

FINANCING AGREEMENT

BETWEEN

**THE GOVERNMENT OF MONTENEGRO**

AND

**THE COMMISSION OF THE EUROPEAN COMMUNITIES**

CONCERNING THE NATIONAL PROGRAMME FOR  
MONTENEGRO UNDER THE IPA-TRANSITION ASSISTANCE  
AND INSTITUTION BUILDING COMPONENT FOR 2007

Dated

(Centralised Management)

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the framework of the implementation of the assistance under the instrument

# FINANCING AGREEMENT

## THE GOVERNMENT OF MONTENEGRO

and

## THE COMMISSION OF THE EUROPEAN COMMUNITIES

hereafter jointly referred to as "the Parties", or individually as "the beneficiary country" in the case of the Government of Montenegro, or "the Commission", in the case of the Commission of the European Communities.

Whereas:

- (a) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (hereafter: the "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries (currently Croatia, the former Yugoslav Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo according to United Nation Security Council Resolution 1244) in their efforts to enhance political, economic and institutional reforms with a view to their eventually becoming members the European Union.
- (b) On 12 June 2007, the Commission adopted Regulation (EC) No 718/2007 implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereafter: "Financial Regulation").
- (c) Community assistance under the instrument for pre-accession assistance should continue to support the beneficiary countries in their efforts to strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction.

For potential candidate countries, Community assistance may also include some alignment with the *acquis communautaire*, as well as support for investment projects, aiming in particular at building management capacity in the areas of regional, human resources and rural development.

- (d) The Parties have concluded on 15 November 2007 a Framework Agreement setting out the general rules for cooperation and implementation of the Community assistance under the instrument for Pre-Accession Assistance.
- (e) The Commission adopted on 21 November 2007 the National Programme for Montenegro under the IPA-Transition Assistance and Institution Building Component in 2007 (hereafter: "the programme"). This programme is to be implemented by the Commission on a centralised basis.
- (f) It is necessary for the implementation of this programme that the Parties conclude a Financing Agreement to lay down the conditions for the delivery of Community assistance, the rules and procedures concerning disbursement related to such assistance and the terms on which the assistance will be managed.

## **HAVE AGREED ON THE FOLLOWING:**

### **1 THE PROGRAMME**

The Commission will contribute, by way of grant, to the financing of the following programme, which is set out in Annex A to this Agreement: Programme number: 2007/19300

Title: National Programme for Montenegro under the IPA-Transition Assistance and Institution Building Component in 2007

### **2 IMPLEMENTATION OF THE PROGRAMME**

- (1) The programme shall be implemented by the Commission on a centralised basis, in the meaning of Article 53a of Council Regulation (EC Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as last modified by Regulation (EC, Euratom) 1995/2006 of 13 December 2006. (hereafter: "Financial Regulation").
- (2) The programme shall be implemented in accordance with the provisions of the Framework Agreement on the Rules for co-operation concerning EC Financial Assistance to Montenegro and the implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA) concluded between the Parties on 15 November 2007 (hereafter: "the Framework Agreement"), which is set out in Annex B to this Agreement.

### **3 STRUCTURES AND AUTHORITIES WITH RESPONSIBILITIES**

- (1) The Beneficiary shall designate a national IPA co-ordinator, in accordance with the Framework Agreement, who shall act as the representative of the Beneficiary vis-à-vis the Commission. He shall ensure that a close link is maintained between the Commission and the Beneficiary with regard both to the general accession process and to EU pre-accession assistance under IPA.

### **4 FUNDING**

The funding for the implementation of this Agreement shall be as follows:

- (a) The Community contribution for the year 2007 is fixed at a maximum of € 23.870.504, as detailed in the programme. However, payment of the Community contribution by the Commission shall be made within the limits of the funds available.
- (b) The cost of the structures and authorities put in place by the beneficiary country for the implementation of this programme shall be borne by the Beneficiary.

### **5 CONTRACTING DEADLINE**

- (1) The individual contracts and agreements which implement this Agreement shall be concluded no later than two years from the date of conclusion of this Agreement.
- (2) In duly justified cases, this contracting deadline may be extended before its end date to a maximum of three years from the date of conclusion of this Agreement.

- (3) Any funds for which no contract has been concluded before the contracting deadline shall be cancelled.

## **6 DEADLINE FOR THE EXECUTION OF CONTRACTS**

- (1) The contracts must be executed within a maximum of 2 years from the end date of contracting.
- (2) The deadline for the execution of contracts may be extended before its end date in duly justified cases.

## **7 DISBURSEMENT DEADLINE**

- (1) Disbursement of funds must be made no later than one year after the final date for the execution of contracts.
- (2) The deadline for disbursement of funds may be extended before its end date in duly justified cases.

## **8 TREATMENT OF RECEIPTS**

- (1) Receipts for the purposes of IPA include revenue earned by an operation, during the period of its co-financing, from sales, rentals, service enrolment/fees or other equivalent receipts with the exception of:
  - (a) receipts generated through the economic lifetime of the co-financed investments in the case of investments in firms;
  - (b) receipts generated within the framework of a financial engineering measure, including venture capital and loan funds, guarantee funds, leasing;
  - (c) where applicable, contributions from the private sector to the co-financing of operations, which shall be shown alongside public contribution in the financing tables of the programme.
- (2) Receipts as defined in paragraph 1 above represent income which shall be deducted from the amount of eligible expenditure for the operation concerned. No later than the closure of the programme, such receipts shall be deducted from the relevant operation's eligibility expenditure in their entirety or pro-rata, depending on whether they were generated entirely or only in part by the co-financed operation.

