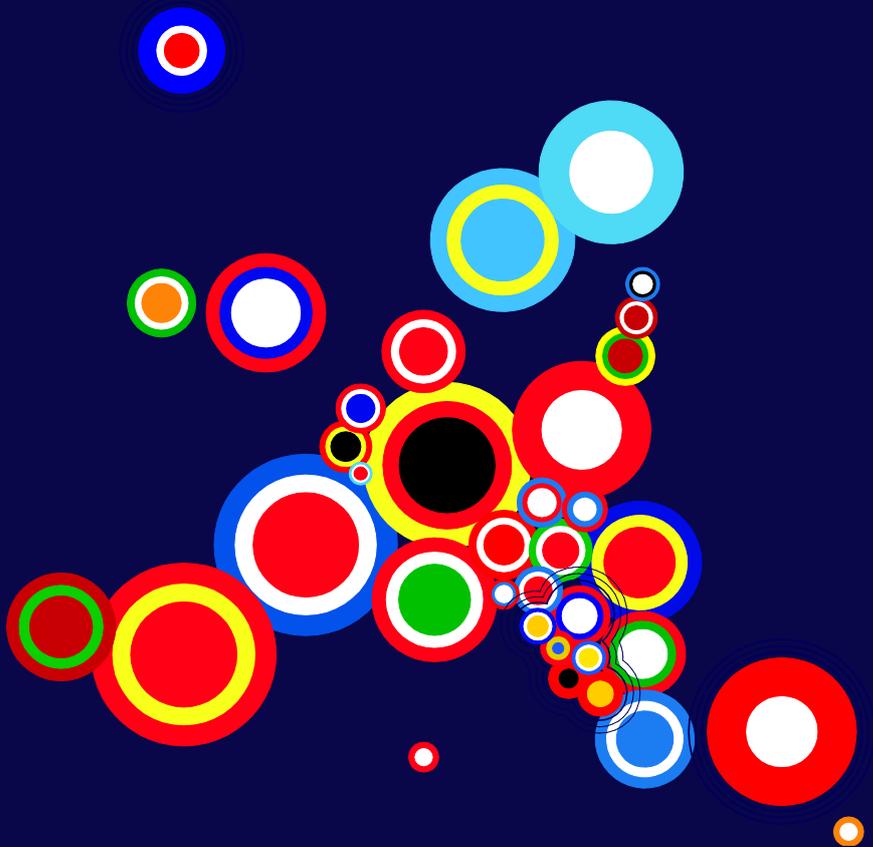




# INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020



a QUICK GUIDE  
to IPA programming

v.0.1



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## INTRODUCTION

This **Quick Guide to IPA programming** serves as a digest of the **IPA Programming Guide**, which is a comprehensive set of guidance artefacts.

### The IPA II Programming Guide

The purpose of the PROGRAMMING GUIDE is to clarify aspects which are not detailed enough in the regulatory framework and the strategic planning documents or to complement these with additional references. It focuses on programme preparation and leaves out aspects related to strategic planning of assistance or implementation, the latter in particular being dealt with by other forms of guidance. Its ambition is to be:

- An ALL-INCLUSIVE Programming Guide: all aspects without any distinction related to programming of financial assistance are covered; including specific guidance on the sector approach; the preparation of Country Action Programmes, but also Rural Development Programmes; etc.
- A Programming Guide FOR ALL: all relevant stakeholders with a role to play in programming financial assistance can have access to the guide, i.e. not only the European Commission and the Beneficiaries<sup>1</sup>, but also the wider donor community (e.g. Member States, International Organisations, etc.).
- A DYNAMIC Programming Guide: it is a user-friendly document and tool, soon to be available via an extranet site.

### The Quick Guide to IPA Programming

This QUICK GUIDE focuses on some of the essential elements to be aware of before embarking on programming of financial assistance, i.e. programme architecture, tools and tasks, and in particular:

- SCOPE of programming and DEFINITIONS: overview of the basic terminology related to financial assistance for the period 2014-2020 and the meaning of programming.
- PROGRAMMING PRINCIPLES: considerations on strategic aspects such as the move towards the sector approach and the need for a clear intervention logic, as well as other cross-cutting principles.
- TYPES OF PROGRAMMES and their ARTEFACTS: outline of the main programmes on offer and how these materialise.
- PROGRAMMING OPTIONS: guidance on the range of Actions and Programmes available and how these relate to one another.
- PROGRAMMING TASKS: clarifications on roles and responsibilities
- PROGRAMME LIFECYCLE: overview of the sequencing of steps from initiation to adoption.

Both the Quick Guide and the detailed Programming Guide are living documents and tools. The work on the Programming Guide is still in progress. This version of the Quick Guide represents a summary of the guidance compiled as at end November 2013.

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<sup>1</sup> As per the list in Annex I to the IPA Regulation.

## ACRONYMS

<b>AGRI</b>	European Commission's Directorate-General Agriculture and Rural Development
<b>CBC</b>	Cross-Border Cooperation
<b>CI</b>	Commission Implementing Decision
<b>CIR</b>	Common Rules for the Implementation of the Union's Instruments for External Action
<b>CSP</b>	Country Strategy Paper
<b>DEVCO</b>	EC's Directorate-General Development and Cooperation
<b>ELARG</b>	EC's Directorate-General Enlargement
<b>EMPL</b>	EC's Directorate-General Employment, Social Affairs and Inclusion
<b>FA (or FwA)</b>	Framework Agreement
<b>FP</b>	Financing Proposal
<b>FR</b>	Financial Regulation
<b>IMDA</b>	Indirect Management Delegation Agreement
<b>ISC</b>	Inter-Service Consultation
<b>MCSP</b>	Multi-Country Strategy Paper
<b>NIPAC</b>	National IPA Coordinator
<b>REGIO</b>	EC's Directorate-General Regional and Urban Policy

## THE FINANCIAL ASSISTANCE FRAMEWORK

### The Regulatory Framework

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The regulatory framework consists of a main piece of specific legislation, the **Instrument for Pre-accession Assistance Regulation** (IPA II) along with two additional acts, the **Common Rules for the Implementation of the Union's Instruments for External Action** (referred to below as Common Implementing Rules - CIR) and the **Financial Regulation** (FR).

Based on this legal framework, the European Commission and the Beneficiaries of pre-accession assistance shall conclude **Framework Agreements**, in order to set out and agree on the rules for co-operation concerning financial assistance. Planning of financial assistance is spelled out in the **Strategy Papers**, representing the European Commission's strategy for the use of EU funds in each IPA country.

This comprehensive set of references fits into the broader context of the basic *Enlargement Policy* documents, namely, the European Partnerships and Accession Partnerships which present the Commission's overall enlargement policy, as well as the annual Progress Reports.

#### The IPA II Regulation

With a view to future accessions, the EU will continue to offer Beneficiaries technical and financial assistance to foster growth and sustainability. The **IPA II Regulation** lays down the main legislative framework for the new *Instrument for Pre-accession Assistance* and should be viewed in the context of all proposed financial instruments for the financial perspective 2014-2020 as outlined in the Communication 'A Budget for Europe2020'.

Under IPA II, financial assistance is available to candidate countries and to potential candidates, irrespective of their status, and will be implemented by addressing the overriding objective of accession and a number of specific objectives. Strategic planning takes the form of comprehensive country strategies covering the entire period with a mid-term review.

Annexes to the IPA II Regulation include 1) the list of Beneficiaries, 2) the thematic priorities for assistance and 3) the thematic priorities for assistance for territorial cooperation.

**NOTE:** situation as at end November 2013

#### The Common Implementing Rules for External Action

In the broader context of the EU External Action instruments, the **Common Implementing Rules** (CIR) is a set of simplified and harmonised implementing rules and procedures applicable to IPA, as well as to the other three geographic instruments (DCI, ENI, and PI) and to the thematic instruments of EU External Action (IFS, EIDHR, and INSC).

Of particular relevance for programming are the provisions on the types and format of (Action) Programmes, the types of financing (Financing Methods), as well protection of the financial interests of the EU, evaluation, committees.

**NOTE:** situation as at end November 2013

### The Financial Regulation and its Rules of Application

The **Financial Regulation** (FR) is the main point of reference for the principles and procedures governing the establishment and implementation of the EU budget and the control of the European Union's finances. The FR (applicable since 1<sup>st</sup> January 2013) is supplemented by **Rules of Application** (RAP). The RAP contains more detailed and technical rules, which are essential for the day-to-day implementation of the FR.

Of particular relevance for programming are the provisions on the essential elements of a Financing Decision (objectives, results, total amount etc.) and the essential elements of an Action (for grants, for procurement, for financial instruments, etc.).

### The Strategy Papers

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The **Country Strategy Papers** (CSP) and the **Multi-Country Strategy Paper** (MCSP) are the overarching strategic planning documents from which priorities and objectives of individual programmes derive. They are Implementing Acts (Art. 291 TFEU) adopted by the European Commission following the opinion of the IPA Committee.

The role of the Country Strategy Papers is to set the frame for financial assistance over the period 2014-2020, to prepare the ground for Action Programmes, to identify priorities and sequencing for the reforms and investments and to ensure a coherent and consistent approach in line with the enlargement agenda.

Similarly, a Multi-Country Strategy Paper defines priorities and conditions for achievement at regional level for multi-beneficiary programmes and for territorial cooperation programmes.

Other important documents of reference include the countries' national plans and sectorial strategies where they are compatible with the pre-accession objectives (see section on the Sector Approach).

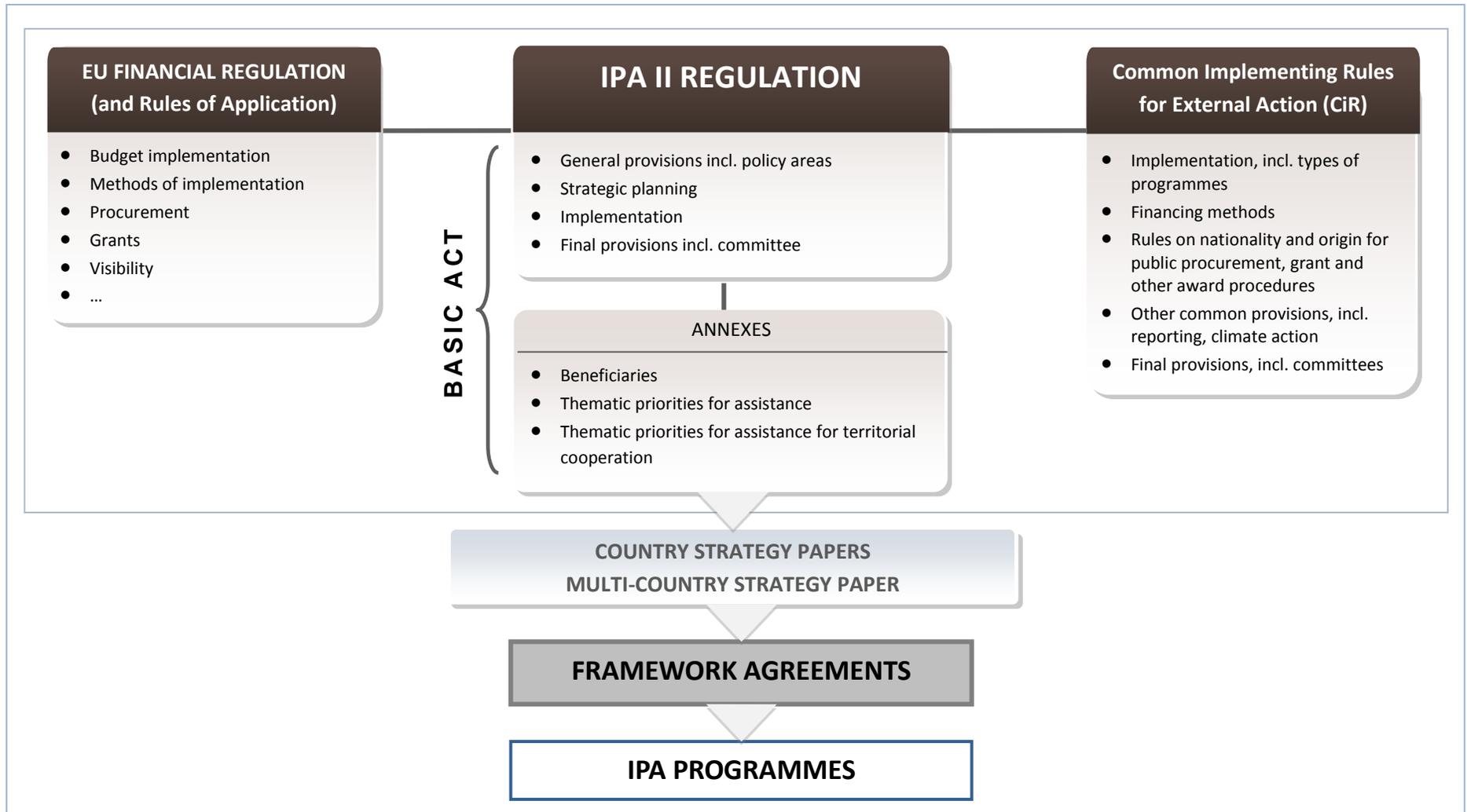
### The Framework Agreements

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The European Commission and each Beneficiary shall conclude a **Framework Agreement** (FA) for the entire programming period. The FA sets out specific provisions for the management, implementation, control, supervision, monitoring, evaluation, reporting and audit of IPA assistance. The FA also transposes into the legal order of the Beneficiary relevant provisions and further details of the IPA II Regulation, the Common Implementing Rules, the Financial Regulation and its Rules of Application.

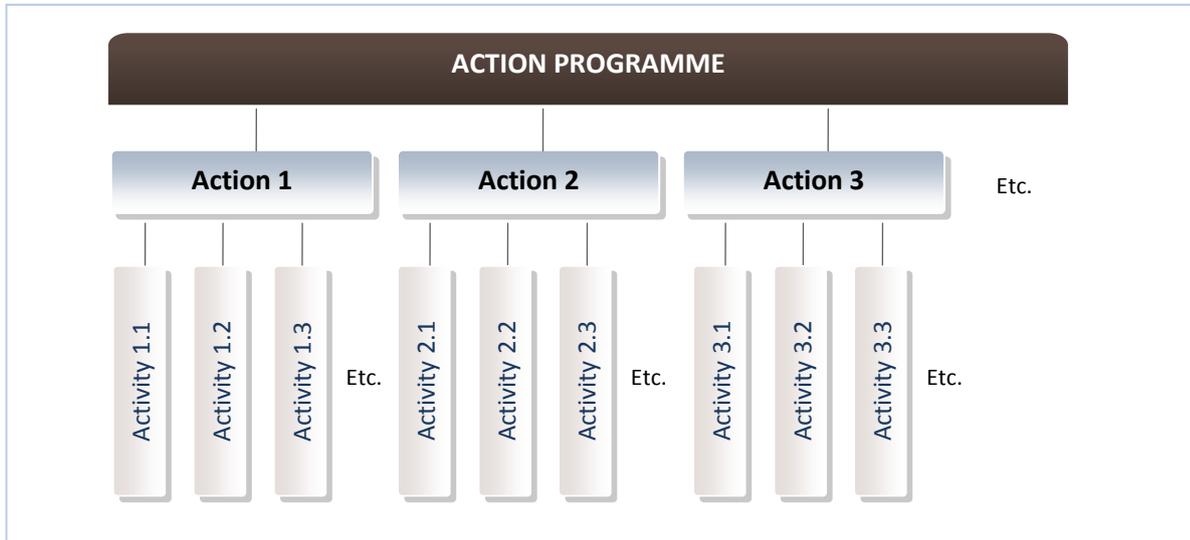
IPA can only be granted to the Beneficiary after the Framework Agreement has entered into force.

The Framework Agreement shall apply to all Financing Agreements.



## PROGRAMMING ESSENTIALS

## PROGRAMMING: DEFINITIONS AND SCOPE



ACTION PROGRAMME > ACTIONS > ACTIVITIES

### (Action) Programmes

The Common Implementing Rules for External Action (CIR) provides that Financing Decisions adopted by the European Commission are to be in the form of **ACTION PROGRAMMES**. These translate the priorities and objectives identified in the Country Strategy Papers or the Multi-Country Strategy Paper into specific interventions, i.e. how these objectives are going to be achieved via **Actions**.

The CIR also provides a description of the main elements to be provided in each Action Programme: *Action Programmes shall specify for each action the objectives pursued, the expected results and main activities, methods of implementation, budget and indicative timetable, any associated support measures and performance monitoring arrangements* (as per the proposal of the Commission on the CIR). These provisions apply to IPA in their entirety as one of the instruments for External Action.

In order to be implemented, each Action Programme must therefore be subject to a **Commission implementing Decision** (Art. 291 TFEU) to be adopted by the European Commission following the opinion of the IPA Examination Committee (i.e. EU Member States). An adopted IPA Action Programme is therefore the final output of the programming exercise.

#### (ACTION) PROGRAMME

A **set of Actions** for EU financial assistance defined by clearly identified objectives and expected results, as well as implementation arrangements and other related conditions for execution, adopted through a **Commission implementing Decision**.

## Actions

An **Action Programme** is made up of **ACTIONS**. In the programming context of IPA (and with reference to the term 'Action' as used by the Financial Regulation), an Action should be described at the **highest possible level of breakdown** where it makes sense to define **one single objective** and the **expected result** of that action.

In a spirit of simplification and in order to align the terminology of IPA programming with the Common Implementing Rules for External Action and the Financial Regulation, the term "**Action**" (whether a Sector Support Action or a Stand-alone Action) shall be used as a generic term to describe the sub-level of

Action Programmes. There might also be cases where an individual Action Programme is made up of one single Action, particularly where an Action (and therefore the entire Action Programme) focuses on a defined sector (e.g. through Budget Support).

### ACTION

A **coherent set of co-ordinated activities** undertaken to meet a defined objective of a geographic and/or sectorial scope, which have an estimated total cost to which the EU approves a maximum contribution, as well as implementation schedule and performance parameters.

## Activities

An **Action** is made up of **ACTIVITIES**. The **types of Activities** are determined by the needs identified and, as a consequence, the expected results. They represent a key element of the **Intervention Logic**. These may include capacity-building, consultancy, studies, support to infrastructure, supply of equipment, etc.

The choice of Activities is also determined by the **types of financing** (e.g. procurement, grant, etc.). An

Activity may be implemented via one single type of financing or several types.

### ACTIVITY

A **component of an Action** which can be clearly identified by its costs and EU contribution, as well as type of financing (e.g. procurement, grant, etc.).

[> MORE ABOUT ...](#)

### OTHER TERMS

The Common Implementing Rules for External Action also provide for the following types of interventions (and terminology) alongside Action Programmes: **Individual Measures** (which can be adopted outside the action-programme framework); **Special Measures** (which can be adopted in the event of unforeseen and duly justified cases); **Support Measures** (types of expenditure that represent support to the implementation of financial assistance, e.g. audit, monitoring, evaluation, communication).

The terms "**Measure**" and "**Operation**" are also used to designate the main level of breakdown for **Rural Development Programmes**, which mirror the provisions of the European Agricultural Fund for Rural Development (EAFRD). The EAFRD regulation defines a "Measure" as "a set of operations contributing to one or more of the Union priorities for rural development", an "operation" being "a project, group of projects, contract, or arrangement or other action selected according to criteria for the Rural Development Programme concerned and implemented by one or more beneficiaries allowing achievement of one or more of the Union priorities for rural development".

## Programming

**PROGRAMMING** creates the link between strategy and implementation.

In the context of IPA, programming **translates the priorities identified in the Country Strategy Papers and the Multi-Country Strategy Paper** (which describe in broad terms how Beneficiaries will use financial assistance to address the political priorities of the Enlargement Strategy and the reform efforts under different Sectors) and, where appropriate, other Sector policy or planning documents, **into Actions** to be carried out on the ground. Actions must therefore be consistent with the objectives and conditions for achievement identified in the Strategy Papers.

