Building the capacity of state institutions for independent management of European Union funds available under the Instrument for Pre-accession Assistance (IPA) in all the stages of the project cycle is of utmost importance in the coming period.

Given the need to reinforce public administration capacity, clearly define the roles and responsibilities of actors involved in European Union funds programming process, this Manual is primarily designed towards developing the capacity of Montenegro's institutions (European Union funds potential beneficiaries) and upgrading their competence in preparing maximum quality projects tailored to the objectives and requirements set for Montenegro towards the Stabilisation and Association processes. The Manual will clearly define the roles of actors involved in the programming process.

Since any new stage in the accession to the European Union is ever more challenging in terms of the standards and requirements to be met, donor funds absorption capacity must be developed and the funds allocated to target priorities in the European integration processes. The Manual makes clear the annual programming procedure under IPA Component 1 (Transition Assistance and Institution Building) and serves as a methodological tool intended for IPA funds potential beneficiaries.

The Manual also includes the Framework Calendar of Annual Programming (Annex 1), guidelines for design of project ideas (Annex 2), their elaboration into forms set by the European Commission (Annex 4), quality assessment grids and their relevance (Annex 3 and 6).

II INTRODUCTION

Based on its previous experience and lead by its objective to simplify pre-accession assistance planning and management, the European Union decided to replace all previous instruments available to candidates and potential candidate countries by a single Instrument for Pre-accession Assistance (hereinafter referred to as: IPA) during financial framework 2007-2013, thus replacing all prior assistance instruments, namely CARDS, Phare, ISPA, SAPARD, as well as the pre-accession instrument for Turkey¹. The total IPA budget to be allocated to all beneficiaries for 2007-2013 amounts to €11.468 billion.

Instrument for pre-accession assistance consists of the following five components:

1. Transition Assistance and Institution Building;
2. Cross-border Cooperation;
3. Regional Development;
4. Human Resource Development, and
5. Rural Development.

Although established as a unique and coherent assistance facility, IPA makes a distinction among beneficiaries in their eligibility for funds. Unlike the EU candidate countries that have an accredited Decentralised Implementation System (hereinafter referred to as: DIS) and therefore receive assistance under all five components, the potential candidate countries and those candidate countries that are without accredited DIS may only receive assistance under the first two components. It is therefore clear that the key requirement to be met for having access to all the five IPA components is candidacy for membership in the European Union with an accredited DIS.

As for Montenegro, while the Stabilisation and Association Process opens up new opportunities it also brings along challenges that national agencies involved in European integration are facing in their day-to-day work. Whereas financial support so far primarily focused on reconstruction, the perspective today is for the support to be aimed towards implementation of reform policies, development of democratic society, adoption of European standards, and meeting the requirements arising from the European Union membership.

From the point of view of the European Union financial assistance to Montenegro, the period from 2000 to January 2007 was marked by using the funds under CARDS (Community Assistance for Reconstruction, Development and Stabilisation), the programme mainly intended for infrastructure reconstruction and development in Montenegro. In the given period, European Agency for Reconstruction was responsible for project programming and implementation. During programming of CARDS funds Montenegrin authorities were insufficiently involved in the development of project fiches, which resulted in insufficient

¹ COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)

capacity development and their inability to independently work on the projects of CARDS funds.

Once the mandate of the European Agency for Reconstruction had ended (31 December 2008), project programming and implementation was conferred on the European Commission Delegation. The EC Delegation was newly established and needed to familiarise itself with the structure of Montenegro's institutions and its staffing did not end until late in 2008. Therefore, the situation in which Montenegrin authorities were to build their capacity for programming procedures, designing project fiches, tender procedures, and, finally, project implementation was not very favourable at that stage. IPA 2007 and 2008 projects were designed with maximum involvement of international experts, while IPA 2009 programming involved a significant participation of representatives from Montenegrin authorities and allowed for their proper familiarisation with the programming process.

Projects funded under Instrument for Pre-accession Assistance are, or will be, focused on administrative capacity development, compliance with Aquis Communautaire, implementation of economic reforms, construction of infrastructural projects significant for Montenegro's future development, promotion of regional and cross-border cooperation, preparation for implementation of structural and cohesion funds.

There is a need for national institutions to take ownership of the entire funds implementation process as soon as possible. For national bodies to be assessed as ready for independent IPA funds programming, the submitted projects must be seen as „mature“ and strategically designed. What must also be ensured is that in national institutions there is continuity of staff who undergo training develop programming skills and subsequently in project implementation itself. For a rational and expedited donor funds implementation, allocation of donor assistance and its coordination must be more effective. In the coming period, the Secretariat for European Integration will take an active role in coordinating the work of donor community active in Montenegro. Awareness must be raised of the strategic approach to planning financial assistance implementation, inter-sectoral coordination, and participation of representatives of the civil sector in EU funds programming.

III LEGAL BASIS FOR IPA FUNDS IMPLEMENTATION IN MONTENEGRO

Montenegro, as the potential candidate country, can participate in the first two IPA components: *Transition Assistance and Institution Building* and *Cross-Border Cooperation*.

Funds available under IPA Component I are intended towards achieving greater compliance of national legislation with Aquis Communautaire, strengthening democratic institutions and rule of law, supporting public administration reform, economic development and improvement of infrastructure. The objective of IPA Component 2 is to promote good neighbourly relations and regional cooperation by providing support to cooperation between border regions traditionally lagging behind in economic growth in countries sharing a border.

The *legal basis* regulating EU funds implementation is found in the following documents:

- Council Regulation (EC, Euratom) No. 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities²;
- Council Regulation (EC) No. 1085/2006 on establishing Instrument for Pre-Accession Assistance³;
- European Commission Regulation No. 718/2007 on the implementation of the Council Regulation No. 1085/2006 (IPA Regulation) of 12 June 2007 (IPA Regulation)⁴;
- Framework Agreement between the Government of Montenegro and European Commission on the rules of cooperation relating to EC's financial assistance to Montenegro within the framework of implementation of Instrument for Pre-Accession Assistance, signed on 15 November 2007⁵;
- Law on ratification of Framework Agreement, ratified by Montenegro Parliament on 26 December 2008, which entered into force on 18 January 2008 ("Off. Gazette of Montenegro", No. 01/08 of 10 January 2008);
- Financing Agreement⁶, signed for each IPA annual programme and serving as legal basis for project implementation.

To keep it updated on IPA funds implementation, the Secretariat regularly reports to the Government about IPA funds programming. With this regard, the Government adopts Information about IPA annual programmes⁷.

IV STRATEGIC APPROACH TO THE PROGRAMMING PROCESS

Unlike other components characterised by multi-annual programming and planning, IPA Component I is managed through annual programmes. Every year the European Commission adopts programmes on the basis of proposed project fiches submitted by the beneficiary country in the standardised format set by the European Commission (Annex 4). To understand the time frame and avoid any vagueness, it is worth pointing out that the implementation of projects defined for year n (start of tendering process) starts in n , while execution of projects start in year $n+1$ (Annex 1). For example, implementation of projects under IPA 2009 will start in 2009, while their execution will start in 2010.

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002Q1605:EN:HTML>

³ http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_210/l_21020060731en00820093.pdf

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:170:0001:0066:EN:PDF>

⁵ <http://www.gov.me/sei/index.php?akcija=vijesti&id=152093>

⁶ The Financing Agreement for IPA 2007 programme was signed on 12 March 2008. The Financing Agreement for IPA 2008 programme was signed on 23 January 2009

⁷ Information on IPA 2007 Programme (May, 2007), Information on IPA 2008 Programme (December, 2007), Information on IPA 2009 Programme (December, 2008).

IPA Regulation provides for the adoption of national annual programmes by the European Commission on the basis of project fiches submitted by IPA funds beneficiary, emphasizing the obligation to take into account the principles and priorities as set by the strategic documents. Following intersectoral consultations within all European Commission Directorates General, IPA Committee (composed of all European Union member states) adopts the decision to endorse/reject the project fiches. The European Commission and IPA funds beneficiary country then sign the Financing Agreement, which allows the project implementation to start.

Strategic approach to programming means that IPA-funded projects must build on previously designed policies, strategies, and plans.

Basic strategic documents of the European Commission and Montenegro serving as foundation for IPA funds programming include the following:

- **Enlargement Strategy**, setting long-term objectives and the European Union strategic approach to candidates and potential candidates for membership of the European Union. It provides an overview of progress and priorities set as objectives in each individual state⁸.
- **European Partnership⁹ and Action Plan for its Implementation¹⁰**, defining short-term (1-2 years) and mid-term (3-4 years) priorities in the adoption of European Union standards.
- **Stabilisation and Association Agreement**, signed on 15 October 2007 between European Union and Montenegro. The Agreement sets forth the legal framework for mutual cooperation and gradual approximation of Montenegro to European standards¹¹.
- **Multi-Annual Indicative Financial Framework** (MIFF). In line with its budget perspective for 2007-2013, the European Commission defined a draft IPA budget for all beneficiary countries through Multi-Annual Indicative Financial Framework (European Commission Communication to the Council and European Parliament, Instrument for Pre-Accession Assistance, Multi-Annual Indicative Financial Framework for 2010 – 2012, 5 November 2008).
- **Multi-Annual Indicative Planning Document** (MIPD) is a key strategic planning document for IPA funds identifying priority areas of intervention. The document is designed for a three-year period and is updated annually. It is the result of joint work and consultations between the European Commission and national

⁸ http://ec.europa.eu/enlargement/how-does-it-work/progress_reports/index_en.htm

⁹ <http://www.sei.vlada.cg.yu/vijesti.php?akcija=vijesti&id=19280>

¹⁰ <http://www.sei.vlada.cg.yu/vijesti.php?akcija=vijesti&id=22537>

¹¹ <http://www.sei.vlada.cg.yu/vijesti.php?akcija=vijesti&id=21787>

institutions, i.e. IPA funds beneficiaries and potential beneficiaries. Throughout consultations Montenegro is free to identify its own needs and prioritise them for funding¹².

