

## TWINNING PROJECT FICHE

### List of abbreviations

AA	Audit Authority
BC	Beneficiary Country
BFD	Budget and Funds Department
CFCF	Central Financing and Contracting Department within Ministry of Finance
CV	Curriculum Vitae
DIS	Decentralised Implementation System
EC	European Commission
EU	European Union
EUD	Delegation of the European Union
IPA	Instrument for Pre- accession Assistance
IPARD	IPA Rural Development
IPSAS	International Public Sector Accounting Standards
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi Annual Indicative Planning Document
MoF	Ministry of Finance
MS	Management Structure
NAO	National Authorising Officer
NAOSO	NAO Support Office
NIPAC	National IPA Coordinator
NF	National Fund
NPAA	National Programme for Adoption of Acquis
OS	Operating structure
PL	Project Leader
SAA	Stabilisation and Association Agreement
SIM	System for indirect management
TAIB	Transition Assistance and Institution Building

## **1. Basic information**

**1.1 Publication reference:** EuropeAid/137982/ID/ACT/MK

### **1.2 Programme:**

Instrument for Pre-accession Assistance (IPA) – National Programme for 2012/2013 under IPA Transition Assistance and Institution Building Component (TAIB)

**1.3 Twining number: MK 12 IPA OT 01 16 TWL**

### **1.4 Title:**

Strengthening the capacities of the national authorities for sound and efficient management of EU Funds, as well as in view of the new EU Regulation for the 2014-2020 Financial Perspective

### **1.5 Sector:**

Support and other activities

**Project Fiche 11:** Enhanced capacity for effective management and audit of EU funds

### **1.5 Beneficiary country:**

Beneficiary country<sup>1</sup>

## **2. Objectives**

### **2.1 Overall Objective (s):**

The overall objective is to increase know-how, effectiveness and impact of the national administrations involved in the decentralized/indirect management of EU funds and to increase efficiency during implementation including the swift response to emerging priorities.

### **2.2 Project purpose**

The purpose of this Twinning project is to support the setting up and strengthening the capacity of the management and operating structures (NAO, NF/NAO Support Office, CFCD, Operating Structures) for sound and efficient management of EU Funds, both under the current as well as the new instruments within 2014-2020 Multi-annual Financial Framework.

### **2.3 Contribution to National Development Plan/Cooperation agreement/Association Agreement/Action Plan**

## **LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES**

### **Link with National Strategies**

The project refers to the national strategic priorities identified with the Government Decision for determining the strategic priorities of the Government for 2015 which recognises priorities for sustainable economic growth and competitiveness, higher rate of employment, improvement of living standard and quality of life, as well as integration into NATO and the EU.

### **Programme of the Government for the period 2011-2015**

Becoming an EU member is one of the main political priorities for the country. The Government stands firmly to the commitments for the rule of law, independence of the judiciary, market economy and interethnic tolerance, which are common national and European values and continues to be focused on adopting the EU legislation and its implementation, which is needed not only as a criterion for membership of the country in EU, but also for approximating the European standards and values in the direction of improving the lives of the citizens.

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Asper Financing Agreement concerning the National Programme Transition Assistance and Institution Building – TAIB 2012/2013 from the Instrument for Pre-Accession Assistance under the Transition Assistance and Institution Building Component – entered into force on 2 October 2013.

## **National Programme for Adoption of the Acquis**

The objectives defined and established in the **National Programme for the Adoption of the Acquis** (NPAA) chapter 22 Regional Policy and Coordination of Structural Instruments and Chapter 3.32.2 – Protection of the EU financial interests for assuming the obligations from the EU membership where the importance of the establishment of transparent and accountable administrations is described. In the medium-term period, the Government aims to continue to build the institutional framework and to strengthen the administrative capacities as a preparation for the implementation of the Cohesion Policy of the European Union.

### **Link with MIPD 2011-2013**

At the strategic planning level the Multi-annual Indicative Planning Document (MIPD) is established by the European Commission in close co-operation with the authorities of the beneficiary country covering all five IPA components. The MIPD translates the priorities set out in the Accession Partnership (AP) and Regular Reports into specific areas to be supported by all aid with indicative financial allocations in line with the Multi-annual Indicative Financial Framework (MIFF).

Having this in mind the indicators and priority objectives identified in the MIPD

- This project refers to the strategic objectives and choices of IPA assistance for supporting the institutional structures and administrative capacity in the areas of programming, project preparation, implementation, monitoring, evaluation and financial management and Control of IPA programmes, which need to be further improved.
- The project will contribute towards fulfilment of the MIPD indicator related to the completion of the process of conferral of management for DIS and improved contracting rates of IPA assistance;
- Enhance the capacities of the administration to implement EU pre-accession programmes;
- Accelerate the contracting rates of IPA assistance in comparison to the period 2009-2011.

### **LINK WITH ACCESSION PARTNERSHIP (AP)/EUROPEAN PARTNERSHIP (EP)/STABILISATION AND ASSOCIATION AGREEMENT (SAA)/ANNUAL PROGRESS REPORT**

The project objective is harmonised with the national strategic documents, and in this context, addresses the priorities established in the Accession Partnership, National Programme for adoption of Acquis (NPAA) and Progress report from 2015. In particular, the project is in compliance with the:

The short term priorities from the **Accession Partnership** (Chapter 22) are referring that there is a need to reinforce the establishment of institutional structures and strengthen administrative capacity in the areas of programming, project preparation, monitoring, evaluation and financial management and control, particularly at the level of line ministries, to implement EU pre-accession programmes as a preparation for the implementation of the Community's cohesion policy. The medium term priority is to strengthen at central level and for develop at regional and local level the administrative capacity and to ensure a clear distribution of responsibilities and strengthen capacity of coordination between designated implementing authorities/structures including local authorities. The priorities listed in the Accession Partnership have been selected on the basis that it is realistic to expect that the country can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and its implementation.

The EC **Progress Report** for 2015 states that the country is moderately prepared in the area of regional policy and coordination of structural instruments. The Report states that in the coming year, the country should focus on building the administrative and financing capacity needed for procuring and implementing EU funds properly in timely fashion and addressing shortcomings in the financial management, control and audit system.

Programmes relating to the institutional framework need to be better prepared and implemented. Administrative capacity must be strengthened. Progress in this area is still insufficient. The report

states that even if staff turnover has decreased, a proper policy to encourage staff to stay, including training, must be put in place. Implementation of sector-based programming is slow. All procurement-related processes, from identifying projects to evaluating tenders and contracting, still need major improvement. Systematic follow-up is needed of monitoring and evaluation findings, recommendations, project and programme indicators, and the sustainability of results. Full use needs to be made of the management information system. EU funding needs to be made more visible. Also the Report states that further efforts are needed to strengthen financial management, control and audit (Chapter 32 — Financial control). Systematic monitoring, on-the-spot checks and internal and external audits are needed to prevent irregularities.

The **Stabilisation and Association Agreement (SAA)** notes that the overall objectives of the EU assistance, in the form of institution-building and investment, shall contribute to the democratic, economic and institutional reforms, in line with the Stabilisation and Association process. In this respect, financial assistance may cover all areas of harmonisation of legislation and cooperation policies of the SAA, including Justice and Home Affairs.

