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EUROPEAN COMMISSION

Brussels, 04.10.2010  
C(2010)6948 final

**COMMISSION DECISION**

**C(2010)6948 of 04.10.2010**

**adopting the revised “Cross-border programme Serbia – Bosnia and Herzegovina”  
under the IPA-Cross-border Co-operation component, for the years 2010–2011**

## COMMISSION DECISION

**C(2010)6948 of 04.10.2010**

**adopting the revised "Cross-border programme Serbia – Bosnia and Herzegovina" under the IPA-Cross-border Co-operation component, for the years 2010–2011**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate countries and potential candidates.
- (2) In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes, which can be established by country, by group of countries or by component. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning documents referred to in Article 6 of that Regulation.
- (3) The Council has established a European Partnership for Serbia<sup>2</sup> and a European Partnership for Bosnia and Herzegovina<sup>3</sup>. On 9 June 2009 the Commission has adopted the Multi-annual Indicative Planning Document 2009–2011 for Serbia and on 1 July 2009 the Multi-annual Indicative Planning Document 2009–2011 for Bosnia and Herzegovina, which present the main priorities for pre-accession assistance to those countries<sup>4</sup>.
- (4) In accordance with Article 91 of Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)<sup>5</sup> (hereinafter referred to as the "IPA Implementing Regulation"), the Commission adopted on 18 December 2007 the multi-annual "Cross-border programme Serbia – Bosnia and Herzegovina"<sup>6</sup>.
- (5) In accordance with Article 93(1) of the IPA Implementing Regulation, at the initiative of the Commission, in agreement with the participating countries, the cross-border programme shall be amended in order to update the financing plan so as to add the

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<sup>1</sup> OJ L 210, 31.07.2006, p. 82.

<sup>2</sup> Council Decision 2008/213/EC of 18 February 2008 (OJ L 080, 19.03.2008, p. 46 - 70).

<sup>3</sup> Council Decision 2008/211/EC of 18 February 2008 (OJ L 080, 19.03.2008, p. 18 - 31).

<sup>4</sup> For Serbia: COM(2009)4359; for Bosnia and Herzegovina: COM(2009)5114.

<sup>5</sup> OJ L 170, 29.6.2007, p.1.

<sup>6</sup> COM (2007)019-363 of 18 December.2007.

appropriations for the years 2010- and 2011, according to the revision of the Multi-annual Indicative Financial Framework for 2010–2012<sup>7</sup>. The amendment of the programme also encompasses some minor adjustments revising outdated references. The revised "Cross-border programme Serbia – Bosnia and Herzegovina" should therefore be adopted by the Commission in accordance with Article 93(2) of the IPA Implementing Regulation.

- (6) This decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002<sup>8</sup> and constitutes thus a financing decision within the meaning of Article 75(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>9</sup>.
- (7) The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

The "Cross-border programme Serbia – Bosnia and Herzegovina", as set out in Annex 2 to this Decision, is hereby adopted. It replaces the programme adopted on 18 December 2007 (Decision C(2007)019-363)

The Financing proposal for the years 2010–2011 of the "Cross-Border programme Serbia – Bosnia and Herzegovina ", as set out in Annex 1 to this Decision, is hereby adopted.

This programme shall be implemented by centralised management.

The programme corresponding to budget years 2010 and 2011 shall be implemented by means of annual Financing Agreements to be concluded between the Commission and the Government of each of the participating Countries in conformity with the Framework Agreements concluded between the same parties on 29 November 2007 for Serbia and on 30 July 2008 for Bosnia and Herzegovina. Each such Financing Agreement shall cover the European Union contribution for the beneficiary country and the year concerned.

#### *Article 2*

In the budget year 2010, the maximum amount of the European Union contribution shall be EUR 1.0 million for Serbia and EUR 0.7 million for Bosnia and Herzegovina to be financed through Item 22.020401 of the general budget of the European Union.

In the budget year 2011, the maximum amount of the European Union contribution shall be EUR 1.0 million for Serbia and EUR 0.7 million for Bosnia and Herzegovina to be financed

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<sup>7</sup> COM(2008)705 final of 5 November 2008.