- **European Commission Annual Progress Report** for Montenegro within Stabilisation and Association Process. The European Commission reports annually to the Council about the progress made by each candidate/potential candidate for membership of the European Union. The report includes both negative and positive views about the progress the country is making in the association process and adoption of standards¹³.
- **National strategic documents** (National Programme of Integration, Judicial Reform Strategy, Programme of Fight Against Corruption and Organised Crime, Integrated Border Management Strategy, etc).

During identification of project proposals to be nominated for IPA funds, taken into account must be the results from Enhanced Permanent Dialogue, meetings of the Stabilisation and Association Sub-Committee with the European Commission, conclusions of the Steering Committees of EU-funded projects, and the activities of other donors active in Montenegro.

Given the recommendations and guidelines contained in the above documents, IPA Component I aims at supporting the following priority lines:

- *Political criteria* (building democratic institutions, judicial reform, public administration reform, decentralisation of local self-government, fight against corruption and organised crime, protection of human and minority rights, anti-discrimination, media development, civil society development).
- *Economic criteria* (support to labour market, education, research, social inclusion, health-care, business environment, budget and tax policy, rural development, food safety, environment, energy and transport).
- *Ability to assume the obligations of membership* – (harmonisation of national legislation with Acquis Communautaire, coordination of European integration processes, reinforcement of Montenegro's administrative capacity for SAA, preparation for introduction of Decentralised Implementation System (DIS) for the EU funds management, as well as participation in Community Programmes).

¹² MIPD for 2007-2009 was adopted by the European Commission on 5 March 2007

MIPD for 2008-2010 was adopted by the European Commission, MIPD for 2009-2011 will be adopted in late April 2009

¹³ http://ec.europa.eu/enlargement/how-does-it-work/progress_reports/index_en.htm

The funds earmarked to Montenegro are presented in tables as follows:

<i>Transition Assistance and Institution Building</i>						
Year	2007	2008	2009	2010	2011	2012
Budget	27.490.504	28.112.552	28.632.179	29.238.823	29.843.599	30.446.471

Excerpt from Multi-Annual Indicative Financial Framework

Pursuant to Article 65 of IPA Regulation, under this component assistance can be provided in the form of:

- training and exchange of information/experience particularly through twinning, twinning light and TAIEX;
- technical assistance;
- investments;
- grants scheme;
- Project Preparation Facility – technical assistance in preparing projects and project documentation;
- implementation of financial arrangements in cooperation with other financial institutions;
- budget support in individual and exceptional cases (Article 15 of the Regulation establishing IPA).

Outlined below are short explanations of major forms of assistance:

Technical assistance involves consulting services for preparation of various documents, their implementation, designing and implementation of training, preparation of project documentation, etc.

Twinning is a joint project between member state institutions and their counterparts in beneficiary countries and is different from a classical technical assistance project. Any twinning project relies on a partnership between a member state and the beneficiary. That calls for the presence of a Resident Twinning Advisor (“RTA”) in the member state and his partner in the beneficiary country. RTA is involved in specific projects that require expertise in a specific area for minimum one year. Also, any twinning implies the appointment of the Project Leader in the member state. They are supported by the Project Leader in the public administration of the beneficiary who is responsible for project implementation and coordination of experts from the European Union member state. Various other mechanisms are used, such as short-term engagement of individual expert, training, translation and IT specialised support. It is worth noting that twinning not only provides technical and administrative support but also enables creation of long-term links between present and future member states, as well as familiarisation with various practices of the European Union member states. The beneficiary selects a partner among EU member states and undertakes to

implement the reforms that it will continue financing upon project completion. Twinning projects must contribute to reaching a specific operational outcome, linked to the adoption of Acquis Communautaire or a European Union policy which is the subject of cooperation. At project completion, the newly adopted system is within exclusive responsibility of the beneficiary state.

Twinning light is a flexible tool for mid-term tasks providing assistance in the form of expertise of member state civil servants for up to six months with potential yet time limited agreement extensions. Unlike Resident Twinning Advisors, Civil Servants need not stay in the beneficiary country.

Investment projects are for the procurement of equipment or works (reconstruction and construction).

Grants are direct financial donations from the European Communities budget allocated to fund the activities and projects of various non-profit entities (local self-government, developmental agencies, civil society, and media) that pursue objectives in Europe's common interest and with regard to implementation of European Union policies.

The Manual is intended for programming of funds available under IPA Component I only, with implementation and financial management defined in relevant documents.

V General implementation principles IPA component I

As mentioned in the previous chapter, the central point of IPA is to transfer know-how and experience to beneficiary countries, by enhancing ownership and responsibility of the implementation of assistance on the countries' side. During the lifetime of the instrument, it is therefore expected that decentralised management will become the norm also for potential candidate countries.

For candidate countries, **decentralised management** is the norm. In order to reach decentralised implementation system Montenegro has prepared the Action plan for moving towards more decentralisation, while at the same time preparing national authorities to take on board and have adequate capacity for the increased responsibilities related to this.

Centralised management:

Centralised management can take the following forms:

- Centralised direct management in the form of implementation by the Commission services at Headquarters (for projects financed under Multi Beneficiary IPA);
- Centralised de-concentrated (devolved) management in the form of implementation by the Commission Delegation in the beneficiary country (current model of project implementation in Montenegro);

- Centralised indirect management in the form of implementation through Community agencies, Community bodies, national/international public-sector bodies or bodies governed by private law with a public service mission, as defined in Article 54 of Regulation (EC) 1605/2002¹⁴ (the Financial Regulation).

Decentralised management

Decentralised management by the beneficiary country (with or without ex-ante control over procurement and grant project selection, contracting and payments) must be preceded by an assessment by the Commission confirming that the beneficiary country is in a position to implement assistance in accordance with Article 53c of the Financial Regulation and meets the conditions set in Article 56(2) thereof.

For that purpose, the management and control systems in the beneficiary country shall fulfil at least the criteria set out in the Annex to the IPA Implementing Regulation and provide for effective controls for at least the standard list within that Annex.

In order to increase the responsibility of the beneficiary country in the process of taking over management powers, the NAO shall accredit the structures and authorities set up in the framework of IPA before asking for a formal conferral of management responsibilities by the Commission. This national accreditation shall be made according to the criteria and list of areas laid down in the Annex to the IPA Implementing regulation.

Joint management

Joint management is a specific form of management by international organisations, to which the Commission can have recourse in the following cases: wherever the Commission and the international organisation are bound by a long-term framework agreement laying down the administrative and financial arrangements for their cooperation; wherever the Commission and the international organisation elaborate a joint project or programme; where the funds of several donors are pooled and are not earmarked for specific items or categories of expenditures, that is to say, in the case of multi-donor actions.

The conditions governing joint management are set out in Article 53d of the Financial Regulation and 43 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation (hereafter: the Implementing Rules).

For joint management, the international organisation must fall into the categories enumerated in Article 43, paragraph 2, of the Implementing Rules. Two organisations are explicitly named under points b) and c): the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies.

¹⁴ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC, Euratom) Nà 1995/2006 (OJ L 390, 30.12.2006, p. 1).

Besides, for the purposes of Article 53d of the Financial Regulation, the European Investment Bank and the European Investment Fund are assimilated to international organisations.

The first category under point a) is more general. It refers to international public sector organisations set up by intergovernmental agreements, and specialized agencies set up by such organizations¹⁵.

If joint management is not appropriate or if the above conditions for its use are not fulfilled, then an international organisation can be financed by the Commission in the form of a grant. In such cases, the normal procedures for awarding grants shall apply Title VI of Part One of the FR and IR respectively.

VI RESPONSIBILITIES AND INSTITUTIONAL FRAMEWORK

In this section the Manual presents an overview of responsibilities held by the structures involved in IPA funds programming and explains the roles that the European Commission Delegation has in the said process.

National IPA Coordinator (NIPAC)

Under the Framework Agreement *Annex A* dealing with the allocation of functions and structures' shared responsibilities to line agencies and bodies and pursuant to Article 8 of the Framework Agreement, the National IPA Coordinator (“NIPAC”) is responsible for overall coordination of IPA programme. NIPAC ensures partnership between the European Commission and national institutions and a close link between the association process and implementation of pre-accession assistance under IPA programmes. NIPAC takes full responsibility for harmonisation and coordination of programmes made available under IPA funding, as well as for designing annual programmes for IPA Component 1.