Programming can be defined as a phase within the wider Programme lifecycle aiming at **designing the delivery of financial assistance for a given Action or set of Actions**. To put it simply, programming is divided into two broad phases: **preparation** (Strategies translate into proposals for Actions, i.e. consolidated in the form of a draft Action Programme) and **approval** (the draft Action Programme is processed formally until it is adopted by the European Commission).

The final outcome of programming is a **Commission implementing Decision adopting the (Action) Programme**.



IPA PROGRAMMING

[> MORE ABOUT ...](#)

## PRINCIPLES FOR SOUND PROGRAMMING

Under IPA II (2014-2020), the delivery of financial assistance is intended to be simpler, more strategic, more flexible as well as more efficient and effective compared to IPA I. The intervention logic, ownership and impact of IPA will be strengthened by focussing assistance on the achievement of sector policy objectives and results which are relevant for accession. Sector-focused programming will imply on-going coordination with the wider donor community to ensure consistency of assistance. Compliance with horizontal policies and obligations will be yet another determining quality factor of IPA Programmes.

### Harmonising Programmes with Strategies

The starting point of programming is the Country Strategy Paper (or Multi-Country Strategy Paper). This high-level planning document to be adopted by the European Commission states the IPA priorities for each Beneficiary for the period of the Multiannual Financial Framework 2014-2020. The objectives of Action Programmes to be funded by IPA shall therefore be consistent with those agreed at the level of the Strategy Papers and their design also shall be in line with the directions for assistance outlined in these multi-annual planning documents for each of the priority sectors.

Another key reference to be taken into account in the initial programming steps is the Enlargement Strategy, i.e. the European Commission's package setting the framework for the pre-accession process within which IPA must operate (Accession Partnerships or European Partnerships and Stability and Association Agreements, Progress Reports, etc.). In view of the enhanced Sector Approach for all Beneficiaries, national plans or sectorial strategies (where compatible with pre-accession objectives) are to be employed as key instruments to support the programming exercise.

[> MORE ABOUT ...](#)

### The Sector Approach - a central guideline for programming

The Sector Approach is both a key cross-cutting principle and a strategic target for programming of IPA II. Beneficiaries should therefore adopt a Sector Approach when designing their IPA Actions whenever possible.

A flexible line will be taken, based on the assumption that IPA II assistance will be delivered as a mix of Sector Support Actions and Stand-alone Actions. However, it is expected that the proportion of assistance delivered by means of Stand-alone Actions will progressively decrease as the Beneficiaries improve the quality of their sector policies and strategies.

[> MORE ABOUT ...](#)

### Good planning equals good programming

Programming will consider each priority Sector as defined in the Strategy Paper. A key consideration is to avoid support to the Sector in its entirety, but rather to concentrate only on those priorities which are linked to the enlargement agenda.

To achieve this, a precondition for successful programming is proper planning of financial assistance with a mid-term to long-term perspective based on a logical sequencing of steps leading to the anticipated reforms.

Whilst the Strategy Paper provides a broader view of the funding needed, more detailed planning of assistance by Beneficiaries over the years is essential, whereby planned Actions deemed to be mature enough for IPA support will feed into Action Programmes. A more operational tool such as a Sector Planning Document will fulfil this purpose.

[> MORE ABOUT ...](#)

### **Robust intervention logic - the cornerstone of a quality programme**

Concentration of available funds on the achievement of a limited number of Sector results and meaningful SMART indicators based on reliable sources of information are at the heart of effective financial assistance.

A more strategic and result-oriented programme requires a solid intervention logic with clear target-setting and realistic milestones in order to achieve financial assistance with a lasting impact.

Programmes need to be implemented and consequently, progress needs to be accurately monitored: performance measurement is a requirement to be anticipated as early as the programming stage and not later.

[> MORE ABOUT ...](#)

### **Simplified, ownership-based delivery**

Delivery of financial assistance, based on more ownership and simplification, is another key objective and principle of IPA programmes.

The progressive introduction of the Sector Approach will mean a lower number of stand-alone interventions and therefore fewer contracts. If conditions allow, the Sector Approach could also entail the use of Budget Support, again reducing the administrative burden compared to more traditional project support.

The methods of implementation provided for by the new Financial Regulation (e.g. delegation of budget implementation tasks) are yet other options to be considered in this perspective. Flexibility of procedures will also be used for budget allocations (including the possibility of easier reallocations within programmes, in particular at the level of each Action).

All these options must be reflected in the early stages of programme design and justified accordingly, as they will determine implementation efficiency.

[> MORE ABOUT ...](#)

### **Donor coordination – the key provision for more consistent assistance**

Better IPA Programming also relies on increased cooperation with other donors, international and financial institutions at strategic level, agreeing on policy priorities and a clearer share of roles and interventions.

Improved coordination with the donor community is a key condition enabling (co-)financing of agreed Sector Support Actions contributing to the policy objectives, thus moving away from purely grant-financed projects and instead increasing the share of assistance through support at Sector level.

[> MORE ABOUT ...](#)

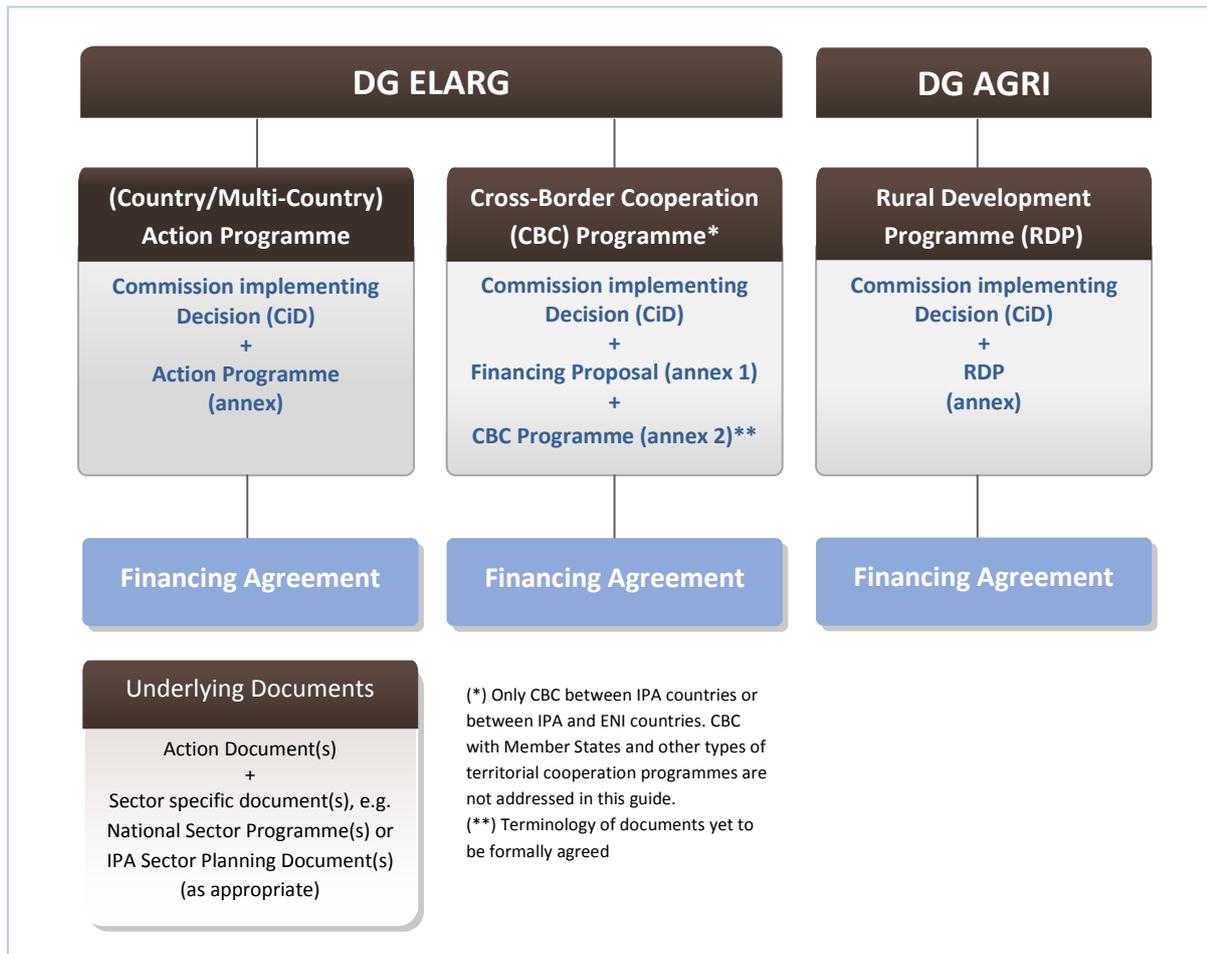
### **Compliance with cross-cutting principles and obligations**

How IPA Programmes will address horizontal principles (monitoring and evaluation, but also risk management, fraud prevention, control, visibility and transparency, etc.) or obligations (contribution to combating climate change or to improving gender balance, involvement of minorities and vulnerable groups as well as engagement with civil society and other non-state actors) must be clearly thought out in the programming phase and justified in relevant Programme documents.

[> MORE ABOUT ...](#)

## PROGRAMME TYPES AND ARTEFACTS

The main programmes supported by IPA are the Country and Multi-Country Action Programmes. Assistance for rural development can also be addressed via Rural Developed Programmes. Specific horizontal programmes support interventions for audit, communication, evaluation, among others.



MAIN PROGRAMMES AND ARTEFACTS

### Country and Multi-Country Action Programmes

#### Programme scope

**Country Action Programmes** are the main vehicles for addressing specific country needs in priority Sectors, as identified in the multiannual Country Strategy Papers. Therefore, the bulk of the assistance to IPA Beneficiaries is channelled through the Country Action Programmes, which are prepared on the basis of proposals (in the form of Action Documents based, as appropriate, on Sector specific documents) from the Beneficiary Countries themselves. These must be consistent with the overarching priorities set out in the

Country Strategy Papers, i.e. Actions as defined in the Country Action Programmes must derive from the **sector priorities** described in the Strategy Papers, for which the necessary administrative, political and economic reforms should be supported for the given Sectors. They should (either fully or in part) follow the Sector Approach when the relevant requirements are satisfied.

**Multi-Country Action Programmes** are designed to complement the Country Action Programmes. Areas of assistance (also described in the form of Action Documents) will only be addressed through the Multi-Country Action Programmes where there is a clear need for regional cooperation or horizontal action, e.g. tackling cross-border problems, reaching efficiency by establishing harmonised approaches or facilitating networks of experts. When drawing up such programmes, due account shall therefore be taken of the **coherence with Country Action Programmes**.

### Programme documents

Proposals for financial assistance are, in the first instance, itemised in **Action Documents** both for Country and Multi-Country Programmes. Where appropriate, Action Documents will summarise planned interventions (either fully or in part) highlighted in the existing Sector specific documents, i.e. **Country Sector Programmes** owned by the Beneficiaries (in the case of fully-fledged Sector Support) or **Sector Planning Documents** specifically designed in the context of IPA.

Draft Action Documents are the basis for consultation among all stakeholders during the preparation period and their final versions used for the drafting of the **Action Programme** itself (to become an annex to the **Commission implementing Decision** once adopted).

The Action Programme then becomes an annex to the **Financing Agreement** between the European Commission and the Beneficiary Country in the case of a Country Action Programme. No Financing Agreement is concluded in the case of a mainstream Multi-Country Programme.

[> MORE ABOUT ...](#)

## Cross-Border Cooperation Programmes (CBC)

NOTE: This section deals mainly with CBC at intra-Western Balkan borders) and IPA-ENI<sup>2</sup> Programmes.

### Programme scope

**Cross-Border Cooperation** is the most common form of Territorial Cooperation as defined by the European Regional Policy. Its aim (particularly in the case of the Western Balkans) is to promote good neighbourly relations, foster EU integration and promote socio-economic development in border areas between countries through joint local and regional initiatives combining both external aid and economic and social cohesion objectives.

**IPA CBC Programmes** (in this section, IPA-IPA and IPA-ENI) must be consistent with the overarching thematic priorities set out in the Country Strategy Papers and the relevant section on territorial cooperation in the Multi-Country Strategy Paper.

Other Territorial Cooperation Programmes relevant to IPA Beneficiaries include the IPA Cross-Border Cooperation Programmes between IPA Beneficiaries and Member States, as well as the ERDF<sup>3</sup>-funded Transnational and Interregional Cooperation Programmes and the ENI Cross-Border Cooperation Programmes (mainly participation in Sea Basin programmes), to which IPA Beneficiaries are eligible.

<sup>2</sup> ENI – European Neighbourhood Instrument

<sup>3</sup> ERDF = European Regional Development Fund

## Programme documents

Proposals for financial assistance in the area of territorial cooperation are based on the priorities identified in the **Country Strategy Papers** and the **Multi-Country Strategy Paper** and are in the first instance itemised in a joint **Cross-Border Cooperation Programme**, which sets out up to four thematic priorities for assistance for each border area for the entire programming period 2014-2020.

The Cross-Border Cooperation Programmes are the main basis for the drafting of **Financing Proposals** (to become an annex to the **Commission implementing Decision** once adopted), which will highlight the priorities for funding and trigger commitments for up to 3 years.

The Financing Decision becomes an annex to the **Financing Agreement** between the European Commission and the participating Beneficiary Countries.

[> MORE ABOUT ...](#)

## Rural Development Programmes

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### Programme scope

**Rural Development Programmes (RDPs)** represent the most formalised type of IPA support in the area of rural development. The aim of these programmes is to implement the strategic priorities for rural development set out in Country Strategy Papers, through a set of measures defined in the Framework Agreement.

### Programme documents

A single Rural Development Programme drawn up at national level should be submitted by Beneficiaries. The programme is prepared by the relevant authorities designated by the Beneficiary and is submitted to the European Commission after consulting the appropriated interested parties.

Before putting together a Rural Development Programme, a **National Rural Development Strategy** must be in place and analyses of the main sectors of agriculture must be carried out. Once drafting of the programme has advanced, **ex-ante evaluation** of the programme must be conducted.

Before the programme can be adopted via a **Commission implementing Decision**, and in addition to the preparatory work and preconditions above, a **Sectorial Agreement** must be concluded with the country.

A **Financing Agreement** is concluded concerning the Rural Development Programme after its adoption.

[> MORE ABOUT ...](#)

## PROGRAMMING OPTIONS

**Flexibility** in structuring Action Programmes is one of the founding rules of programming under IPA. In principle, all types of Actions (sector-focused or stand-alone) may co-exist in one single Programme.

In terms of management, the degree of suitability further determines the architecture of the programme and the consequences this may also have on possible future amendments to be carried out for the Action Programme.

Overall, the architecture of an Action Programme will actually depend on:

- the **number and types of Actions** included in the Action Programme, mainly consisting of a choice between Sector Support Actions and Stand-alone Actions (in particular in the case of a Country Action Programme);
- the **types of Programmes**, mainly consisting of a choice between an annual and a multi-annual Programme.

### Options for Actions

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In the context of Country Action Programmes in particular, a choice needs to be made between **Sector Support Actions and Stand-alone Actions**, the former being the target for financial assistance in the coming years.

#### Sector Support Actions

The shape and the content of the Action Programmes will differ from one Beneficiary to another and will depend on the level of readiness to embrace the Sector Approach<sup>4</sup>. **Sector Support Actions** can be developed in two different ways according to this degree of maturity, and the following **two Options** accordingly:

- A **fully-fledged Sector Support Action (OPTION 1)** aiming at supporting a Sector on the basis of a **Beneficiary-owned (national) Sector Programme** (either fully or in part) which fulfils the essential criteria for adopting the Sector Approach (existence of a national sector policy/strategy; institutional leadership and capacity; relevant sector donor coordination; sector budget and medium-term expenditure; performance monitoring framework).

Comparison with IPA I: this is an innovation and corresponds to no other type of intervention under IPA I.

- A **Sector Support oriented Action (OPTION 2)** aiming at supporting a given Sector, for which the conditions for the Sector Approach are not yet in place, whilst helping the Beneficiary proceed gradually to the preparation of Option 1 (fully-fledged Sector Support) Actions. The Actions deemed to be ready for support under IPA (i.e. with a clear intervention logic) and therefore feeding into Action Programmes will be based on a **Sector Planning Document** made up of two parts, i.e. Part I on Sector Profile (i.e. overview of the Sector and assessment of the Sector Approach) and Part II on Sector Support (i.e. how IPA will address priorities for the Sector with a mid-term to longer-term perspective): this document is to be

<sup>4</sup> The Sector Approach assessment should have been carried out already in the context of the preparation of the Country Strategy Papers (preliminary assessment). If not, it must be performed before programming starts. The development of the Sector Approach is an iterative process to be led through the entire programming cycle.

developed by the Beneficiary in close collaboration with the European Commission and the EU Delegation and updated over the years to be used as a programming reference for successive Action Programmes.

Comparison with IPA I: this would reflect the methodology used under IPA I with the introduction of “Sector Fiches”, with the difference that it would be based on a living document with a multi-annual perspective and shared between the Beneficiary and the Commission/EU Delegation only.

Ultimately, the Sector Approach remains a central guideline for programming financial assistance under IPA II and the preparation of fully-fledged Sector Support Actions should ideally be the ultimate objective for all Beneficiaries through a progressive transition from Option 2 to Option 1.

### Stand-alone Actions

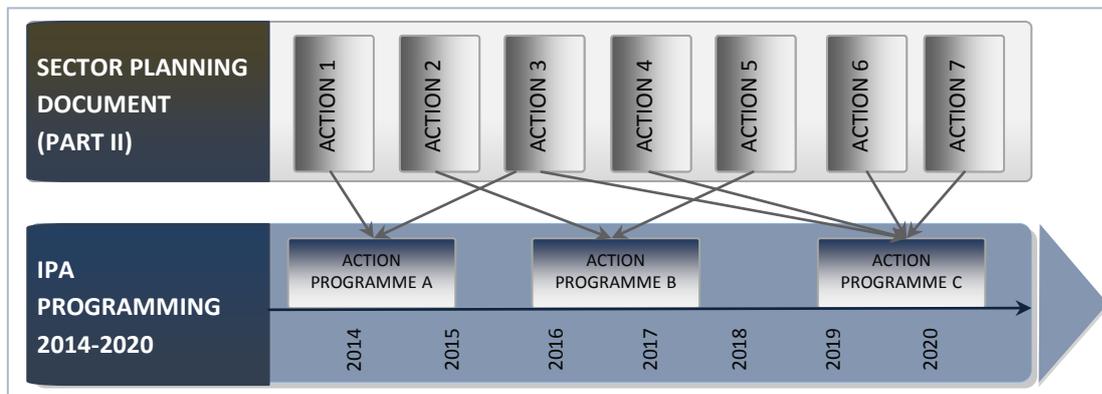
Applying or going towards the Sector Approach may not always be needed. This is where **Stand-alone Actions** come into play:

- A **Stand-alone Action** (OPTION 3) would be an Action for which the Sector Approach is neither appropriate nor necessary in the context of preparation for accession (e.g. technical support on some specific parts of the EU *acquis*) or a horizontal or ad hoc intervention (e.g. programme preparation facility; contribution to an EU programme or agency; etc.).

Comparison with IPA I: this corresponds roughly to a Project or any horizontal measure under Component I of IPA I.