<sup>8</sup> OJ L 357, 31.12.2002, p.1.

<sup>9</sup> OJ L 248, 16.09.2002, p.1.

through Item 22.020401 of the general budget of the European Union, subject to the approval of the Budget 2011 by the budgetary authority.

Done at Brussels,

*For the Commission,*  
Štefan Füle  
*Member of the Commission*

**ANNEX 1**  
**FINANCING PROPOSAL FOR THE YEARS 2010 and 2011**  
**OF THE CROSS-BORDER PROGRAMME**  
**SERBIA – BOSNIA and HERZEGOVINA**

**1. IDENTIFICATION**

Beneficiaries	Serbia and Bosnia and Herzegovina
CRIS number	Serbia 2010/022-392; 2011/022-393 Bosnia and Herzegovina 2010/022-390; 2011/022-391
Years	2010 and 2011
Cost	2010: Serbia: EUR 1.0 million Bosnia and Herzegovina: EUR 0.7 million Total value of the IPA contribution: EUR 1.7 million 2011: Serbia: EUR 1.0 million Bosnia and Herzegovina: EUR 0.7 million Total value of the IPA contribution: EUR 1.7 million
Operating structures	Serbia: Serbian European Integration Office; Sector for Cross- border and Transnational Programmes Bosnia and Herzegovina: Directorate for European Integration, Council of Ministers
Contracting Authority / Implementing Agency	For Serbia: European Commission For Bosnia and Herzegovina: European Commission
Final date for concluding the Financing Agreements:	For the 2010 funds: at the latest by 31 December 2011 For the 2011 funds: at the latest by 31 December 2012

Final date for contracting	2 years following the date of conclusion of each Financing Agreement.  No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation  These dates apply also to the national co-financing.
Final date for execution	2 years following the end date for contracting for each Financing Agreement  These dates apply also to the national co-financing.
Sector Code	33210(15%), 43040(15%), 41010(15%), 32130(15%), 16061(15%), 11120(15%), 91010 (10%)
Budget lines concerned	22.020401
Programming Task Managers	ELARG Unit C2 Serbia
Implementation Task Managers	For Serbia: EU Delegation to Serbia, Operation Section  For Bosnia and Herzegovina: EU Delegation to Bosnia and Herzegovina, Operation Section

## 2. SUMMARY

### 2.1. Introduction

#### 2.1.1. *Link with the MIPD*

The respective Multi-annual Indicative Planning Documents 2009-2011 for Serbia and Bosnia and Herzegovina indicate that the global objective of the CBC programme Serbia – Bosnia and Herzegovina, is to bring together the people, communities and economies of the eligible area to jointly participate in the development of a cooperative area, using its human, natural, cultural and economic resources and advantages with the overall objective to stimulate the economies, to foster sustainable development and reduce the relative isolation of the eligible area by strengthening joint institutional networks and the capacities of human resources.

#### 2.1.2. *Programming process*

The cross-border programme between Bosnia and Herzegovina and Serbia is implemented during the 2007-2013 period. This strategic document is based on a joint strategic planning effort between the two countries and is also the result of a large consultation process with local stakeholders and potential beneficiaries.

The programme is implemented in both countries under centralised management. The national authorities in the two countries are building capacities and working on the accreditation of the implementing structures, in order to shift to decentralized management as soon as possible.

The programming process took place from December 2006 to May 2007. The national authorities and operational structures were assisted in the programming by the Cross Border Institution Building project (CBIB), a regional project funded by the European Union.

In accordance with Article 93(1) of the IPA Implementing Regulation, at the initiative of the Commission, in agreement with the participating countries, the cross-border programme was amended in order to update the financing plan so as to add the appropriations for the years 2010 and 2011, according to the revision of the Multi-annual Indicative Financial Framework for 2010-2012. The amendment also encompasses some minor adjustments.

### **2.1.3. List of eligible areas and adjacent areas**

In Bosnia and Herzegovina the eligible areas are: the Sarajevo Region and the North-East Region. All municipalities included in these two regions are thus considered eligible.

The eligible counties in Serbia are: Sremski, Macvanski, Zlatiborski, and Kolubarski. All municipalities included in these counties are considered eligible.