## **9 ELIGIBILITY OF EXPENDITURE**

- (1) Expenditure under the programme in Annex A shall be eligible for Community contribution if it has been incurred after the contracts and grants implementing such programme have been signed, except in the cases explicitly provided for in the Financial Regulation.
- (2) The following expenditure shall not be eligible for Community contribution under the programme in Annex A:
  - (a) taxes, including value added taxes;
  - (b) customs and import duties, or any other charges;
  - (c) purchase, rent or leasing of land and existing buildings;
  - (d) fines, financial penalties and expenses of litigation;
  - (e) operating costs;
  - (f) second hand equipment;
  - (g) bank charges, costs of guarantees and similar charges;
  - (h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
  - (i) contributions in kind;
  - (j) any leasing costs;



- (k) depreciation costs.
- (3) By way of derogation from paragraph 2 above, the Commission will decide on a case-by-case basis whether the following expenditure is eligible:
  - (a) operating costs, including rental costs, exclusively related to the period of co-financing of the operation;
  - (b) value added taxes, if the following conditions are fulfilled:
    - (i) the value added taxes are not recoverable by any means;
    - (ii) it is established that they are borne by the final beneficiary, and
    - (iii) they are clearly identified in the project proposal.
- (4) Expenditure financed under IPA shall not be the subject of any other financing under the Community budget.

## **10 RETENTION OF DOCUMENTS**

- (1) All documents relating to the programme in Annex A shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the document relate.
- (2) In the case that the programme in Annex A is not definitely closed within the deadline set in paragraph 1 above, the documents relating to it shall be kept until the end of the year following that in which the programme in Annex A is closed.

## **11 ROADMAP FOR DECENTRALISATION WITHOUT EX-ANTE CONTROLS**

- (1) The beneficiary country shall establish a detailed roadmap with indicative benchmarks and time limits to achieve decentralisation with *ex ante* controls by the Commission. In addition, the beneficiary country shall establish an indicative roadmap to achieve decentralisation without *ex ante* controls by the Commission.
- (2) The Commission shall monitor the implementation of the roadmaps mentioned in paragraph 1, and shall take due account of the results achieved by the beneficiary country in this context, in particular in the provision of assistance. The roadmap to achieve decentralization without *ex ante* controls may refer to a phased waiver of different types of ex-ante control.
- (3) The beneficiary country shall keep the Commission regularly updated with the progress made in the implementation of this roadmap.

## **12 INTERPRETATION**

- (1) Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of theses regulations shall be transposed into this Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

## **13 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS**

- (1) If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision.
- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

## **14 REVIEW AND AMENDMENT**

- (1) The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.
- (2) Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the date determined by the Parties.

## 15 TERMINATION

- (1) Without prejudice to paragraph 2, this Agreement shall terminate eight years after its signature. This termination shall not preclude the possibility for the Commission making financial corrections in accordance with Article 56 of the IPA Implementing Regulation.
- (2) This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

## 16 SETTLEMENT OF DIFFERENCES

- (1) Differences arising out of the interpretation, operation and implementation of this Agreement, at any and all levels of participation, will be settled amicably through consultation between the Parties.
- (2) In default of amicable settlement, either Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- (3) The language to be used in the arbitration proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

## 17 NOTICES

- (1) Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Agreement must be sent to the following addresses:

### *For the Community:*

Postal Address  
European Commission  
Directorate General Enlargement  
Rue de la Loi 200  
1049 Brussels  
BELGIUM  
Fax: +23 2 295 95 40

### *For the Beneficiary Country*

Postal Address  
Government of Montenegro  
Deputy Prime Minister for European Integration  
Street: Jovana Tomaševića bb  
81000 Podgorica

MONTENEGRO  
Fax: +382 81 224 552

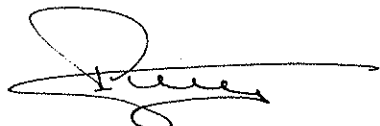
## 18 ANNEXES

The Annexes A and B shall form an integral part of this Agreement.

## 19 ENTRY INTO FORCE

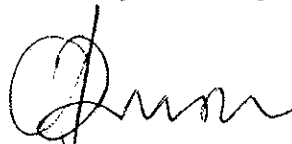
This Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

*Signed, for and on behalf of the  
Commission by*



**Mr Pierre Mirel**  
Director of Directorate C  
DG Enlargement  
Brussels  
Date:

*Signed, for and on behalf of the  
Government of Montenegro*



**Ms Gordana Đurović**  
Deputy Prime Minister for European  
Integration and NIPAC  
**PODGORICA**  
Date: 12-03-2008.

**ANNEX A NATIONAL PROGRAMME FOR MONTENEGRO UNDER THE IPA  
TRANSITION ASSISTANCE AND INSTITUTION BUILDING  
COMPONENT FOR 2007 ADOPTED BY COMMISSION DECISION  
C(2007)5559 of 21/11/2007**

**1. IDENTIFICATION**

|  |  |
|--|--|
| Beneficiary  | MONTENEGRO   |
| CRIS number  | 2007/19300   |
| Year   | 2007   |
| Cost   | € 23.870.504 to be financed from IPA   |
| Implementing Authority                             | European Commission  |
| Final date for concluding the financing agreements | at the latest by 31 December 2008.   |
| Final dates for contracting                        | 2 years following the date of conclusion of the Financing Agreement.<br>These dates apply also to the national co-financing. |
| Final dates for execution                          | 2 years following the end date for contracting.<br>These dates apply also to the national co-financing.                      |
| Sector Code  | 11420-15110-15120-15130-15140-15150-16010-16020-16320-21010-21020-21050-31110-23010-31163-92010                              |
| Budget line(s) concerned                           | 22.02.02   |
| Programming Task Manager                           | Anne de Ligne / Unit C2 Serbia, Montenegro   |
| Implementation Task Manager                        | Operational Section, Delegation of the European Commission in Montenegro.  |