### THE SECTOR PLANNING DOCUMENT

Good planning of financial assistance is key to efficient programming, all the more so in the context of Sector Support. The introduction of a **Sector Planning Document** aims to fulfil this purpose. The preparation of such a document will be a key step of the planning and programming process, particularly in the context of intermediary Sector Support Actions. Actions (or part of them) identified for future IPA support will progressively feed into Action Programmes when deemed to be structured enough.



PLANNING AND PROGRAMMING SECTOR SUPPORT ACTIONS

The **Sector Planning Document** is made up of two parts:

- **Part I** provides an analysis of the sector and highlights the sector maturity in accordance with the Sector Approach criteria, and therefore serves as a basis to judge the Beneficiary's compliance with these criteria, as well as readiness for fully-fledged Sector Support Actions (i.e. Option 1);
- **Part II** provides a multi-annual implementation framework, including detailed intervention logic, to be used as a basis for the preparation of the IPA Actions.

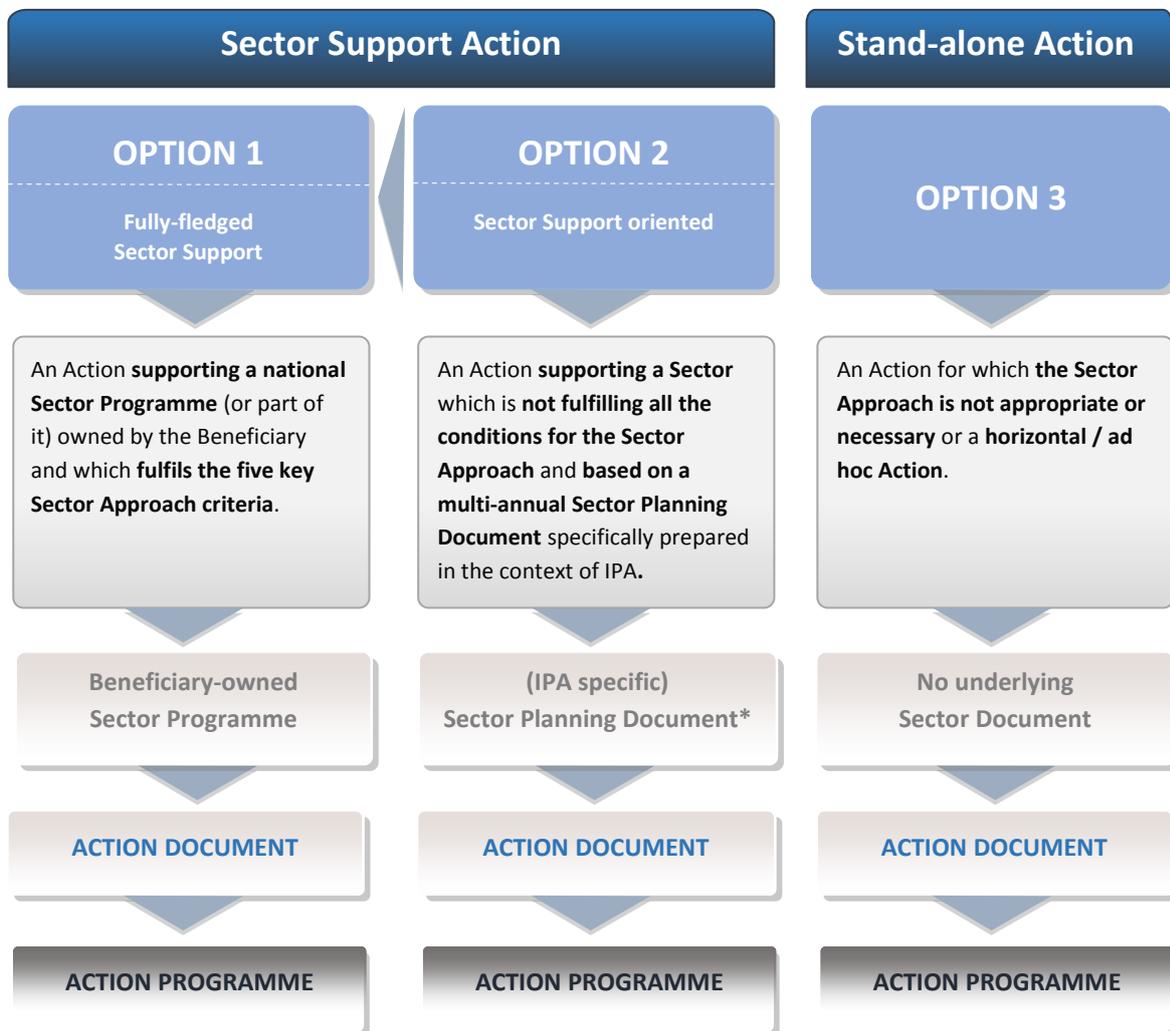
The Sector Planning Document is prepared by the Beneficiaries with the collaboration of the EC/EU delegation. It is a living document, or of a working nature, and is updated over the years. Preparing and

updating a Sector Planning Document slightly precedes the launch of programming. The selected Actions are summarised in Action Documents.

The level at which it is used is flexible, i.e. at the level of an entire Sector (CSP sector) of a Sub-Sector, depending on the purpose, size of the country, etc.

The Sector Planning Document will also be used to gradually address those missing elements of the Sector Approach, which have been identified to need further development (e.g. medium-term budgeting; donor coordination; etc.)

Once a given Sector has reached a degree of maturity and readiness in relation to the Sector Approach assessment criteria, the use of the Sector Planning Document may not be needed anymore. From that point in time, IPA support would aim at supporting a fully-fledged national Sector Programme (or part of it) set up and owned by the Beneficiary, the scope of which would be wider than that of a Sector Planning Document.



(\* ) Sector Planning Document: Part I = Sector Profile – Part II = Sector Support

OPTIONS FOR ACTIONS

> MORE ABOUT ...

## Options for Programmes

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Whatever the choice of Options of Actions, support to a specific Sector can be provided through **annual programmes** or **multi-annual programmes**. In the former case, different consecutive Action Programmes are prepared; i.e. part of the assistance to a given Sector is provided in year 1 (e.g. Country Action Programme 2014) and the remainder in year 3 (e.g. Country Action Programme 2016) and year 5 (e.g. Country Action Programme 2018) - this will involve 3 Financing Agreements.

In the context of IPA II, a choice needs to be made between 3 Options of Programmes i.e. **annual programmes**, **combined annual programmes** and **multi-annual programmes with split commitments**.

- **Single annual programmes (OPTION 1)** involve programming actions one year at a time using the **allocation of one budgetary year**.

Comparison with IPA I: This first option was used for Component I under IPA I, the only change being the extension of the deadline for operational implementation to 6 years from the Conclusion of the Financing Agreement.

The other two Options are used to support Actions for longer periods **with allocations of up to three or up to seven budgetary years**. Therefore, the size of the programme allocation is proportionally larger than for annual programming. Since it is not possible to book the total programme allocation to the budget at once, there are two ways of breaking the total programme allocation into yearly allocations:

- **Combined annual programmes (OPTION 2):** the programme allocation is the summary of three separate annual programmes with separate annual budgetary commitments and separate annual Financing Agreements; this option is reserved for repetitive action only.

Comparison with IPA I: This second option was used for Component II (CBC) of IPA I with allocations for up to 2 years instead of 3 years.

- **Multi-annual programmes with split commitments (OPTION 3):** the programme allocation is considered as one legal and budgetary commitment, which according to the principle of annuality of the budget must be split into annual instalments over up to seven years; these are called “split commitments”.

Comparison with IPA I: This third option is based on the system of the EU Structural Funds and were also used for Components III, IV and V under IPA I.

While both Option 2 and Option 3 will work with a long-term strategic view and larger allocations, there is a difference in implementation. Combined annual programmes will follow the implementation timelines of three annual programmes as provided for under Article 189(2) FR with N+1 and d+3 rule<sup>5</sup>.

Multi-annual programmes with split commitments, however, work with one deadline: the automatic de-commitment of unused parts of the split commitments at 31/12/N+X as provided for under Article 189(3) FR and the relevant sector specific rules.

The actions programmed will, in all cases, be implemented over several years (time necessary for concluding a Financing Agreement, contracting, operational implementation, payments, audit, closure) irrespective of whether they are financed under annual or multi-annual programmes.

NOTE: While all three options are part of the programming toolbox, DG Enlargement has agreed that OPTION 2 (combined annual programmes) should be used with caution (and only in the case of recurrent actions), while OPTION 3 (multiannual programmes with split commitments) will probably be considered only in future years. Multiannual programmes with split commitments will continue to be the norm for Rural Development Programmes managed by DG Agriculture and Rural Development.

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<sup>5</sup> “N” is the year of budgetary commitment and “d” the date of conclusion of the Financing Agreement.

OPTION 1	OPTION 2	OPTION 3
SINGLE ANNUAL PROGRAMME	COMBINED ANNUAL PROGRAMME	MULTI-ANNUAL PROGRAMME WITH SPLIT COMMITMENTS
1 YEAR	3 YEARS MAXIMUM	7 YEARS MAXIMUM
<p><b>Commission Decision</b></p> <p>Financing Decision covering an <b>allocation for one year.</b></p>	<p><b>Commission Decision</b></p> <p>Financing Decision covering an <b>allocation for up to three years with suspension clause.</b> For repetitive actions and no mixing of funds between the years.</p>	<p><b>Commission Decision</b></p> <p>Financing Decision covering an <b>allocation for an initial (maximum) three years with suspension clause.</b> Amendment of Decision to <b>add allocations for consecutive years' budget allocation at least twice.</b></p>
<p><b>Budgetary Commitment</b></p> <p>One budgetary commitment in <b>year N.</b></p>	<p><b>Budgetary Commitment</b></p> <p>Annual budgetary commitments in <b>years N, N+1 and N+2</b> (three).</p>	<p><b>Budgetary Commitment</b></p> <p>The budgetary commitment is broken down into seven instalments, <b>one for each year</b> (through amendments to original commitment).</p>
<p><b>Types of Actions</b></p> <p>Any type of Action and in particular: Stand-alone Actions; CBC Actions; Actions which include a limited number of well defined infrastructure contracts; etc.</p>	<p><b>Types of Actions</b></p> <p>Actions programmed over three or more years and which can be broken down into repetitive activities for each year; CBC Actions; Actions covering the contribution to investment schemes in multi-country programmes; etc.</p>	<p><b>Types of Actions</b></p> <p>Actions in the field of transport, environment and regional competitiveness, which need to be implemented mainly through large infrastructure projects, whose final identification and sequence cannot be defined at the stage of the Financing Decision; (Repetitive) grant schemes in the field of employment</p>

OPTIONS FOR PROGRAMMES

> MORE ABOUT ...

## PROGRAMMING TASKS

### Responsibilities at the level of the European Commission

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#### General arrangements

For the programming period 2014-2020, **DG Enlargement** (DG ELARG) is responsible for overall programming and implementation of IPA funds for all Enlargement Countries.

Actions under indirect management are implemented according to DG Enlargement's rules and structures, except for the policy area "Agriculture and Rural Development", for which **DG Agriculture and Rural Development** (DG AGRI) will continue its programme management role under indirect management (IPARD) along the same lines as for the period 2007-2013.

**DG Regional and Urban Policy** (DG REGIO) and **DG Employment, Social Affairs and Inclusion** (DG EMPL) will lead on the programming of financial assistance in their respective policy areas only once a given Beneficiary is deemed to be sufficiently prepared for the management of assistance along the lines of the Structural Funds.

#### Responsibilities for Country and Multi-Country Actions Programmes

- Programming of assistance in the context of **Country Action Programmes** is the responsibility of **each Country (geographical) Unit of DG Enlargement**, in close collaboration with the relevant **EU Delegations**.
- Programming of assistance in the context of **Multi-Country Action Programmes** is the responsibility of **the Regional Cooperation & Programmes Unit of DG Enlargement**, in close collaboration with the relevant **Country/geographical Units and EU Delegations**.

[> MORE ABOUT ...](#)

#### Responsibilities for Cross-Border Cooperation Programmes

- **DG Enlargement** (DG ELARG) is responsible for programming of IPA CBC programmes among IPA Beneficiary Countries and between IPA Beneficiary Countries and ENI Beneficiary Countries (together with EU Delegations). The **Regional Cooperation & Programmes Unit of DG Enlargement** is responsible for overall coordination within the Commission (Country Units, EU Delegations) and with IPA Country National Authorities, specific coordination of CBC under IPA II, coordination with DG REGIO and Member States, with DG DEVCO, as well as for the management of CBIB+, the regional technical assistance for CBC among IPA Beneficiaries in the Western Balkans.
- **DG Regional and Urban Policy** (DG REGIO) is responsible for coordination of programming of Cross-Border Programmes between IPA Beneficiary Countries and Member States, as well as Transnational and Interregional Cooperation Programmes involving IPA Beneficiary Countries.
- **DG Development and Cooperation** (DG DEVCO) is responsible for coordination of programming of ENI Sea Basin Programmes.

[> MORE ABOUT ...](#)

## Responsibilities at the level of the Beneficiaries

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The **National IPA Coordinator (NIPAC)** oversees the programming of financial assistance. S(he) is the State representative **responsible for overall coordination of financial assistance from IPA programmes** (either in direct or indirect management). The NIPAC ensures there is a close connection between the overall accession process and utilisation of EU financial assistance and bears the responsibility for monitoring programmes. The NIPAC is also responsible for reporting on the overall implementation of the IPA assistance

In the context of programming assistance for Sector Support in particular, tasks can be shared with the Lead Ministry (for the given sector) and other line ministries.

## Consultation and coordination

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For Country and Multi-Country Action Programmes in particular, **formal and informal consultation** shall be organised under the leadership of DG Enlargement and/or the relevant EU Delegations. To this end, regular and timely communication with Beneficiaries to facilitate their involvement, and therefore improve their ownership, shall be ensured. Detailed programming plans, including timelines and draft documents shall be circulated and shared.

### Country Action Programmes

**Country Action Programmes** are based on proposals prepared by the **relevant authorities of the Beneficiary Countries** under the supervision of the **NIPACs**. When drawing up Country Action Programmes, care must be taken to ensure consistency and complementarity with the EU Enlargement Strategy, the Beneficiary Countries' national Sector Programmes and other Sector references and with the actions of other **international donors** (including EU Member States) and in full compliance with the Country Strategy Papers, in particular through exchanges of relevant information during the different phases of the programming cycle.

The establishment of dedicated **Sector Working Groups** can also provide an effective operational mechanism for sector strategic planning and programming. They assist in structuring consultation with all institutions involved in sector management and provide an inclusive dialogue forum with all other relevant stakeholders.

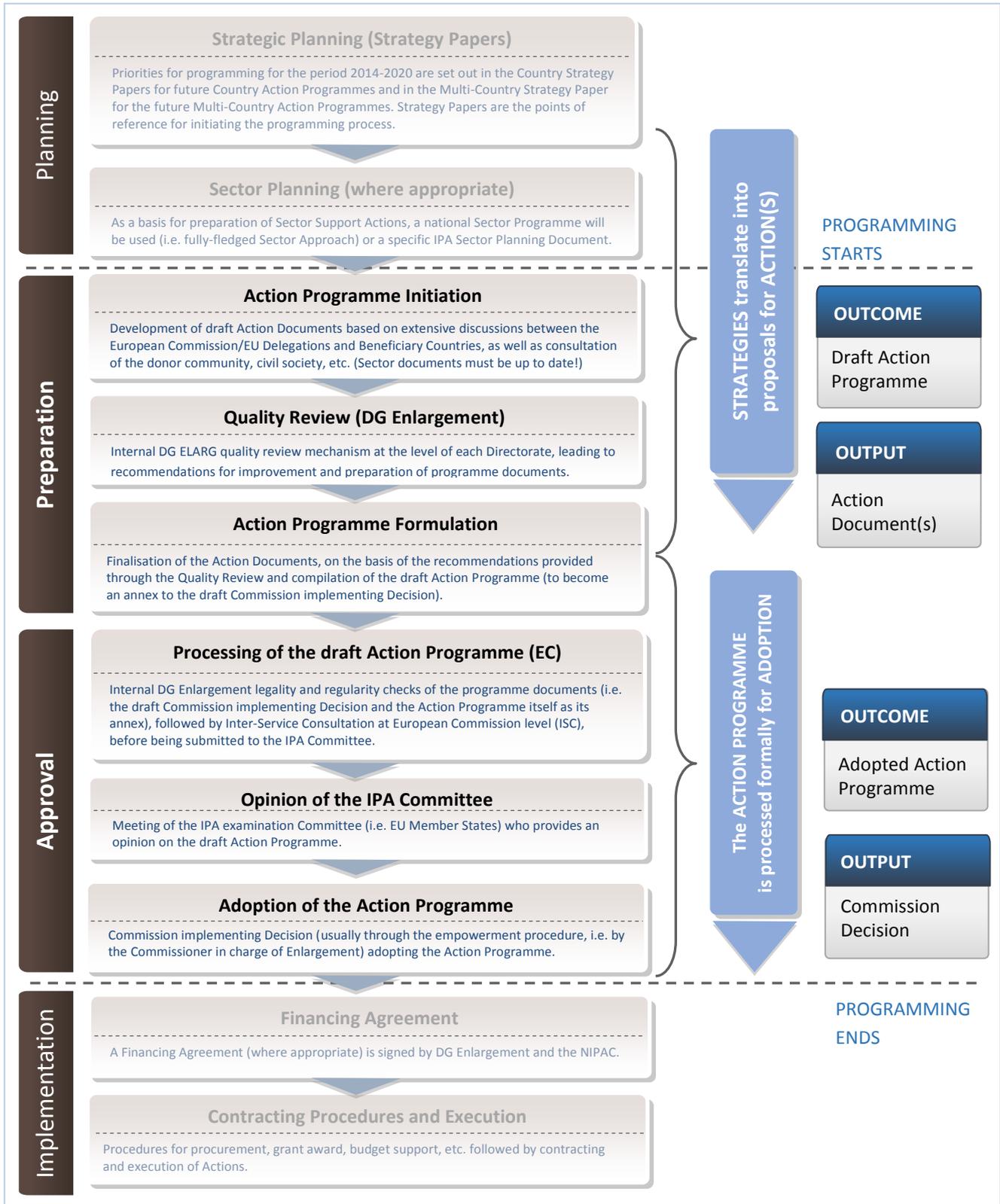
Consultation with **other stakeholders** in the relevant sectors must also be organised, as well as more generally with civil society organisations (engagement with civil society being an essential cross-cutting obligations of IPA programming) and other non-state actors, as appropriate.

### Multi-Country Action Programmes

Similarly, **programming multi-country IPA assistance** is based on close consultation with **Beneficiaries**, the **donor community** and in collaboration with the **Regional Cooperation Council**.

**Multi-Country coordination meetings** take place regularly throughout the year either in Brussels or in the Enlargement Region and allow for discussion on the status of current and future programming, as well as implementation.

## PROGRAMME LIFECYCLE



IPA PROGRAMME LIFECYCLE

## Before programming - Planning

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The starting point of any programming exercise under IPA is the **Country Strategy Paper** or the **Multi-Country Strategy Paper**. The goal of programming in the specific context of IPA is to translate objectives for the priority sectors identified in the Strategy Papers into specific Actions (to be gathered in an Action Programme). Actions must therefore be consistent with the objectives and conditions for achievement identified in the Strategy Papers.

In the context of Sector Support, an existing **National Sector Programme** owned by the Beneficiary or a specific **Sector Planning Document** developed specifically in the perspective of IPA assistance may also be used as the starting point for the programming exercise. Interventions identified as suitable for IPA support in this sector document will be translated into specific Sector Support Actions.

## Programming – Programme preparation

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### Initiating the Action Programme

The preparation of the Action Programme starts with the initial identification of needs and definition of objectives, in line with the priorities of the Country/Multi-Country Strategy Papers.