## **2.2. Global objective(s) of the programme**

The global objective is to bring together the people, communities and economies of the eligible area to jointly participate in the development of a cooperative area, using its human, natural, cultural and economic resources and advantages with the overall objective to stimulate the economies, to foster sustainable development and reduce the relative isolation of the eligible area by strengthening joint institutional networks and the capacities of human resources.

## **2.3. Priority axis, the related measures and their specific aspects concerning the implementation of the 2010–2011 budget**

The priorities and measures defined in this cross-border programme are structured in such a manner so as to respect and provide for the implementation of the specific objectives. In particular, one priority has been identified for the cross-border cooperation interventions. The other priority concerns technical assistance, ensuring the effective management and implementation of the programme.

***Priority 1: To support the social and economic cohesion through actions to improve physical, business, social and institutional infrastructure and capacity.***

Measure 1: Improving the productivity and competitiveness of the areas' economic, rural and environmental resources.

This measure is designed to promote joint efforts to achieve a more effective use of the eligible area's resources. Although at national level each country has its own priorities and is pursuing different policies to achieve this objective, there are a number of cooperation opportunities between neighbouring communities that will complement national actions. Examples are: cooperation between local authorities to coordinate actions such as spatial

planning, environmental activities in border areas, emergency services and educational and adult training services. Cross-border cooperation between business support groups, in relation to environmental protection and with a view to matching educational programmes to the needs of industry, agriculture and the business environment of the area (e.g. tourism development).

Beneficiaries will include (this list is not exhaustive):

- Local governments and their institutions, including public utilities, hospitals, medical and emergency services;
- Schools, libraries, Institutes of culture, community centres, cultural, historic or sporting associations, etc;
- Non governmental, non profit organisations;
- Business support organisations such as chambers of commerce, business centres, SME associations, sectoral associations, local trade associations, etc
- Regional Development and Local Development agencies;
- Authorities responsible for nature protection or nature parks management and public administrations;
- Public - and private - entities supporting the work force (job creation centres, job exchange services etc)
- Schools, colleges and universities in the areas, including vocational and technical training establishments;
- Euroregions;

#### Measure 2: Cross-border initiatives targeting the exchange of people and ideas to enhance professional and civic society cooperation

This measure is designed to bring about more intense cooperation between communities at municipality level, to develop common interests between both the inhabitants and professional groups. It will support smaller projects and people-to-people actions. This measure will benefit economic activities in border areas and also provide opportunities to celebrate their cultural, historic, ethnic, educational and sporting links.

Beneficiaries will include (this list is not exhaustive):

- Local governments and their institutions, including public utilities, hospitals, medical and emergency services;
- Schools, libraries, Institutes of culture, community centres, cultural, historic or sporting associations, etc;
- Non governmental, non profit organisations;
- Business support organisations such as chambers of commerce, business centres, SME associations, sectoral associations, local trade associations, etc
- Regional Development and Local Development agencies;
- Authorities responsible for nature protection or nature parks management and public administrations;

- Public - and private - entities supporting the work force (job creation centres, job exchange services etc)
- Schools, colleges and universities in the areas, including vocational and technical training establishments;
- Euroregions;

***Priority 2 : Technical assistance to increase administrative capacity in the management and implementation of the CBC programme.***

The technical assistance priority axis will cover the preparatory, management, monitoring, evaluation, information and control activities related to the implementation of the programme, together with activities to reinforce the administrative capacity for implementing the programme up to a maximum of 10% of the Community contribution allocated to the programme. The technical assistance priority, as any priority of the CBC programmes, requires 15% co-financing from national funds (Art. 90(2) IPA IR).

Considering that the relevant national authorities (Operating Structures or CBC Coordinator – in the meaning of Art. 22(2)(b) of the IPA Implementing Regulation) enjoy a de facto monopoly situation (in the sense of Art. 168, (1) (c) of the Implementing rules to the Financial Regulation) for the implementation of the cross-border programme, individual direct grant agreements without call for proposals for the amount provided under the technical assistance priority shall be established between the Commission (European Commission Delegations) and the respective national authorities. The direct grant agreements can be signed as soon as the Financing Agreements are concluded.