The **Indicative Strategy Paper for IPA II of the Beneficiary Country 2014-2020 (Country Strategy Paper)** sets out the priorities for EU financial assistance for the period 2014-2020 to support the Country on its path to accession. The Country Strategy Paper prescribed the overall design of pre-accession assistance to the country in view of the priorities of latest Enlargement Strategy 2013-14, the country's Progress Report, and in consideration of the Government's priorities and the IPA II assistance. Also key strategic priorities with indicative allocation per policy area and sector are prescribed.

**3. Description**

**3.1 Background and justification**

In the period July-December 2009, the national authorities received accreditation for decentralised implementation of IPA Components III, IV and V. In December 2010, the country received the conferral of management powers for decentralised implementation of Component I-Transition Assistance and Institution Building. Component V – Rural Development is the only IPA Component implemented in a decentralised manner without ex-ante controls. IPA Component II – CBC is the only component to be implemented in a centralised manner.

The implementation structure for decentralised management is composed of National Fund and operating structure for IPA Components consisted of following institutions:

<b>Bodies within the Operating Structure for Transition Assistance and Institutional Building Component of IPA</b>
Secretariat for European Affairs (NIPAC Office)
Central Financing and Contracting Department (CFCD)
Respective Line Ministries (14) and other beneficiary institutions (17)

<b>Bodies within the Operating Structure for Regional Development Component of IPA</b>
Central Financing and Contracting Department (CFCD)
Ministry of Transport and Communications
Public Entity for State Roads

Ministry of Environment and Physical Planning
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<b>Bodies within the Operating Structure for Human Resources Development Component of IPA</b>
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Central Financing and Contracting Department (CFCD)
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Ministry of Education and Science
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Ministry of Labour and Social Policy
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<b>Bodies within the Operating Structure for Rural Development Component of IPA</b>
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IPARD Agency
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Managing Authority within the Ministry of Agriculture Forestry and Watereconomy
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The established and accredited structures under DIS (NIPAC, NAO, NF, OSs for respective IPA components, AA) assumed specific responsibilities in line with the requirements of the IPA Implementing Regulation 718/2007. The main objective of the established system is to maximise the use of the available pre-accession funds through sound financial management, as well as prepare for the implementation of EU Structural and Cohesion funds upon EU accession. Currently operational processes have already demonstrated areas where further improvements are needed. Experience with the preparatory works in the process of establishing the decentralised implementation system in the country (with and without ex-ante controls), as well as the ground work with Components I, III, IV and V in the past years, showed that timely planning and implementation capacities were of crucial importance. Having in mind the years of implementation after the conferral decision<sup>2</sup> for IPA Component 1 – Transition assistance and institutional building (TAIB), the experience accumulated in the past programming years pointed out problems to be tackled during the forthcoming period. Also with the introduction of the new sector approach, the long term strategic planning is a pre-requisite for future assistance and improvements. In accordance with Article 7- Structures and authorities of the Commission implementing regulation (EU) no 447/2014, the Management structure is composed of a National Fund and a support office for the NAO in accordance to the Article 10 and ANNEX A of the Framework Agreement for IPA 2.

Thus, better understanding of the new programming rules is needed in order to achieve operational implementation of the foreseen programmes, supported with specific strategic perspectives that require putting the focus on more in-depth analysis of the problems in specific sectors and mid-term planning and financial backing. This is especially relevant with the introduction of the IPA II legislative framework that will have a similar approach. As for identifying operations and project preparation for Components III and IV, the development of a sustainable project pipeline has been identified as a problem and capacities need to be strengthened to deal with project development.

Furthermore, the administrative capacity should be additionally strengthened in order to ensure effective and efficient project/programme implementation, monitoring, evaluation and audit in order to facilitate the decision making process.

Also specific attention should be given to align the existing accounting system of NF and CFCD with the new requirements for the accounting system provided in Annex V to the Financing Agreement - Accrual Based Accounting System Minimum Specification and the specific guidelines provided by the Commission services regarding this manner. The administrative capacity should be additionally strengthened in the field of practical implementation of the applicable IPSAS Standards in order to ensure operating computer based accrual accounting system that provides accurate, complete and

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<sup>2</sup>13 December, 2010 - C(2010) 8834

reliable information in a timely manner.

Finally, specific attention should be given to ensure transparent and visible actions to the general public and specific target groups. Regarding procurement activities, delays have been noted mostly due to the lack of capacities of the Operating Structures to develop good quality tender documents. The multiple checking of the documents requires more time than is available and the rejection rate by the EU Delegation is an indicator to be followed. Limited availability of appropriate experts from the relevant beneficiary ministries, who should actually show ownership of these processes, is an issue that will be tackled by the institutions, and this project will ensure their continuous training and support.

In line with the IPA I regulations, the Operating Structure has a final objective of establishment of a fully decentralised system whereby the Commission's ex-ante approval on project selection, tendering and contracting is waived.

The process of waiving ex-ante controls has been started in 2015 according to the Guidelines for ex-ante controls in procurement, grant award and contracting for IPA programmes under decentralised and Indirect Management by Beneficiary Countries (EC Document Ref. Ares(2014)4180018 - 12/12/2014). Therefore, taking into account the percentage of the files without ex-ante control, the national authorities will need additional support in strengthening the capacities for quality control of the tendering documentation. For the purpose of implementation of IPA II under indirect management, the legal framework was developed in order to align to the IPA II requirements. In fact, the Framework Agreement under the Instrument for Pre-accession Assistance (IPA II) was ratified by the Parliament and new Decree for determination mutual relations between structures and authorities under indirect management was prepared. In addition, new legal designations of the authorities were adopted by the Government. On the basis of the existent Manuals and Agreements, the national authorities made appropriate alignment with the new requirements under IPA II, in order to comply with the internal control framework stated in the Framework Agreement for IPA 2.

According to the abovementioned, the requests for being entrusted with budget implementation tasks were sent for the adopted 2014 Programmes and the Multiannual programmes.

Nevertheless, the process of entrustment is still ongoing and modifications to the existing legal and institutional framework are likely to be needed. In addition, there are programmes according to Country Strategy Paper still to be adopted, for which the legal and institutional framework might differ and adjustments shall be needed. Also, inter-institutional relations and capacities will have to be strengthened to comply with some newly assumed responsibilities. The efficiency and effectiveness of the Operating Structures to implement the programmes by themselves will have to be improved to waive the ex-ante controls.

### **3.2 Linked activities:**

- 1. Title:**Capacity building support for decentralised management of EU funds  
**Project funded by:**EU Programmes – CARDS 2006  
**Duration:**  
**Description:** Support for the development of Decentralised system for management of the IPA Components I, II, III and IV (DIS)
- 2. Title:** Twinning light project for capacity building of the Central Financing and Contracting Department (CFCD) and the National Fund (NF)for management of EU Funds.  
**Project funded by:** EU Programmes - IPA TAIB 2007  
**Duration:** 6 months (2010-2011)  
**Description:**The aim of the project is to increase the expertise and knowledge to both CFCD and National Fund to be able to undertake activities related to tendering, contracting, verification of expenditures and payments, quality assurance of documents, financial management and implementation of internal control standards by respecting the principle of

sound financial management and IPA Accreditation Criteria.