In the case of Country Action Programmes, Beneficiaries **compile draft Action Documents** (which are the main underlying documents for the Action Programmes) under the supervision of the EU delegations and DG Enlargement's Country Units. In particular, the **intervention logic** is defined for each planned Action in terms of objectives and results, including their performance indicators. At that stage, a rough intervention plan should also be prepared, including a tentative budget, a description of implementation arrangements (i.e. types of financing, methods of implementation).

The procedure slightly differs in the case of Multi-Country Programmes, the Action Documents being prepared by DG Enlargement, but in close collaboration with Beneficiaries, including the Regional Cooperation Council.

Whatever the type of Action Programme, this initiation phase involves **extensive consultation** between the European Commission, EU Delegations, the Beneficiaries and the wider donor community (including Member States), as well as civil society and other non-state stakeholders. Early co-ordination with other donors is important to ensure consistency and co-financing, and to exclude possible double financing.

### Quality review (within DG Enlargement)

The Action Documents (and, if relevant, any other sector document) prepared during the initiation phase are submitted at an early stage for quality review. The internal quality review mechanism for programming is organised **at the level of each individual operational Directorate of DG Enlargement**, which sets up its own procedures and is chaired by the Director.

The objective of this assessment is to support the programming process, by ensuring that the draft underlying documents are consistent with the high level strategic planning documents (i.e. Country/Multi-Country Strategy Papers) and in line with the enlargement agenda, as well as by providing **recommendations** for the work ahead. On the basis of these recommendations, the DG Enlargement Operational Unit concerned then proceeds with the formulation phase in collaboration with the EU Delegation and the Beneficiaries.

### Action Programme formulation

The Formulation Phase mainly consists of **fine-tuning and finalising the Action Documents** using the recommendations provided through the DG Enlargement Quality Review, and **compiling the draft Action Programme** and the **draft Commission implementing Decision**, of which the former will be an annex.

[> MORE ABOUT ...](#)

## Programming – Programme approval

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The pivotal event in the processing of draft Action Programmes is the meeting of the IPA Committee. Before reaching this milestone, a number of steps need to be performed within EC services and DG Enlargement in particular.

### Processing of the draft Action Programme (EC internal procedures)

Once the draft programme documents are put together, DG Enlargement carries out **legality and regularity checks** with the indicative allocation of the budget, checks against the provisions of the Financial Regulation and its Rules of Application, the IPA Regulation and comments on budgetary aspects of the draft Commission implementing Decision and its annex (i.e. the Action Programme itself).

The draft Commission implementing Decision and its annex are then submitted for consultation to other European Commission departments, including DG Budget, the Legal Service, the Secretariat-General, among others, as part of a formal **Inter-Service Consultation (ISC)**.

### IPA Committee

The IPA Examination Committee is made up of representatives of the EU Member States and meets regularly in Brussels. Its role is to provide an **opinion on the draft Action Programme** prepared by the Commission (underlying Action Documents are also submitted to the IPA Committee, for information only, as they are not subject to formal opinion or decision).

Further to the meeting of the Committee, programme documents are updated in the event that requests for change have been made by the Member States and accepted by the Commission.

### Adoption of the Financing Decision

Soon after the meeting of the IPA Committee, the Commission implementing Decision and its Annex (i.e. the Action Programme) are circulated internally for final checks until its **adoption**, which usually follows the empowerment procedure (i.e. by the relevant Commissioner on behalf of the Commissioners).

## Beyond programming – Implementation

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Once the Action Programme is adopted, the relevant **Financing Agreement(s)** is/are signed by DG Enlargement and the Beneficiary(ies) via its National IPA Coordinator. Some programmes are not necessarily followed by a Financing Agreement (e.g. mainstream Multi-Country Action Programmes; support measures such as IPA Communication, Audit or Evaluation Programmes, etc.), in which case a notification of the adoption is sent to the Beneficiary(ies).

The first step in the **implementation** phase consists of planning and carrying out the PRE-CONTRACTING tasks, i.e. preparation of documents and events for procurement (services, supplies, works) and grant award (either through calls for proposals or direct award), as well as the tasks for any other types of financing (e.g. budget support). CONTRACTING represents the actual start of implementation and sets more precise conditions for execution of financial assistance. EXECUTION involves carrying out Activities as stated in the Action Programme and according to contract conditions (this also includes regular monitoring and control to be performed by the Commission and EU Delegations).

NOTE: The lifecycle described in this section is mainly relevant for Country and Multi-Country Actions Programmes dealt with by DG Enlargement. There are a number of variances regarding the sequence for CBC programmes. Programming of Rural Development Programmes, which are the responsibility of DG Agriculture and Rural Development yet follow a slightly different procedure.



MORE ABOUT ...

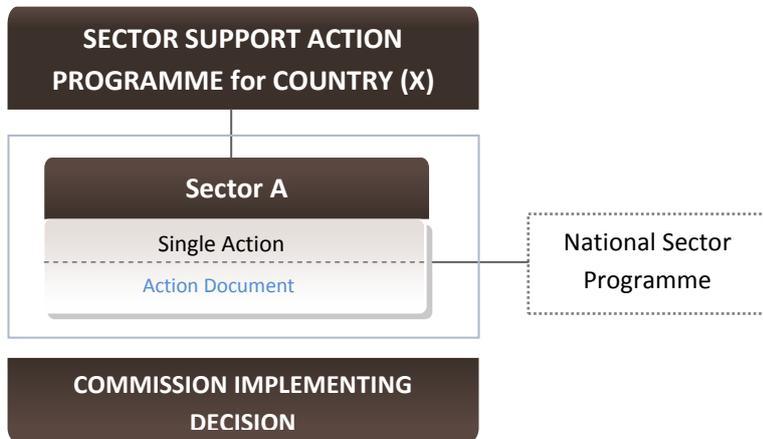
**PROGRAMME ARCHITECTURE (\*)**

(\*) for Country Action Programmes mainly

A Country Action Programme may be made up of **one Action only** (rare) **or several Actions**. It may also be a mix of several Sector Support Actions (including some related to the same Sector) or one Sector Support Action only and one or several Stand-alone Actions. Below are some examples of possible "combinations".

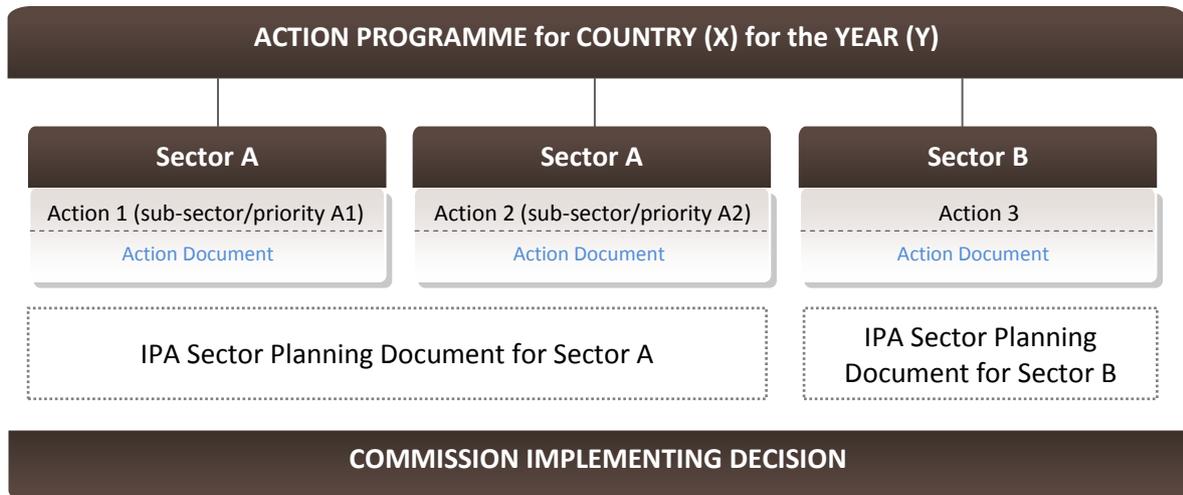
**EXAMPLE 1** (includes ONE SINGLE OPTION 1 ACTION)

A Country Action Programme aiming at supporting a specific Sector and involving one single fully-fledged Sector Support Action (OPTION 1 ACTION)



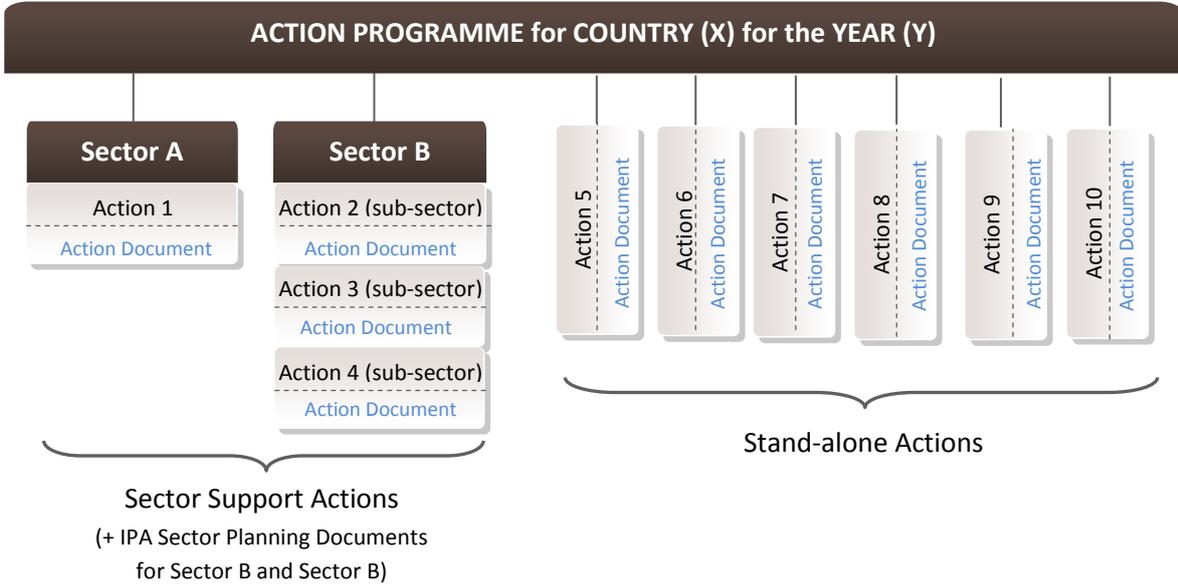
**EXAMPLE 2** (includes OPTION 2 ACTIONS ONLY)

A Country Action Programme aiming at supporting two specific sectors and involving three different Sector Support Actions (e.g. each corresponding to a sub-sector or a different priority depending on where the objective of the Action is set, in the case of Sector A)



**EXAMPLE 3** (includes a MIX OF OPTION 2, OPTION 3 and OPTION 4 ACTIONS)

A Country Action Programme aiming at supporting a mix of Sector Support Actions (for Sector B, each corresponding to a sub-sector – or a priority) and Stand-alone Actions.



Sector A: one Action only as it is pertinent to relate all planned interventions to one single specific objective.  
Sector B: three Actions corresponding to three specific objectives (and possibly sub-sectors or priorities).

## THE INTERVENTION LOGIC

Under IPA II, financial assistance is **aligned on the political enlargement agenda**. In this context, financial assistance needs to be programmed following a strategic and coherent approach, tailored to the specific needs and capacities of the Beneficiaries country/ies and focused on key priorities which are relevant for the path to accession.

In line with this more strategic approach, financial assistance under IPA II moves away from financing a series of not necessarily inter-connected projects to the co-financing of more comprehensive reform agendas. It is largely based on the **Sector Approach**, being much more **result-oriented**, which calls for systematic utilisation of **performance indicators**. More result-oriented financial assistance is based on **more robust intervention logics**.

### The Logical Framework Approach

The **intervention logic** is the backbone of a robust Action aiming at fulfilling strategic results and therefore building a solid intervention logic should be the primary objective of programming IPA Actions (in the context of a Sector Support Action, an exercise to be already carried out as part of the Sector Planning Document).

The preparation of an Action is to follow the **Logical Framework Approach** (LFA), a key analytical and management tool for project/action formulation. This approach is based on the development first of the **Logical**

**Framework Matrix** (LFM or Logframe) in which an Action is defined in terms of a **hierarchy of objectives (inputs, activities, results, specific objective and overall objective)** plus a set of defined **assumptions** and a framework for **monitoring and evaluating achievements (indicators and sources of verification)**. This approach presupposes an active participation and collaboration of key stakeholders, i.e. all organisations affected by the Action. This is to ensure a high degree of ownership and a high quality Action.

Action Description	Indicators	Source of Verification	Assumptions
<b>Overall Objective</b> – The Action’s contribution to sector /policy objectives (impact). As far as possible the Overall Objective should be stated in the Country Strategy Paper and/or the overarching sector specific documents, or at least be clearly linked to an objective specified in one of these documents.	How the Overall Objective is to be measured including Quantity, Quality, Time. As far as possible, the indicator(s) should reflect that/those of the Strategy Paper.	How the information will be collected, when and by whom	
<b>Specific Objective</b> – This is the <b>single</b> central objective of the Action in terms of sustainable benefits to be delivered to the Action’s beneficiaries.	How the Specific Objective is to be measured including Quantity, Quality, Time. <b>Outcome</b> indicators.	as above	If the Specific Objective is achieved, what assumptions must hold true to achieve the Overall Objective
<b>Results</b> – Tangible products or services delivered by the project	How the Results are to be measured including Quantity, Quality, Time	as above	If Results are achieved, what assumptions must hold true to achieve the Specific Objective
<b>Activities</b> – Tasks that have to be undertaken to deliver the desired results			If Activities are completed, what assumptions must hold true to deliver the Results

THE LOGICAL FRAMEWORK MATRIX FOR AN ACTION

Within this initial stage, good preparation of a Logframe for each individual Action is key, the **Logframe being the centrepiece of the Action description**, i.e. in the Action Document, itself summarising the planned Action(s) itemised in a Sector Planning Document, in the case of Sector Support.

A common problem with the application of the Logical Framework Approach is that it is undertaken separately from the preparation of the other required programme documents, i.e. as an afterthought. This often results in inconsistency between the contents of the Logframe matrix and the description of the Action contained in the narrative of the main documents. The application of the LFA must come first, and then provide a base source of information for completing the required programming documents.

With IPA II, there will be a change in the way the Logical Framework Approach is carried out, and the way structuring the intervention logic is organised. Under IPA I, the Logical Framework Matrix (summarising the hierarchy of objectives) was an annex of the Project Fiche or Sector Fiche (and often filled in at the end of the

programming process by copying and pasting the narrative of the fiche). With IPA II, the **Logframe will be the central piece of the Action Document** (successor to the Project Fiche and Sector Fiche) and not an annex anymore, whilst the narrative will be reduced to the bare essentials and to those elements bringing useful additions to the information included in the Logframe.

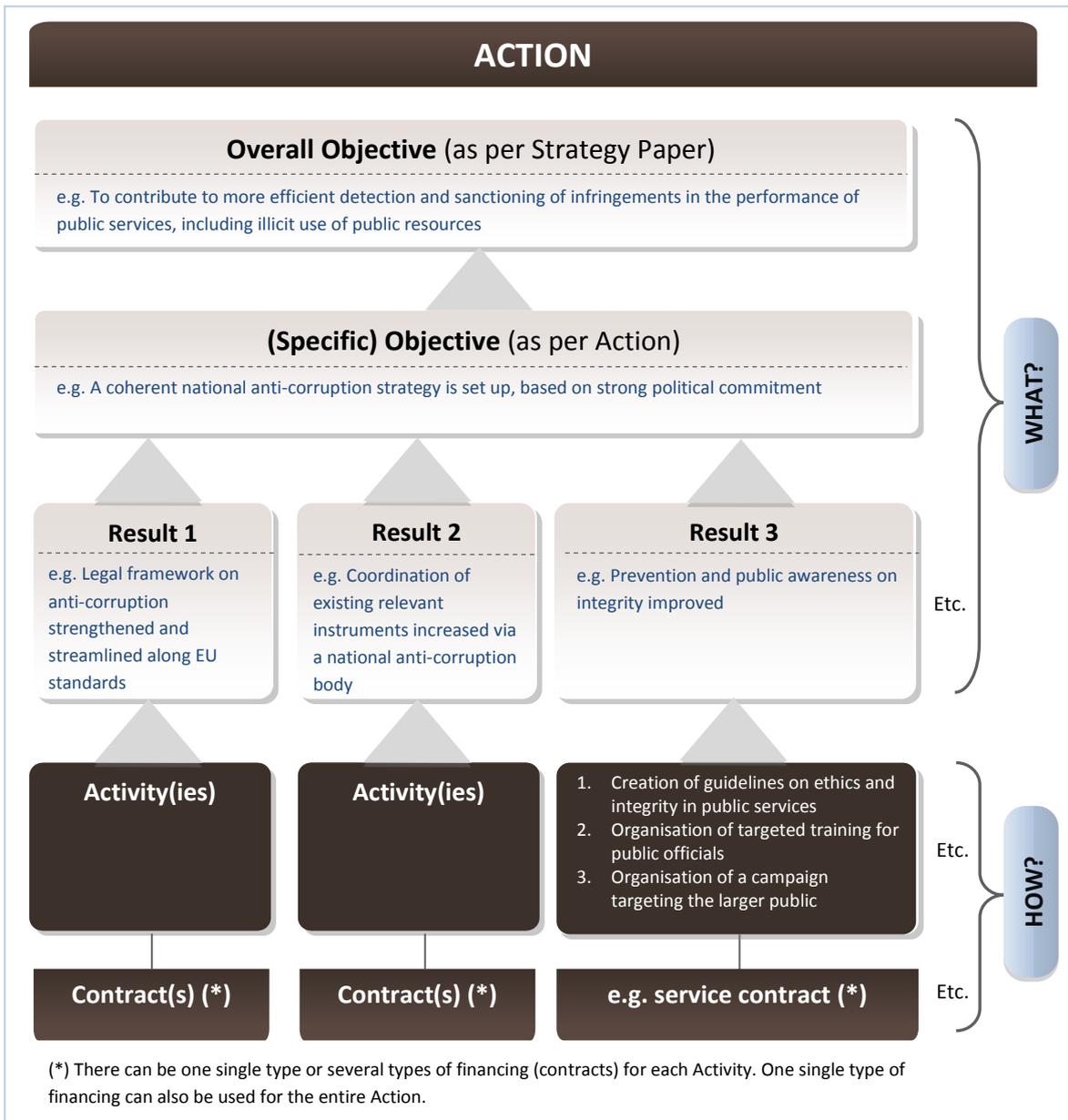
It is also important to take into account the **linkages between the intervention logics** in the case of Sector Support, in particular the intervention logic of the Country/Multi-Country Strategy Paper (M/CSP) and that of the Sector Programme or IPA Sector Plan. M/CSP specific objectives should ideally be at the same level as the overall objectives of the Sector Programme/Plan, whilst CSP results would be at the level of the specific objectives of the Sector Programme/Plan. The same logic would apply to the linkage between the Sector Programme/Plan and the individual Actions, according to the principle of the interlocking or nested Logical Framework. However, this principle is not always straightforward and clear-cut: it should therefore not be considered as a rule set in stone.



INTERLOCKING LOGFRAME FOR AN IPA SECTOR SUPPORT ACTION

The breakdown of an Action and the hierarchy of objectives are clarified via the **Intervention Logic** (and the Logical Framework) which itemises the objective (one per Action), the expected results and the activities. The Logical Framework is the centrepiece of the Action Document.

The example below highlights how activities will achieve results and therefore fulfil the objective of an Action (in this case on public administration reform), itself contributing to attain an overall objective at strategic level.