Subcontracting of the activities covered by the direct grant agreement (e.g. TA, evaluation, publicity, etc.) is allowed under the conditions provided by Article 120 of the Financial Regulation<sup>10</sup> and Article 184 of the Implementing Rules<sup>11</sup> to the Financial Regulation.

Technical assistance funds will be used to support the activities of the Operating Structures and the Joint Monitoring Committee. The technical assistance funds can be used to cover the costs of management and implementation of the programme in each participating country. These may include, inter alia, the following costs:

- Support to the Operating Structures and the joint Monitoring Committee;
- Functioning of the Joint Technical Secretariat and its antennae;
- Expenses for participating in different meetings related to the implementation of the programme;
- Administrative and operational costs, including the costs of preparation, monitoring and evaluation of programmes, appraisal and selection of operations, the organisation of meetings related to the programme, translation, information and publicity costs.

**Tentative timetable and indicative amounts for the implementation of the measures:**

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<sup>10</sup> Regulation 1605/2002 (OJ L 248, 16.09.2002, p.1).

<sup>11</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1).

For Priority 1, it is tentatively foreseen to launch two joint calls for proposals: one concerning the total amount of funds for the year 2010, to be tentatively launched in the second half of 2010; the second covering the total amount of funds for the year 2011, to be tentatively launched in the second half of 2011.

The essential selection and award criteria for the award of grants should be those laid down in the practical guide (PRAG) to contract procedures for EU external aid. The detailed selection and award criteria for the award of grants will be laid down in Call for proposals–Application Pack (Guidelines for applicants).

For grants awarded through Calls for proposals, the use of lump sums and/or flat rate financing is possible (in accordance with Art. 181 of the Implementing Rules to the Financial Regulation), up to an amount of EUR 25,000 per grant. Where relevant, the detailed conditions for the use of lump sums or flat rate financing shall be included in the Call for proposal/Guidelines for applicants.

For Priority 2, considering that the relevant national authorities (Operating Structures in Serbia and Bosnia and Herzegovina) enjoy a *de facto* monopoly situation (in the sense of Art. 168, paragraph 1, sub-paragraph c of the Implementing Rules<sup>12</sup> to the Financial Regulation<sup>13</sup>) for the implementation of the cross-border programme, the relevant contracting authorities in both countries should establish individual direct grant agreements without call for proposals with the Operating Structures for amounts up to those provided under the TA Priority 2 in each country. Subcontracting by the Operating Structures of the activities covered by the direct grant agreements (e.g. TA, evaluation, publicity etc.) is allowed in accordance with Article 120 of the Financial Regulation and Article 184 of the Implementing Rules to the Financial Regulation. The direct grant agreements can be signed as soon as the respective Financing Agreements have been concluded. For the purpose of an efficient use of TA funds, a close co-ordination between national authorities (Operating Structures, CBC coordinators) of the participating countries is required.

#### **2.4. Overview of past and on-going CBC experience, including lessons learned and donor co-ordination**

##### **Past experience**

Both Serbia and Bosnia and Herzegovina have experience with cross-border cooperation on their external borders. Serbia has experience with four programmes, with Bulgaria, Romania, Hungary and Italy, as well as with transnational programming – CADSES. Bosnia and Herzegovina has more limited experience, having participated only in the Adriatic neighborhood programme with Italy and the INTERREG IIIB CADSES programme.

##### **Lessons Learned**

Experience with border region cooperation so far indicates that a solid preparatory phase is the most important prior to the launching of specific activities. In order for cross-border cooperation to be effective, it is crucial that there is good understanding of the rules and procedures, adequate capacity and functioning management bodies. The results of the

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<sup>12</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1)

<sup>13</sup> Regulation 1605/2002 (OJ L 248, 16.09.2002, p.1)

thematic evaluation of the Phare Cross-Border Cooperation Programmes 1999-2003 will be duly taken into account.

### **Donor coordination**

The embassies of EU Member States in both countries and the International Financial Institutions have been consulted on the programme. The comments provided have been taken into account.