## 2. PRIORITY AXES / (MEASURES) / PROJECTS

### 2.a Priority Axes

The IPA 2007 Montenegro Programme is focused on the objectives set out in the Multi-Annual Indicative Planning Document (MIPD) 2007-2009. The MIPD is the strategic document for IPA, and it reflects the key priorities of the European Partnership and the next steps in the Stabilisation and Association Process (SAP). This Programme is also designed to respond to Montenegro's priority needs among those indicated in the MIPD for the three years, taking into account what was financed under CARDS and what will be a priority for 2008 and 2009, particularly in the context of the SAA, the European Partnership and the overall European integration process (Enhanced Permanent Dialogue). Attention was given to the "additionality" principle, ensuring support to the accession agenda.

The MIPD identifies three priority areas:

#### I. Political Requirements

The emphasis is on fulfilling the requirements of the SAP, through:

- Strengthening democratic institutions, good governance, judicial reform and the reinforcing of the rule of law
- Implementing reforms in public administration, including local government
- Supporting the development of civil society and an independent media
- Protecting human and minorities' rights, and the rights of vulnerable groups (including children and disabled people).

#### II. Socio-Economic Requirements

The key areas include:

- Pursuing economic reforms, strengthening competitiveness, developing an appropriate business environment and social dialogue
- Human resources development especially employment, education and social inclusion
- Improving the infrastructure in areas such as transport, energy and the environment.

#### III. European Standards

The MIPD emphasises the importance of approximating to European standards as part of the SAA process and overall European integration. The key elements are:

- Progressive alignment with the *acquis* in areas such as agriculture, environment, energy, internal markets, transport, and security (including integrated border management and visa/migration policy).

- Strengthening Montenegro's administrative capacity to take increasing local ownership of IPA through the decentralised implementation system, and of other subsequent EU funds and programmes.

## **2. b Description of projects grouped by priority axes**

This section summarises the projects that make up the 2007 Montenegro IPA National Programme, except for actions implemented under the IPA multi beneficiary programme. More detailed descriptions are provided in the project fiches, including references to multi-beneficiary programmes where appropriate.

### **I. Political Requirements (€6.0 million)**

#### ***Project 1: Support for the Development of Civil Society (€1.0 million)***

The project aims to facilitate the building of a more open and accountable Montenegro by supporting civil society dialogue and engagement. This will involve partnerships and dialogue between Montenegrin and the EU based CSOs in general, particularly in the social, health and cultural fields. This will further policy planning and practice, as well as strengthening of the watchdog role of civil society organisations in policy implementation, whilst also facilitating cultural exchange between Montenegro and the EU.

The project comprises the following components:

- the creation of partnerships at local level in the areas of social welfare, special education, and preventive health by CSO networks and public authorities. The activities will revolve around the development of needs assessment and action plans, problem solving through multi-disciplinary team work, provision of services and knowledge transfer amongst partners.
- Partnerships created at national level by CSOs and public authorities to support vulnerable groups through advocacy activities, public awareness campaigns about their rights and needs and participation in consultation processes.
- Coalitions of CSOs established to develop a rights-based approach to policy formulation. They will foster democratic practices through consultations for the implementation of legislative frameworks relevant to the target group(s) they represent.
- Projects seeking to promote/support intercultural dialogue and cross-country creativity will focus on the organisation of cultural events

It is envisaged that grant agreements (total value of €1 million) following a Call for Proposals, will be concluded with an estimated duration of up to 18 months. They are expected to be launched in the Q2 of 2008. Partnerships will involve local Montenegrin and EU based CSOs. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions and will be further specified in the call for proposals – application pack (guidelines for applicants).

**Project 2:     *Fight against organised crime & corruption (€3.0 million)***

The project's aim is to combat organised crime and corruption by improving the performance and cooperation of various law enforcement agencies. It will build on the results achieved during previous CARDS-funded support, and is linked to the wider Government Strategy and Action Plan for the Fight Against Corruption and Organised Crime.

Specific activities will include:

- Strengthening the intelligence and investigation services of the Criminal Police Directorate and enhancing undercover investigations by providing staff training; developing internal procedures to enhance inter-institutional cooperation; and the review, implementation and monitoring of key objectives of the Strategy and Action Plan.
- Improving Montenegro's operational capacity for the prevention of money laundering by developing cooperation between relevant authorities/agencies in accordance with international standards and best practices. Developing the analytical skills of staff to recognise transactions related to the financing of terrorism will be strengthened, as will the capacity to develop international cooperation aimed at achieving a more precise exchange of information internationally.
- Strengthening the operational capacity of the Directorate for Anticorruption Initiative, in particular its legal advisory and public awareness functions. The capacity of other relevant anti-corruption institutions to cooperate nationally will also be enhanced.
- Upgrading the Police Academy facilities and ensuring appropriate equipment for the organised crime department.

The first three activities will be implemented via twinning<sup>1</sup> agreements (value €1.2 million). The essential selection and award criteria will be set out in the call for expression of interest to be launched in Q3 2008.

The fourth activity will be implemented via a works contract and 2 supply contracts. The works tender procedure (IPA contribution € 1.5 million) is expected to be launched in Q2 2008. The supply contract(s) (IPA contribution € 0.3 million) is expected to be launched in Q3 2008. The co-financing responsibility for these activities (€0.5 million for the works contract and € 0.1 million for the supplies contract) will be assumed by the Ministry of Interior.