In March 2008, the Government of Montenegro under *Decision No.: 03-2504/3* appointed Prof. dr Gordana Đurović, Deputy Prime Minister for European Integration as the National IPA Coordinator (**NIPAC**). The Secretariat for European Integration, under the Decree on Organisation and Work of Public Administration ("Off. Gazette of RMNE", No. 54/04, 78/04, 06/05, 61/05, 06/06, 32/06, 42/06, 56/06, 60/06, 72/06, 06/07, 25/07, 32/07, 35/07, 06/07, 16/07, 26/08), is made responsible for providing support to NIPAC in implementation of activities concerning coordination of assistance available under European Union funds. The Secretariat's Sector for Coordination of Donor Assistance provides technical assistance to NIPAC in coordinating IPA funds available under Component Transition Assistance and Institution Building.

¹⁵ For a definition of international public sector organizations, see note of BUDG 4835 of 4 June 2007.

NIPAC has the responsibility to:

- manage the programming process;
- in cooperation with the European Commission Delegation, line ministries and other relevant institutions of Montenegro, coordinate preparation and review Multi-Annual Indicative Planning Document (MIPD);
- coordinate stakeholder activities during project identification and formulation;
- act as interlocutor between beneficiaries/potential beneficiaries and the European Commission Delegation;
- encourage linking among sectoral priorities and see that national priorities are included in IPA programmes;
- define time frame for preparation and submission of project ideas and project fiches by IPA funds potential beneficiaries;
- have regular contacts and consultations with national institutions and point to deficiencies detected in specific sectors;
- provide expert assistance to relevant institutions during IPA funds programming, i.e. provide expert assistance to those institutions that are without capacity to start the process on their own;
- when needed, seek additional clarifications relating to submission of project ideas and organise sectoral meetings if seen necessary;
- evaluate submitted project proposals in accordance with relevant criteria (Annex 3);
- where necessary, send suggestions to relevant institutions with a view to improving quality of project ideas;
- report to the Government about IPA programming, project formulation and implementation;
- submit to the European Commission Delegation the final list and project fiches, as set in the programming process;
- sign the Financing Agreement with the European Commission upon its adoption by the Government;
- supervise programming, preparation and implementation of programmes and projects in order to promote programming, timely identification, elimination and alleviation of potential problems in programming and the implementation of programmes and projects ;
- in partnership with the European Commission Delegation, inform the public about the European Union assistance programmes to Montenegro;
- submit application to the European Commission and European Commission Delegation for reallocation of funds within the framework of EU funded projects.

Line ministries and Senior Programme Officers (SPO)

Senior Programme Officers are responsible for IPA programming and submission of projects from their respective sectors. They are civil servants in charge of coordination of programming within the given sector, which involves the coordination of sectors,

administrations, directorates, and agencies under the authority of the line ministry¹⁶. It is recommended that the Senior Programme Officer be the ministry secretary or assistant minister, whose scope of authority includes European integration processes. Under the decision on the establishment of a Commission for European Integration Senior Programme Officers have now been appointed in each line ministry. In the coming period, line ministries will set up Project Management Units to operate under direct authority of Senior Programme Officers¹⁷.

The above structures in line ministries are responsible for the horizontal aspect of IPA programming. Their role is as follows:

- informing sectors within the ministry as well as the public administration bodies under the authority of the line ministry about the beginning of IPA programming;
- preparing project ideas and project fiches within the authority of line ministry;
- coordinating activities taken by the public administration bodies within the authority of line ministry;
- organising consultations with the representatives of the civil society organisations active in the line ministry's scope of activity;
- prioritising project ideas and project fiches within the sector and holding consultative meetings with stakeholders to that end;
- defining reserve project ideas and project fiches;
- submitting project ideas in the form of logical frame matrix to NIPAC (Annex 2);
- developing project proposals, previously endorsed by NIPAC, Commission for European Integration and European Commission Delegation, into project fiches (Annex 4), and
- reporting to NIPAC about the programming process.

Ministry of Finance (Sector responsible for budget preparation)

The role and responsibilities of the Ministry of Finance (Budget Sector, responsible for budget preparation) are to cooperate with NIPAC on issues of potential project co-financing from the national budget.

Commission for European Integration

The Commission for European Integration is an inter-sectoral body responsible for European integration issues and, accordingly, for activities relating to implementation of IPA funds. The responsibilities of the Commission are to:

¹⁶ Powers of Senior Programme Officers are defined under Article 75(3) IPA Regulation

¹⁷ Under its Information on the second stage in the establishment of DIS for management of EU funds in Montenegro of 15 January 2009, the Government entrusted the line ministries with the task to set up necessary SPO services (units), with minimum two staff.

- coordinate the activities of line ministries and other institutions relating to European integration processes and in particular to the implementation of Interim Agreement on Trade and Related Issues;
- coordinate management of IPA and other external assistance concerning European integration processes, and
- monitor donor assistance.

The Commission for European Integration played a key role in coordinating the drafting of National Programme of Integration of Montenegro in EU for 2008-2012, as well as in monitoring the implementation of Interim Agreement on Trade and Related Issues between European Community and Montenegro. Given the need to harmonise IPA projects with requirements stemming from strategic documents, included as members of the Commission for European Integration are Senior Programme Officers.

Depending on the issues currently on the agenda of the Commission for European Integration or Ad Hoc Committee, the Commission chair, who is also the co-chair of Ad Hoc Committee for Stabilisation and Association, may seek assistance of the representatives of public administration bodies, other institutions and organisations, as well as of other research and technical staff not sitting on the Commission.

With respect to programming, the Commission for European Integration:

- analyses all the project ideas submitted,
- suggests linking of related project ideas, and
- carries out selection in line with recommendations of NIPAC, i.e. Secretariat for European Integration.

European Commission

The experience so far has been that IPA programming right from the start has relied on consultations with the European Commission, i.e. European Commission Delegation and the Directorate-General for Enlargement. European Commission Delegation, based in Podgorica, has day to day communication with the Sector for Donor Assistance, gives suggestions, and directs the programming process.

The Delegation has been familiarised with the national institution ideas and projections right from the start. In addition, throughout the programming process, representatives of the European Commission Directorate-General for Enlargement have held coordination meetings with line ministries, i.e. potential project beneficiaries.

At the beginning of programming process, the European Commission, in cooperation with the Secretariat for European Integration defines significant issues for IPA programming, such as priority areas, programming calendar, status of previous and current EU and bilateral projects etc. For a more efficient programming, during the programming process, the European Commission Delegation may identify and recommend additional priorities not previously included in project ideas which would subsequently be considered together with the

institution responsible for the proposal. It is also recommended that the European Commission Delegation, in cooperation with the Secretariat for European Integration, provide technical and expert assistance to potential beneficiaries so that the projects submitted are eligible in terms of their quality, content, time frame and financial feasibility. The Delegation suggests financing priority projects and points to recommendations of the Directorate-General for Enlargement.

NIPAC is responsible for continuously updating Senior Programme Officers on potential suggestions, complaints, and comments by the European Commission Delegation and European Commission Directorates-General.

VII CO-FINANCING

Article 4 (3) of the IPA Framework Agreements concluded with each IPA beneficiary reads: *"All operations receiving assistance under IPA shall in principle require co-financing by the beneficiary and the Community, unless otherwise agreed upon in a Sectoral Agreement or Financing Agreement."*

Under Article 37 of IPA Regulation, for proposed projects to be endorsed and implemented national co-financing must be provided in the specific amount. Project co-financing may be provided through budget funds, approved loans or donations from international institutions. European Commission rules provide that project co-financing for potential candidate countries for membership of the European Union with the centralised implementation system for EU funds management, including Montenegro, is conducted under parallel model of co-financing and by major areas of support as defined in the Multi-Annual Indicative Planning Document.

The parallel co-financing model means that within a single co-financing project activities will be carried out separately, following the procedures depending on the source of financing. In practice this means that the activities defined in the project to be financed from IPA funds will be subject to the contracting and procurement rules applied by the European Union (the so called PRAG rules¹⁸), while the activities financed from national funds will be subject to the rules of contracting, implementation and public procurement applicable in Montenegro.

In addition, IPA Regulation sets forth that within any of the listed areas of assistance (political criteria, economic criteria and obligations arising from membership) co-financing must be provided in the amount of 10% of the total budget for technical assistance projects, or 25% of the total budget for investment projects (infrastructural works and procurement of equipment). As for implementation, the European Commission rules set forth that:

- implementation of project activities, whether financed from IPA or national funds, may not start before the Financing Agreement is signed;

¹⁸ http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

- contracts for implementation of all projects must be signed within maximum two years of the date of signing the Financing Agreement;
- contracts must be implemented within two years of the date of signing, and payment of funds for their implementation must be completed within maximum one year of the final date set for contract execution;
- European Commission must be informed about the course and procedures of implementation of the segment of project activities that is co-financed from national sources by ensuring presence during assessment of bids, participating in project management boards, etc.

As shown above, the implementation of IPA funded projects takes a number of years, which means that it is necessary to establish as obligation during the same term the provision of national co-financing. In addition, according to IPA Regulation, rules for expenses acceptable for payment from IPA funds are also applied to national funds. In this regard, relevant institutions must be familiarised with Articles 34 and 66 of IPA Regulation when planning and implementing activities as set by the projects.

All co-financing in *decentralised management* should be provided on a joint basis. **Joint co-financing** means that an activity is executed through one single contract, which is funded by several sources of financing (generally EU and national funds). A distinction which concrete activity or part of an activity foreseen in the contract is funded by which source is not made and cannot be made. This type of contract should be the rule in **decentralised** management, where the calls for tenders and calls for proposals are launched by the national authorities, which are also the Contracting Authorities.