### **2.5. Horizontal issues**

The programme will promote sustainable management of the environment by enhancing cooperation among institutions to implement joint actions for environmental protection.

The programme will also support gender mainstreaming and equal opportunities policies through the selection of projects that include specific consideration to equal opportunities for genders, ethnicities and disabled according to the principles of European Union.

The joint applications will have to cover both parts of the project and fulfil the following criteria:

- benefit partners from both sides of the border;
- support links between relevant institutions and organisations from both sides of the border;
- encourage equal participation of women and marginalized groups;
- meet particular needs of ethnic minorities;
- be environmentally sustainable.

Project partners should establish agreed co-ordination mechanisms to synchronise the joint projects throughout their implementation.

### **2.6. Conditions**

NA

### **2.7. Benchmarks**

<b>2010</b>	<b>N</b>	<b>N+1 (cumulative)</b>	<b>N+2 (cumulative)</b>
Number of direct grant agreement in Serbia	0	0	1
Number of direct grant agreement in Bosnia and Herzegovina	0	1	1
Number of joint calls for proposals launched	1	1	1

in Serbia and in Bosnia and Herzegovina			
Contracting Rate (%) in Serbia	0	100	100
Contracting Rate (%) in Bosnia and Herzegovina	0	100	100

"N" being the date of conclusion of the Financing Agreement

2011	N	N+1 (cumulative)	N+2 (cumulative)
Number of direct grant agreement in Serbia	0	0	1
Number of direct grant agreement in Bosnia and Herzegovina	0	1	1
Number of joint calls for proposals launched in Serbia and Bosnia and Herzegovina	1	1	1
Contracting Rate (%) in Serbia	0	100	100
Contracting Rate (%) in Bosnia and Herzegovina	0	100	100

"N" being the date of conclusion of the Financing Agreement

## 2.8. Roadmap for the decentralisation of the management of EU funds without ex ante controls by the Commission

In **Bosnia and Herzegovina** the Decentralised Implementation System (DIS) Strategy was adopted in July 2008. In April 2010, the Council of Ministers of Bosnia and Herzegovina adopted decisions to nominate the Competent Accrediting Officer (CAO), the National Authorising Officer (NAO), and the National IPA Coordinator (NIPAC). The CFCU (Central Finance and Contracts Unit) and National Fund (NF) are established within the Ministry of Finance and Treasury and are functional although not yet fully staffed. The authorities of Bosnia and Herzegovina are supported in their decentralisation efforts by the Commission through a number of technical assistance projects for preparation of structures for all IPA components.

In **Serbia** the authorities have adopted a DIS Roadmap in January 2008 (last up-dated in March 2009), while a Strategy for the preparation of DIS accreditation has been prepared and submitted to the Commission in April 2008.

CAO (Minister of Finance) and NIPAC (Deputy Prime Minister for European Integration) have been appointed by the Decision of Government on the 21<sup>st</sup> August 2008.

Based on criteria established by CAO, NAO has been selected on the 29<sup>th</sup> of January 2009 with the rank of State Secretary in charge for Budget and Treasury.

Most of bodies and authorities as NF director, CFCU Director etc have already been designated and following an instruction Note from DG ELARG, Serbia is considering the establishment of an Operating Structure (OS) for IPA Component II. The Gap Assessment Report (GAR) for implementing IPA components I and II under DIS was completed in June 2009 while the Technical assistance for the Gap plugging for same Components started in Dec 2009 and it is under implementation.

### 3. BUDGET FOR 2010 AND 2011

#### 3.1. Indicative 2010 financial table for Serbia

	IPA EU contribution		National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	900,000	85	158,824	15	1,058,824	90
Priority axis 2	100,000	85	17,647	15	117,647	10
<b>TOTAL</b>	<b>1,000,000</b>	<b>85</b>	<b>176,471</b>	<b>15</b>	<b>1,176,471</b>	<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

#### 3.2. Indicative 2010 financial table for Bosnia and Herzegovina

	IPA EU contribution		National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	630,000	85	111,176	15	741,176	90
Priority axis 2	70,000	85	12,353	15	82,353	10
<b>TOTAL</b>	<b>700,000</b>	<b>85</b>	<b>123,529</b>	<b>15</b>	<b>823,529</b>	<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### 3.3. Indicative 2011 financial table for Serbia