HIERARCHY OF OBJECTIVES FOR AN ACTION

**Indicators**

The purpose of using performance **indicators**, especially in a period of tightening budgets and search of efficiency, is to give to all interested stakeholders the possibility of verifying if, and to which extent, by means of policy/programme/action implementation, the expected results and impact are going to be (or have been) achieved and provide therefore evidence to support a possible change.

In this respect, for the Commission, as for many public institutions, monitoring and evaluation play a key role in providing the necessary evidence. Monitoring, in

particular, should produce robust and reliable data that can be aggregated across countries. An emphasis on a clear articulation of policy objectives is crucial to implement a results oriented policy and moving away from a predominant focus on the absorption of funding.

Performance indicators are used to assess the **progress against clearly defined objectives**. Targets are set in the course of programming with a view to **achieve the specific objectives** of the financial assistance. NOTE: a table of reference indicators has been compiled in the

context of the preparation of the Country/Multi-Country Strategy Papers, which is available.

The interest of putting in place an effective and consistent system of monitoring and evaluation by defining the relevant indicators is to provide the European Commission and the other donors the possibility of **checking to which extent the process is evolving as expected**, i.e. which factors/problems are intervening that need to be addressed in order to increase the likelihood to achieve the **expected outcomes**. This system of indicators will also serve for **accountability**, to give the possibility to the policy makers, but also to the public at large, to apprehend to which extent the policy/intervention is working (has worked) and therefore to advocate for possible changes and or design of different policies/interventions in the future, while keeping in mind that neither the outputs, nor (even less) the results/outcomes will materialise before a certain time (the time to finalise the procurement stage, to implement the activities, and then to start seeing the outputs taking shape).

Indicators can be **built at different levels and for different purposes**. Their relevance is very much dependent on their intended use. Indicators can be categorised according to different elements: **stage of the action/project cycle** (input, process, output, outcome and impact/context), according to the **nature of the indicator** (macro, programme, sector, project/intervention) and according to the **dimension one wants to look at** (relevance, efficiency, effectiveness, impact, sustainability).

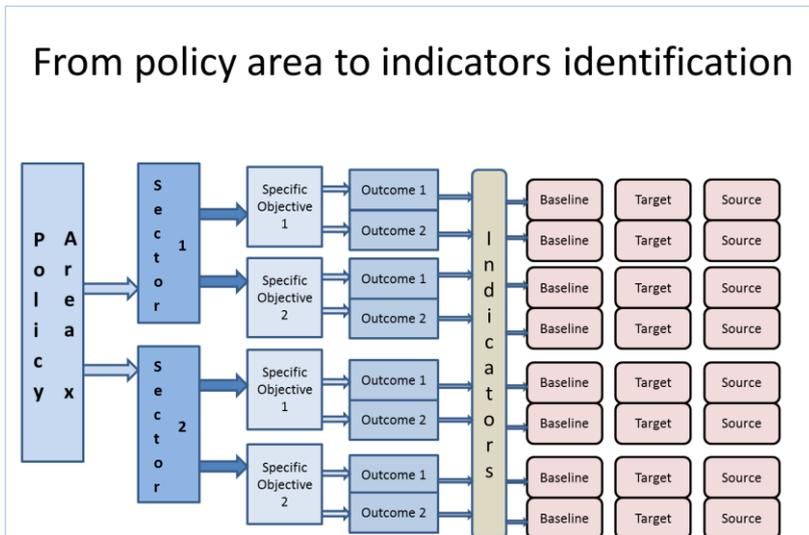
To be relevant, indicators should satisfy certain **characteristics**, which can be summarised as the following:

- **relevant**: they address the issue at stake and reflect the effect of a specific policy;
- **measurable**: they can be produced and represent a statistically validated measure of change;
- **unambiguous**: their interpretation of the direction of change is shared by everybody;
- **practical**: cheap and easy to collect on a regular basis and understand;
- **realistic**: achievable within the expected time frame.

Whatever the level, and definitely with respect to the first level policy/strategy/instrument level, the choice of the indicators will be to a large extent driven by political or data availability concerns but will have to reflect a consultative process and reflect the national policies.

In the context of an IPA Sector Support Action, **outcome indicators** are especially relevant for monitoring performance at Regulation and country level as well as at

Sector Programme level, very much depending on their scope and size. Very tailor-made and modest outcome indicators can be considered at Action/intervention level (at the level of the Specific Objective). They indicate a change that has taken place also thanks to our intervention, but which is not the automatic effect of our



intervention and of the output possibly generated. Identifying suitable outcome indicators and setting their targets may be very challenging, since their identification needs to reflect the strategy set out, the target population, the scope and the amount of the intervention, the availability of baseline value, the realism of targets set out in terms of value and time.

Possible **sources of information** for building indicators are:

- country/region-wide statistics;
- (sub)national registers/administrative sources;
- data collected as an integral part of project implementation;
- ad hoc surveys.

Countrywide or even regional statistics are often too broad to consider in view of the limited scope (in terms of area covered and amount) of the interventions. Administrative sources can be relevant, but not for all issues, and they might be non-exhaustive and not up-to-date. Collection of data does not always work very effectively, and making the data available at central level and aggregated is often problematic. Ad hoc surveys, though very telling, can be expensive, time consuming or provide statistically irrelevant indications. These elements lead to recommend a smart **selection of few indicators only, to be agreed and defined in a participative process with experts and stakeholders**.

It should be pointed out that the extent to which the change taking place to be attributed to IPA interventions can only be assessed on the basis of ex post evaluation underpinned by solid evidence coming from impact evaluation at Action/programme level.

## THE SECTOR APPROACH

### Introduction

A number of evaluations on the 'Transition Assistance and Institution Building' Component of IPA were carried out by the European Commission over the period 2007-2010, which highlighted the frequent lack of strategic focus of the project-based programming approach and concluded that this was weakening the prospects for achieving any planned impact. Three key reasons were more particularly referred to:

- IPA Component I programmes were composed of stand-alone projects prepared annually with the result that a wide range of different government policies were targeted each year and projects rarely addressed the same policy objectives in successive years (i.e. they lacked continuity and were poorly sequenced to meet policy objectives);
- most projects addressed specific problems and were prepared by small groups of specialists within

government institutions; this often resulted in poor institutional ownership because little attempt had been made to involve a broader community of experts and highlight the relevance of projects with national policy agendas;

- the objectives formulated by IPA I planning and programming documents were often too general to assess either the results or the impact of individual projects by means of evidence-based indicators.

On the basis of these findings, a Sector Approach was progressively introduced in the programming of financial assistance in 2012 and 2013.

Generally, it is expected that programmes will progressively move from project-types of assistance to sector-based assistance, with fewer *ad hoc* non-related actions and more funding provided through support to a given Sector(s) based on the Sector Approach.

### Definitions

#### Sector

A '**Sector**' can be defined as a clearly delimited area of public policy addressing a set of fairly homogeneous challenges, by using dedicated resources (staff and budget) under the authority of a competent member of the government.

#### Sector Approach

A '**Sector Approach**' is defined as a process which aims to broaden government and national ownership over public sector policy and decisions on resource allocation within the Sector, thereby increasing the coherence between sector policy, government spending and the achievement of results.

Sector Approach characteristics include:

- national leadership; the Sector Approach promotes the national ownership by supporting a government owned policy and strategy
- single budgetary framework;
- functional sector/donor coordination.

On a practical level, working with a Sector Approach means defining a coherent set of actions, which will transform a given Sector and bring it up to European standards. It involves an analysis of the conditions in that particular Sector, the needs for changes, the actions required to bring about these changes, the sequencing of the actions, the actors and the tools. It could include adoption of the *acquis*, works, institution building activities, etc.

#### National Sector Programme

As a result of following a Sector Approach, a government progressively develops a (**national**) **Sector Programme**. National Sector Programmes are based on the following elements: 1) sector policy and strategy; 2) institutional setting and capacities; 3) functional sector/donor coordination framework; 4) sector budget and medium term expenditure; and 5) performance monitoring framework.

There are two other elements related to the overall context influencing performance of a Sector Programme: 6) macroeconomic framework; 7) public financial management

## Objectives

The objective of programming for the period 2014-2020 is to **strengthen the intervention logic, ownership and impact of IPA** by focussing assistance on the achievement of national sector policy objectives and results which are relevant for accession.

The shift toward a Sector Approach is politically very relevant, as budget constraints faced by Member States and IFIs make the case for a **more efficient, sustainable and results oriented pre-accession assistance**: a strategy-based approach to programming based on the countries' needs and strengths can contribute to more effective and results driven pre-accession aid. Moreover, while ensuring **greater ownership of national authorities** over the programmes, the Sector Approach maximises the potential for **complementarity and leverage between different modes of support**, and help rationalise it through an appropriate division of labour.

To be more precise, a Sector Approach:

- promotes/reinforces sector policy dialogue and structural reforms, while empowering national authorities and enabling tighter links between Enlargement policy objectives and financial assistance;
- allows to move towards more targeted and focused assistance (i.e. get away from the "Christmas tree" approach) - by adopting a Sector Approach we can

lever large scale reforms and achieve more ambitious policy outcomes and better value for money than through isolated projects;

- aim at granting better focus on prioritising and sequencing, based on serious needs assessment and risk analysis;
- allows to better demonstrate the impact and results of limited financial resources (added value of IPA) – i.e. in a world of scarce resources, we need to concentrate assistance where we have an added value and where we can reach greater results and impact.
- helps build the capacities at national level for the 5 pillars underpinning the Sector Approach: a) policy development and strategic planning i.e. ability to set medium to long term priorities consistent with EU integration objectives to achieve smart, sustainable and inclusive growth; b) ensuring that line ministries have the administrative capacity to lead and efficiently implement policies and programmes; c) improving public financial management and national budgeting systems (including a closer link between activity and budget planning by developing medium-term budget frameworks); d) improving monitoring and evaluation capacity plus encouraging a focus on results based programming; e) strengthening capacity to manage donors.

## Rules and principles

The situation varies from one Beneficiary Country to another and it is obvious that it will not be possible to deliver financial assistance in all of them solely by means of interventions based on the Sector Approach, and this for the following two main reasons:

- **not all key accession-relevant Sectors are deemed to meet the minimum requirements** for the successful adoption of a Sector Approach at a given time and may still need to be further developed by the Beneficiary Country authorities;
- the Sector Approach is **neither appropriate nor necessary for all areas of accession preparation**, e.g. some of the more specialised parts of the *acquis* require narrow technical support which can be delivered by means of stand-alone actions.

### Sector identification

The **first step** for the Beneficiary Country is to **identify which Sectors/Sub-Sectors are suitable for a Sector Approach**.

The European Commission has defined a **list of the Sectors** to be used for planning (i.e. Country and Multi-

Country Strategy Papers) and programming (Action Programmes):

The following Sectors have been agreed as the overarching Sectors under which priorities for IPA interventions should be defined in the Country (and Multi-Country) Strategy Sectors.

#### THE 9 SECTORS DEFINED FOR STRATEGY PAPERS

1. DEMOCRACY AND GOVERNANCE
2. RULE OF LAW AND FUNDAMENTAL RIGHTS
3. ENVIRONMENT
4. TRANSPORT
5. ENERGY
6. COMPETITIVENESS AND INNOVATION
7. EDUCATION, EMPLOYMENT AND SOCIAL POLICIES
8. AGRICULTURE AND RURAL DEVELOPMENT
9. CROSS-BORDER COOPERATION (CBC) AND REGIONAL COOPERATION

The aim of this Sector list is to ensure a harmonised and consistent approach for reporting purposes mainly. The list is broken down into broad primary or level 1 Sectors (which roughly correspond to the objectives of IPA and which are used for categorising the key priorities in Strategy Papers) and more specific secondary or level 2 Sectors<sup>6</sup> (the purpose of which is to determine reporting tags for Action Programmes).

Since the conditions vary so widely both across and within Beneficiary Countries, there is no top-down authoritative definition of Sector. For example within the level 1 Sector "Rule of Law and fundamental Rights", a Sector Approach can be developed for justice and home affairs or only for one of the areas.

All the selected Sectors should have relevance for EU accession and/or socio-economic development. This entails that the Sector policy objectives for one given Beneficiary Country should address specific political and/or legal and/or administrative reforms that have been identified in past Progress Reports as being necessary for national compliance with the Copenhagen criteria.

### Sector assessment

The **next step** in order to **determine the Beneficiary's readiness to adopt a Sector Approach for IPA programming** is the **Sector Assessment**. Sector assessment is a crucial exercise to be carried out in the very early stages of the planning and programming process, either at the moment of the preparation of the Country Strategy Paper (preliminary) or just before the preparation of the Action Programmes. It is also continuous process which needs to be carried out all through the programming cycle, as the development of Sector Approaches is an iterative process.

#### SECTOR ASSESSMENT CRITERIA:

The analysis of the Sector through the 'Sector Approach assessment criteria' will also determine the level of preparedness of the Sector, ranging from a Sector where all the 7 assessment criteria are met to a Sector where only the key criteria are met (or in process of being met).

**Five key criteria** need to be assessed:

1. Well-defined **national sector policies/ strategies**;
2. **Institutional setting, leadership and capacity** for implementation of the sector strategy; Ideally there should be a lead Ministry
3. **Sector and donor coordination**;
4. **Mid-term budgetary perspectives** for sector policy implementation based on sector budget analysis and realistic sector allocations in **Mid-Term Expenditure Frameworks** (MTEFs);

<sup>6</sup> The list of "level 2 sectors" is currently being developed.

5. Monitoring of sector policy implementation and in particular the development of **Performance Assessment Frameworks** (PAFs).

**Two additional criteria** related to the overall context influencing the sector programmes should also be considered, particularly (although not only) in cases where Budget Support will be the chosen financing method. These are:

6. **Public finance management** system<sup>7</sup> (efficiency, effectiveness, transparency) in place or under implementation;
7. Existing and projected **macro-economic framework** in which sector policies will be implemented.

#### OVERALL ASSESSMENT:

**Negative assessments** for some or all of the key criteria **do not necessarily prevent the adoption of a Sector Approach**. On the contrary, they should be seen as indications of the areas where further work and capacity building are required.

The intention is to use the analyses of the criteria to make an overall assessment of the maturity of the priority Sectors which have been selected for IPA support on the basis of Enlargement Progress Reports, national reference documents and needs analyses carried out for the Country Strategy Papers.

This assessment of Sector maturity also provides an **essential basis for the targeting of necessary technical assistance and capacity building activities**.

However, and keeping in mind that a one-fits-all solution is not possible and that a case by case approach needs to be taken, the **following criteria are considered to be the basic elements to decide whether a Sector is on its way towards the Sector Approach**:

- The existence of a **national sector policy and strategy and a medium term budget** or a commitment by government to either update or refine these;
- A **lead institution/ministry** responsible for the Sector/Sub-Sector;
- The existence of a **functional sector coordination framework** or a commitment by government that steps are going to be taken towards its development.

#### HOW TO GO ABOUT IT?

An initial assessment of the readiness for introducing the Sector Approach in all the Sectors selected for assistance, on the basis of the assessment criteria, should have been

<sup>7</sup> The development of an efficient, effective and transparent PFM framework should be a priority for every country irrespective on whether the assistance is provided through Sector Budget Support or not. However in the context of these guidelines, PFM is just analysed as an additional assessment criteria.

ideally carried out **when preparing the Country Strategy Paper**. The level of detail of such an assessment will differ depending on the specific circumstances in the different countries.

**Before the start of the programming phase**, a sector assessment (prepared on the basis of the Sector Planning Document) should either to be carried out from the outset or be updated on the basis of the initial assessment performed in the context of the preparation of the Country Strategy Papers. This should take into account changes in the Sector, e.g. further development of sector strategies, increased leadership in donor coordination, developments in the mid-term expenditure frameworks, etc.

The analysis of the Sector through the ‘**Sector Approach assessment criteria**’ will also determine the level of preparedness of the Sector, ranging from a Sector where all the essential assessment criteria are met to a Sector where only some criteria are met (or in process of being met). This is a pre-requisite to decide how the Sector is going to be supported:

- If the **Sector is ready for the Sector Approach** (where all the five first criteria are met), funding will be provided in the form of "**fully-fledged**" Sector

**Support Actions (i.e. Action Option 1)**. In this case the **national Sector Programme** will be directly supported by the IPA funds.

- If the Sector is **partially ready** (where the essential criteria are either in process of being met) **for the Sector Approach** or **not even ready for it** (but aims at fulfilling a key Sector objective of the Strategy Paper), funding will be provided in the form of **Sector Support oriented Actions (i.e. Action Option 2)** along the lines of what was done under Component I of IPA I with Sector Fiches (a **Sector Planning Document** should serve as the operational tool for planning IPA Actions). In this case, consideration should be given to what type of institution building activities should be implemented in order to help the Beneficiary in continuously improving and/or developing all the Sector criteria, with the aim of developing a fully-fledged Sector Approach.
- If the **Sector Approach is not necessary or needed**, **Stand-alone Actions (i.e. Action Option 3)** apply.