**Project Cost:** 200.000 EUR

3. **Title:** Technical assistance for supporting DIS institutions  
**Project funded by:** EU Programmes - IPA TAIB 2007  
**Duration:** The project was successfully completed at the end of 2011  
**Description:** Project Fiche 1.3 Capacity building for management of EU funds
  
4. **Title:** Establishment of a Management Information System (MIS)  
**Project funded by:** EU Programmes - IPA TAIB 2007  
**Duration:** 21 months (2010-2012)  
**Description:** Supply contract -Delivery, customization, testing, installation and training for setting up a Management Information System (MIS) for decentralised management of contracts under IPA, which will facilitate the timely and smooth implementation of the National Programmes, IPA Components I to IV.  
**Project Cost:** 199.191 EUR
  
5. **Title:** IPA 2008 TA for strengthening the capacity of the institutions to manage and implement the operational programmes  
**Project funded by:** EU Programmes - IPA TAIB 2008  
**Duration:** 22 months (2011-2013)  
**Description:** The project aimed to provide technical assistance to the respective Operating Structures and beneficiaries of EU financed projects in order to further strengthen their capacities vis-a-vis the effective and efficient management of EU financed programmes/projects.  
**Project Cost:** 1.599.710 EUR
  
6. **Title:** 2009 Country Programme interim evaluation of EU pre-accession assistance  
**Project funded by:** EU Programmes - IPA TAIB 2009  
**Duration:** 12 months (2013-2014)  
**Description:** The primary objective of this CPIE is to assist the stakeholders at the IPA TAIB Sectoral Monitoring Committee/CARDS JMC for decision making with a view to improving the implementation of current programmes and the design of future assistance in order to enhance the relevance, efficiency, effectiveness, impact and sustainability of assistance;  
**Project Cost:** 122.785 EUR
  
7. **Title:** IPA Regional CBIB II phase - the current CBIB II project  
**Project funded by:** EU Programmes-IPA  
**Duration:** November 2008 – May 2010  
**Description:** IPA Regional CBIB II phase - the current CBIB II project continued to support both national authorities in the preparation and launching of Calls for Proposals and potential applicants in building up their capacity for successful project preparation and implementation.
  
8. **Title:** Support to NAO/NF for strengthening the supervision role over the management and control system of the Operating Structures for different IPA Components.  
**Project funded by:** EU Programmes - IPA TAIB 2009  
**Duration:** February 2014 - February 2015  
**Description:** The project purpose was to enable NF to execute on the spot controls (Components I, III, IV and V) of the specific projects in order to supervise implementation of different IPA programmes, enable NAO to give a well based Statement of assurance regarding the functioning of the management and control system under different accredited IPA programmes and enable NAO to effectively perform the supervision role over the management and control system.

**Project Cost:** EUR 250,187

In the frame of Operational programme for Regional Development – Priority axis 4, Technical assistance, the Operating Structure received support through the following contracts:

9. **Title:** Technical assistance projects for Support in identification, assessment and selection of eligible projects for IPA Regional development component – part transport and Support in identification, assessment and selection of eligible projects for IPA Regional development component – part environment

**Project funded by:** EU Programmes - IPA RD

**Duration:** Part Transport (10.2010 - 09.2011) and part Environment, (10.2010 - 07.2012)

**Description:**The objective of this sub-operation was to support the OS structure in strengthening its capacities for identification, assessment and selection of eligible projects toward development and maintenance of “ready-for-funding” projects that will secure absorption of the EU funding for regional development in short and longer term period.

**Project Cost:**Part Transport, 106.751 EUR and part Environment, 104.784 EUR.

10. **Title:** Technical assistance for supporting the Operating Structure in implementation of the Operational programme for Regional Development (OPRD) – preparation, organisation and carrying out trainings

**Project funded by:** EU Programmes – IPA RD

**Duration:** 12 months

**Description:**Specific project objective is to train the OS for Regional Development Component, in order to strengthen its administrative capacity and skills to carry out designated tasks directly linked to the management and implementation of IPA funds under the Regional Development Component.

**Project Cost:** 189.905 EUR

In the frame of Operational programme for Human Resources Development – Priority axis 4, Technical assistance, the Operating Structure received support through the following contract:

11. **Title:** Twinning project for EU support on the preparation of the country to manage the European Social Fund through implementation of the Human Resources Development Component of IPA.

**Project funded by:** EU Programmes - IPA HRD

**Duration:** 14 months (2011-2012)

**Description:**The overall objective of the project was to assist and train the OS administration to achieve efficient implementation, monitoring, evaluation, administration and communication of the multi-annual Operational Programme “Human Resources development 2007-2013” and to prepare the country to manage the European Social Fund (ESF).

**Project Cost:** 700.000 EUR

12. **Title:** Twinning light contract for Support to the monitoring and control of the OPHRD funded operations

**Project funded by:**IPA OPHRD

**Duration:** 6 months

**Description:**The purpose of this twinning project is to further strengthen the system/institutional framework and the human capacities within the OS on monitoring and control of operations/projects, in order to ensure efficient and effective implementation of the OP HRD in compliance with the relevant EU and national rules.

**Project Cost:** 250.000 EUR



13. **Title:** Assistance to IPARD Agency for Preparing of Accreditation of “Investments in rural infrastructure“

**Project funded by:** EU Programmes - IPA TAIB

**Duration:** 6 months (December 2014-June 2015)

**Description:** EU-funded Twinning Light Project is implemented by the Agency for Financial Support of Agriculture and Rural Development in cooperation with the Agency of the Republic of Slovenia for Agricultural Markets and Rural Development.

**Project Cost:** 250.000 EUR

### **3.3 Results:**

The project will provide support to NAO, Management structure (National Fund + NAO Support Office), CFCD and Operating Structures for sound and efficient management of EU Funds, both under the current as well as under the new instruments within the 2014-2020 Multi-annual Financial Framework.

The twinning project will be implemented by close co-operation between the partners aiming to achieve the following mandatory results:

**Mandatory result 1:** Enhanced capacity and effectiveness of the administrative structures for decentralized /indirect management of EU funds.

This mandatory result shall be achieved through the achievement of the following intermediary results:

1.1. Improved efficiency and effectiveness of the Operating Structures to implement the EU funded projects;

#### **Measurable indicators:**

- Prepared Report on analysis of the processes for implementation of EU funded projects performed by the Operating Structures, overlapping of controls and identification of main bottlenecks in the management and control system;
- Drafted new tools and mechanism in each of institutions being part of the Operating Structures to improve the efficiency and effectiveness of implementation of the EU funded projects.
- Improved monitoring tools for an overview of the entire project portfolio under DIS/SIM in all phases of implementation;
- Prepared recommendations for the strengthening of the control functions of the Head of Operating Structure over the functioning of the IPA structures being part of the Operating Structures.
- Prepared recommendations for improvement of the efficiency and effectiveness of the Operating Structures in the process of waving of ex ante controls by EUD.
- Prepared Draft amendment of the internal manual of procedures applicable for implementation of IPA 1 for the OS, based on the recommendations in the Report on analysis.
- Prepared Draft amendment of the internal manual of procedures applicable for implementation IPA 2 for the OS, based on the recommendations in the Report on analysis and EC Reports.
- Number of training sessions/workshops executed and staff trained.