**Project 3:     *Judiciary reform (€2.0 million)***

The project aims to support the building of an independent and efficient judicial system, and to insure the general protection of juvenile offenders' rights. It will incorporate the achievement of previous programmes within the wider judiciary reform strategy, with a view to allowing the judiciary to operate more closely according to EU standards. It will also address the need to protect the rights of juvenile offenders in line with the government Action Plan for Children, and by building on previous activities initiated by UNICEF (supported by SIDA funds).

The project consists of the following activities:

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<sup>1</sup> Where a twinning call for expression of interest is not successful, alternative methods of recruiting expertise will be employed. These may include a service contract, twinning light agreements or a grant agreement with an EU member state institution (official or mandated body) following a call for proposals. Grants resulting from such a call will be 100% funded by the EC.



- Developing an action plan for implementation of the judiciary reform strategy and legislative revision, including the introduction of a Code of Ethics for judges and prosecutors, and anticorruption measures in the Judiciary.
- Supporting the Judicial Council to ensure the independence of the judiciary.
- Improving court officials' understanding of court budgeting processes so as to enhance the operational efficiency of the judicial system.
- Assisting with the preparation of a Juvenile Justice Code.
- Supporting the creation of broader capacity in the administration of juvenile justice (e.g. developing a range of effective non-custodial penalties).

The first three components will be implemented via a twinning agreement (value €1.5 million). It is estimated that activities are launched in Q2 2008. The essential selection and award criteria will be set out in the call for expression of interest. The final two activities will be undertaken via a direct grant agreement with UNICEF, valued at € 0.5 million with an estimated start date in Q3 of 2008.

## **II. Socio-economic requirements (€ 9.20 million)**

### ***Project 4: A National Qualification Framework and Quality Assurance in Education (€1.5 million)***

The objective is to contribute to further policy and institutional reforms in education and training as part of Montenegro's efforts to engage with the wider EU education reforms. This will focus on support for the establishment of a National Qualifications Framework (NQF) that takes account of the European Qualification Network; and work on enhancing quality assurance (QA) in Montenegrin higher education (HE).

It therefore consists of two main activities:

- On NQF, work will involve capacity building in key institutions; the creation of a national qualifications information system; support to address the regulatory requirements for the NQF; an information campaign in order to ensure public awareness; and measures to promote recognition of non-formal learning, cooperation and exchange on qualifications development with EU partners.
- QA will focus on enhancing the capacity in the HE sector to continue the reforms necessary to take forward the measures promoted by the Bologna Process. It will provide a secure link between higher education in Montenegro and the developments of the European Higher Education Area through a national strategy; build institutional capacity across the various functions of the QA; and help with the design and testing of awareness/information and monitoring systems.

The project will be implemented through one service contract (worth €1.35 million). The activities are expected to be launched in Q2 2008. There will also be 3 supply contracts totalling € 150,000 to be launched in Q3 of 2008. An additional € 50,000 has been committed by the national budget for the procurement of equipment. Interventions in this project area will be closely coordinated with the activities funded under the Tempus programme which supports the reform of higher education in Montenegro through university cooperation projects.

### ***Project 5: Developing the Transport Sector (€6.2 million)***

The project aims to contribute to economic growth by improving the efficiency and effectiveness of Montenegro's transport system. This will take the form of providing support to further enhance institutional capacity related to road, rail and civil aviation transport management; and to continue the process of harmonisation of transport-related legislation in accordance with the requirements of the *acquis*. The project will also facilitate investment in transport infrastructure, and upgrade key transport infrastructure thereby improving regional traffic flows which in turn will promote economic growth (including tourism).

The activities involve:

- Further development of the capacity of road and rail Project Implementation Units, thereby facilitating the attraction of investments, especially IFI funding to enable the Government to fulfil its strategic medium-term road and rail strategy.
- Development of the newly-created Civil Aviation Directorate - to be aligned with the requirements of the *acquis*, and provided with the capacity to fulfil the Government's obligations under the European Common Aviation Area Agreement.
- Preparation of feasibility studies (including environmental impact assessment) for major transport investment projects. These studies are a legal requirement under national legislation, and also a pre-requisite for attracting and securing IFI loan funding and other sources of funding.
- Completion of Podgorica's Eastern Bypass simultaneously with sections funded by the Municipality – thereby reducing transit traffic and environmental pollution in the city centre.

It is expected that one service contract will be concluded to support the first two activities – i.e. the institutions responsible for road, rail and civil aviation transport. It is expected to be launched in Q2 of 2008, with a contract value of €1.2 million. In addition one service contract of €1 million will be concluded for the third activity – preparation of feasibility studies - and is expected to be launched in Q2 of 2008. And finally the fourth component - the upgrading of Podgorica's Eastern Bypass will involve a single works contract of € 4 million, expected to be launched in Q3 2008. € 17.2 million have been earmarked by the municipality of Podgorica for the co-financing of other sections of this strategic project.

### ***Project 6: Energy market approximation (€1.5 million)***

This objective of this project is to develop energy sector policies that will ensure the implementation of commitments under the Energy Community Treaty, including the Regional Energy Market. This will be done by providing further assistance to the institutions responsible for developing the energy market and implementing the requirements of the Energy Community Treaty. And it will also involve consolidating the restructuring of the electricity utility and to prepare it for privatisation and/or private sector participation.