Assessment Criteria	Key Questions
<b>1. Sector policy and strategy</b>	<ul style="list-style-type: none"> <li>• Does the country have a sector/sub-sector policy?</li> <li>• Is it supported by a sector strategy?</li> <li>• Are the sector policies underpinned by national policies for socioeconomic development and for meeting EU accession requirements?</li> <li>• Is the sector policy linked to the country's accession agenda?</li> <li>• Is the sector policy authored and endorsed by domestic actors, including Civil Society Organisations (CSOs)?</li> <li>• Is there enough political support and stakeholder involvement at the national level to ensure ownership and future sustainability?</li> <li>• Are policy objectives coherent with national development objectives?</li> <li>• Are the objectives sufficiently SMART?</li> <li>• Is sector planning linked to resource allocation and also does it take into account decentralisation processes?</li> </ul> <p>If the answer is predominantly "no", further work on the sector policy and strategy is needed before a sector approach can provide real added value. However, a perfect sector policy is not required, rather a policy that establishes the basic principles, objectives and strategies for the sector.</p>
<b>2. Institutional setting and capacity assessment</b>	<ul style="list-style-type: none"> <li>• What is the institutional setting and context including the degree of decentralisation of public powers and resources?</li> <li>• Has the sector been defined with institutional coherence in mind?</li> <li>• Is there a lead Ministry in the Sector? If not, are there inter-institutional agreements in place which give clear lines of communication and clear responsibilities in terms of overall targets and indicators to be achieved through the Sector Support Programme?</li> <li>• What is the capacity of key sector organisations and critical stakeholders (including CSOs)?</li> <li>• What is the level of beneficiary's ownership of the assessment process and its willingness to improve its capacity?</li> <li>• What (if any) are the institutional structures required by donors (including EC) and how do they link to the national structures?</li> </ul>

Assessment Criteria	Key Questions
	<ul style="list-style-type: none"> <li>• Have workload analyses of the institutions in the Operating Structure been carried out?</li> <li>• Does the beneficiary require capacity building and, if so, are there options for harmonisation with other donors' interventions?</li> <li>• If support to capacity building is envisaged, how and when will a needs assessment be carried out during the preparation of the Sector Support Programme?</li> </ul> <p>Based on the analysis, recommendations should be made to the Government to improve its institutional and human resource capacity.</p>
<p><b>3. Sector and donor coordination</b></p>	<ul style="list-style-type: none"> <li>• Do appropriate coordination mechanisms exist within the responsible government institutions?</li> <li>• Are there coordination mechanisms between the government and non-state actors?</li> <li>• Are there functional donor coordination arrangements in place?</li> <li>• Is there an up to date database of donor assistance?</li> <li>• Is the coordination effective and inclusive?</li> <li>• Is there sector leadership and willingness of government to take the lead in donor coordination or does the government show potential to develop leadership role effectively in the short term?</li> </ul> <p>Depending on the assessment, recommendations should be made to the government to strengthen government-led coordination.</p>
<p><b>4. Sector Budget Analysis</b></p>	<ul style="list-style-type: none"> <li>• Can the sector budget be easily identified in the state budget?</li> <li>• What is the nature and scope of the sector budget?</li> <li>• Does the budget fairly reflect the sector policies and objectives?</li> <li>• What type of budget classification system is in use?</li> <li>• What is the overall level of sector financing?</li> <li>• Is the share the sector within total government expenditures increasing?</li> </ul> <p>If a sector MTEF is in place, key assessment questions include:</p> <ul style="list-style-type: none"> <li>• Is it consistent with declared policies and the national budget/overall MTEF of the country?</li> <li>• Is it approved at a political level or is it largely a technical document?</li> <li>• If a sector MTEF is foreseen by the government how can its elaboration be supported by means of the Sector Support Programme?</li> <li>• If an MTEF is already in preparation, has a coherent and broad sector development plan with appropriate financing framework at sector and national level been defined/decided at a political level and is it considered feasible and is it consistent with national/overall MTEF?</li> <li>• If a Sector MTEF is not in place, are appropriate sector allocations secured and properly stated in the general budget?</li> <li>• Is there an on-going process leading to the setting up of Sector MTEF?</li> </ul> <p>Based on the analysis, recommendations should be made to the Government.</p>
<p><b>5. Sector monitoring system</b></p>	<ul style="list-style-type: none"> <li>• Does a national monitoring system based on performance criteria exist and/or is its development foreseen during implementation?</li> <li>• How does the PAF link to the IPA monitoring system?</li> <li>• What are the options foreseen at this stage of programme design to support its development/consolidation?</li> </ul> <p>Based on the analysis, recommendations should be made to the Government for example, if there is no PAF, the Programme design should support the development /consolidation of a performance assessment framework.</p>
<p><b>6. Public Financial Management (PFM)</b></p>	<ul style="list-style-type: none"> <li>• Is there a public financial management reform programme in place or about to be implemented?</li> <li>• Is there an updated, overall public financial management review (like the Public Expenditure and Financial Accountability – PEFA review and/or past/on-going</li> </ul>

Assessment Criteria	Key Questions
	<p>projects/programmes)?</p> <ul style="list-style-type: none"> <li>• What are the PFM mechanisms in place for the sector?</li> <li>• Based on information available (from the government, DG ECFIN and DG Budget, SIGMA, Bretton Woods Institutions and where available PEFA reviews), what are the possible areas where support could be considered?</li> <li>• How do the remaining weaknesses affect the sector policy and what recommendations can be made to improve the situation?</li> </ul>
<p><b>7. Macro-economic context</b></p>	<ul style="list-style-type: none"> <li>• Do the macroeconomic fundamentals look like and what are the medium-term perspectives?</li> <li>• What measures can be supported to improve the beneficiary's macroeconomic policy?</li> <li>• How do these measures influence the beneficiaries' sector policy?</li> </ul>
<p><b>Overall Assessment</b></p>	<ul style="list-style-type: none"> <li>• Are the priority sectors for IPA II assessed as being satisfactory on the three key criteria for a sector approach?</li> <li>• Can the problems revealed by negative assessments be addressed with domestic /IPA /other donor resources (e.g. as part of programme preparation for 2014)?</li> <li>• Can the problems revealed by negative assessments be mitigated by the time of the 2014–2020 mid-term review?</li> </ul>

## TERRITORIAL COOPERATION PROGRAMMES

### Overview

The **overall objective of territorial cooperation** is to bring European citizens closer together, helping to solve common problems, facilitating the sharing of ideas and assets, and encouraging strategic work towards common goals through joint actions. Territorial cooperation is broken down into three strands:

- **Transnational Cooperation**, the aim of which is to foster meaningful work between regions from several EU Member States (within the framework of large pre-determined transnational cooperation areas) on matters such as communication corridors, flood management, international business and research linkages, and the development of more viable and sustainable markets;
- **Interregional Cooperation**, which aims to build networks to develop good practice and facilitate the exchange and transfer of experience by successful regions;
- **Cross-Border Cooperation** (the most common form of Territorial Cooperation), which aims (particularly in the case of the Western Balkans) to promote good neighbourly relations, foster EU

integration and promote socio-economic development in border areas between countries through joint local and regional initiatives combining both external aid and economic and social cohesion objectives.

**Regarding IPA, Territorial Cooperation Programmes** include the IPA **Cross-Border Cooperation (CBC)** programmes (i.e. CBC programmes between IPA countries and Member States, between IPA countries themselves and between IPA and ENI countries) and the participation of IPA countries in **ERDF-funded** (i.e. part of the EU Regional Policy) **Transnational and Interregional Cooperation Programmes** and **ENI Cross-Border Cooperation Programmes** - mainly participation in **Sea Basin** programmes (part of the EU Neighbourhood Policy).

European Territorial Cooperation is part of the EU Regional Policy and has been supported since the only 1990's in Member States via the European Regional Development Fund (ERDF).

### Types of Programmes

Territorial Cooperation includes four types of Programmes:

#### 1. **Cross-border Co-operation (CBC) at borders between Member States and IPA Beneficiary Countries:**

Programmes are carried out **under a single financial instrument: IPA**. This entails that the **IPA II regulatory framework applies to both sides of the border**, on Member States' territory and on Enlargement countries' territory. The rules for implementation closely mirror those of the ERDF's Territorial Cooperation objective.

IPA II CBC Programmes with Member States are implemented in **shared management** with a **single Managing Authority** which is always located in one of the Member States involved. ERDF and IPA funds are pooled in a single pot of money (i.e. no breakdown of funds per country and a single financial table included in the programme), which can be spent to finance projects with a distinct

cross-border value on either side of the border for the common benefit of the participating countries.

These programmes are managed by the European Commission's DG Regional and Urban Policy.

#### 2. **IPA Cross-border Co-operation (CBC) among IPA Beneficiary Countries, i.e. essentially Western Balkan 'internal' borders:**

This relates essentially to Cross-Border Cooperation at Western Balkans' internal borders. Contrary to IPA I, these programmes are managed by a **single contracting authority**, either the EU Delegation (i.e. in direct management) or the Beneficiary Country to which budget implementation tasks have been entrusted (i.e. in indirect management). Likewise, there will be only **one allocation per programme**.

These programmes are managed by DG Enlargement.

### 3. **IPA Cross-border Co-operation (CBC) at borders between IPA Beneficiary Countries and countries under the European Neighbourhood Instrument (ENI):**

These programmes follow the same rules as IPA-IPA CBC, with **one single contracting authority, which is located in an IPA Beneficiary Country**, either the EU Delegation or the IPA Beneficiary Country (in the case when the latter has been conferred budget implementation tasks to).

ENI funds and IPA funds are pulled together and implemented according to IPA rules.

These programmes are managed by DG Enlargement.

### 4. **ERDF Transnational and Interregional Co-operation Programmes and ENI multilateral Sea Basin programmes:**

In addition to the three cross-border strands described above, IPA can financially support, where appropriate, the participation of Enlargement countries in **ERDF Transnational and Interregional Cooperation Programmes** (the participation of IPA

Beneficiaries in the ERDF Interregional Cooperation Programme could also be arranged on an *ad hoc* basis) and in **ENI Cross-Border Cooperation Programmes such as Sea Basin Programmes**.

In these programmes, IPA allocations are transferred to ERDF and ENI and managed by DG REGIO and DG DEVCO according to their rules.

As far as the **ERDF Transnational and Interregional programmes** are concerned, the participation of IPA Beneficiary Countries in the programmes is decided by the participating Member States (i.e. Member States "invite" the IPA Beneficiary Country/ies to participate). Some ERDF Transnational Programmes potentially concern the IPA Beneficiary Countries (see below).

Concerning the **ENI Cross-Border Cooperation Programmes and in particular the Sea Basin Programmes** covering the coastal areas (at NUTS II level) of both ENI countries and Member States (*NUTS = Nomenclature des Unités Territoriales Statistiques*), Turkey is entitled to participate in both of them (i.e. the ENI Black Sea programme and the ENI Mediterranean programme). Western Balkan countries are not geographically covered by ENI Sea Basin Programmes.

## Forms of assistance

### Call for proposals

IPA Cross-Border Programmes are essentially implemented through call for proposals (grant schemes) within the thematic priorities selected in the multiannual programme. The programmes finance joint operations which have been selected through a single call for proposals covering the whole eligible area. In contrast to IPA I, and in order to achieve better results and impact, the Calls for proposals under IPA II will be more focused in terms of themes (e.g. tourism, SMEs, agriculture), as well as regards the target groups (e.g. call for proposals specifically for NGOs, or regional authorities). Moreover, there will be a general effort to decrease the number of applications and contracts, by increasing the minimum and maximum thresholds.

### Strategic projects

Participating countries may also identify larger investments ('strategic projects'), when they have a clear

cross-border value. Strategic projects can also be soft-support projects, i.e. not necessarily being based on infrastructure – for example joint river information systems, Danube-related projects coordinating ferries/shipping etc. Strategic projects can be: 1) pre-identified during the programming phase and included in the multi-annual programme or 2) selected in the framework of Call for proposals, i.e. Calls for strategic projects.

### Technical assistance

A specific budget allocation (10% of the total programme allocation) is included in each cooperation programme for technical assistance. That amount is devoted to cover certain costs such as staff costs for joint structures, JTSs' and antennas' running costs, training of grant beneficiaries, visibility events, awareness-raising etc. It also covers the costs of monitoring, evaluation, information and control activities related to the implementation of the programme.

## Thematic priorities for territorial cooperation

0	<b>Technical Assistance</b>	Preparatory, management, monitoring, evaluation, information, communication, networking, complaint resolution, control and audit activities.
1	<b>Promoting employment, labour mobility and Social Inclusion</b>	Promoting the integration of cross-border labour markets, including cross-border mobility, joint local employment initiatives and joint training, gender equality, equal opportunities and social inclusion across-borders. Infrastructure for public employment services. Social and cultural inclusion including gender equality and integration of immigrants and vulnerable groups.
2	<b>Protecting the environment and promoting climate change adaptation and risk prevention</b>	Promoting climate change adaptation and mitigation. Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems and emergency preparedness. Environmental protection, promoting sustainable use of natural resources, resource efficiency and supporting the shift towards a low-carbon economy in all sectors promoting the production and distribution of renewable energy sources .
3	<b>Promoting sustainable transport and improving public infrastructures</b>	Reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities as well as public health facilities.
4	<b>Encouraging tourism and cultural heritage</b>	Developing collaboration, capacity and joint use of infrastructures in the tourism sector, encouraging entrepreneurship. Cultural cooperation, protection and enhancement of Historical Heritage.
5	<b>Investing in youth and education</b>	Investing in education, including skills and lifelong learning, by developing and implementing joint education and training schemes and infrastructure. Supporting youth activities including kids festivals, sports tournaments, culture and music festivals and events.
6	<b>Promoting local and regional governance, planning and administrative capacity building.</b>	Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions through, inter alia, joint small scale actions involving local actors. Strengthening institutional capacity and the efficiency of public administrations and public services related to implementation of the EU funds.
7	<b>Enhancing competitiveness, business and SME development, trade and investment.</b>	Encouraging entrepreneurship, in particular, the development of small and medium-sized enterprises, development of local cross-border markets and internationalisation.
8	<b>Strengthening research, technological development, innovation and ICT</b>	Strengthening research, technological development and innovation and enhancing access to and use and quality of ICT. Promoting the sharing of human resources and facilities for research and technology development.

**TERRITORIAL COOPERATION PROGRAMMES RELEVANT FOR IPA BENEFICIARIES (2014-2020)****MAIN IPA CBC PROGRAMMES WITH MEMBER STATES:**

- Croatia – Bosnia and Herzegovina – Montenegro
- Croatia – Serbia
- Hungary – Serbia
- Romania – Serbia
- Bulgaria – Serbia
- Bulgaria – the former Yugoslav Republic of Macedonia
- Bulgaria – Turkey
- Greece - the former Yugoslav Republic of Macedonia
- Greece – Albania
- Italy – Albania – Montenegro
- Etc.

**MAIN IPA CBC PROGRAMMES BETWEEN IPA COUNTRIES:**

- Serbia - Bosnia and Herzegovina
- Serbia – Montenegro
- Montenegro – Bosnia and Herzegovina
- Montenegro – Albania
- Albania – the former Yugoslav Republic of Macedonia
- the former Yugoslav Republic of Macedonia – Kosovo
- Albania – Kosovo
- Kosovo – Montenegro
- Etc.

**IPA CBC PROGRAMMES BETWEEN IPA AND ENI COUNTRIES:**

- Turkey- Georgia

**PARTICIPATION OF IPA COUNTRIES IN ERDF TRANSNATIONAL COOPERATION PROGRAMMES:**

- *"Danube"*: only those Enlargement countries participating in the Danube macro-regional strategy, i.e. Bosnia and Herzegovina, Montenegro and Serbia
- *"Adriatic-Ionian"* (previously called "South East Gateway"): only those Enlargement countries participating in the Adriatic-Ionian macro-regional strategy i.e. Albania, Bosnia and Herzegovina, Montenegro and Serbia
- *"Mediterranean"*: Albania, Bosnia and Herzegovina and Montenegro.

**PARTICIPATION OF IPA COUNTRIES IN ENI PROGRAMMES<sup>8</sup>:**

- ENI Black Sea Programme
- ENI Mediterranean

<sup>8</sup> Turkey is entitled to participate in both of them - the ENI Black Sea programme and the ENI Mediterranean programme - where the NUTS II coastal areas of Turkey, respectively along the Black Sea and along the Mediterranean Sea, are eligible.

## PROGRAMME OPTIONS

The following table sets out some of the key considerations and implications of the choice between the three principal options in terms of the programme structure.

	<b>OPTION 1</b> Annual Programme	<b>OPTION 2</b> Combined annual Programme (max. 3 years)	<b>OPTION 3</b> Multiannual Programme with split commitments (max. 7 years) <sup>9</sup>
<b>PROGRAMMING</b>			
<b>Type of actions</b>	This option is the rule and can be used for any type of action, but in particular also for: Stand-alone Actions; Actions planned for more than one year and broken down into Actions and Activities for each year; CBC; Actions which include a limited number of well-defined infrastructure contracts (since facilitations provided in new FR) ...	Actions planned over three or more years and which can be broken down into <b>repetitive</b> actions/activities for each year (e.g. yearly operating grant to the OHR); CBC; Actions covering the contribution to investment schemes under multi country programmes (e.g. Western Balkan Investment Fund, Regional Housing Programme, etc.) ...	Actions in the field of transport, environment and regional competitiveness, which need to be implemented mainly through large infrastructure projects, whose final identification and sequence cannot be defined at the stage of the Financing Decision; (Repetitive) grant schemes in the field of employment ...
<b>PROGRAMME ARCHITECTURE</b>			
<b>Financing Decision (FD)</b>	Financing Decision covering an allocation <b>for one year</b> .	Financing Decision covering an allocation <b>for up to three years with suspension clause</b> .	Financing Decision covering an allocation <b>for an initial (maximum) three years with suspension clause</b> .  Amendment of Financing Decision to add allocations for consecutive years' budget allocation at least twice.  Possibly: Commission Decisions for selection of certain infrastructure projects (major projects) per year.
<b>Action Programme (Annex to FD)</b>	Action Programme covering <b>Actions programmed for one year or</b> Action Programme covering <b>Actions programmed for more than one year</b> and broken down into annual priorities (=selected Actions).	Action Programme covering <b>Actions programmed for three or more years</b> and broken down into priorities for a maximum of three years.  For these priorities (selected Actions), it must be clearly identified whether they are financed from year N, N+1 or N+2.	Action Programme covering <b>Actions programmed for up to seven years</b> without earmarking of Actions by year.

<sup>9</sup> The use of this option at DG Enlargement level is yet to be confirmed.

	<u>OPTION 1</u> Annual Programme	<u>OPTION 2</u> Combined annual Programme (max. 3 years)	<u>OPTION 3</u> Multiannual Programme with split commitments (max. 7 years) <sup>9</sup>
<b>Budgetary commitment</b>	<b>One budgetary commitment</b> in year N.	<b>Annual budgetary commitments</b> in N, N+1 and N+2 (three).	The <b>budgetary commitment is broken down into seven instalments</b> , one for each year (through amendments to original commitment).
<b>Financing Agreement</b>	<b>One</b> Financing Agreement.	Financing Agreements to be <b>concluded for each year or two amendments to original</b> Financing Agreement.	Financing Agreements to be signed <b>covering allocations as specified in the Financing Decision</b> (maximum initial allocation of three years) with suspension clause.  <b>Amendments</b> to Financing Agreement to <b>add allocations for consecutive years' budget allocation at least twice</b> .  Possibly: Amendment to Financing Agreement if change in final budget allocation after approval of the budgetary authority.
<b>CRIS<sup>10</sup> Decisions</b>	One CRIS Decision	Three CRIS Decisions	One CRIS Decision to be amended each year (to be confirmed)
<b>Relevant legal framework</b>	Article 189(2) FR Article 2 CIR	Article 189(2) FR Article 6(3) CIR	Article 189(3) FR Article 16 IPA RAP Article 6(3) CIR
<b>Possible methods of implementation</b>	Direct and Indirect	Direct and Indirect	Only Indirect
<b>IMPLEMENTATION TIMELINE</b>			
<b>Deadline for conclusion of Financing Agreement (and IMDA<sup>11</sup>)</b>	N+1	N+1 counted from the year of creation of <u>each</u> yearly commitment	None
<b>Deadline for conclusion of procurement contracts and grant agreements</b>	d+3 from conclusion of Financing Agreement	d+3 from conclusion of <u>each</u> Financing Agreement	None
<b>Deadline for operational implementation<sup>12</sup></b>	6 years from conclusion of Financing Agreement	6 years from conclusion of <u>each</u> Financing Agreement	None
<b>Deadline for automatic</b>	None	None	Each yearly split commitment

<sup>10</sup> CRIS is the EC local computer system used for encoding of key data at (IPA) Financing Decision level, as well as at contract level.

<sup>11</sup> IMDA = Indirect Management Delegation Agreement.

<sup>12</sup> Operational implementation = maximum duration of the activities of the IMDAs, procurement contracts and grant agreements.

	<u>OPTION 1</u> Annual Programme	<u>OPTION 2</u> Combined annual Programme (max. 3 years)	<u>OPTION 3</u> Multiannual Programme with split commitments (max. 7 years) <sup>9</sup>
<b>de-commitment</b>			must be spent within five years of its validation (N+5).  The last split commitment (2020) must be spent within six years of its validation (N+6).
<b>Deadline for implementing Financing Agreement(s)</b>  (=De-commitment of funds and Programme Closure)	10-12 years from conclusion of Financing Agreement	10-12 years from conclusion of each Financing Agreement	Under IPA I Regulation, the final date for eligibility of expenditure was set at the deadline for the automatic de-commitment of the last split commitment. Final acceptance of accounts and Programme Closure was set one year after.  Note: IPA II provisions to be updated accordingly.
FLEXIBILITY			
<b>Reallocations between yearly allocations</b>	Not applicable	Not possible!	Possible since funds are not earmarked by year!
<b>Possibility of pooling funds</b>	Not applicable	It is not possible to pool funds from Financing Agreements from different years to jointly finance actions, projects or contracts, even if those Financing Agreements are covered by one single Financing Decision. <sup>13</sup>	The entire programme funds can be used to finance the actions identified in the Financing Decision subject to the availability of the yearly allocations and the conclusion of the Financing Agreements. Funds are not earmarked by year but by action.
<b>Non substantial changes</b> -> reallocation of funds	Reallocations between actions up to 20% of total programme allocation (limit 10 MEUR)	Reallocations between actions of the <b>same year</b> up to 20% of the amount of the yearly allocation  (limit 10 MEUR)	Reallocation between actions up to 20% (limit 10 MEUR) – actions are not linked to yearly budgetary commitments!
<b>Non substantial changes</b> -> time extensions	Extension of operational implementation	Extension of operational implementation	No extension of automatic de-commitment deadline possible.
GENERAL CONSIDERATIONS			
<b>Absorption capacity</b>	Smaller yearly allocations spread over a variety of actions – less burden for national authorities to absorb	Yearly allocations spread over more limited number of targeted actions – but since yearly allocations, depending on the actions should not really be a problem.	Larger multi-annual allocations focusing on few defined areas – much bigger absorption capacity required.