1.2. Improved supervision role of the NAO/MS related to the efficiency and effectiveness of functioning of the management and control system for decentralized/indirect management, as well as over the legality and regularity of the financial transactions;

#### **Measurable indicators:**

- Introduced new/improved tools and mechanism at the level of the NAO/MS to exercise supervision role over the efficiency and effectiveness of functioning of the management and control system under decentralized/indirect management, as well as over the legality and regularity of the financial transactions;

- Recommendations for improving the methodology for following the indicators for functioning of the management and control system /development of performance indicators per each institution within OS provided;
- Recommendations provided for improving methodology and reporting lines between the institutions in the process of follow up of implementation of audit recommendations;
- Drafted proposal for overcoming the existing audit findings;
- Prepared methodology for systematization and consolidation of the different NAO monitoring tools addressing the outstanding weaknesses detected in the management and control systems into one single output;
- Recommendations for improving the methodology for verification visit performance over the functioning of the management and control system within OS provided;
- Introduced new/improved tools for monitoring/verification of the implementation of public procurement measures under IPARD;
- Prepared Draft amendment of the internal manual of procedures applicable for implementation IPA 2 for the NAO/MS, based on the recommendations in the Report on analysis and EC Reports

1.3. Improved reporting and communication lines between the different stakeholders under decentralized/indirect implementation of EU funds;

**Measurable indicators:**

- Developed methodology for monitoring of each project/action in different phases of the implementation including identified weaknesses and problems (audit findings, irregularities, delays, risks) related to the project/action;
- Defined distribution tasks and defined communication lines on ex-post verifications and monitoring on achieving the goals of the project and sustainability of finalised projects;
- Written proposal for distribution of tasks and controls regarding the quality check between the bodies constituting the Operating Structure provided;
- Prepared Report with written recommendations for improvement of the communication lines between the different stakeholders under decentralized/indirect implementation.

**Mandatory result 2:** Improved efficiency of the accounting system in MS and CFCD according to the IPSAS standards and to the requirements defined in the Financing Agreements under IPA II, through improving the recording the accounting transactions, reporting, reconciliation, control and correction procedure.

This mandatory result shall be achieved through the achievement of the following intermediary results:

- 2.1 Cost and revenues recognition established according to IPSAS (for works, supply, services, twinning and grants contract);
- 2.2 Improved recording of assets under construction (supply and works contracts);
- 2.3 Improved preparation of the Financial Statements (Statement of Financial Performance, Statement of Financial Position, Statement of expenditure, Cash-Flow Statement and Statement of changes in net assets) according to IFRS;
- 2.4 Improved accrual based accounting system for drawing up payment request and annual financial reports or statements in accordance the new requirements for IPA 2;
- 2.5 Improved functionality of the Management Information System;
- 2.6 Improved Chart of Accounts of MS and CFCD and recording of contingent assets and contingent liabilities.

**Measurable indicators:**

- Prepared analysis report of the existing set up of the existing accounting system;
- Prepared written recommendations provided for improvement of the accounting system, including reporting lines and the software;
- Prepared Draft amendment to the Internal Manuals of procedures and Check-lists, based on the recommendations in the analysis report;
- Number of MS and CFCD staff trained concerning the improved procedures.

**2.1 Activities:****Activities related to mandatory result 1:**

- 1.1 To analyse the processes performed by the Operating Structures, overlapping of controls and to identify the main bottlenecks in the system;
- 1.2 To draft new tools and mechanism in each of the institutions being part of the Operating Structures to improve the efficiency and effectiveness of implementation of the EU funded projects;
- 1.3 To prepare recommendations for strengthening the control function of the Head of OS;
- 1.4 To prepare recommendations for improved functioning of the Operating Structures in the process of waving of ex ante controls by EUD;
- 1.5 To draft amendments of the internal manual of procedures applicable for IPA 1 for the relevant OS, concerning issues identified in the analysis prepared;
- 1.6 To draft amendments of the internal manual of procedures applicable for IPA 2 for the relevant OS, concerning issues identified in the analysis prepared;
- 1.7 To prepare training programme, curricula and training materials and to organise workshops, trainings, on-the-job trainings for transfer of knowledge on the following topics:
- 1.8 Workshop on analyses of overlapping of controls and identification of main bottlenecks in the management and control system. Recommendation and lessons learned from other EU members/candidate members of EU (approximately 30 people from Management structure and OS);
- 1.9 Training on risk methodology for selection of projects/actions to be checked on the spot by NAO/MS, CFCD and IPA structures, avoiding overlapping of checks by different bodies and the way of performing on the spot visit. Training through performing joint on the spot control with all relevant actors. (approximately 20 people);
- 1.10 To organise a study visit for NAO/MS and OS employees (5 days for indicatively 10 persons - 5 MS employees and 5 OS employees). The objective of the study visit will be to get acquainted with the best practices in similar institutions in relevant EU Member State or candidate country dealing with EU funds. The study visits will be useful for ensuring networking with the representatives of the national institutions of the Twinning partners, to see how the established systems, procedures and processes work in practice, established controls, as well as encountered specific problems during implementation IPA funds including IPARD measures implemented under public procurement rules;
- 1.11 To support and assist NAO/MS in performing the supervision role related to the efficiency and effectiveness of functioning of the management and control system for decentralized/indirect management without ex-ante controls, as well as over the legality and regularity of the financial transactions;
- 1.12 To propose introduction of new or improved tools and mechanism at the level of the NAO/MS to exercise supervision role over the efficiency and effectiveness of functioning of the management and control system under decentralized/indirect management, as well as over the legality and regularity of the financial transactions;

- 1.13 To analyse the existing methodology for establishing and following indicators for functioning of the management and control system and further develop/ the performance indicators per each institution within OS;
- 1.14 To assess the existing methodology and reporting lines between the institutions in the process of follow up of implementation of audit recommendation and to provide written recommendations for their improvement;
- 1.15 To analyse the existing audit findings and to provide ongoing support with written proposal for their overcoming.
- 1.16 To prepare methodology for systematization and consolidation of the different NAO monitoring tools addressing the outstanding weaknesses detected in the management and control systems into one single output;
- 1.17 To assess the existing methodology and reporting lines between the institutions in the process of follow up of implementation of verification visit performance over the functioning of the management and control system within OS;
- 1.18 To prepare/improve the tools for monitoring/verification of the implementation of public procurement measures under IPARD;
- 1.19 To draft amendments of the internal manual of procedures applicable for IPA 2 for the NAO/MS, based on the recommendations in the Report on analysis and EC Reports;
- 1.20 To develop methodology for monitoring of each project/action in different phases of the implementation including identified weaknesses and problems (audit findings, irregularities, delays, risks) related to the project/action;
- 1.21 To define distribution tasks and communication lines on ex-post verifications and monitoring on achieving the goals of the project and sustainability of finalised projects;
- 1.22 To prepare written proposal for distribution of tasks and controls regarding the quality check between the bodies constituting the Operating Structure;
- 1.23 To analyse and assess the communication lines between the different stakeholders under decentralized/indirect implementation and to prepare Report with written recommendations for their improvement.

#### **Activities related to mandatory result 2:**

Activities related to mandatory result 2:

- 2.7 To analyse the existing set up of the accounting system;
- 2.8 To analyse the functioning of the software for accounting;
- 2.9 To prepare written recommendations for improving the existing set up of the accounting system including the reporting lines, based of MS best practices;
- 2.10 To prepare written recommendations concerning the software, based of MS best practices;
- 2.11 To draft amendments of the internal manual of procedures and Check-lists, based on the issues identified in the analysis reports prepared;
- 2.12 To assist the fulfillment of reports that are defined in the Financing Agreements under IPA II
- 2.13 To prepare training programme, curricula and training materials and to organize workshops, trainings, on-the-job trainings for the improved procedures;
- 2.14 To assess the existing accrual based accounting system for drawing up payment request and annual financial reports or statements and to provide written recommendations for its improvement in accordance the new requirements for IPA 2;

- 2.15 Training on NF/CFCD staff in practical implementation on IPSAS Standards and requirements for establishment of the accrual based accounting, annual financial reports or statements, system verification and giving assurance on legality and regularity of underlying transactions for IPA 2 (approximately 10 people);
- 2.16 To organise study visit for NF and CFCD for exchange of knowledge and best practices concerning the accounting system, recognition of costs, financial statements, functioning of the software and other relevant processes (5 days for indicatively 10 persons - 5 MS employees and 5 CFCD employees).