The project consists of the following activities:

- Capacity building and support to the Energy Regulatory Agency in overseeing the establishment of the regional electricity market. This will include setting tariffs; establishing interconnections; and defining technical codes, market rules and other aspects

of the secondary legislation necessary to create a level playing field in the regional electricity market *while taking into consideration all the opportunities to develop and utilise renewable energy sources.*

- Support to the Ministry of Economy for policy and strategy development, and the monitoring of progress on implementing of the Energy Community Treaty. In addition there will be support for the Energy Efficiency Unit who are responsible for promoting energy efficiency and renewable energy, including training in the development of the necessary legal framework and building public awareness.
- Specialised technical assistance to the electricity industry, in particular to the unbundled transmission and market system operators. Further assistance may also be given for privatisation, post-privatisation and attracting private sector participation in the sector.

It is expected that the overall project will require one service contract with a value of €1.5 million. It is estimated to be launched in Q2 2008

### **III. European Standards (€ 7.45 million)**

#### ***Project 7: Support to EU Integration Structures: Legal Harmonisation – Horizontal (€1.1 million)***

The project will support the strengthening of institutional capacity for approximating and harmonizing with the EU *acquis*. This will be achieved by enhancing the roles of the Secretariat for European Integration and the Secretariat for Legislation in the legal approximation process. It will also provide assistance to the Parliamentary Committee for International and European Integration, and the Parliamentary Committee for Legislation.

These goals will be addressed through the following activities:

- Improving communications between all institutions and institutional structures involved in the legal approximation. This will involve developing a database for approximation and harmonization of legislation and further upgrading reporting and monitoring mechanisms; establishing a practical guide for checking compliance of national legislation with the EC law; strengthening capacity within the Translation Unit of the Secretariat for European Integration and introducing IT-based automation of translation.
- Supporting the development of working groups on legal harmonisation within line Ministries and the Secretariat for Legislation so that they can identify any legislative gaps, prioritise the transposition of legislation from EU laws; and draft legislation in some of the main areas of concern.
- Strengthening the role of relevant Parliamentary Committees in the legal approximation process by delivering training on the principles of EC law and the process of harmonisation

The overall project will be implemented via a twinning agreement (value €1.1 million) which is expected to be launched in Q3 of 2008. The essential selection and award criteria will be set out in the call for expression of interest.

***Project 8: Animal Identification and Registration (I&R) and the Strengthening of Veterinary Services (€1.4 million)***

The project aims to improve food safety standards for products of animal origin, animal health and veterinary public health. This will involve supporting the development of a policy, regulatory and legislative framework that strengthens I&R. Support will also be provided for the introduction of a Veterinary Information System that is up to EU standards. There will also be support to improve the capacity of the various institutions involved in I&R of the bovine, ovine and caprine species.

The main activities will consist of:

- Consolidating the bovine I&R system and expanding it to ovine and caprine animals. This will involve such things as the design of a new computer network; a census and tagging campaign; the design of on-farm registers and movement documents; and the provision of associated supplies (e.g. ear tags).
- The integration of existing organisations as part of the build up of the Veterinary Information Service which will also involve elaborating the design, work and data flows implementation plans and a VIS pilot rollout.
- Supporting a dissemination programme which will include the preparation of various materials including handbooks and forms; stakeholder training; and public awareness campaigns including the use of television and radio.
- The provision of associated IT hard and software, office equipment, etc, including technical assistance to assist with tender preparation, evaluation and supplies acceptance, etc

The project is expected to be delivered through one service contract with an estimated value of € 1 million. It is expected to be launched in Q2 of 2008. There will also be 4 supply contracts to be launched in Q3 of 2008. They will have an estimated value of € 0.4 million. There will be an additional € 0.1 million co-financed from the Montenegrin national budget for a small ruminant holding census.

***Project 9: Strengthening institutional capacities of statistical office – MONSTAT (€0.8 million)***

The project aims at improving the quality of official statistics in Montenegro and aligning them more closely to EU and international standards. More specifically, this will focus on developing the capacity of the Statistical Office of Montenegro (MONSTAT) to produce and disseminate statistics that are reliable, timely, relevant and comparable. This will involve introducing quality standards in the planning and mainstreaming of statistical activities; further improving economic statistics and national accounts; and further improving business statistics.

It will consist amongst others of the following activities:

- Developing a quality management system for key processes in the production of statistics.
- Assessing the state of play in the areas of business statistics and economic statistics.
- Further aligning the National Accounts with ESA 95 and improving the quality and exhaustiveness.

- Establishing an inter-institutional cooperation group aimed at improving the quality of statistical production and the collection of economic statistics.
- Further developing structural business statistics, short term statistics, tourism statistics, and other areas of business statistics.
- Supporting the transfer of knowledge on EU standards in the above mentioned areas. This will include: participation in seminars, workshops and other training; study tours; international meetings; and pilot surveys in selected areas. Care must be taken to ensure full complementarity with other support projects.

The overall project will be delivered through one service contract worth €800,000. It is expected to be launched in Q2 of 2008.

#### ***Project 10: Public Procurement System (€1.25 million)***

The project aims to consolidate the development of an effective Montenegrin public procurement system. This will involve providing assistance to improving the legal and operational environment in which the system functions with reference to the *acquis* and international best practice. It will also involve creating wider awareness and knowledge amongst procurement entities, potential suppliers and the public.

The activities will focus on:

- Reviewing the public procurement system, including legislation, the introduction of indicators of progress, and assistance for the implementation of all those recommendations emerging from the review.
- Strengthening the operational capacity of the key bodies, particularly in: organisational/business planning; the transition to the best EU practices; and most importantly, the provision of training to the staff of all those bodies involved in public procurement.
- Harmonising electronic public procurement with the requirements originating from the Directives 17/2004 & 18/2004.
- Expanding public awareness of the importance of an efficient and transparent public procurement system, by means of a public campaign.