As a rule, the minimum rates of national co-financing are as follows:

	Institution Building (IB)	Investments (INV)
Centralised management	≥10% of the total expenditure at the level of the priority axis	Between 10% and 25%* of the total expenditure at the level of the priority axis
Decentralised management	≥10% of the public expenditure at the level of the project ¹⁹	≥25% of the public expenditure at the level of the project

¹⁹ If a project (as set out in a Project Fiche – PF) provides for both IB and INV, then the **Activity**, as set out in the (model) PF’s budget table, is the basis upon which the rate for co-financing is calculated (because of the different minimum rates 10% for IB and 25% for INV).

VIII PLAN OF ACTIVITIES DURING IPA PROGRAMMING PROCESS

The term IPA programming implies the process of project identification and preparation relying on relevant strategic and programme documents. Programming is a long-term process that calls for a strategic approach, inter-sectoral consultations, coordination among institutions as well as adequate public administration capacity for identification of priorities and preparation of project proposals.

Programming process incorporates the following set of activities (steps):

a) Initiating the annual programming process by the Secretariat for European Integration

The Secretariat for European Integration initiates the annual programming in the first quarter of the current year.

The Secretariat for European Integration holds consultations with the European Commission Delegation on issues significant for IPA programming, such as priority areas, programming calendar, status of previous and current EU and bilateral projects and the like.

The Secretariat for European Integration sends an official letter to potential IPA beneficiaries informing them of the beginning of annual IPA programme. The letter lists, *inter alia*, the basic strategic documents necessary for project identification, guidelines for project identification, and the deadline by which to submit project ideas.

Line ministries inform in an appropriate way the institutions relevant for their scope of work of the beginning of the programming process. Line ministries ensure coordination and consultations in IPA programming with all stakeholders within their scope of activity. Among them are directorates, agencies, local self-government, and civil society organisations, with which they cooperate in identifying and designing project ideas and project proposals.

In order to fulfill all citizens needs, which are not reachable on the other way, Secretariat for European Integration will consult Governmental Office for Cooperation with NGO in the process of identification and formulation of projects. With aim to inform public in regular and objective way regarding projects financed by European Union, in compliance with Memorandum of Understanding signed between Secretariat for European Integration and some NGO's, Secretariat will, on regular basis, exchange information with civil society organizations, concerning preparation and implementation of IPA projects.²⁰

For efficient prioritising and identification of project ideas, it is recommended that (non)formal working groups be set up within ministries to gather representatives of all relevant sectors of the line ministry at the level of assistants to the minister. In order to

²⁰ Each annual IPA program is presented to representatives of civil society, before its approval by European Commission.

prepare project ideas (Annex 2) and project fiches (Annex 3) in line with the developed standards and technical requirements, the sectors within ministries must provide support to the Project Management Unit and appoint (an) individual(s) to take part in project development at the operational level.

b) Project ideas identification and development

Project identification process must take into account the strategic documents and guidelines described in Chapter IV of this Manual. The project ideas identification and development takes place in the second quarter of the current year (Annex 1).

The Secretariat for European Integration provides support to the ministries and other relevant institutions in the process of project ideas identification and formulation. Depending on the current needs and actual situation, the Secretariat for European Integration organises inter-sectoral coordination meetings. In addition, technical assistance is provided upon request during project ideas identification and formulation.

Project ideas are submitted in the form of log frame matrix²¹ (Annex 2) together with a brief background and justification of the project. Project ideas are submitted in Montenegrin language.

The project idea submitted by a line ministry is forwarded to the Secretariat for European Integration in an official letter signed by the minister or SPO, as well as electronically. Institutions active in the scope of activities of the given ministry submit project ideas to the Secretariat for European Integration through the line ministry and with its approval only. Other institutions submit project ideas signed by the head of the institution to the Secretariat for European Integration. Where more than one project idea is submitted, the letter includes the list of project ideas ranked in terms of their priority.

Before project ideas are submitted to the Secretariat for European Integration, the Project Management Unit checks whether the project ideas have been prepared in accordance with the set form, whether they overlap with the project already proposed to other donors, with projects already underway or those projects that have already been implemented in the sector. In addition, during drafting project ideas and before their submission PMUs should check quality of project idea by using the European Commission criteria for assessment of project readiness (Annex 7).

c) Project ideas technical assessment and modification

The Secretariat for European Integration conducts technical assessment (Annex 3) of the project ideas. Where it identifies deficiencies in the project idea, the Secretariat for European Integration recommends to the line institution, the project drafter, to remove them within the set term.

²¹ Logical matrix is part of project fiche submitted to the European Commission for endorsement.

The Commission for European Integration gives recommendations for improvement of project ideas at the proposal of the Secretariat for European Integration.

The Secretariat for European Integration provides technical assistance to line institutions during project ideas modification process.

d) Project ideas shortlisting and consultations with the European Commission Delegation

After project ideas modification, the Commission for European Integration, at the proposal of the Secretariat for European Integration, shortlists the project ideas. Project ideas that are not shortlisted make a reserve list of project ideas.

Once the project idea shortlist is prepared it is translated into English. Project drafters are responsible for the translation of project idea into English.

The Secretariat for European Integration submits the shortlisted project ideas to the European Commission Delegation and at the same time informs and explains to line institutions the reasons why certain project ideas have not been shortlisted.

Where it finds it necessary or at the request of the drafter, the Secretariat for European Integration organises consultative meetings with the European Commission Delegation to prepare comments, proposals and suggestions concerning the project ideas submitted. Where necessary, the European Commission Delegation can identify and recommend additional priorities not previously included among identified project ideas. These would later be considered together with the institutions responsible for the proposal.

e) Project fiche preparation

Following their consultations with the European Commission Delegation, relevant institutions, i.e. the project drafters, develop shortlisted project ideas into project fiches as the format set by the European Commission (Annex 4), in English, within the term determined by the Secretariat for European Integration. Project fiches are developed in the third and fourth quarters of the current year (Annex 1).

During project fiche development, the Secretariat for European Integration gives suggestions to the line institutions and provides them with necessary assistance. If necessary, inter-sectoral coordination meetings are organised. To improve the quality of project fiche, consultations are held with European Commission Delegation during their development. In addition, technical assistance is provided when needed during project fiche preparation, at the request of drafter.

The Secretariat for European Integration has consultations with the Ministry of Finance on project fiches towards defining recommendations concerning the possibility of co-financing specific projects from national funds.

Before project fiches are submitted to the Secretariat for European Integration, the Project Management Unit checks whether they are prepared in accordance with the set form. In addition, during drafting project ideas and before their submission PMUs should check quality of project fiche by using the European Commission criteria for assessment of project readiness (Annex 7).

A project fich submitted by the line ministry is forwarded to the Secretariat for European Integration in an official letter signed by the minister or SPO, as well as electronically. Institutions within the sector of the ministry submit the project fiche to the Secretariat for European Integration through the line ministry and with its consent only. Other institutions submit project fiches signed by the head of institution to the Secretariat for European Integration. Project fiches are submitted to the Secretariat for European Integration in English.

f) Consultations within the European Commission and final decision on project fiches

The European Commission Delegation submits project fiches to the European Commission in the fourth quarter (Annex 1). The Directorate-General for Enlargement makes assessment of project fiches within the Quality Support Group. This is followed by Directorates-General inter-sectoral consultations. Where necessary, project fiches are submitted to the line institutions/project drafters through the Secretariat for European Integration for any modifications or amendments.

The final decision on projects to be funded is made by the European Commission. Projects are submitted to the IPA Committee, composed of all European Union member states, for opinion. Following the decision of IPA Committee projects are endorsed by the European Commission.

g) Signing of Financing Agreement

Once project fiches are endorsed by the European Commission preparations are made for approval and signing of the Financing Agreement on the national annual IPA programme and obligations of institutions/project beneficiaries determined.

Before signing, the Secretariat for European Integration submits the Financing Agreement to line institutions for their opinion. By signing the Financing Agreement the legal basis is established for the beginning of project implementation.

ANNEX 1

Framework calendar of annual programming

	Activity	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	From July
	<i>Programming and reporting</i>							
	<i>Programming</i>							
1	Project ideas identification	■						
2	Project ideas development		■					
3	Consultations with ECD	■	■	■	■	■	■	■
4	Project fiches preparation			■	■	■		
5	Meeting of the Committee for European Integration		■	■				
6	Submission of project fiches to the European Commission				■			
7	Inter-sectoral consultations within the European Commission				■	■		
8	Decision of IPA Committee				■	■		
9	Signing of the Financing Agreement and beginning of project implementation					■	■	■
	<i>Reporting</i>							
10	Preparing report on IPA programming		■		■	■		
11	Regular report on European integration processes, including IPA		■		■	■		
	<i>Training (possible training modules)</i>							
12	Training in strategic planning	■						
13	Training in using Logical Matrix Approach in preparing project proposals	■	■					
14	Training in developing project proposals financed from IPA		■	■				
15	Training in project implementation			■	■	■		

Note: the calendar shows plan of activities during programming and points to the necessity of strategic and mid-term planning.

ANNEX 2

Instructions for preparation of log frame matrix (project idea)

As with most other donors, one needs to use the logical matrix approach for identification and formulation of projects receiving financial assistance from the European Union. It is an **analytical process** and a **set of tools** (instruments) to be used in project management.

Log frame matrix is prepared before a project fiche and makes its integral part. What is achieved in this way is the development of a balanced project which has measurable objectives and takes into account assumptions and risks.