## **2.2 Means/input from the Member State Partner Administration:**

The Project Leader from the Member State must be a high-ranking public servant of a Member State administration or equivalent staff, but preferable the Head of a body dealing with management of EU funds of the Member State, with relevant work experience of at least 5 years. The Member State Project Leader will manage the implementation of the project with the Project Leader from the Beneficiary Country. The Project Leader will ensure his/her ability to mobilise the necessary staff in support of the efficient implementation of the project. In addition, he/she should coordinate, on the Member State side, the Project Steering Committee (PSC).

The Member State Project Leader will continue to work at his/her Member State administration but will devote some of his/her time to conceive, supervise and co-ordinate the overall thrust of the Twinning Project, and ensure the attainment of the projected outputs. The Project Leader is fully responsible for co-ordination of the work of the experts.

As a minimum, the Project Leader should be able to dedicate to the project at least 3 days per month, with at least 3 on-site visits. He/she will be supported by his/her Member State administration for logistics, accounting and administrative affairs.

### **Profile of Project Leader - Requirements:**

- At least a University degree<sup>3</sup> preferably in the area of public administration, law, economics or other areas relevant to the project or equivalent professional experience of 10 years in public administration;
- Be a high-ranking public servant of a Member State administration or equivalent staff;
- At least 5 years of relevant experience in the field of implementing EU legislation in the area of EU Funds management;
- Experience in implementation of EU funded projects would be considered as an asset;
- Fluent written and spoken English.

### **Tasks of the Project Leader**

- Coordinate and monitor the overall implementation of the project with the Beneficiary Country Project Leader;
- Co-ordinate Member State experts' work and availability;
- Communicate with the beneficiary, NAO/MS and relevant Operating Structures;
- Ensure the backstopping functions and financial management;
- Co-chair, with the Beneficiary Country Project Leader, the regular Steering Committee meetings;
- Preparation of start up and final report; and
- Guarantee the achievement of mandatory results from the Member State administration side.

### **Profile and tasks of the Short-Term Experts (STEs)**

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<sup>5</sup> For reference on equivalent qualification see: EPSO website-Annex 1 (europa.eu/epso/doc/diplomes-fortheweb\_en.pdf)

Other specialist staff will be made available by the Twinning Light Partner to support the implementation of activities. The proposed pool of short-term experts is expected to cover all relevant areas targeted under this project.

**Profile of the short-term experts–Requirements:**

- University degree<sup>4</sup> preferably in public administration, economics, law or another field relevant to the project or equivalent professional experience of 10 years in public administration;
- Be civil servants or equivalent staff seconded to work within departments/units dealing with management of EU funds;
- At least 3 years of working experience in the field of implementing EU legislation in the areas of expertise which the STEs are expected to cover (indicative list is included below);
- Fluency in English.

**Tasks of the short-term experts**

- Prepare and implement specific tasks in accordance with project activities, based mainly on practical cases and experience;
- Close cooperation with relevant institutions during implementation of project activities;
- Transferring knowledge and skills, exchange of experiences and best practices examples in the area of implementation of EU funds to the Management structure and relevant operating structures institutions' staff;
- contribute to the project reporting, contribute to the draft notes and other documents and report on their missions;
- address cross-cutting issues.

**Short-Term experts will cover the following areas of expertise (non exhaustive):**

- Application of the EU legislation in the field of implementation of the general budget of the European Communities;
- Management of EU funds and implementation of EU programmes;
- Implementation of EU Rural Development instruments;
- Fight against fraud and irregularities of EU funds;
- Communication and coordination with OLAF.

### **3 Institutional Framework:**

#### **4.1 Beneficiary institutions**

The key beneficiary institutions will be the National Authorising Officer (NAO) and Management Structure (NAO Support Office and NF), CFCD, Operating structures.

NAO in accordance to the Article 25 of IPA Implementing Regulation 718/2007, the National Authorising Officer is a high-ranking official appointed by the Government heading the National Fund.

NAO is responsible for the financial management of EU funds, including (the supervision of) the procurement of services, supplies, grants and works in the context of EU-funded projects, as well as payments and financial reporting. NAO is also responsible for the effective functioning of management and control systems under IPA Regulation.

To fulfill the above roles and responsibilities NAO is supported by a complex implementation structure composed of MS and Operating Structures.

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<sup>4</sup>For reference on equivalent qualification see: EPSO website-Annex 1 (europa.eu/epso/doc/diplomes-fortheweb\_en.pdf)

**NATIONAL FUND** in accordance to the Article 26 of IPA Implementing Regulation 718/2007, NF is under the authority of NAO as sole central treasury entity through which Community pre-accession funds are channelled and is responsible for sound financial management of assistance under IPA Implementing Regulation 718/2007. National Fund shall in particular be in charge of organising the bank accounts, requesting funds from the Commission, authorising the transfer of funds received from the Commission to the operating structures or to the final beneficiaries, and the financial reporting to the Commission.

**CFCD** is a central body within the OS for the IPA components I, III and IV components. The CFCD is solely in charge of the tendering, contracting and payment concerning contracts under these IPA components.

The CFCD operates in close co-operation with the Senior Programme Officers (SPOs)/ IPA Coordinators within the Line Ministries (LMs) and/or other governmental agencies / units /final beneficiaries of the EU-funded projects, comprising the accredited Operating Structures for IPA components I, III and IV.

The CFCD also works closely together with the NF especially in terms of cash flow forecasting, requests for funds and financial reporting.

**Management structure** – in accordance with article 7- Structures and authorities of the Commission implementing regulation (EU) no 447/2014, the management structure is composed of a National Fund and a support office for the NAO in accordance to the Article 10 and ANNEX A of the Framework Agreement for IPA 2ANNEX A.

**The Operating structure** in accordance with article 10 of the Commission implementing regulation (EU) no 447/2014, the OS shall be responsible for the implementation, information and visibility, monitoring and reporting on programmes, and evaluation thereof whenever relevant, in accordance with the principles of sound financial management and for ensuring the legality and regularity of expenditures incurred in the implementation of programmes under its responsibility.

#### 4.2 Co-ordination mechanisms between institutions

A Project Steering Committee (PSC) will be established at the beginning of the project to monitor the implementation of the project. It will be comprised of senior representatives: the Beneficiary Country Project Leader, the Member State Project Leader, other representatives from MS and Beneficiary Country, the representatives from the Delegation of the European Union, CFCD as Contracting Authority and Senior Programme Officer. The final and exact composition of the PSC will be agreed with the Contracting Authority during the project start-up. Any other observer to the PSC should be approved by the Contracting Authority.

Member State and BC Twinning Light Partners will arrange regular and ad-hoc coordination and information exchange meetings with other stakeholders, as necessary.

It should be noted that the participation of the Member State Project Leader in Steering Committee meetings has to be combined with the expert mission in case the MS Project Leader is also a short-term expert in the twinning light project. If the Member State Project Leader is not a short-term expert in the twinning light project then his/her visits to the Beneficiary country, (one visit every three months) as part of his/her overall task to ensure coordination and political steering of the project should be organised at the same time as the two Steering Committee meetings of the project and the Kick-off Meeting. As a minimum, the project Leader should be able to dedicate to the project at least 3 days per month, with at least 3 on-site visits.

