SPECIAL PROVISIONS

Pre-accession Financial Assistance Programme addressing the outbreak of avian influenza in the Republic of Turkey in 2006
STRATEGY

The information in this section describes the situation on 10 January, 2006.

Background

The continuing outbreaks of highly pathogenic avian influenza (HPAI), which begun in late 2003 in several Southeast Asian countries and have occurred more recently in parts of Europe, have been disastrous to the poultry industry in the two regions and have raised serious global public health concerns. The geographical spread of HPAI, the human dimension, and the potential enormous social and economic impact are unprecedented. Despite control measures the disease continues to spread, causing further economic losses and threatening the livelihood of hundreds of millions of livestock farmers, and seriously impeding regional and international trade.

To date Turkey has experienced two outbreaks of avian influenza. The first occurred in the Manyas district of Balikesir province. This outbreak was detected on October 1, 2005 and the EU reference laboratory in Weybridge (UK) confirmed the presence of the HPAI H5N1 strain on October 13. Sanitary measures had been promptly initiated by the provincial veterinary service on October 7, when a three kilometres protection zone was established. All backyard poultry (over 10,000 head) within the protection zone were culled between October 8-16. The flock of almost 16,000 in two poultry enterprises was slaughtered on October 9. In addition to the protection zone, a 10 km radius surveillance zone was established. Measures taken in the surveillance zone included a ban on the movement of live poultry, regulation of the transport of table and hatching eggs, prohibition of bazaar market trade of poultry and of hunting of wild birds, and an immediate local awareness campaign to instruct farmers to confine backyard poultry and avoid contact with wild birds. Although the avian influenza outbreak has been quickly contained, and there are no signs of any transmission to humans, the economic impact has been severe.

The second outbreak occurred in Aralik district of Iedir province. The Bornova reference laboratory detected the presence of the H5 strain on 26th of December 2005. Sanitary measures were promptly initiated. On Jan. 3, authorities began culling poultry in Erzurum, 200 km (125 miles) west of Aralik, following the deaths of chickens there due to suspected avian influenza. Further tests to determine whether poultry in each of these areas are infected with the highly pathogenic H5N1 strain are pending. Meanwhile, quarantine measures have been imposed on the towns and hundreds of birds have been culled as a precaution. Samples have been collected and sent to the EU reference laboratory in Weybridge (UK). On January 05, 2006 the first human cases were observed when two children from Dogubeyazit in the province of Agri were found to be infected with H5N1 avian influenza.

Animal health aspects

The Republic of Turkey is aligning its system of control of contagious animal diseases with the systems in the EU member states. At the same time Turkey is in the process of aligning of the national legislation with the provisions of the EU Veterinary Acquis. The perspective of Turkish accession to the European Union gives added emphasis to the need for more effective disease control.

Human health aspects

Human cases have now been reported from nine of the country’s 81 provinces. However, the virus is more widely distributed in animals with outbreaks reported from up to 32 provinces. Hence there is a considerable potential for further human H5N1 infections.
At present WHO maintains its level of pandemic alert remains at phase 3 since there is no evidence as yet of efficient human to human transmission. However the threat to human health is considerable both directly from H5N1 and from the possibility of the virus changing to a pandemic strain. Public concern about avian flu has greatly increased the numbers of people who are coming forward for diagnosis of influenza-like symptoms. One complicating factor for surveillance at the time of the outbreak is the occurrence of seasonal “influenza-like” illness.

Turkey has envisaged preventive health care services as a medium term priority within the context of the harmonisation process with EU norms. For this, an effective surveillance and control system of communicable diseases is considered to be one of the main instruments for the protection of public health.

International Response

The World Bank has proposed a 30 million US $ Avian Influenza and Human Pandemic Preparedness and Response Project to be implemented by the Ministry of Agriculture and Rural Affairs (MARA) and the Ministry of Health (MoH).

The project described below is complementary to the Avian Influenza and Human Pandemic Preparedness and Response Project and will be implemented in coordination with it.

4. OBJECTIVES, DESCRIPTION AND CONDITIONALITIES

TR 06. AI – Avian Influenza Preparedness and Response Project

In addition to responding to the emergency that has arisen in the form of outbreaks of AI, this project will address short term priorities of the Accession Partnership, namely to adopt a strategy to eradicate the main animal diseases and to implement residues and zoonosis control programmes. The objective of this project is to strengthen veterinary services for AI control and eradication activities, including the early diagnosis of AI. The project will also help to improve the infrastructure of the veterinary services as well as the national public health surveillance and response systems through upgrading diagnostic testing and early response capacities.

The following activities will be undertaken:

- Existing regulations and policies will be reviewed and a strategy to improve the regulatory framework will be prepared. This will address key policy issues concerning animal and public health, ensuring that disease control, prevention and eradication measures are implemented in accordance with OIE and EU standards. The contingency plans of the MARA and the MOH will be integrated in a unique National AI Strategy.

- Epidemiological studies and surveillance programs will be carried out to gather necessary information for the improvement of disease control measures. Advice will be provided concerning the disposal of carcasses and compensation activities carried out under the WB project.

- Training will be provided for the veterinary services to improve the control and eradication activities. The focus of the training will be on screening, sampling, and test procedures to be applied in case of an AI outbreak, on analyzing epidemiological data and performing risk assessments, as well as on applying stamping out procedures. Particular attention will be given to methods of humane killing of birds.
- Safety gear, laboratory equipment and rapid test kits will be supplied to strengthen animal disease surveillance and diagnostic capacity of MARA and its affiliated reference and regional diagnostic laboratories. This will include the equipping of Bio-Safety Level 3 (BSL3) laboratories in Bornova and Pendik, as well as equipment (incubators, laminar flow cabinets, etc.) for two regional laboratories (in Ankara and Konya).