This overall project will be implemented through one service contract and/or twinning agreement worth €1.1 million. It is expected to be launched in Q2 of 2008. There will also be 2 supply contracts, for IT equipment under the third activity above, with a value of €150,000 expected to be launched in Q3 of 2008. An additional € 50,000 has been earmarked by the Montenegrin national budget for the investment component.

#### ***Project 11: Quality infrastructure – standardisation and metrology (€2.0 million)***

This project is designed to facilitate trade and the free movement of goods with a view to improving the competitiveness of the Montenegrin economy. This will be achieved by accelerating legal, regulatory and institutional reforms in the area of quality infrastructure in compliance with the *acquis* and WTO membership requirements.

The project consists of:

- Enhancing a framework policy for quality in the national market, including; legislation; the furtherance of inter-ministerial coordination; the application of certain standards on a pilot basis; and a general public awareness campaign.
- Strengthening the operational capacity of the key bodies for standardisation, metrology and accreditation. This will involve the development of a master plan following a review of the existing organisational structures, procedures and job descriptions; and most importantly, the provision of training to the staff of these institutions on the implications of the new legislation and international cooperation.
- Upgrading of the premises and laboratories where these institutions operate. This will include works to accommodate the relevant institutions and the procurement of equipment which is necessary for an information centre on standards and the participation of the metrology laboratories in international inter-laboratory comparisons. This could lead, potentially, to those institutions applying for membership of relevant international bodies.

This project will be delivered through one service contract and/or twinning agreement worth €1 million. It is expected to be launched in Q3 of 2008. There will also be 3 supply contracts for a total value of €0.5 million, plus a works contract also for about €0.5 million. They will be procured in parallel to or consecutively with the service contract/twinning component. An additional €0.33 million has been committed by the Montenegrin national budget for the investment components (supply and works).

#### ***Project 12: Tax Administration (€0.9m)***

The principal aim of the project is to assist Montenegro to strengthen the fiscal system as part of the process of European integration. This will involve supporting the Montenegrin Tax Administration (MTA) to achieve the legislative, procedural, human resource and information technology goals set out in their Working Plan. It will also include support to the Ministry of Finance to further align Montenegrin tax legislation and procedures with the *acquis*. Building on the previous work done by the mission of the EU Customs and Fiscal Assistance Office (CAFAO), the project will consist of the following activities:

- Approximation of tax legislation and regulatory procedures including assistance in amendments to the VAT, Income and Profit Tax Law, and in development of new administrative procedures.
- Enhancement of collection procedures through development of a computerised tax collection risk assessment system and provision of staff training, workshops and seminars.
- Improvement of taxpayers' service and compliance through assistance in designing and implementing campaigns for targeted groups of taxpayers, including support for developing tax brochures, pamphlets and tax guides. This will involve the organisation of workshops, seminars and media campaigns and support for the creation an improved MTA web site.
- Assistance in the acquisition and implementation of new information technology, including assistance in procurement of necessary equipment and software, support for the increased use of open source technologies, training of IT staff and knowledge transfer of EU systems (namely interoperability and interconnectivity).
- Strengthening tax control and inspection, through support for the improvement of audit and inspection procedures; implementation of a tax and VAT risk management

system; training for MTA tax inspectors; the development of new IT software for the better use and exchange of information; and the development of computerised audit monitoring and reporting tools.

The project will be implemented through one service contract of € 800,000. It is expected to be launched in Q2 of 2008. There will also be 2 supply contracts of €100,000 for IT, expected to be launched in Q3 of 2008.

## **Other**

### ***Technical Assistance and Project Preparation Facility, Programme Reserve (€million 1.22<sup>2</sup>)***

The main purpose of the Technical Assistance and Project Preparation Facility (€million 0.62) is to support the preparation and early implementation of activities under this and subsequent IPA National Action Programmes. It will moreover support monitoring, evaluations and audits, and deployment of complementary short-term technical assistance.

The Programme Reserve (€ 0.6 million) may be used to cover unforeseeable programme and other priority expenditures, including emerging needs, to deal with regional developments which may have an effect on the Republic of Montenegro.

## **2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lesson learned and donor coordination**

### ***Past and on-going assistance***

Overall EC assistance to Montenegro between 1998 and 2006 amounted to some € 280 million, of which some €130 million has been provided through the CARDS and OBNOVA programmes. Initially EC support included substantial humanitarian and food security programmes, followed by macro financial support.

The underlying purpose of the assistance funded under the subsequent CARDS programme was to support:

- Good governance, institution building and the rule of law.
- The development of a market economy, while investing in vital physical infrastructure and the environment.
- The stabilisation of democracy, social development and civil society.

Under the CARDS programme some of the main areas of focus were therefore: reform of the education system (especially higher and vocational training); strengthening transport infrastructure and management; integrated border management (including anti trafficking

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<sup>2</sup> Detailed amount is 1.220.504€ with TA and PPF amounting to 620.504€

measures); judicial reform; developing an energy policy (including energy efficiency); agriculture (particularly livestock); and civil society.

Some of the other major grant donors in Montenegro are USAID (although now phasing out); EU Member States; and UN Agencies. There have also been significant investments from IFIs, including: KfW for work on improving coastal waters; EIB on a broader range of environmental and transport infrastructure; EBRD and the World Bank.

A more detailed analysis of past and ongoing assistance as it affects specific sectors is set out in the project fiches.