The Steering Committee meetings are called and chaired by the Project leaders. The PSC will monitor, supervise and co-ordinate the overall progress and implementation of the project. The PSC will provide guidance for the different activities of the project, will define priorities, approve and monitor budgets and approve the results.

The following Steering Committee meetings shall be held during the project implementation:

- Kick-off Meeting at the project's start.
- Steering Committee meeting during the 3<sup>rd</sup> month of implementation, to discuss and approve the start-up report
- Final Steering Committee meeting, to discuss and approve the Final Report within the last month of the project's legal duration.

#### 4.3 Reporting requirements as per Art 6.4 of the Twinning Manual

The twinning partner shall submit the following reports, following the templates of the latest Common Twinning Manual:

- **Start-up Report** covering the first two months of the contract and submitted during the first week of the third month, which should:
  - Clearly define the aims and purpose of the aid provided by the project;
  - Give detailed description of the content of particular parts of the project;
  - Work out in detail the activities conducted and the results achieved;
  - Work out in detail all modifications agreed with the beneficiary institution;
  - Review difficulties met during the implementation of the project and measures that were undertaken for their removal;
  - Provide all findings obtained in the meanwhile and preliminary conclusions; and
  - Contain a general plan of activities for the implementation of the remaining duration of the project.
- **Draft Final Report** shall be submitted within one month upon the completion of the project activities and in any case within the legal duration of the project, and should contain the following:
  - Complete review of all activities conducted by Member State experts during the implementation of the project;
  - Achieved progress concerning each activity;
  - Summary of all project results, with particular emphasis on mandatory results;
  - Estimation of the project impact compared with the project aims and measures of the achieved progress;
  - Identification of all important problems met during the implementation of the contract and solutions that have been applied;
  - Lessons drawn from the project; and
  - Recommendations for further steps in future projects.
- **Final Report** shall be submitted within three months upon the completion of the project activities and in any case within the legal duration of the project.

In addition to these formal reporting stages, the twinning partners are obliged to inform in writing the Contracting Authority and the SC, as well as the final beneficiary, of the action of any critical aspects or conditions of project implementation, or any amendments/ modifications necessary within the budget.

All reports must be produced in English. **These reports shall be signed by both Member State and Beneficiary Country Project Leaders, and be submitted to the Contracting Authority.** Each report must be presented in electronic format and 4 hard copies one week prior to the Steering Committee meetings to the relevant participants. The final versions should incorporate any comments and discussions during the Steering Committee meetings.

Start-up Report and Final Report are subject of approval by the Contracting Authority.

## 5 Budget

The project will be implemented through a Twinning Light Contract estimated at a maximum of EUR 250,000 (out of which 95% IPA funds and 5% National co-financing) and its maximum duration



(implementation of twinning activities) is limited to **6 months**. This duration is supplemented by the standard 3 months execution period foreseen for inception and reporting (see Article 2 of the general Conditions for Grants, Annex A2 to the Twinning contract).

Twinning Contract	Total (EUR)	IPA Community contribution		National Public contribution	
	250,000	EUR	%	EUR	%
		237,500	95	12,500	5

*The co-financing requirement foreseen under IPA will be considered fulfilled according to the provision of the relevant Financing Agreement*

The financial rules applicable to ‘Twinning Light’ are the same as those for standard Twinning, except that:

- a) Equipment and private sector services (other than translation and interpretation where necessary) are not eligible for funding;
- b) Preparatory costs are not eligible for funding;
- c) Project assistants are not eligible for funding;

In addition to the IPA and National co-financing as part of the Twinning Contract amount, as a rule, all twinning contracts must provide additional co-financing on the side of the Beneficiary Institution, for the purpose of covering costs not covered under the project budget as per Twinning manual, point 5.13, as follows:

- Direct and indirect cost of the Beneficiary administration working for the project;
- Travel by the beneficiary officials from their capitals to a Member State or between Member States;
- Organisation of seminars/workshops/trainings (incl. venue, printing seminar materials and other logistical support.)

The following expenses are to be covered with the project funds:

- Visibility cost;
- Audit certificate cost
- Per diems and incidental costs for the study visit.

The project will be located in the premises of the Ministry of Finance. The Ministry of Finance will ensure appropriate facilities and basic equipment for the work of the experts. This includes administrative support, office space, computers, telephone and fax and other necessary facilities. This contribution should also include logistical support for various training activities, including selection of trainees (in consultation with the Member State /Mandatory body experts), as well as providing the Member State/Mandatory body experts with the documents and information necessary for project implementation.

The twinning partner (project beneficiary) shall provide all available assistance to solve unforeseen problems that the Member State/Mandatory body twinning partner(s) might face.

## **6 Implementation Arrangements**

### **6.1 Implementing Agency responsible for tendering, contracting and accounting**

The Central Financing and Contracting Department (CFCD) will act as a Contracting Authority for the project, which will be responsible for all aspects for the project's tendering, contracting and payments.

The contact person on behalf of the CFCD is:

**Ms. Radica Koceva**

Head of Central Financing and Contracting Department  
Ministry of Finance

### **6.2 Main counterpart in the BC:**

**Senior Programme Officer:**

Mr. Andrija Aleksoski  
Head of EU Department/Senior Programme Officer  
Ministry of Finance

**Ministry of Finance**

The following persons will be counterparts of the key personnel of the Member State Partner Administration:

**BC Project Leader will be:**

Mr. Fatmir Ademi  
Head of IPA Funds Management Department – Management Structure  
Ministry of Finance

**BC Contact person will be:**

Mr. Vlado Karamanolevski  
Advisor in NAO support office  
Ministry of Finance

**6.3 Contracts:**

One Twinning Light Contract is foreseen for the implementation of the above mentioned activities, in an amount of EUR 250 000.

**7 Implementation Schedule (indicative)**

**7.1 Launching of the call for proposals:** March 2016

**7.2 Start of project activities:** tentatively July 2016

**7.3 Project completion:** The project implementation period is 6 months after the commencement date of the Project.

**7.4 Duration of the execution period:**

The overall execution period of the Twinning light project is 6 months for implementation of the action. This duration is increased by the standard 3 months for starting up and closure of activities.

**8 Sustainability**

The main contribution of this project will be the strengthening of the administrative structures for implementation of EU funds established in beneficiary country, through different types and approaches of coaching, trainings, on-the-job trainings, workshops, participation on regional, bilateral and multilateral meetings between EU Member state's representatives, potential and candidate county representatives for sharing and exchanging of information and lessons learned, cooperation with consultants and experts will contribute to enhancing and strengthening of the capacity of the staff, in terms of increased effectiveness and efficiency.

**9 Crosscutting issues****9.1 Civil Society**

In compliance with the provisions of the IPA Implementing Regulation, the civil society will be involved through the mainstreaming mechanism developed.

## **9.2 Equal Opportunity**

Twinning partners will be expected to comply with EU Equal Opportunity and non-discrimination policies. In view of the specific sector, it is not expected that the gender aspects will be of prime relevance for the outputs of this project.

## **9.3 Environmental considerations**

Any ecological friendly initiative which can be taken will have to be implemented.

## **9.4 Minority and vulnerable groups**

The twinning partners in the formulation of the proposal and the implementation the contract shall ensure respect of the Ohrid Framework Agreement, and “Race directive” 2000 (200/43/EC of 29 June), which has an important impact on employment (incl. vocational training, working conditions, social protection etc.) and is also a crucial aspect of the acquis.