<sup>13</sup> The different yearly allocations are subject to different deadlines, a fact which makes it almost impossible to match the operational requirements of the contract with the legal restrictions on the commitments. Exception: CBC to a limited extent, where funds are pooled from two years to finance one grant scheme; Contribution to financial schemes under Multi-Country Programmes.

	<u>OPTION 1</u> Annual Programme	<u>OPTION 2</u> Combined annual Programme (max. 3 years)	<u>OPTION 3</u> Multiannual Programme with split commitments (max. 7 years) <sup>9</sup>
<b>Homogeneity/ Diversity of actions</b>	Large number of very different actions with possibility of addressing changing needs.	Attempt to scale down the fields of intervention to a limited number of sectors and actions will have to be repetitive.	Concentration on one policy area for which a limited number of actions are targeting the development of the same field at a larger scale.

## PROGRAMME DOCUMENTS

### Country and Multi-Country Action Programmes

#### Document description

A **Country Action Programme** is adopted by the Commission on the basis of proposals from the Beneficiary, which take into account the principles and priorities set out in the **Country Strategy Paper**. The preparation of the **Multi-Country Action Programme** derives from the **Multi-Country Strategy Paper** and is prepared centrally by the Commission in close consultation with the Beneficiaries.

The starting point of the preparatory work for an Action Programme is the **Action Document**, which sets out the rationale of each individual Action, their specific objectives, planned activities and implementing arrangements (e.g. types of financing), among others. These are concise documents, which include a Logical Framework Matrix (Logframe) as the key section describing the intervention logic: particular attention must be paid to the preparation of the Logframe. The Action Document is not part of the Commission implementing Decision and should be used for reference only. In the case of a Sector Support, a precondition is the existence of either a valuable **national Sector Programme**, which can be used as a reference for a Sector Support Action. If the Sector Support does not fulfil all the minimum criteria for a Sector Approach but still focuses interventions on a given sector in the context of a wider strategy aiming at moving towards fully-ledged Sector Support, a **Sector Planning Document** (IPA specific) is to be developed before the start of the programming phase (i.e. a document shared between the Beneficiaries and the Commission highlighting the financial assistance priorities for the given sector, including details on sector assessment, key targets, cost estimations, etc.).

The **Action Programme** itself (also often called **Financing Proposal** or FP) is prepared by the Commission on the basis of the Action Documents, i.e. an Action Programme can be made up of several Actions. The draft Action Programme is submitted for opinion to the IPA Examination Committee (i.e. Member States). It describes the general background, nature, scope, objectives and implementation modes of actions proposed, as well as provides indications on the funding planned. The Action Programme then becomes an annex to the **Commission implementing Decision** (CiD).

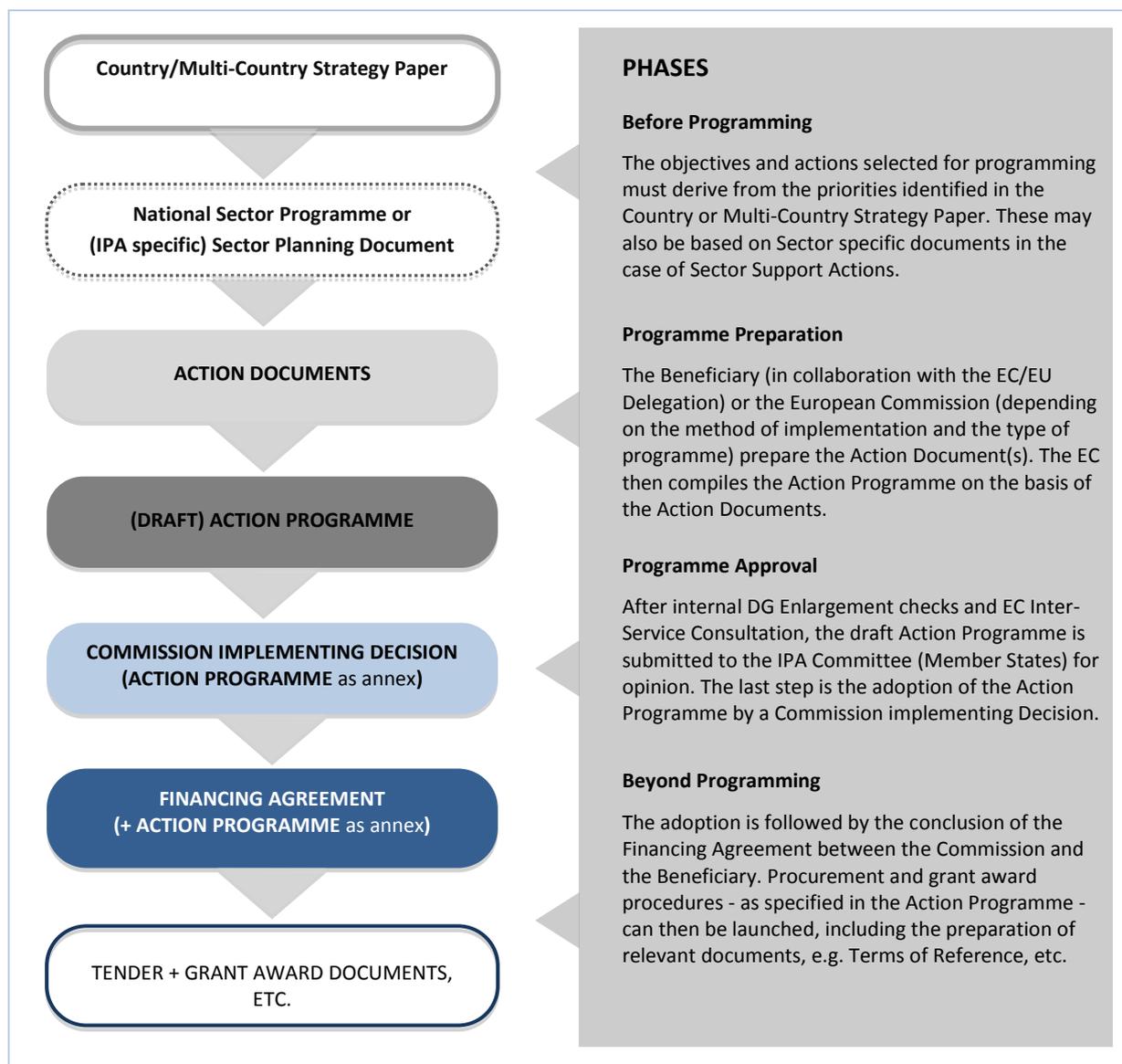
The Commission implementing Decision (also called **Financing Decision** or FD) is a legal act of the European Commission (in this case an Implementing Act) adopting the Action Programme. The legal basis for the content of a Financing Decision is Art. 84 Financial Regulation and Art. 94 Rules of Application.

The adoption of the Action Programme via a Commission Decision is followed by the conclusion of a **Financing Agreement** (FA) between the Commission and the Beneficiary both in the cases of direct and indirect management, where applicable - which must be indicated in the Commission Decision<sup>14</sup>. The Financing Agreement, which is legally binding on the European Commission, is the act creating an obligation with regard to the Beneficiary Country concerned which results in expenditure being charged to the Budget. It states the amount in Euro of the EU contribution and the terms on which the assistance is managed, including the relevant methods and responsibilities for implementing it. The Action Programme (i.e. annex to the Commission implementing Decision) is appended to the Financing Agreement.

NOTE (relevant to the European Commission only): a **Budget Impact Statement** (BIS) is an additional supporting document prepared alongside the Financing Decision by the Commission. Although it does not form part of the Commission Decision or the Financing Agreement, this document serves to prove to the Commissioners that the funds available in the budget (in ABAC, the Commission' computer systems accounting and financial transactions) are sufficient to cover the planned actions included in the Financing Decision. However, an additional control over the availability of funds is exercised by a central service within DG Enlargement - currently the Budget, Internal Control and Operational Audit unit - in the situation where two or more programming units share the same budget line. This control serves to ensure that there is no possibility that the same funds are earmarked for use by different units before they are definitely booked against the budget, since this aspect is not visible in ABAC.

<sup>14</sup> Cases where a Financing Agreement is not necessary are those where the Commission implements directly actions funded by the administrative budget lines or, where it is deemed not necessary for those financed by a Multi-Country Programme. In the case where there is no Financing Agreement, the Financing Decision is simply notified to the national authorities.

Preparation sequence



IPA SPECIFIC DOCUMENTS FOR COUNTRY ACTION PROGRAMMES

	Sector Planning Document	Action Document	Action Programme
<b>Scope</b>	Multi-annual planning document, including assessment for the given sector to be used for the <b>preparation of a Sector Support Action (Option 2)</b> . <b>Not subject to a Commission Decision.</b>	Underlying document to be used for the <b>preparation of the Action Programme</b> . Provides details on each Action to become part of the Action Programme. <b>Not subject to a Commission Decision.</b>	Includes all IPA Actions to be <b>subject to a Commission implementing Decision</b> . Basis for a <b>Financing Agreement</b> between the Commission and the Beneficiary Country.
<b>Type</b>	<b>A living/working document</b> developed specifically for IPA Sector Support - to be updated regularly, as appropriate – and shared between the Beneficiary, the EU Delegation and EC Headquarters.	Document of an <b>operational nature</b> to be shared mainly between the Beneficiary Country, the EU Delegation and the Commission in the first instance, but also shared with the IPA Committee and used for <b>communication</b> purposes (Action Fiches are published on DG Enlargement’s website).	<b>Implementing Act</b> (annex to the Commission implementing Decision).

	Sector Planning Document	Action Document	Action Programme
Format	<p><b>Part I: Sector Profile</b>, i.e. overview of the Sector and Sector assessment.</p> <p><b>Part II: Sector Support</b>, i.e. sequencing of IPA actions with a mid-term to longer-term perspective.</p>	<p><b>Same template</b> to be used for all Actions either Sector Support or Stand-alone (with some variances).</p> <p><b>Practical and straightforward</b> – to include only key elements needed for the implementation phase.</p>	<p><b>Same template</b> to be used for all Action Programmes.</p> <p>Includes <b>essential elements of a Financing Decision</b> as defined by the Financial Regulation (objectives, results, total amount etc.) and the <b>essential elements of an Action</b>, including implementation modes (grants, procurement, financial instruments, etc.).</p>
Content	<p><b>Rationale</b> (issues/needs etc.) and <b>overall objective</b> for the sector (ideally SWOT analysis).</p> <p><b>Detailed Sector Assessment</b> along the lines of the 7 key criteria for Sector Approach.</p> <p>Description of <b>stakeholder</b> involvement, including other <b>donor</b> interventions.</p> <p><b>Priorities</b> for IPA support, itemised per "future" Actions within a logical sequencing of steps, highlighting key <b>milestones, targets</b> and including <b>indicators</b>, as well as indicative <b>timeline</b></p> <p>Indicative <b>cost estimation</b> (including as far as possible allocation of IPA funds, national budget, as well as IFIs and other donor contributions to the sector).</p> <p><b>Institutional arrangements</b> for implementation, monitoring, etc.</p>	<p><b>Rationale</b> (needs, targets, etc.) – N.B.: for a Sector Support Action, this part will be a summary of any overarching Sector Document.</p> <p><b>Intervention logic</b>, including a Logframe, which <u>is the centrepiece of the Action Fiche</u>, and not an annex.</p> <p>Details on <b>implementation</b>, in particular <i>activities, stakeholder involvement/roles and responsibilities (who does what), details on implementation arrangements.</i></p> <p>Details on monitoring and evaluation arrangements, in particular <b>performance indicators</b>.</p> <p>Other <b>cross-cutting aspects</b>, e.g. climate change, gender mainstreaming, etc.</p>	<p>Ref. for content of Financing Decisions: Art. 84 FR + Art. 94 RAP</p> <p><i>Structure below based on 2013 FD templates</i></p> <p>Overview of <b>priorities and sectors</b> (including donor coordination), i.e. background and rationale</p> <p><b>Description of each Action</b> to be broken down into: <i>specific objective, expected results, implementation modalities</i> including forms of assistance and budget for each of them</p> <p>Overall indicative <b>budget</b>, including information on co-financing</p> <p><b>Other information</b> such as cross-cutting issues; monitoring and evaluation; audit and anti-fraud measures; etc.</p>
Responsibilities	<p>Preparation by the <b>Beneficiary</b> authorities in collaboration with the <b>European Commission/EU Delegation</b>.</p>	<p>Preparation by the <b>Beneficiary Country</b> in the case of <b>indirect management</b>.</p> <p>Preparation by the <b>Beneficiary Country</b> as far as possible in the case of <b>direct management</b> and/or the <b>Commission/EU Delegation</b>.</p> <p>Supervision and quality control by the <b>EU Delegation and the EC</b>.</p>	<p>Preparation by the <b>European Commission</b> on the basis of the Action Documents.</p> <p>Consultation of all relevant <b>EC departments</b> as part of an Inter-Service Consultation (ISC).</p> <p>Opinion of the <b>IPA Committee</b> (examination committee).</p> <p>Adoption by the <b>European Commission</b>.</p>
Circulation & Dissemination	<p>Circulation <b>restricted</b> to the <b>Beneficiary</b> and the relevant <b>DG Enlargement Unit and EU Delegation</b>.</p> <p><b>Wider circulation</b> and publication to be agreed <b>on a case-by-case basis</b>.</p>	<p>Circulation to all relevant <b>EC services</b> as part of the Inter-Service Consultation for reference.</p> <p>Circulation to <b>Member States</b> in the context of the IPA Committee, for information only.</p> <p>May be subject to an exchange of letters with the <b>Beneficiary</b> (as appropriate).</p> <p>Publication on <b>DG Enlargement's website</b>.</p>	<p>Circulation to all relevant <b>EC services</b> as part of the Inter-Service Consultation and to <b>other EU institutions</b> as part of the Comitology Register.</p> <p>Circulation to <b>Member States</b> in the context of the IPA Committee.</p> <p>Submitted to the <b>Beneficiary</b> as part of the Financing Agreement (annex) or via a letter of notification.</p> <p>Publication on <b>DG Enlargement's website</b>.</p>

## Cross-Border Cooperation Programmes

### Document description

**CBC Programmes** are adopted by the Commission for a period of seven years on the basis of principles and priorities set out in the relevant **Country Strategy Papers** and the **Multi-Country Strategy Paper**, the latter containing the overarching directions for CBC programming.

The starting point of the preparatory work for a CBC Programme is therefore the preparation of the **Cooperation Programme Document** itself, which sets the thematic priorities for IPA interventions for the period 2014-2020. The Cooperation Programme includes an analysis of the CBC area and the identified needs on the basis of which the thematic priorities are selected. It also includes an indication of the key actions planned as well as financial and implementation arrangements, among others. The Cooperation Programme Document becomes an **Annex to each Commission implementing Decision** (it is actually adopted together with the first Financing Proposal and then still added as an annex for reference only to the following Financing Proposals).

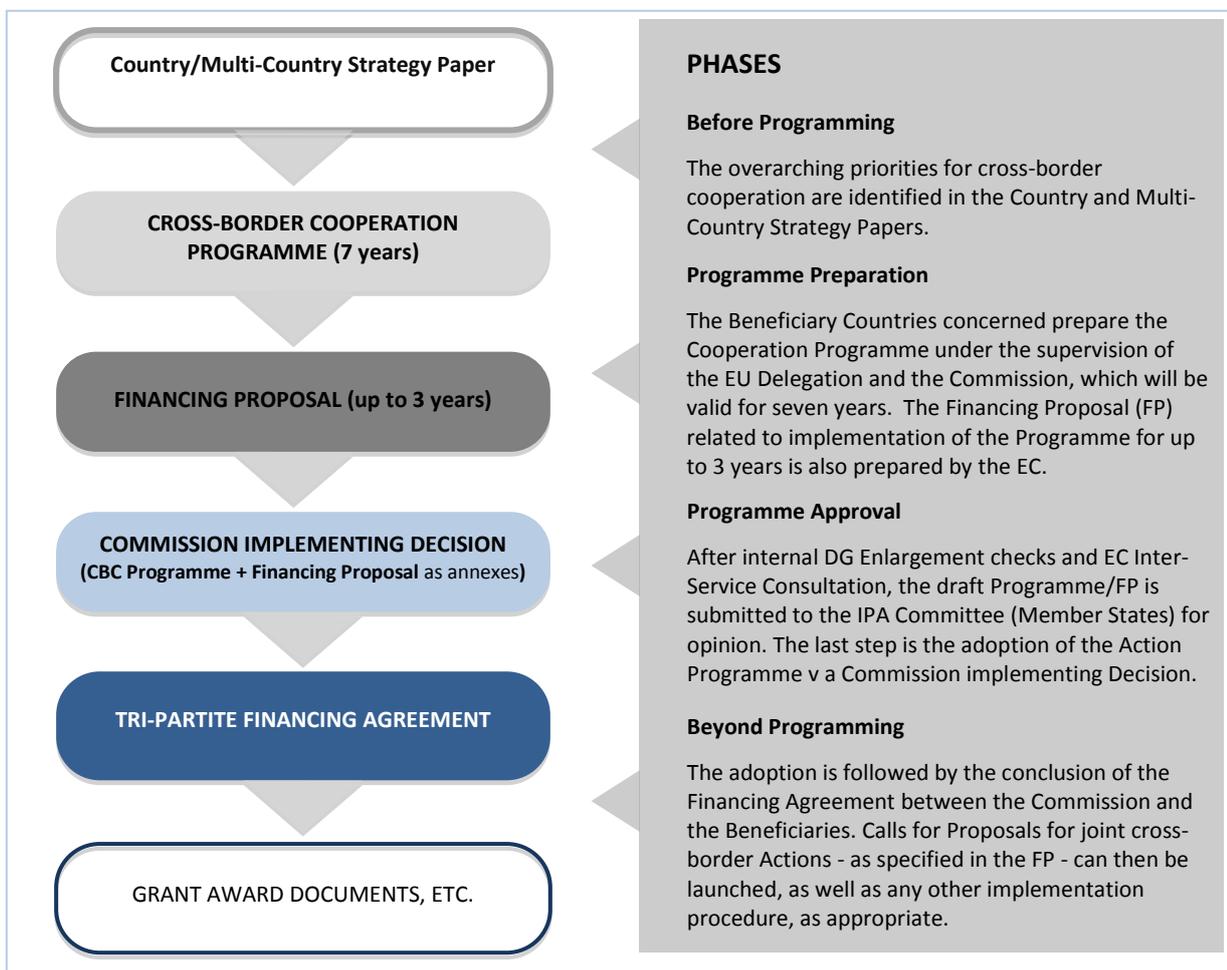
A **Financing Proposal (FP)** is prepared by the Commission to cover the implementation for up to 3 years. The

Financing Proposal for a Commission Decision is submitted for opinion to the IPA Examination Committee. It describes the general background, objectives and modalities of actions proposed, as well as it indicates the funding planned for the relevant period. The Financing Proposal then becomes an **Annex to the Commission implementing Decision (CiD)**, alongside the Cooperation Programme. The **Commission implementing Decision** (also called Financing Decision or FD) is a legal act of the European Commission (in this case an implementing Act) adopting the CBC Programme. The legal basis for the content of a Financing Decision is Art. 84 Financial Regulation and Art. 94 Rules of Application.