The log frame matrix approach is composed of two stages used in project identification and formulation:

1. **Analysis stage and**
2. **Planning stage**

1. What must be analysed before preparation of log frame matrix?

Analysed are the following:

1. Stakeholders
2. Problems
3. Objectives
4. Potential ways of reaching the goal

Given the basic content of this Manual, this section will not include the analysis stage but only the planning stage relating to the preparation of log frame matrix.

2. Planning stage

The second step in project preparation is planning stage. The planning stage includes the following activities:

1. defining the project logic (preparation of log frame matrix);
2. preparation of plan of action;
3. planning of input resources – budget.

2.1. Defining project logic

The results of analysing stakeholders, problems, objectives and strategies are used as material and preparatory documentation for the development of log frame matrix. The matrix contains a brief project summary in 1 to 4 pages. The development of log frame matrix is not a one-way process. During matrix development individual boxes may be reviewed and updated to match alterations made in other boxes.

There is a general order of steps to be observed in filling in the matrix:

- **first**, logic of intervention is entered (the first left-hand side column), top down;
- **second**, the last column is filled in, assumptions, bottom up, starting from preconditions, if any;
- **third**, indicators are defined and sources of verification, horizontally (across).

Log frame matrix format:

Project title	Programme name and number	
Project beneficiary	Contracting period expires:	Disbursement period expires:
	Budget total:	IPA budget:

Overall objective	Objectively verifiable indicators	Sources of verification	
What is the overall objective that the project will contribute to?	What indicators are linked to overall objective?	What are information sources for these indicators?	
Project purpose	Objectively verifiable indicators	Sources of verification	Assumptions
What is the purpose of project to be realised by the project?	Indicators showing the extent to which project purpose has been achieved?	What are information sources for these indicators?	Factors and conditions not under direct project control, but necessary to achieve the overall project objective?
Results	Objectively verifiable indicators	Sources of verification	Assumptions
What are concrete visible outcomes to contribute to realisation of project purpose? What changes and improvements will be achieved by the project?	What are the indicators showing whether expected outcomes have been achieved?	What are information sources for these indicators?	Factors and conditions not under direct project control, but necessary to achieve the overall project objective?
Activities	Means	Expenses	Assumptions
What activities are required and in what order in order to achieve the expected outcomes?	What funds are required for implementation of listed activities? (by type of PRAG contract)	What are the expenses for each of the contracts?	Factors and conditions not under direct project control, but necessary for results to be achieved as planned?
			Preconditions:
			What pre-requisites must be fulfilled for project implementation to start?

Data must be clear, precise and concise so that their sense is clear to whoever is reading. For example, „defining methodology and content of research“ is unclear as it does not say what or who the research is about?

What follows are the definitions of various terms to facilitate log frame matrix preparation and clarify the terms used:

Overall objective describes the desired state that the project should contribute to (project justification). In special circumstances there can be more than one overall objective. Overall objective may not be achieved by one project only, but calls for impact of several programmes and projects.

Project purpose/Specific objective is the state that the project tries to achieve, an accomplished immediate objective for direct beneficiaries as a clearly defined state in the future. The benefit for the target group must be clearly identified, for example „increased, improved, enhanced, etc“. The rule is that a single project may have only one specific objective/purpose.

Example:

NO	Project purpose	Lower rate of acute complications in the delivery and post-delivery infections
YES	Project purpose	Improved health care for pregnant women, women in childbed, and newborn babies

Result is a concrete condition, products and services to come as a result of project activities. They are targets that the project management should achieve and sustain during the project life. All project results together should be sufficient for achieving a specific objective/purpose of the project. They should be defined as "accomplished, produced, achieved, etc".

Activities should be formulated as processes in the present tense, starting with the verb such as: "prepare, analyse, conduct, design, etc". All results should be numbered in such a way as to link them with the activities that should lead to achieving that result.

Means are the input data required for the implementation of project activities (consultancy services, equipment, etc). The means show what kind of assistance is required: e.g. twinning with one Resident Twinning Advisor (RTA) and three short-term consultants, training, etc.

Expenses present the figure of estimated costs needed for the implementation of project activities.

Pre-requisites are requirements that must be met before the beginning of project.

Assumptions are external factors (events, conditions, decisions) that may affect the project performance beyond direct influence of project management. Assumptions may be derived from the „objectives tree“. Assumptions are formulated as **positive, desired state**. Assumptions are defined **for any matrix level**. Entered in the matrix are only those pre-requisites that are important for project performance. Assumptions are weighed depending on their significance and predictability.

Assumptions are identified at every matrix level up to the level of overall objective and may be read as follows:

Once we have implemented **Activities**, provided **Assumptions** at this matrix level are correct, **Results** will be achieved.



Once **Results** are achieved and **Assumptions** at this matrix level are achieved, the **Specific objective / Purpose** of the project will be achieved.



Once **Specific objective / Purpose** of the project has been achieved, and assumptions at this matrix level are achieved, the project will contribute to achieving **Overall objective**.

Objectively verifiable indicators are qualitative and quantitative indicators for measurement or assessment of accomplishment of project objectives, purposes and results. Indicators define the standard that should be met for the objective to be achieved.

Indicator elements:

- **Quality – How?** Type or nature of changes made (how well it was made).
- **Quantity – How much?** Extent/scope of changes (how extensive is the change, what has been changed).
- **Time framework – When?** When is the change to take place (what is the deadline).
- **Target group – For whom?**
- **Location – Where?** Location where the change takes place.

Example: Infancy mortality rate reduced by 2/3 in undeveloped municipalities until 2012.

How should indicators be formulated? A good indicator is defined according to **SMARTI** principle:

- **Specific** for the objective to be measured and clearly expressing the essential aspect of objective.
- **Measurable** quantitatively and qualitatively in terms of the facts.
- **Available** in terms of acceptable expenses and based on available data.
- **Relevant** in terms of required information and authentic.
- **Time-bound**, we know when we can expect the objective to be achieved.
- **Independent** one from another, i.e. it refers to one matrix objective only. A single indicator should not be used for several objectives.

Indicators at all levels of log frame matrix must be verified/justified from a source. **Sources of verification** indicate where and in what form one can find information about what is achieved and what is described by indicators. Verification sources are identified at the same time as indicators. Indicators that are not verifiable should be replaced by others that are.

Verification sources have three elements:

- **Form** of verification source (report, research, analysis, Official Gazette, Rule book).
- **Who** collects data (statistical bureau, ministry, project management team, interviewers)?
- **When** are the data collected, what is the frequency of data collection (monthly, quarterly, annually)?

Example: Health indicators annual report of Montenegro's Institute of Public Health.

ANNEX 3

Logical matrix quality assessment grid

Note: before submitting of project ideas Project Management Units check the quality of logical matrix against the given format. In addition, the Secretariat for European Integration applies the above format when assessing project ideas.

Log frame matrix quality assessment grid			
Name of project:			
1. Relevance	Required changes	Acceptable	Good
	Comments		
1.1 Does the project context (background and justification) clearly and extensively describe identified problems?			
1.2 Is the draft project proposal in line with European Partnership and Multi-Annual Indicative Planning Document (MIPD)?			
1.3 Is the draft project proposal in line with the national strategic documents?			
2. Feasibility			
2.1 Will the project purpose (specific objectives) contribute to overall objective (provided assumptions prove to be true)?			
2.2 Will the project purpose (specific objectives) be achieved if results are achieved?			
2.3 Do individual activities lead to accomplishing specific results?			
2.4 Are activities formulated as a process, rather than as a finalstate?			
2.5 Have the important external factors (assumptions) been identified?			
2.6. Are indicators formulated in such a way as to meet the criteria of relevance, measurability and time-boundedness?			
2.7 Is there a potential overlap with EU or other donor projects?			
2.8 Is there a match/link with EU or other donor projects?			
2.9 Is a large number of components/contracts foreseen with a level of complexity that could lead to complicated project implementation?			
2.10 Is the budget clearly defined and the ratio between envisaged activities and expenses for their implementation satisfactory?			
3. Sustainability			
3.1 Is there a legal framework necessary for project implementation?			
3.2 Is the beneficiary institution absorption capacity satisfactory? (it has the organisational unit for project implementation, sufficient number of staff, etc)?			

<p>For investment projects only: 3.3 Is there relevant documentation for works contract (feasibility study, technical documentation, environmental impact assessment), and technical specification for procurement of equipment?</p>	
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ANNEX 4
Guideline for drafting project fiche

Standard Summary Project Fiche – IPA centralised programmes
(Regional / Horizontal programmes; Centralised national programmes)
(maximum 12-15 pages without the annexes)

1. Basic information

1.1 CRIS Number:

This section indicates the project reference as registered in the Common RELEX Information System (CRIS). This number is to be indicated by the EC (Delegation or HQ).

1.2 Title:

The title of the project should in a simple and short wording illustrate the purpose of the project.

1.3 ELARG Statistical code:

Indicate the target sector for intervention according to ELARG statistical codification (project fiche can have only one code). This number is to be indicated by the EC (Delegation or HQ).

1.4 Location:

The beneficiary country name (Montenegro). Mention any region/municipality or site for infrastructure.

Implementing arrangements:

1.5 Contracting Authority (EC)

The contracting authority is the EC Delegation on behalf of the Republic of Montenegro until accreditation is obtained for introduction of Decentralised Implementation System.