Equal representation of minorities and vulnerable groups will be the guaranteed project principle. The institutions involved in the project execution will observe equal opportunity for all citizens regardless of their ethnic, religious background or other type of social risk they face, in the sphere of human resources development.

## **9.5 Good governance, with particular attention to fight against corruption**

The Government is strongly determined to fulfil all criteria needed for EU accession and membership, and all the necessary actions are being taken to reach the aim. Through transparent policies and involvement of different stakeholders in the process of policy design the accountability and responsiveness vis-a-vis the citizens will be being strengthened.

## **9.6 Communication and publicity**

All requirements to ensure the visibility of EU financing will be fulfilled in accordance with R. (EC). N. 718/2007<sup>5</sup>.

## **10 Conditionality and sequencing**

### **10.1 Conditionality**

- Continuous commitment of the BC to EU accession and provision of sufficient resources to support management of EU programmes/ projects.
- The beneficiary institutions are bound to provide the project partner with adequate staff and other resources to operate effectively.
- Full commitment and participation of the senior management of the beneficiary institutions in the twinning light project. Senior management must be fully involved in the development and implementation of the policies and institutional change required to deliver the project results.

### **10.2 Sequencing**

- N/A

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<sup>5</sup> See Article 62 and 63 of R. (EC). N. 718/2007

ANNEX 1: Logical framework matrix in standard format

<b>LOGFRAME PLANNING MATRIX</b>	Programnameandnumber		
	<b>Strengthening the capacities of the national authorities for sound and efficient management of EU Funds, as well as in view of the new EU Regulation for the 2014-2020 Financial Perspective</b>		
		Total budget: € 250,000	IPA budget: € 237,500

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>
The overall objective is to increase know-how, effectiveness and impact of the national administrations involved in the decentralized/indirect management of EU funds and to increase efficiency during implementation including the swift response to emerging priorities.	Further progress made in preparations of the country in the area of regional policy and coordination of structural instruments.	EC Progress Report and other reports

<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
The purpose of this Twinning project is to support the setting up and strengthening the capacity of the management and operating structures (NAO, NF/NAO Support Office, CFCD, Operating Structures) for sound and efficient management of EU Funds, both under the current as well as the new instruments within 2014-2020 Multi-annual Financial Framework.			- Continued commitment from national authorities to the EU Accession process; - Availability and motivation of appropriate EU Member State and BC staff for cooperation and involvement.
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Mandatory result 1:</b> Enhanced capacity and effectiveness of the administrative structures for decentralized /indirect management of EU funds.  1.1. Improved efficiency and effectiveness of the Operating Structures to implement the EU funded projects;  1.2. Improved supervision role of the NAO/MS related to the efficiency and effectiveness of functioning of the management and control system for decentralized/indirect management, as well as over the legality and regularity of the financial transactions;	<b>Mandatory result 1:</b> <ul style="list-style-type: none"><li>Prepared Report on analysis of the processes for implementation of EU funded projects performed by the Operating Structures, overlapping of controls and identification of main bottlenecks in the management and control system;</li><li>Drafted new tools and mechanism in each of institutions being part</li></ul>	Documents produced and delivered to the beneficiary; Monthly Progress Reports; Training materials and attendance lists.	- Continued commitment from national authorities to the EU Accession process; - Availability and motivation of appropriate EU Member State and BC staff for cooperation and participation in project activities; - Continuing commitment of BC staff and management in the process; - Respective authorities and institutions have sufficient capacities and are willing to cooperate on the issues linked with implementation;

<p>1.3. Improved reporting and communication lines between the different stakeholders under decentralized/indirect implementation of EU funds;</p> <p><b>Mandatory result 2:</b> : Improved efficiency of the accounting system in MS and CFCD according to the IPSAS standards and to the requirements defined in the Financing Agreements under IPA II, through improving the recording the accounting transactions, reporting, reconciliation, control and correction procedure.</p> <p>2.1 Cost and revenues recognition established according to IPSAS (for works, supply, services, twinning and grants contract);</p> <p>2.2 Improved recording of assets under construction (supply and works contracts);</p> <p>2.3 Improved preparation of the Financial Statements (Statement of Financial Performance, Statement of Financial Position, Statement of expenditure, Cash-Flow Statement and Statement of changes in net assets) according to IFRS;</p> <p>2.4 Improved accrual based accounting system for drawing up payment request and annual financial reports or statements in accordance the new requirements for IPA 2;</p> <p>2.5 Improved functionality of the Management Information System;</p> <p>2.6 Improved Chart of Accounts of MS and CFCD and recording of contingent assets and contingent liabilities.</p>	<p>of the Operating Structures to improve the efficiency and effectiveness of implementation of the EU funded projects.</p> <ul style="list-style-type: none"> <li>• Improved monitoring tools for an overview of the entire project portfolio under DIS/SIM in all phases of implementation;</li> <li>• Prepared recommendations for the strengthening of the control functions of the Head of Operating Structure over the functioning of the IPA structures being part of the Operating Structures.</li> <li>• Prepared recommendations for improvement of the efficiency and effectiveness of the Operating Structures in the process of waving of ex ante controls by EUD.</li> <li>• Prepared Draft amendment of the internal manual of procedures applicable for implementation of IPA 1 for the OS, based on the recommendations in the Report on analysis.</li> <li>• Prepared Draft amendment of the internal manual of procedures applicable for implementation IPA 2 forthe OS, based on the recommendations in the Report on analysis and EC Reports.</li> <li>• Number of training sessions/workshops executed and staff trained.</li> <li>• Introduced new/improved tools and mechanism at the level of the NAO/MS to exercise supervision role over the efficiency and effectiveness of functioning of the management and control system under decentralized/indirect management, as well as over the legality and regularity of the financial transactions;</li> <li>• Recommendations for improving</li> </ul>		
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	<p>the methodology for following the indicators for functioning of the management and control system /development of performance indicators per each institution within OS provided;</p> <ul style="list-style-type: none"> <li>• Recommendations provided for improving methodology and reporting lines between the institutions in the process of follow up of implementation of audit recommendations;</li> <li>• Drafted proposal for overcoming the existing audit findings;</li> <li>• Prepared methodology for systematization and consolidation of the different NAO monitoring tools addressing the outstanding weaknesses detected in the management and control systems into one single output;</li> <li>• Recommendations for improving the methodology for verification visit performance over the functioning of the management and control system within OS provided;</li> <li>• Introduced new/improved tools for monitoring/verification of the implementation of public procurement measures under IPARD;</li> <li>• Prepared Draft amendment of the internal manual of procedures applicable for implementation IPA 2 for the NAO/MS, based on the recommendations in the Report on analysis and EC Reports</li> <li>• Developed methodology for monitoring of each project/action in different phases of the implementation including identified weaknesses and problems (audit findings, irregularities, delays, risks) related to the project/action;</li> <li>• Defined distribution tasks and</li> </ul>		
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	<p>defined communication lines on ex-post verifications and monitoring on achieving the goals of the project and sustainability of finalised projects;</p> <ul style="list-style-type: none"> <li>• Written proposal for distribution of tasks and controls regarding the quality check between the bodies constituting the Operating Structure provided;</li> <li>• Prepared Report with written recommendations for improvement of the communication lines between the different stakeholders under decentralized/indirect implementation.</li> </ul> <p><b>Mandatory result 2:</b></p> <ul style="list-style-type: none"> <li>• Prepared analysis report of the existing set up of the accounting system and written recommendations provided for its improvement, including reporting lines and the software</li> <li>• Prepared Draft amendment to the Internal Manuals of procedures and Check-lists, based on the recommendations in the analysis report.</li> <li>• Number of training sessions/workshops executed and staff trained.</li> </ul>		
<b>Activities</b>	<b>Means</b>	<b>Specification of costs</b>	<b>Assumptions</b>
<p><b>Activities related to mandatory result 1:</b></p> <p>1.1 To analyse the processes performed by the Operating Structures, overlapping of controls and to identify the main bottlenecks in the system;</p> <p>1.2 To draft new tools and mechanism in each of the institutions being part of the Operating Structures to improve the efficiency and effectiveness of implementation of the EU funded projects;</p> <p>1.3 To prepare recommendations for strengthening the control function of the Head of OS;</p> <p>1.4 To prepare recommendations for improved functioning of the Operating Structures in the process of waving of ex ante controls by EUD;</p> <p>1.5 To draft amendments of the internal manual of procedures applicable for</p>	<p>Twinning light contract</p> <p>Member State twinning partner input:</p> <ul style="list-style-type: none"> <li>• 1 Member State Project Leader,</li> <li>• Pool of short-term experts.</li> </ul> <p>BC partner input:</p> <ul style="list-style-type: none"> <li>• 1 BC Project Leader;</li> <li>• BC contact person;</li> <li>• Beneficiaries' staff</li> <li>• Facilities and equipment for organizing training events;</li> <li>• Costs for travel by the beneficiary officials from their capitals to a Member State or</li> </ul>	<p>EUR 250.000</p>	<ul style="list-style-type: none"> <li>• Appropriate EU Member State expertise is available;</li> <li>• Beneficiary institutions can make (qualified) staff available to participate actively and contribute in project activities.</li> </ul>