The adoption of a Commission Decision is followed by the signature of a **tri-partite Financing Agreement (FA)** between the Commission and the Beneficiary Countries both in the case of direct and indirect management, where applicable – which must be indicated in the Commission Decision.

A Budget Impact Statement also needs to be prepared – see previous section on Action Programmes.

### Document preparation sequence



## Rural Development Programmes

The **Rural Development Programme** shall be prepared by the relevant authorities designated by the Beneficiary Country and shall be submitted to the Commission after consulting the appropriated interested parties.

Before putting together a **Rural Development Programme (RDP)**, the **National Rural Development Strategy** must be in place and analyses of the main sectors of agriculture must be carried out. Once drafting of the Programme has advanced, *ex-ante* evaluation of the programme must be performed. Before the programme can be adopted via a **Commission implementing Decision**, a **Sectorial Agreement** concerning the Rural Development Programmes must be concluded with the beneficiary.

The adoption of the Programme is followed by the conclusion of a **Financing Agreement**.

### INSTRUCTIONS FOR PREPARATION OF RURAL DEVELOPMENT PROGRAMMES

Each rural development programme shall include:

- a) the findings of the *ex-ante* evaluation referred to in Article [XX];
- b) an analysis of the situation in terms of strengths, weaknesses, opportunities and threats (hereinafter "SWOT") and identification of the needs that have to be addressed in the geographical area covered by the programme. The description will draw upon an in-depth analysis of the sectors concerned, involving independent expertise;
- c) the main results of previous operations undertaken with Union and other bilateral and multilateral assistance, the financial resources deployed and the evaluation results available;
- d) a description of the strategy for the achievement of the priorities and a selection of measures, including the target setting on the basis of common indicators referred to in Article [xxx];
- e) a description of each of the measures selected from Article XX including:
  - i. the definition of final beneficiaries;
  - ii. the geographical scope,
  - iii. the eligibility criteria,
  - iv. monitoring indicators,
  - v. quantified target indicators.
- f) a description of actions taken to ensure the availability of sufficient advisory and technical capacity for the proper implementation of the programme;
- g) information on the complementarity with measures financed from the national policies, other policy areas of IPA and other donors as appropriate;
- h) a financing plan, comprising of:
  - i. a table setting out the total IPA rural development contribution planned for each year. The planned annual IPA rural development contribution shall be compatible with the relevant provisions of the country strategy paper;
  - ii. a table setting out for each measure indicative Union contribution planned and the applicable IPARD contribution as well as the national private and public contributions.
- i) programme implementing arrangements, including:
  - i. the designation by the beneficiary country of the operating structure for the implementation of the programme, and, a summary description of the management and control structure;
  - ii. a description of the monitoring and evaluation procedures, as well as the composition of the Monitoring Committee;
  - iii. the provisions to ensure that the programme is publicised, including through the national rural network.
- j) the results of consultations and provisions adopted for associating the relevant authorities and bodies as well as the appropriate economic, social and environmental partners.

The Rural Development Programme shall demonstrate that:

- a) the measures chosen follow logically from the findings of *ex ante* evaluation referred to in point 1(a) and the analysis referred to in point 1(b);
- b) the allocation of financial resources to the measures of the programme is appropriate and adequate to achieve the targets established.

## BUDGET SUPPORT

**Budget Support** is one among other types of financing available under IPA II. However, while under IPA I budget support was limited to "exceptional cases", the rules for IPA II allow for broader use of Budget Support, provided the eligibility criteria are fulfilled. Budget Support should be seen in the context of moving to a "Sector Approach" under IPA II, i.e. focusing on support for sector reform strategies rather than on financing individual projects. Budget Support would thus be provided as "sector budget support" to co-finance national sector reform agendas. The main potential benefits for Beneficiaries are:

- An increased impact of EU assistance by providing an incentive to implement reforms at sector level, rather than implementing isolated projects;
- Improved capacity building as the Beneficiary needs to meet certain conditions to qualify for Budget Support, in particular a stable macro-economic framework and sound public financial management;
- A clearer link between the political agenda, which requires sector reforms, and the financial assistance to support such reforms.

### Rationale for Budget Support

#### What is Budget Support?

Budget support is a **financial assistance method**. It is a means of delivering better pre-accession assistance and achieving sustainable results. It involves **dialogue, financial transfers to the national treasury account** of the beneficiary country, **performance assessment** and **capacity development**, based on partnership and mutual accountability. Budget Support is delivered through **Sector Reform Contracts**.

#### Objectives of Sector Reform Contracts

The **objectives** of individual budget support programmes should be defined in line with two principles:

- **Consistency with EU enlargement policy:** the objectives should address the key enlargement challenges.

- **Alignment with beneficiary countries own policies, priorities and objectives** (and thus harmonised and coordinated with other aligned donors).

#### Arguments for Providing Budget Support

The key reasons for developing a budget support programme in pre-accession countries are:

- **Increased impact of EU assistance** by providing an incentive to implement reforms at sector level.
- **Increased ownership** and accountability of the Beneficiary through greater government control.
- **Improved capacity building** as the beneficiary country must meet the conditions to qualify for budget support.
- **Clearer link between the political agenda and the financial assistance.**

### Design and Implementation of Budget Support

#### Political and Economic Accession Criteria and Budget Support

When preparing Sector Reform Contracts, adherence of Beneficiaries to the **political criteria** should be taken into account. Particular care should be taken when supporting sectors which have a direct link with the political criteria and chapters 23 and 24. Where political criteria are not sufficiently met, the EU should reassess its financial assistance to the Beneficiary, including sector budget support, and focus the assistance towards meeting the criteria. When **economic criteria** are not yet met, the

sector support and its preparatory steps will help reaching the status of a functioning market economy and improving its competitiveness.

#### Eligibility Criteria for Budget Support

Budget support programmes are subject to **four eligibility criteria**: Stable macro-economic framework; Sound public financial management; Transparency and oversight of the budget; National/sector policies and reforms.

These criteria need to be met both when a programme is approved, and at the time of each budget support

disbursement. The assessment of the eligibility criteria generally involves:

A) **Assessment, during programme preparation, of the relevance** (extent to which key constraints and weaknesses are being addressed by the government's strategy) **and credibility** (quality of the reform process regarding its realism, institutional arrangements, track record and political commitment) of the beneficiary country policy and strategy related to each eligibility criterion;

B) **Assessment, during implementation, of progress made in implementing the policy** and strategy and achieving the objectives;

The *satisfactory progress* should be based on a dynamic approach, looking at past and recent policy performance benchmarked against reform commitments.

Assessments should be reasonably short and analytical, providing a clearly argued and justified recommendation regarding eligibility. Three general points are relevant to the assessment of each criterion:

- Assessment of eligibility should always be put in the context of alignment with beneficiary countries' policies and cycles.
- Coordination with technical and financial cooperation partners should be sought.
- Decisions on eligibility to budget support and subsequent payment decisions will remain at the discretion of the Commission and in accordance with the applicable legal framework and guidelines.

Budget support can be provided only in a sector which has been identified in the Country Strategy Paper as a priority and which is endowed by an appropriate sector reform plan. Such plan must be linked to the enlargement agenda; it should be ambitious but with SMART targets.

### Budget Support Dialogue

Budget support dialogue is a core element of the package and a centrepiece for mutual accountability. It provides a framework to take stock of the **implementation of the beneficiary country's policies** and reforms as well as of donors' commitments, and to assess progress on both sides on the basis of different information, criteria and indicators. Also, budget support dialogue can be used as a forward-looking tool **to identify policy slippages** and to reach a common understanding with the authorities on corrective measures to meet policy objectives and refining the objectives and targets if necessary.

The budget support policy dialogue should be complemented by the outcomes of the relevant **IPA Monitoring Committee** and **Sectorial Monitoring Committees meetings**, as well as **Stabilisation and Association Agreements Sectorial Sub-Committees**.

### Risk Management Framework

The Risk Management Framework for budget support operations is focusing on the country system and

framework in order to **identify the risks** that may impede achieving the objectives of budget support.

The risk management framework is an internal assessment which allows, for each beneficiary country, to define the level of risk, by replying to a simple questionnaire which is based on **five risk categories** (political, macroeconomic, developmental, public financial management, and corruption/fraud) judged in terms of **four risk ratings** (low, moderate, substantial, high).

Depending on the assessment of risks, an appropriate risk response has to be defined through the identification of **mitigating measures**.

The monitoring of risks and their mitigating measures is crucial in order to check that identified risks are adequately managed. If the inherent risk level of one of the risk categories is substantial or high, the budget support programme, its mitigating measures and residual risks, as well as the potential benefits, need to be discussed in the IPA Steering Committee leading to a decision on the budget support programme.

### Performance and Variable Tranche Design

The establishment of the **performance monitoring system** and related disbursement criteria is at the heart of a budget support operation. **Base (or fixed) tranches** are linked to **eligibility criteria**, and **performance (or variable) tranches** are linked to **progress against specific indicators**.

**Variable tranches** have several advantages: i) **creating incentives** for improved performance through partial payment for partial performance; ii) **reducing** damaging "stop-go" **volatility** in aid disbursements; iii) **enhancing the credibility** of disbursement conditions by focusing on concrete and measurable performance indicators.

A balance needs to be struck between creating incentives and avoiding excessive unpredictability or volatility in disbursements. SRCs would typically cover commitments for 3 years, or more, and a variable tranche of about 40%.

The variable tranche indicators should be selected, in agreement with the authorities and in co-ordination with other partners, among a number of performance indicators. The following principles should be applied:

- There should be **coherence** between the programme **objectives**, the diagnosis of the **problem**, and the selected **indicators** and **targets**.
- A **combination of indicator types can be selected**. The greater the willingness of the beneficiary country to be held accountable for such outcomes, the greater the confidence in the government's ability to deliver and in the quality of such performance data, the more emphasis should be placed on outcome indicators.
- The number of **indicators** should be limited to a **maximum of 8** per tranche to avoid a loss of policy focus.
- **Indicators, targets** and **assessment methodology** should be precisely and unambiguously **defined** during the programme preparation phase.

Performance assessments should be an inclusive process led by the government, whereby performance results are subject to stakeholder consultations and are made publicly available, and feed into domestic accountability mechanisms.

In order to enhance predictability and respect the country's budgetary and planning cycles, conditions, criteria, procedures and timing for disbursement should be clearly defined with and understood by the beneficiary country.

### Domestic Revenue Mobilisation

Domestic revenue mobilisation plays a determining role in fostering sustainable and inclusive growth and good governance. Within budget support contracts, Domestic Revenue Mobilisation will be considered within the **macroeconomic** (fiscal policy) and **public financial management** (tax administration) **eligibility criteria**. This will provide an overview of the amount of tax revenues in relation to GDP, of the extent to which the country exploits its tax potential, and of the composition, level and relevance of the various taxes in the country and other sources of domestic revenues.

### Accountability

Budget support provides opportunities to strengthen domestic accountability. Accountability will be enhanced by:

- Strengthening the **openness, transparency, and accountability** of the budget process.

- Supporting a **participatory** budget support approach.
- Integrating programmes to **support national legislative and oversight bodies and CSOs**.
- Increasing **transparency** by publishing information on budget support Financing Agreements and performance reviews.

### Fraud and Corruption

The **fight against fraud and corruption** is a key element that should have great prominence in budget support, particularly when assessing the PFM eligibility criterion. Beneficiary countries need to be actively engaged in the fight against fraud and corruption, and be equipped with appropriate and effective mechanisms.

### Capacity Development

Capacity development is a key part of the budget support modality, as it supports **effective** and **efficient organisations, enhances government's capacity** to implement policies and deliver services to final beneficiaries, and **promotes the active engagement** of all domestic stakeholders. Capacity development needs are assessed systematically and should be provided based on demand, ownership and commitment, be linked to results, and be provided through harmonized and aligned approaches.

## Budget Support Intervention Logic and Programme Cycle

### Whether to Provide Budget Support

The process for reaching this decision involves the following steps:

1. An **assessment of a country's commitment to the reform agenda** in line with the country specific path to accession. The commitment to the Copenhagen political criteria is a pre-condition.
2. An **assessment of the eligibility against the four criteria**. This assessment will be done for all budget support contracts during the preparation phase for approval, and during the implementation.
3. An **assessment of the risks** and whether these are likely to be outweighed by the mitigation measures and expected benefits during the preparation and implementation phases.

### How Much Budget Support?

Decisions on how much budget support will be based on a qualitative assessment of the following elements:

- **Financing needs of the beneficiary country** assessed on the basis of the Country Strategy Paper and/or the national/sector strategies.
- Commitment of the beneficiary country to **allocate national budget resources in line with enlargement strategy** and objectives.
- Effectiveness and added value that budget support will bring in **achieving the beneficiary country's policy objectives**.
- **Track record and absorption capacity of past disbursements**.

Each criterion may be judged as high, medium or low, allowing an overall structured approach, which includes the flexibility to define an appropriate mix of modalities that best fits the country context.

## OTHER CROSS-CUTTING PRINCIPLES AND OBLIGATIONS

8

### Engagement with Civil Society

Civil society development has been a reform priority in the EU agenda of enlargement for many years. The objective has been to strengthen the role of civil society in the democratisation and reconciliation process while also supporting better communication of enlargement processes and mutual understanding between EU Member States and the candidate countries' societies. To facilitate this, a number of instruments were set up under IPA I, including in particular the Civil Society Facility and the Turkish Civil Society Development programme.

Evaluation of EU's support to civil society in the Western Balkans and Turkey has shown that the civil society support has contributed to strengthening of democracy and reconciliation with special focus on fulfilling the Copenhagen criteria. Recommendation has been made to

strengthen the internal and external monitoring of EU support to civil society to improve the focus on results and impact, and promote greater use of small grants schemes to increase the outreach to small, rural and grass-roots Civil Society Organisations.

IPA II objectives for EU financial assistance to the Western Balkans and Turkey include political reform as well as economic, social and territorial development, regional and territorial cooperation, coupled with strengthening Beneficiaries' ability to fulfil the obligations of EU membership. While civil society development and the promotion of rights and freedoms are an integral part of the ambitions for political reform, it is necessary to engage civil society across all these objectives to ensure an inclusive and sustainable approach in the EU's support.

#### RELEVANCE FOR PROGRAMMING

Specific guidelines for EU support to enlargement countries 2014-2020 address the need for continued political and financial engagement with civil society in the EU agenda for enlargement. They build on DG Enlargement's experience with the Civil Society Facility and other EU instruments for civil society support, and recognise that future EU support to civil society needs to be more strategic, effective and focused on results. The guidelines aim at providing a basis for the development of multi-country and tailor-made country specific approaches to civil society support that will be part of the multi-country and country strategies and programmes for the period 2014-2020.

The guidelines frame support to civil society within the broader efforts to enable and stimulate participatory democracy. They establish two main objectives for support to civil society: a) achieving an environment that is conducive to civil society activities, and b) building the capacity of CSOs to be effective and accountable independent actors.

Beyond direct financial support, civil society must be actively involved in the consultation process for any programming exercise even if not specifically targeting financial assistance to civil society, i.e. by at least circulating draft action proposals to relevant organisations, or inviting them to consultation meetings. In the context of the preparation of Country or Multi-Country Actions Programmes, ways in which this consultation has taken place will also be summarised in programming documents (Action Documents and Action Programme itself).

### Gender mainstreaming

Candidate countries must fully embrace the fundamental principle of equality between women and men. Monitoring the transposition, implementation and enforcement of EU legislation in this area remains a priority of the enlargement process, which the EU supports financially.

A useful reference on gender issues is the EU Strategy for Equality between Men And Women 2010-2015, which spells out key actions under five priority areas, equal economic independence, equal pay for equal work and

work of equal value, equality in decision-making, dignity, integrity and an end to gender-based violence, gender equality in external actions, as well as and one area addressing horizontal issues.

Concerning the fifth priority area – gender equality in external actions – two specific interventions and outputs are planned:

- Monitor and support adherence to the Copenhagen criteria for accession to the EU in the field of equal

treatment between women and men, and assist Western Balkans countries and Turkey with the transposition and enforcement of legislation and the necessary establishment of adequate administrative and judicial systems;

- Monitor the inclusion of gender equality and women's rights as a cross cutting theme in the EC financial assistance to candidate and potential candidate countries, under the Instrument for Pre-accession Assistance (IPA).

Gender is about the relations between women and men with different roles and unequal exercise of power. Gender mainstreaming is an approach and analytical tool to be used in programming financial assistance. It is not a goal in itself but involves considering men's and women's needs and situations are highlighted and taken into consideration in the design, implementation, monitoring and evaluation. Effective mainstreaming can be achieved through a limited number of strategic and prioritised interventions within the programme. *(Orgut consulting, 2012)*

**RELEVANCE FOR PROGRAMMING**

Under IPA II, the gender perspective of programming documents will need to be better highlighted than under IPA I. A way of improving this will be to include this perspective in the very early stages of the programming process – i.e. analysis of issues and design of strategy. As far as possible, organisations with gender knowledge and expertise should be involved in the preparation phase, at least in the initial need identification and objective formulation steps. Sex and age disaggregated data should also be considered both in the analyses and baseline as well as in the result framework, i.e. gender sensitive process and result indicators – quantitative as well as qualitative. Equal opportunity for participation of men and women must be ensured in all aspects of programme preparation but also implementation. Ways in which this will be guaranteed must be clearly described in the Action Document and the Action Programme.

### Climate change action

In its Communication 'A budget for Europe 2020' (COM 500/2011), the European Commission translated its ambition for a more sustainable future for all by proposing that in the next Multiannual Financial Framework (MFF), at least 20% of the EU budget would be allocated to climate action objectives. Mainstreaming climate action is relevant also for the EU funding channelled to the candidate countries and potential candidates. The IPA Regulation indicates that IPA countries should be better prepared to withstand global challenges, such as sustainable development and climate change, and align with the Union's efforts to address these issues. It also indicates that Union assistance under the IPA Regulation should contribute to the goal of reaching the climate related proportion of the Union budget to at least 20%.

According to the Regulation establishing common rules and procedures for external instruments, the funding allocated

to climate action and biodiversity shall be subject to an annual tracking system based on the OECD methodology ('Rio markers') and recorded within evaluations and biannual reports. In addition, an annual estimate of the overall spending related to climate action and biodiversity shall be made on the basis of the adopted indicative programming documents.

These targets can be reached only if all services involved in IPA programming pay special attention to mainstreaming climate change in all sectors. Although there are no specific targets set for environment (including biodiversity), mainstreaming environment will also need to be stepped up in the 2014-2020 financial period to demonstrate the contribution to a number of commitments on environment related funding.

**RELEVANCE FOR PROGRAMMING**

There are synergies between various components of environment and climate change and both aspects need proper attention during programming and implementation. Efforts are needed to ensure that climate change considerations in particular are part of country and multi-country policy dialogues with partner countries and are fully integrated in Action design. Details on how these principles will be applied need to be specified in Action Documents and Action Programmes.

'Rio marking' of Programmes and Actions for climate change 'adaptation' and 'mitigation', biodiversity and desertification is part of the European Commission's standard reporting to OECD/DAC and is an integral part of CRIS, the EC's IT system for External Action. This marking needs to be applied systematically in order to allow proper tracking, especially in view of monitoring the contribution of IPA to the EU climate change objectives.