### ***Lessons learned***

The programming of IPA 2007 funds took into account the following over-arching lessons learned from previous CARDS as well as Phare assistance, as identified in the general and sectoral evaluations and ex-post Phare evaluations carried out:

- EC assistance must be in line with the EU policy for Montenegro and projects should be developed taking into account the priorities of the European Partnership and SAA/Interim Agreement obligations.
- All EC assistance must complement and be consistent with Montenegro institutions development and action plans.
- Increasing local ownership is essential for the effective targeting of the support and achieving the agreed results in line with EU standards. Significant efforts have to be made to involve Montenegro's institutions in the planning and programming process for EC assistance.
- Particular attention must be paid to the preparedness and maturity of the projects to be selected.
- The absorption capacity and past achievement record of beneficiary organisations is important.

The lessons learned in relation to specific sectors and issues are set out in detail in the project fiches.

### ***Donor coordination***

Donor coordination is substantially underpinned by sector strategies across the board as well as by overarching strategies on poverty reduction, sustainable development etc. Montenegrin authorities have re-organised donor coordination and assigned senior government officials to coordinate donor assistance in all critical sectors. The European Agency for Reconstruction (EAR) in Podgorica, participates regularly in coordination meetings with a range of EU and other bilateral donors, including Germany, the Netherlands, Sweden, Austria, France, Greece and the USA. It has also developed a close and fruitful relationship with IFIs - especially the EIB, EBRD and World Bank; and with bilateral FIs such as the German KfW.

EC funded activities, managed by the EAR, have catalysed substantial investment by these institutions in Montenegro's environment and transport infrastructure. The EC programme has, moreover, developed good working relationships with UN agencies, in particular with UNHCR on Refugee and IDP issues, and with UNICEF on child protection matters. It is also working closely with the Council of Europe on public administration reform, and with OSCE on justice, democracy and security issues.



## **2.d Cross cutting issues**

Systematically addressing cross-cutting issues has been a critical starting point in the project programme design. Each project fiche explains how cross-cutting issues shall be mainstreamed. This is essential if gender equality, minorities' inclusion and environmental sustainability are to be properly mainstreamed. Local actors/bodies involved in these issues, including civil society, shall be consulted to assist Montenegrin institutions/organisations in effectively mainstreaming in line with European standards and appropriate practices. A portion of the projects' budgets may be allocated for this purpose.

### ***Equal opportunities and non-discrimination (Gender equality)***

Taking full account of the national framework on equal opportunities/non-discrimination, projects will be based on a consultative process with Montenegro Gender Equality Office which performs expert and coordination tasks related to the implementation of the principle of gender equality / women's rights. Specific attention will be given to ensure that women's needs and interests (including of those facing higher risks: refugees, Roma women, uneducated women, unemployed women, single-mothers, etc.) are addressed throughout projects development and outputs (laws, regulations, policies, etc.) and that activities are organised so as to encourage/facilitate their participation so as to reduce Montenegro high rate of discrimination against women.

### ***Support to Minorities and Vulnerable Groups***

Ensuring inclusion and participation of minorities into development assistance is an important prerequisite for economic growth, equitable prosperity and political stability. Although Montenegro has had a high degree of minority inclusion in government and public administration, implementation (e.g.; education, use of languages, under-representation of minorities in public administration - notably at municipal level, inadequate access to health care, etc.) is lagging behind. Particular attention will be given to ensure that minority/vulnerable groups' specific needs and interests are addressed throughout projects development and that activities are organised so as to encourage/facilitate their participation, with the aim of achieving adequate minority representation reflecting the ethnic diversity of Montenegrin society.

### ***Environmental protection***

The Constitution foresees that the country is to become an "ecological state" and requires that all actors participating in the economic development and reform process enforce strict environmental standards. However, the recent years have seen an environmental degradation which directly affects the quality of life, notably of people living in urban areas and of minorities which are at greater risk of being exposed to environmental hazards. Projects (incl. public procurement) will systematically examine the opportunities to enhance the protection of the environment in Montenegro. In particular, in the sector of infrastructure (transport and energy), measures will be implemented to mitigate any negative environmental impact (based upon conclusions from environmental impact assessments) and to conform to environmental protection laws and standards.

## **2.e Conditions**

The programme includes the following conditions:

- The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order that that EC financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will formally endorse the design and tender documents, including terms of reference.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of the planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

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

| <b>2.f Benchmarks</b>       |      |                    |                    |
|-----------------------------|------|--------------------|--------------------|
|                             | 2008 | 2009<br>cumulative | 2010<br>Cumulative |
| Tenders launched *          | 10   | 20                 | 22                 |
| Call for proposals launched | 1    | 1                  | 1                  |
| Direct award of grant       | 1    | 1                  | 1                  |
| Contracting Rate            | 30%  | 80%                | 100 %              |

\* Number s are indicative. For the purpose of this table twinning calls have been included under "tenders launched"

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| <p><b>2.g Roadmap for the decentralisation of the management of EU funds without <i>ex ante</i> controls by the Commission</b></p> |
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In Montenegro work eventually leading to granting decentralisation with ex-ante controls is at a very preliminary phase.

For the time being, under non-EU multilateral assistance, a checklist was prepared on expected qualifications/results in the preparation and implementation of DIS. It is intended to serve as an indicator for all the future training of the public administration bodies designated to deal with IPA (NIPAC, NF, NAO, CFCU, SPOs, PIUs in line Ministries, audit authority, IPA joint monitoring committee and sector coordinators for the future regional development and human resources components).

Furthermore, a SIGMA mission took place in late June 2007 in order to cover the DIS gap assessment. Following that mission, the National Authorities are expected to make decisions on the organisation and location of all the above mentioned public bodies.