1.6 Implementing Agency: EC Delegation

In case of the joint management, project can be implemented by an international organisation. In case of indirect centralised management, the EC can confer project management on a member state.

1.7 Beneficiary (including details of project manager):

Provide information on SPO and Project Management Unit (PMU), including name, title and contact details.

Provide information on the beneficiary, including name, title and contact details of person who is in charge for daily issues related to implementation of the project.

Financing:

1.8 Overall cost (VAT excluded)¹:

Indicate overall costs of the project disregarding source of funding.

1.9 EU contribution:

Indicate only the IPA budget used to finance the project. Overall cost minus national co-financing

1.10 Final date for contracting: 2 years after the signing of the Financing Agreement

1.11 Final date for execution of contracts: 3 years after the signing of the contract

1.12 Final date for disbursements: 1 year after the execution of the contract

2. Overall Objective and Project Purpose

2.1 Overall Objective:

What does your project contribute to? It describes the anticipated long-term objectives towards which the project will contribute. *Cut and paste from logical framework.*

2.2 Project purpose:

What CHANGE will have been achieved by the end of your project? The project purpose describes the publicly stated objectives of the project that the project is directly attempting to achieve, which depends entirely on the planned and realised project activities and achieved results. *Cut and paste from logical framework.*

2.3 Link with AP/NPAA / EP/ SAA

Quote the priority or issues only from:

- European Partnership (EP)
- Stabilisation and Association Agreement (SAA)
- National Plan for Integration (NPI).

Give a reference page or paragraph for the quote and then explain how your project addresses the quote.

2.4 Link with MIPD

Clearly indicate the linkages with the strategic areas/sector for support mentioned in the Multi-annual Indicative Planning Document (MIPD). Give a reference page or paragraph for the quote and then explain how your project addresses the quote.

2.5 Link with National Development Plan (where applicable)

Mark as N/A (not applicable).

This section should clearly indicate how the overall objective and project purpose contribute to the realisation of priorities of the National Development Plan (NDP). Montenegro does not have NDP and therefore this paragraph should be marked as non applicable: N/A.

2.6 Link with national/ sectoral investment plans (where applicable)

Clearly indicate the linkages between the overall objective and project purpose and the priorities, investments and programmes defined in national/sector strategic or investment plans, e.g.:

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

- Public Administration Reform Strategy;
- Regional Development Strategy;
- Poverty Reduction Strategy Paper and other sectoral strategies;
- *Any relevant EU Regulation.*

3. Description of project

3.1 Background and justification:

Where RELEVANT include information on the following:

- ❖ Background: (The background information should be concise, not exceeding 2 pages, lengthy elaborations should be avoided).
 - A brief outline of characteristics of the sector(s): short history, socio-economic trends, etc.
 - Role of institutions – who is involved, what do they do, how do they interact?
 - Relevant legislation (include in annex but state project linkage)
 - Relevant policies and strategies (or lack of): EU, national, international
 - Existing provision of services – quality, accuracy, updating
 - Existing standards – formats/purpose/what do they cover
 - Existing capacity (human, financial, physical)
- ❖ Justification – what to include (Any project request should be based on this analysis. Justification is difficult if no project related analysis has been carried out prior to its submission for financing):
 - Analyses
 - SWOT – explain how weaknesses are being addressed and how strengths are being used
 - Stakeholder analysis
 - Problem analysis
 - Clarification regarding:
 - What is the scale of the problem (include figures)?
 - Whose is the problem?
 - What are the causes and effects of the problem
 - Existence/need for alignment with the EU standards
 - Feasibility studies
 - Cost analysis

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

How will the benefits created by your project be sustained after the project has been completed?

Consider:

- Financial sustainability – who will pay for the services/running costs/maintenance etc in the future?
- Institutional sustainability – how does the project fit into an institutional strategy, priorities, plans?

- Policy level sustainability – this includes the development of standards, codes of conduct, policy, legislation, etc.

Are you developing any models or pilot projects/surveys/ etc? If so, how will the experience of your project be disseminated to other regions/staff?

Are you developing a new service or centre? If so, clarify how this will be financed in the future – e.g. maintenance costs, running costs, management of a web-site etc.

Consider activities such as the development of:

- ‘how to’ and ‘good practice’ manuals;
- development of a roll-out strategy – i.e. where next;
- training of trainers;
- participation of other regions/institutions in project training activities.

3.3 Results and measurable indicators:

Results and measurable indicators in relation to activity 1

Results and measurable indicators in relation to activity 2

....

Result 1:

Indicator:

Result 2: ...

Indicator:

Etc.

Cut and paste the results from your log frame.

Results are expressed as targets which the project management must achieve and sustain. Mark them with numbers (e.g. 1, 1.1, 1.2, 2, 2.1 etc.)

Cut and paste the indicators from your log frame. Each result must have at least one indicator.

Indicators can be defined as quantitative or qualitative factors or variables that provide a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor. Indicators must be SMART (Specific, Measurable, Agreed, Realistic and Timed).

3.4 Activities:

Activity 1

Activity 2

....

Use log frame. Describe the concrete activities and measures that must be implemented in order to achieve the expected results and outcomes of the project that will be paid for by the project funds. Activities are expressed as processes in the present tense, starting with the verb such as: prepare, design etc. Link between activities and results must be visible (result 1: – activities 1.1, 1.2 etc.).

At the end make a table where you will precisely define the list of contracts to be concluded in order to implement activities, e.g.:

Activities 1 and 2 will be implemented by one service contract.

Activity 3 will be implemented by a supplies contract.
--

3.5 Conditionality and sequencing:

Conditionality

Indicate the conditions that need to be fulfilled prior to the implementation of the project (include information on any of the pre-conditions included in your logical framework), highlight risks, their likelihood and counter measures to be adopted, expected beneficiary inputs etc. What is the relationship of the conditionality and the project? Who is responsible for making sure they should happen? How will you know they have been completed?

Sequencing

What are the linkages between your separate contracts? Does the equipment, for example, need to arrive at a certain point in the delivery of your service contract or works contract? Overly complicated sequencing should be avoided to mitigate the risks of delays in tendering and contracting.

3.6 Linked activities

Present the way the proposed project would contribute to the planned or current projects (national or donor funded), or represent a follow up on the previous projects within the suggested area of work.

For each project, state:

- the title, donor and dates;
- the linkage to the project e.g. training programmes, reports, surveys;
- whether the project will be required to work formally with the linked activity.

Explain how you will ensure there is no overlap among different projects?

3.7 Lessons learned

Describe previous experience, weaknesses, positive experience and recommendations from previously implemented projects, as well as other activities and efforts undertaken, concerning the area of assistance that the project proposal refers to. It is preferable if the lessons learned are from Montenegro but if this is the first time that such a project has been implemented in Montenegro, then lessons can be taken from experience elsewhere.

For each lesson state:

- project title, donor, dates or name of the report, study, evaluation etc;
- what lessons have been learned;
- how this has influenced project design and/or delivery and how it should be taken into account in the project delivery.

There is no fixed number of lessons but if there are a lot of them, they must be ranked in terms of their priority.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB ²³ (1)	INV ²⁴ (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract 1.1	–	–										–
contract 1.2	–	–										–
Activity 2												
contract 2.1	–	–										–
contract 2.2	–	–										–
.....												
TOTAL IB												
TOTAL INV												
TOTAL PROJECT												

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

- (1) In the Activity row use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

²³ IB stands for: services contract, aid agreement, twinning and grant.

²⁴ INV stands for: supplies contract and works contract.

For this table please follow instructions defined in table: e.g. TOTAL EXP.RE is EUR (a)=(b)+(c)+(d), while b is IPA contribution, c is national contribution (which can be from central, local level or loans provided by International Financial Institutions – IFI’s) and d is private contribution (e.g. NGOs).

Budget is expressed in Euro.

In case of co-financing for countries under the centralised management parallel model is applied. That means that IPA funded activity is implemented by the Commission in accordance with EU rules (PRAG), while the activity funded by the beneficiary country is implemented by the responsible national authority in accordance with Montenegrin rules. The eligibility rules applicable to the national co-financing funds are the same as for the IPA funds. This parallel model must be visible in formulation of activities in project fiche.

In accordance with Article 34(3) the following expenditure shall not be eligible under the IPA Regulation:

- taxes, including value added taxes;
- customs and import duties, or any other charges;
- purchase, rent or leasing of land and existing buildings;
- fines, financial penalties and expenses of litigation;
- operating costs;
- second hand equipment;
- bank charges, costs of guarantees and similar charges;
- conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- contributions in kind.

In addition to the rules set out in Article 34(3), in accordance with Article 66 the following expenditure shall not be eligible:

- any leasing costs;
- depreciation costs.

Important note: budget should be expressed in accordance with the relevant type of contract (service contract, grant contract, twinning, framework contract, supply contract and works contract). General instructions for budget preparation make an integral part of Annex 5.

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1			
Contract 1.2			
Contract 2.1			
Contract 2.2			
.....			

All projects should in principle be ready for tendering in the 1st Quarter following the signature of the FA.

All projects should in principle be ready for tendering immediately after signature of the FA.

For each contract listed in the table in Section 4 there should be a corresponding contract in the above table.