	IPA EU contribution		National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	900,000	85	158,824	15	1,058,824	90
Priority axis 2	100,000	85	17,647	15	117,647	10
<b>TOTAL</b>	<b>1,000,000</b>	<b>85</b>	<b>176,471</b>	<b>15</b>	<b>1,176,471</b>	<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### 3.4. Indicative 2011 financial table for Bosnia and Herzegovina

	IPA EU contribution		National contribution		Total	
	EUR (a)	% <sup>(1)</sup>	EUR (b)	% <sup>(1)</sup>	EUR (c)=(a)+(b)	% <sup>(2)</sup>
Priority axis 1	630,000	85	111,176	15	741,176	90
Priority axis 2	70,000	85	12,353	15	82,353	10
<b>TOTAL</b>	<b>700,000</b>	<b>85</b>	<b>123,529</b>	<b>15</b>	<b>823,529</b>	<b>100%</b>

<sup>(1)</sup> Expressed in % of the Total (IPA plus National contributions) (column (c))

<sup>(2)</sup> Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

### 3.5. Principle of co-financing applying to the projects funded under the programme

The EU contribution has been calculated in relation to the eligible expenditure, which for the "Cross-border programme Serbia – Bosnia and Herzegovina" is based on the total expenditure, as agreed by the participating countries and laid down in the cross-border programme.

The EU contribution at the level of priority axis shall not exceed the ceiling of 85% of the eligible expenditure.

The EU contribution for each priority axis shall not be less than 20% of the eligible expenditures.

The provisions of Article 90 of the IPA Implementing Regulation apply.

The co-financing under Priority axis 1 will be provided by the final grant beneficiaries and can come from public or private funds. The co-financing under Priority axis 2 (TA) will be provided by national public funds.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Method of Implementation**

This programme shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>14</sup> and the corresponding provisions of the Implementing Rules<sup>15</sup>.

In the event of centralised management the role of the Commission in the selection of operations under a cross-border programme among beneficiary countries is specified in Article 140 of the IPA Implementing Regulation.

### **4.2. General rules for Procurement and grant award procedures**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules 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 One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

Where appropriate, the Contracting Authorities should also use the 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>16</sup> at the date of the initiation of the procurement or grant award procedure."

### **4.3. Environmental Impact Assessment and Nature Conservation**

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

The procedures for environmental impact assessment as set down in the EIA-directive<sup>17</sup> fully apply to all investment projects under IPA. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive.

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<sup>14</sup> Regulation 1605/2002 (OJ L 248, 16.09.2002, p.1)

<sup>15</sup> Regulation 2342/2002 (OJ L 357, 31.12.2002, p.1)

<sup>16</sup> current address:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>17</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40).

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive<sup>18</sup>.

## **5. MONITORING AND EVALUATION**

### **5.1. Monitoring**

The implementation of the cross-border programme will be monitored by the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation, established by the participating beneficiary countries, which include representatives of the Commission.

In Serbia and Bosnia and Herzegovina, the Commission may undertake any actions it deems necessary to monitor the programme concerned.

### **5.2. Evaluation**

Programmes shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the cross-border programmes.

An interim evaluation of each of the 8 CBC programmes between candidate-potential candidate countries is being (2010) conducted by independent evaluators under the responsibility of the Commission (DG Enlargement). The final evaluation reports should be available end 2010, early 2011.

## **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 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 Delegations in the Beneficiary Countries.

In order to ensure the efficient protection of the financial interests of the European Union, 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>19</sup>.

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

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<sup>18</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

<sup>19</sup> Council Regulation 2185/96 (OJ L 292; 15.11.1996, p. 2)

## **7. NON SUBSTANTIAL REALLOCATION OF FUNDS**

The authorising officer by delegation (AOD), or 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, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

## **8. LIMITED ADJUSTMENTS IN THE IMPLEMENTATION OF THE PROGRAMME**

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>20</sup>, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's 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>20</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.

**ANNEX 2**

**Cross-border programme**

**Serbia – Bosnia and Herzegovina**