### 3. BUDGET (amounts in € million)

#### 3.1. Indicative budget table

| Priority axes   | EU – IPA assistance  |             |                           | Total Co-financing of Project (indicative) | Total (IPA plus Co-financing) |
|---|----------------------|-------------|---------------------------|--|-------------------------------|
|   | Institution Building | Investment  | Total (IB and INV)        |  |                               |
| <b>I Political requirements</b>   | <b>4.20</b>          | <b>1.80</b> | <b>6.00</b>               | <b>0.60</b>                                | <b>6.60</b>                   |
| 1. Civil society  | 1.00                 | 0.00        | 1.00                      | 0.00                                       | 1.00                          |
| 2. Fight against organised crime and corruption                           | 1.20                 | 1.80        | 3.00                      | 0.60                                       | 3.60                          |
| 3. Judiciary Reform   | 2.00                 | 0.00        | 2.00                      | 0.00                                       | 2.00                          |
| <b>II Socio-economic Requirements</b>                                     | <b>5.05</b>          | <b>4.15</b> | <b>9.20</b>               | <b>17.25</b>                               | <b>26.45</b>                  |
| 4. Support to establishment of a National Qualification Framework         | 1.35                 | 0.15        | 1.50                      | 0.05                                       | 1.55                          |
| 5. Strengthening Transport Sector Management and Infrastructure           | 2.20                 | 4.00        | 6.20                      | 17.20                                      | 23.40                         |
| 6. Energy market approximation  | 1.50                 | 0.00        | 1.50                      | 0.00                                       | 1.50                          |
| <b>III European Standards</b>   | <b>5.80</b>          | <b>1.65</b> | <b>7.45</b>               | <b>0.48</b>                                | <b>7.93</b>                   |
| 7. Legal Harmonisation – Horizontal                                       | 1.10                 | 0.00        | 1.10                      | 0.00                                       | 1.10                          |
| 8. Strengthening of Veterinary services                                   | 1.00                 | 0.40        | 1.40                      | 0.10                                       | 1.50                          |
| 9. Strengthening institutional capacities of statistical office – MONSTAT | 0.80                 | 0.00        | 0.80                      | 0.00                                       | 0.80                          |
| 10. Public procurement system   | 1.10                 | 0.15        | 1.25                      | 0.05                                       | 1.30                          |
| 11. Quality Infrastructure – standardisation and metrology                | 1.00                 | 1.00        | 2.00                      | 0.33                                       | 2.33                          |
| 12. Tax Administration  | 0.80                 | 0.10        | 0.90                      | 0.00                                       | 0.90                          |
| <b>Other</b>  |                      |             |                           |  |                               |
| 13. Technical Assistance and Project Preparation Facility                 |                      |             | 1.22 <sup>3</sup>         |  | 1.22                          |
| <b>TOTAL *</b>  | <b>15.05</b>         | <b>7.60</b> | <b>23.87*<sup>4</sup></b> | <b>18.33</b>                               | <b>42.20</b>                  |

<sup>3</sup> The detailed amount is 1.220.504€

<sup>4</sup> The detailed total amount is 23.870.504€

\* The balance of 3.63M€ between 27.5M€ mentioned in the MIPD 2007-2009 and 23.87€million in the present component I of the National programme, will be committed through separate Financing Agreements.

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

The Community contribution has been calculated in relation to the total eligible expenditure. The rate of the Community contribution amounts to 58.07% of the budget of the programme. Individual grants agreements implementing the projects described in point 2b above will be financed in full by the Commission, in accordance with Art 253, paragraph 1, sub-paragraph d, of the Implementing rules to the Financial Regulation.

Five projects are co-financed by the Montenegrin Central Government Budget and one project by the budget of the Municipality of Podgorica. Of those six co-financed activities, five support investment and one assists institution building.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1 Method of implementation**

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financing Regulation and the corresponding provisions of the Implementing Rules. The implementation of the programme is delegated to the EC Delegation in Montenegro.

### **4.2 General rules for procurement and grant award procedures**

Procurement shall follow the provisions of Part 2, Title IV of the FR and Chapter 3 of Part 2, Title III of its IR as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part 1, Title VI of the FR and Part 1, Title VI of its IR.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website<sup>5</sup> at the date of the initiation of the procurement or grant award procedure.

### **4.3 Implementation Principles for Twinning Projects**

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

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<sup>5</sup> Current address: [http://ec.europa.eu/europeaid/tender/gestion/index\\_en.htm](http://ec.europa.eu/europeaid/tender/gestion/index_en.htm)

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI on grants of Regulation (EC, Euratom) No 1605/2002 and Commission Regulation (EC, Euratom), No 2342/2002<sup>6</sup>. The twinning manual is available on the web site of the Directorate General for Enlargement of the European Commission at the following address:

[http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)

#### **4.4 Environmental Impact Assessment and Nature Conservation**

All investments shall be carried out in compliance with the relevant Community environmental legislation.

Under the terms of the EIA-Directive Annex I (Article 7c), the investment component of Project 6 (construction of the Podgorica Eastern Bypass) does not require an environmental impact assessment as its length is less than 10km. However, such an environmental impact assessment equivalent to that provided for by the EIA-directive has been undertaken in order to comply with the terms of Montenegrin legislation.

### **5. MONITORING AND EVALUATION**

#### **5.1 Monitoring**

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

#### **5.2 Evaluation**

Programmes shall be subject to *ex ante* evaluations, as well as interim and, where relevant, *ex post* evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation<sup>7</sup>, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of *ex ante* and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

### **6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

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

<sup>6</sup> OJ L357, 31.12.2002, p.1

<sup>7</sup> Commission Regulation (EC) No 718/2007 of 12 June 2007 (OJ L 170, 29.6.2006, p.1)

outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96<sup>8</sup>.

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

## **7. LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>9</sup>, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>8</sup> OJ L 292; 15.11.1996; p. 2

<sup>9</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.