Phase	Guidance
Start of tendering	This is the date when you will begin the tendering process. For an International Restricted or Open Tender it is the date when you publish the Procurement Notice (not the date when you publish the Contract Forecast (CF). The CF must be published a minimum of 30 days before the procurement notice is published). For a Competitive Negotiated Procedure it is the date you will contact your list of preferred suppliers/service providers.
Signature of contract	Each contract with a supplier, service provider or grant beneficiary must be signed prior to the n + 2 date. Remember though that this is the absolute latest. The date to be included in this box is the date when you need the service or supply contract to be signed in order to deliver the project most effectively. There are minimum periods between the 'Start of tendering' date and the 'Signature of contracts' date. For international open and restricted tenders the minimum time is 6 months but it is much better to use 9 months as a basis for realistic planning.
Project completion	Must be completed prior to n + 2 + 2. For supply contracts it is the date that equipment is installed and you can accept the goods as working. For service contracts it is the date you expect to give approval of the final report. The latest contract should match with the date in box 1.11.

For table number 5 it is necessary to be familiarised with general timing for contracting defined by PRAG rules. Types of contract and time framework for contracting is shown in Annex 5:

Practical example of how to prepare table 5:

In order to start preparing table 5 first you need to define type of contract based on the project activities, project duration, project budget and to take into consideration that all projects in principle should be ready for tendering in the 1ST Quarter following the signature of the FA.

For this example we identified one service contract which lasts 2 years and with budget of 2 million. Steps to be taken:

1. check the budget in order to identify type of contract (for service contract with budget >€200,000 we use international restricted procedure)
2. based on the type of contract identify duration of contracting procedure (for international restricted procedure, procedure lasts 6-8 months)
3. base on the rule that all projects in principle should be ready for tendering in the 1st Quarter following the signature of the Financing Agreement, and the duration of contracting procedure and duration of project, prepare table 5:

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	T+1Q	T+3Q	T+11Q

Explanation:

- T – means day when the Financing Agreement was signed
- Q – quarter of the year (3 months)

- T+1Q - the rule that all projects in principle should be ready for tendering in the 1st Quarter following the signature of the Financing Agreement
- T+3Q – duration of the procedure in our example is 6-8 months which is 2Q = (1Q+2Q = 3Q)
- T+11Q – in our example project last 2 years which is 8Q = (3Q+8Q = 11Q)

6. Cross cutting issues (where applicable)

This section should go beyond pure repetition of a couple of standard sentences. An effort should be made on how the project will provide an added value to improve the situation with regards to these three cross-cutting issues.

6.1 Equal Opportunity

Indicate how equal opportunities and non-discrimination will be respected as regarding gender as well as minorities at the implementation stage.

6.2 Environment

Specify how/in what proportion the project implementation aims at minimising adverse environmental impacts.

6.3 Minorities

Indicate how minority and vulnerable groups' concerns will be reflected in all activities of the project fiche.

ANNEXES TO PROJECT FICHE

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework

It is necessary to provide:

- Description of institutional framework in terms of structure and organisation;
- Formal and informal rules and regulations within which individual organisation must work;
- Description of the institutional and organisational capacity;
- Steering committee or working group details.

- 4 - Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to AP /NPAA / EP / SAA
 - Reference to MIPD
 - Reference to National Development Plan
 - Reference to national / sectoral investment plans

This annex must indicate the references to laws, regulations and strategic documents relevant to the project proposal.

5- Details per EU funded contract (*) where applicable:

Explanation is already provided:

For *TA contracts*: account of tasks expected from the contractor

For *twinning agreements*: account of tasks expected from the team leader, resident twinning advisor and short term experts

For *grants schemes*: account of components of the schemes

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

(*) non-standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co-financing
- Compliance with state aids provisions
- Ownership of assets (current and after project completion)

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number	
	Contracting period expires	Disbursement period expires
	Total budget :	IPA budget:

Overall objective	Objectively verifiable indicators	Sources of Verification	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Activities	Means	Costs	Assumptions

Pre-conditions

For checking logical framework boxes and project fiche wording :

1. The figure in the 'IPA Budget' box matches the figure in Section 1.8 of the Fiche and also matches the Contracted and Disbursed totals in Annex II.
2. The figure "Total Budget" has been calculated on the basis of detailed cost calculations for each activity of the project.
3. Overall objective matches with 2.1
4. Project purpose matches with 2.2.
5. Results match with 3.3. and a paragraph in 3.3. describes the sources of verification
6. Any pre-conditions are referred to in Section 3.5.

ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted											
Contract 1.1											
Contract 1.2											
Contract 1.3											
Contract 1.4											
.....											
Cumulated											
Disbursed											
Contract 1.1											
Contract 1.2											
Contract 1.3											
Contract 1.4											
.....											
Cumulated											

Firstly, please note that the table is for the IPA contribution only. The information to be included in the 'Contracted' table should match the dates in Table 5 of this Fiche. The information to be included in the 'Disbursed' table depends on the payment schedule to be used for the various contracts. The payment schedule options are included in the general conditions for services, supplies and works which can be found in the relevant chapter of the PRAG and here only extract is presented:

Payments

Service contract (Option 1 should be used!)

Option 1 (fee based):

First payment (Q when the contract is signed):

- for projects up to 12 months: 40%
- for projects between 12 and 24 months: 30%
- for 24 months projects or longer: 20%

Payments during project implementation: every 6 months in equal amounts.

Final payment: 10%.

Option 2 (global price)

First payment (Q when the contract is signed): 60%

Payments during project implementation: no payments in most cases, but it depends on the project. If there are payments: 10% every 6 months.

Final payment: 40%.

Supply contract

First payment (Q when the contract is signed): 60%
Payments during project implementation: in most of the cases there are no payments.
Final payment: 40%

Works contract

First payment (Q when the contract is signed): 10%
Payments during project implementation: every month in equal amounts
Final payment: 10%

Twinning

First payment (Q when the contract is signed): 20%
Payments during project implementation: installment every three months
Final payment: 5%

Grant

First payment (Q when the contract is signed): 80%
Payments during project implementation: 0 if project lasts for 1 year; if project lasts for more than 1 year additional 10% can be added to pre-financing later on during project implementation. It can be a single payment or 10% can be split up into 5+5% depending on the project duration.
Final payment: 20% if project lasts for 1 year; could be 10% if project lasts for longer than 1 year.

For checking:

1. Make sure that the total for each row (i.e. for each contract) matches the total in the table in Section 4 for the EU's contribution for the corresponding contract
2. The Cumulative totals for "Contracted" and "Disbursed" match.
3. The Quarter when funds contracted in the above table match the dates for the corresponding contract in Table 5.
4. The total in the bottom right hand corner (i.e. the cumulative total) matches the figure in Section 1.8

ANNEX 5

Contracting according to PRAG rules and general rules for budget preparation

Contracting according to PRAG rules

Rules for implementation of standard contract award procedures and dynamics of their implementation are shown in the table below. Contracts are classified into services (e.g. technical assistance, feasibility studies, providing know-how and training), supplies or goods (e.g. equipment and materials) and works contracts (i.e. infrastructural and other building construction works), twinning and grants.

Type of contract	Duration of procedure	When to be used?
Services/Twinning		
International restricted procedure	6-8 months	for projects >€200,000
Framework contracts	1-3 months	for projects < €200,000 but > €10,000
Competitive negotiated procedure	2-4 months	for projects < €200,000 but > €10,000
Single tender	2-4 months	for projects < €10,000
Twinning	6-12 months	for projects >€1,000,000 which last >12 months
Twinning light	3-5 months	for projects <€200,000 which last < 8 months
Supplies		
International open tender	5-7 months	for projects > €150,000
Local open tender procedure	3-5 months	for projects <€150,000 but > €60,000
Competitive negotiated procedure	2-4 months	for projects <€60,000 but > €10,000
Single tender	2-4 months	for projects < €10,000
Works		
International open tender procedure	6-8 months	for projects >€5,000,000
Local open tender procedure	4-6 months	for projects <€ 5,000,000 but > €300,000
Competitive negotiated procedure	2-4 months	for projects < € 300,000 but > €10,000
Single tender: 2-4 months	2-4 months	for projects < €10,000
Grants		
Call for proposal	5-7 months	

General rules for budget preparation

General instructions for budget preparation: Logic of the budget preparation depends on the type of the contract. In this section general instructions for budget preparation will be provided for key contracts.

Service contract

Service contract is used for engagement of experts for delivery of defined tasks. Budget and costs cover expert fees are calculated in relation to type and number of experts (see table). Maximum duration of such project is two years.

General monthly salaries based on the sector (EUR)	1 st Category (15<years)	2 nd Category (10<years)	3 rd Category (5<years)
Macroeconomic/finance; economic development; energy	6,000 – 20,000	5,000 – 15,000	4,000 – 12,500
Public administration; culture; telecommunication/ICT; humanitarian work	5,000 – 16,000	4,000 – 12,500	3,000 – 10,000
Agriculture/rural development/food safety; environment; health; transport/infrastructure; education	4,000 – 12,000	3,000 – 10,000	2,000 – 7,500

- Incidental expenditures (*between 2 & 5, sometimes 10% of budget*):
 - Bank charges
 - Per diems for experts when working outside normal place of work
 - Visibility events, translation etc.

- Verification (*e.g. around 2% of budget*):
 - External auditor's fees

Source: This table represents indicative inputs for preparation of the budget related to fees. Budget needs to be validated from project to project.