<p>IPA 1 for the relevant OS, concerning issues identified in the analysis prepared;</p> <p>1.6 To draft amendments of the internal manual of procedures applicable for IPA 2 for the relevant OS, concerning issues identified in the analysis prepared;</p> <p>1.7 To prepare training programme, curricula and training materials and to organise workshops, trainings, on-the-job trainings for transfer of knowledge on the following topics:</p> <p>1.8 Workshop on analyses of overlapping of controls and identification of main bottlenecks in the management and control system. Recommendation and lessons learned from other EU members/candidate members of EU (approximately 30 people from Management structure and OS);</p> <p>1.9 Training on risk methodology for selection of projects/actions to be checked on the spot by NAO/MS, CFCD and IPA structures, avoiding overlapping of checks by different bodies and the way of performing on the spot visit. Training through performing joint on the spot control with all relevant actors. (approximately 20 people):</p> <p>1.10 To organise a study visit for NAO/MS and OS employees (5 days for indicatively 10 persons - 5 MS employees and 5 OS employees). The objective of the study visit will be to get acquainted with the best practices in similar institutions in relevant EU Member State or candidate country dealing with EU funds. The study visits will be useful for ensuring networking with the representatives of the national institutions of the Twinning partners, building mutual trust among the administrations as well as to see how the established systems, procedures and processes work in practice, established controls, as well as encountered specific problems during implementation IPA funds including IPARD measures implemented under public procurement rules;</p> <p>1.11 To support and assist NAO/MS in performing the supervision role related to the efficiency and effectiveness of functioning of the management and control system for decentralized/indirect management without ex-ante controls, as well as over the legality and regularity of the financial transactions;</p> <p>1.12 To propose introduction of new or improved tools and mechanism at the level of the NAO/MS to exercise supervision role over the efficiency and effectiveness of functioning of the management and control system under decentralized/indirect management, as well as over the legality and regularity of the financial transactions;</p> <p>1.13 To analyse the existing methodology for establishing and following indicators for functioning of the management and control system and</p>	<p>between Member States;</p> <ul style="list-style-type: none"> <li>• Direct and indirect cost of the Beneficiary administration working for the project.</li> </ul>		
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<p>further develop/ the performance indicators per each institution within OS;</p> <p>1.14 To assess the existing methodology and reporting lines between the institutions in the process of follow up of implementation of audit recommendation and to provide written recommendations for their improvement;</p> <p>1.15 To analyse the existing audit findings and to provide ongoing support with written proposal for their overcoming.</p> <p>1.16 To prepare methodology for systematization and consolidation of the different NAO monitoring tools addressing the outstanding weaknesses detected in the management and control systems into one single output;</p> <p>1.17 To assess the existing methodology and reporting lines between the institutions in the process of follow up of implementation of verification visit performance over the functioning of the management and control system within OS;</p> <p>1.18 To prepare/improve the tools for monitoring/verification of the implementation of public procurement measures under IPARD;</p> <p>1.19 To draft amendments of the internal manual of procedures applicable for IPA 2 for the NAO/MS, based on the recommendations in the Report on analysis and EC Reports;</p> <p>1.20 To develop methodology for monitoring of each project/action in different phases of the implementation including identified weaknesses and problems (audit findings, irregularities, delays, risks) related to the project/action;</p> <p>1.21 To define distribution tasks and communication lines on ex-post verifications and monitoring on achieving the goals of the project and sustainability of finalised projects;</p> <p>1.22 To prepare written proposal for distribution of tasks and controls regarding the quality check between the bodies constituting the Operating Structure;</p> <p>1.23 To analyse and assess the communication lines between the different stakeholders under decentralized/indirect implementation and to prepare Report with written recommendations for their improvement.</p> <p><b>Activities related to mandatory result 2:</b></p> <p>2.7 To analyse the existing set up of the accounting system;</p> <p>2.8 To analyse the functioning of the software for accounting;</p>			
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<p>2.9 To prepare written recommendations for improving the existing set up of the accounting system including the reporting lines, based of MS best practices;</p> <p>2.10 To prepare written recommendations concerning the software, based of MS best practices;</p> <p>2.11 To draft amendments of the internal manual of procedures and Check-lists, based on the issues identified in the analysis reports prepared;</p> <p>2.12 To assist the fulfillment of reports that are defined in the Financing Agreements under IPA II</p> <p>2.13 To prepare training programme, curricula and training materials and to organize workshops, trainings, on-the-job trainings for the improved procedures;</p> <p>2.14 To assess the existing accrual based accounting system for drawing up payment request and annual financial reports or statements and to provide written recommendations for its improvement in accordance the new requirements for IPA 2;</p> <p>2.15 Training on NF/CFCD staff in practical implementation on IPSAS Standards and requirements for establishment of the accrual based accounting, annual financial reports or statements, system verification and giving assurance on legality and regularity of underlying transactions for IPA 2 (approximately 10 people);</p> <p>2.16 To organise study visit for NF and CFCD for exchange of knowledge and best practices concerning the accounting system, recognition of costs, financial statements, functioning of the software and other relevant processes (5 days for indicatively 10 persons - 5 MS employees and 5 CFCD employees).</p>			
<p><b>Preconditions:</b></p> <ul style="list-style-type: none"> <li>• Continuous commitment of the BC to EU accession and provision of sufficient resources to support management of EU programmes/projects.</li> <li>• The beneficiary institutions are bound to provide the project partner with adequate staff and other resources to operate effectively.</li> <li>• Full commitment and participation of the senior management of the beneficiary institutions in the twinning light project. Senior management must be fully involved in the development and implementation of the policies and institutional change required to deliver the project results.</li> </ul>			