Type of TA support	Indicative Outputs	Persons/ projects contracts	Total days	Fee rate / lump sum	Total Fees for each expert
Contract 1 - TA team leader	Strategic planning expert	1	440	€1,100	€484,000
Contract 1 - Technical expert	Finance expert	1	440	€950	€418,000
Contract 1 - Sector expert	IT expert	1	220	€950	€209,000
Contract 1 - Sector expert	Agriculture expert	1	440	€950	€418,000
Contract 1 - Training expert	Trainer	1	110	€950	€104,500
Total for core team					€1.633.500

Twinning/Twinning Light

Twinning aims to support beneficiary countries in the development of modern and efficient administrations, with the structures, human resources and management skills needed to implement the *acquis communautaire* under the same standards as Member States. Twinning provides the framework for administration and semi-public organisations in the beneficiary countries to work with their counterparts in Member States. Together they develop and implement a project that targets the transposition, enforcement and implementation of a specific part of the *acquis communautaire*.

Each Twinning project has at least one Resident Twinning Adviser (RTA) and a Project leader. The RTA is seconded from a Member State administration or from another approved body in a Member State to work full time for a minimum of 12 months in the corresponding ministry in partner country to implement the project. Based on the experience, standard budget for twinning is between 1-1.5 million euro and not more than 2 million.

‘Twinning Light’ can be used to tackle any self-contained institutional issues provided the subject addressed is of a more limited scope than for standard Twinning, i.e. the structures needed are not complex or the existing ones need little adjustment. ‘Twinning Light’ consists of the provision by a MS of well-defined public sector expertise, generally involving the delivery of short or medium term expertise by officials (civil servants), and/or, less frequently, civil servant experts staying for longer periods.

The financial ceiling for ‘Twinning Light’ projects has been set at €250.000 and their maximum duration (time span for Twinning activities) limited to 6 months; in exceptional cases this can be

extended to 8 months. This duration is supplemented by the standard 3 months period foreseen for inception and reporting

Supply contract

Supply contract is used for purchase of equipment. Contract covers equipment, including installation, training, spare parts etc.

For calculation of the budget for supply contract experts estimation is necessary. In addition, it is necessary to take into account timeframe (1,5 year to implementation). Value of the budget depends on the type and quantity of equipment (please see table)

Agency	Item	Estimated price per unit	#	Cost
Customs	Server	€ 4,000	2	€ 8,000
	Router VPN, Switch	€ 4,000	1	€ 4,000
	Database management system	€ 12,000	1	€ 12,000
	Software for support of joint investigation	€ 50,000	1	€ 50,000
Tax Service	Server	€ 4,000	1	€ 4,000
	Router VPN, Switch	€ 4,000	1	€ 4,000
	Database management system	€ 12,000	1	€ 12,000
National bank	Server	€ 4,000	1	€ 4,000
	Router VPN, Switch	€ 4,000	1	€ 4,000
	Operation system	€ 2,000	1	€ 2,000
	Database management system	€ 12,000	1	€ 12,000
Total budget for supply contract				€16,000

Works contract

Works contract is used for construction and reconstruction (infrastructure). Contract covers all costs related to (re)construction, including materials, workers, engines etc. For calculation of the budget for works contract experts estimation is necessary. Value of the budget depends on type and shape of (re)construction. In the budget calculation it is necessary to take into consideration contingency reserve (6-15%) and supervision of works.

Grants

Grants contract is used for the grant scheme as direct donation for local and regional authorities and civil society organizations. Budget is composed from the total value of the grant scheme.

ANNEX 6
Project fiches quality assessment grid

Note: prior to submitting project fiches Project Management units check their quality against the set format.

Project fiches quality assessment grid				
Project title:				
	Item of project fiches	Modifications necessary	Acceptable	Good
			Comment	
1. Are all the beneficiaries precisely determined and lead institution in charge of project delivery identified?	1.7			
2. Is it clear from overall objective why the project proposal is important for specific sectoral policy and European integration process?	2.1			
3. Is the project proposal in line with European Partnership and MIPD?	2.3 i 2.4			
4. Is the project proposal in line with national strategic documents?	2.6			
5. Does the project justification clearly and extensively describe the identified problems?	3.1			
6. Is the concept of sustainability clearly presented in the project proposal?	3.2			
7. Will the project purpose (specific objectives) be achieved provided results have been achieved	2.2 i 3.3			
8. Do individual <i>activities</i> lead to achieving appropriate <i>results</i> ?	3.3 i 3.4			
9. Are indicators formulated in such a way as to meet the requirements of relevance, measurability, and time-boundedness?	3.3			
10. Are the activities expressed as a process rather than as final state?	3.4			
11. Are the terms envisaged by the project proposal in line with the required time frame for implementation (n+2 for contracting, n+3+2 for contract execution and n+3+2+1 as the final date by which to spend allocated funds)?	1.10, 1.11, 1.12 i 5			
12. Is all information relevant for coordination with other ongoing activities included?	3.6			
13. Does the draft project proposal take into account experience from work on previous projects paid for from EU funds?	3.7			
14. Can envisaged activities be implemented by envisaged funds	1.8, 1.9 i 4.			
15. Are co-financing obligations adequately defined?	1.8, 1.9 i 4.			
16. Are project costs eligible for funding in terms of EU rules?	4.			
17. Are types of contracts concerning project implementation determined and clearly defined?	3.4, 4, 5			
18. Is environment protection aspect included in	6.2			

the project fiche?		
19. Is the aspect of respect for national minorities included in the project fiche?	6.3	
20. Is the aspect of care for vulnerable groups included in the project fiche?	6.1	
21. Is the aspect of gender equality included in the project fiche?	6.1	
Investment projects only - infrastructure (23-25) and equipment (26)	Yes	No
22. Feasibility study prepared?		
23. Environmental impact analysis made?		
24. Necessary technical documentation prepared?		
25. Are there any legal obstacles to obtaining property title over land/building permit/access to plot etc?		
26. Technical specification for procurement of equipment prepared?		

ANNEX 7

Assessment of project readiness

There are an increasing number of examples where projects which were financed purely based on needs without adequate readiness, preparation or ownership are considerably delayed or fail during implementation. This in turn has a serious impact upon the contracting and the payment consumptions and affects the efficiency and effectiveness of EU assistance.

The assessment of **Project readiness**, which shall in particular be thoroughly scrutinised by the Quality Support Group, is therefore a “hard” condition and key criteria in deciding whether a project should be included or not in a financing decision.

This means that:

- Unless minimum elements are provided during programming, the project should not be funded. These elements shall include:
 - Clearly established objectives and results to be achieved under each project;
 - As a general rule no project under a programme is to include more than 2 or 3 tenders ; exceptions can be envisaged but will require the prior approval of the Commission;
 - Streamlining of the sequencing of projects so that to avoid designs of programmes where an investment component is dependent upon the outcome of a TA contract financed within the same programme with the risk of the investment component not being contracted during the time frame of the programme;
 - In the designing of the projects, careful consideration needs to be taken on the lessons learned drawn on previous projects;²⁵
 - Full analysis of linked activities, coordination with other projects, including coordination with other donors providing assistance in the same area avoiding any overlap.
 - National co-financing funds are clearly earmarked in the national budget and clear commitments are taken by the National Authorities concerning the funds needed in the subsequent years (for multi-annual projects).²⁶
 - For *INV projects or components of projects*, clear commitment on the side of the national authorities for the timely fulfilment of the land acquisition procedures and of the provision of the required human resources that will operate the facilities that were purchased (e.g. linked to laboratory equipment for control of food, veterinary, customs, metrology);
 - Still for *INV projects or components of projects* covering specialised equipment or with a substantial amount earmarked, the final approval of the related project fiche will be subject to the prior presentation of an adequate market study. Any necessary exceptions from this rule need to be justified by the NIPAC to the European Commission in writing
 - Still for *INV projects or components of projects* covering works contracts, the final approval of the related project fiche will be subject to the prior presentation of feasibility studies. Any necessary exceptions from this rule need to be justified by the NIPAC to the European Commission in writing.
 - Terms of references, guidelines for calls for proposals and technical specifications should be drafted in parallel to the programming process and should be completed

²⁵ Thematic or interim evaluations that have been commissioned by DG ELARG provide for useful findings and recommendations. Those in charge of programming are therefore encouraged to consult the reports on ELARG evaluation website http://ec.europa.eu/enlargement/financial_assistance/phare/evaluation/index_en.htm

²⁶ Most part of the national budgets show only the payment credits needed for the year concerned. This means that for projects whose implementation lasts for more than one year, the National Authorities should provide a written statement whereby they engage themselves in allocating the appropriate payment credits in the following years.

prior to the signature of the Financing Agreement. The NIPAC will justify to the European Commission any necessary exceptions from this rule in writing.

Project readiness needs to be considered along with the relevance/political need for projects.

Negative decisions on projects due to lack of readiness will need to be defended by the hierarchy in case of political pressure or in case countries do not take up their full allocation. Funding can be provided the following year once the conditions have been met and ensuring that the given topic remains a priority provided in the context of the Multi-annual Indicative Planning Document (MIPD). The MIPDs are prepared for each country for a three year rolling period with annual reviews and allow displacing projects that are not ready to the next Financing Decision, while in parallel allocating additional project preparation resources for it. Indicative multi-annual planning is implemented via annual Financing Decisions, if needed in several parts, allowing for more continuous programming based on needs and readiness. This allows proceeding with the implementation of a ready set of projects, while moving projects not yet ready to the subsequent programming phase.