- Diagnostic testing response capacity of national public health surveillance system will be improved by upgrading the technical infrastructure of the National Influenza Centre for the purpose of microbiological diagnosis, molecular characterization, and genetic analysis for detection of mutation and anti-viral resistance.

The project will be implemented through at least two supply contracts and one service contract.

**References to the number and nature of contracts expected in the implementation of a particular project are of an indicative nature.**

*Lessons learned*

The present project builds on previous projects, notably TR 0203.05 *Support to the Alignment of Turkey to the EU Veterinary Acquis*, notably the challenges posed by the coordination of the different services involved in disease control and eradication which will be addressed by the present project. The AI contingency plan prepared during the project was exercised in September 2005 with the Turkish veterinary administration with TAIEX assistance. Both activities led to an effective management of the first AI outbreak in Turkey in October 2005, and provided input for the definition of equipment requirements.

*Conditionality*

Implementation of this programme will depend on the Turkish authorities’ commitment to the provision of adequate resources for the procurement of the requisite services and supplies and for carrying out the activities foreseen.

Before the Financing Agreement between the Commission and the Government of Turkey is signed, the National Aid Co-ordinator will confirm the availability of the national co-financing indicated in the project fiche, and the intended means by which pre-accession financial assistance and national co-financing will be combined when projects are contracted. Any project involving the supply of equipment and works requires national co-financing equivalent to at least 25% of total eligible expenditure under the relevant project, as shown in the corresponding project fiche. If the total cost of such equipment or works is less than the amount envisaged in the fiche, the amount of pre-accession financial assistance may be reduced to maintain the maximum proportion of pre-accession financial assistance in any such project’s cost at 75%. If the total cost is greater than the amount envisaged in the fiche, the extra support required will be provided by additional national co-financing.

5. **BUDGET**

5.1. **Budget table**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Pre-accession instrument Funding</th>
<th>National Co-financing of Project</th>
<th>Total (Pre-accession instrument funding plus Co-financing)</th>
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<tr>
<th>Objective 1</th>
<th>Institution Building</th>
<th>Investment</th>
<th>Total (IB and INV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of Avian Influenza Preparedness and Response</td>
<td>€2.200.000</td>
<td>€6.150.000</td>
<td>€8.350.000</td>
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<tr>
<td>TOTAL</td>
<td>€2.200.000</td>
<td>€6.150.000</td>
<td>€8.350.000</td>
</tr>
</tbody>
</table>

5.2. Principle of Co-Financing

In accordance with the programming Guidelines, all investment projects supported by the EC must receive co-financing from national public funds. The Community contribution may amount to up to 75% of the total eligible public expenditure. Taxes are not an element eligible for co-financing.

Co-financing for Institution Building projects is provided by the Beneficiary Country bearing certain infrastructure and operational implementation costs, through financing the human and other resources required for effective and efficient absorption of Phare/ pre-accession instrument assistance.

Institution building projects will also have a degree of co-financing. No per diems are payable to staff of the beneficiary public institution. Travel and accommodation costs of the beneficiary staff during their domestic missions for monitoring the implementation of projects, where relevant, should be covered by their respective institutions.

6. IMPLEMENTING AGENCIES

The Implementing Agency responsible for the programme is the Central Finance and Contracts Unit of Turkey.

7. IMPLEMENTATION ARRANGEMENTS

7.1. Method of Implementation

Implementation of the programme will follow Art. 53 (1) b) (second alternative) of the Financial Regulation\(^1\). The Beneficiary Country will continue to ensure that the conditions laid down in Art. 164 (1) (a) - (e) of the Financial Regulation are respected at all times.

7.2. General rules for Procurement

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Procurement shall follow the provisions of Part 2, Title IV of the Financial Regulation and Chapter 3 of Part 2, Title III of its Implementing Rules\(^2\) as well as the Commission Decision SEC (2003) 387/2\(^3\)

In view of the urgency of the action to be undertaken, services and supplies will be procured through negotiated procedures, on the basis of article 242 1. (a) and 244 1. (a) of the Implementing Rules of the Financial Regulation (Commission Regulation 2342/2002)

The Contracting Authorities shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures financed from the general EC budget in the context of external actions” (“Practical Guide”) as published on the EuropeAid website\(^4\) at the date of the initiation of the procurement or grant award procedure

8. MANAGEMENT OF ASSISTANCE

8.1. Project Management

Responsibilities

The National Aid Co-ordinator (NAC) will have overall responsibility for programming and monitoring of Phare/ pre-accession instrument programmes.

The National Authorising Officer (NAO) and the NAC shall be jointly responsible for the co-ordination between Phare/ pre-accession instrument (including Phare CBC), ISPA and SAPARD, as well as the Structural and Cohesion Funds.

The NAO and the Project Authorising Officer (PAO) will ensure that the programmes are implemented in line with the procedures laid down in the instructions of the Commission. They will also ensure that all contracts required to implement the Financing Agreement are awarded using the procedures and standard documents for External Actions in force at the time of implementation, and that EU state aid rules are respected.

8.1.2. Deadline for contracting and execution of contracts, programming deadline

(1) All contracts must be concluded by no later than November 30, 2008.

(2) All contracts must be executed by no later than November 30, 2009. In no case can the contracting period for projects implemented under this programme exceed three years after the date of the global commitment (Art. 166 (2) FR). Budgetary commitments which have not given rise to payments during three years counted from the date of the legal commitment will be decommitted (Art. 77 (3) FR).


\(^3\) Commission Decision SEC (2003) 387/2 on Rules and procedures for service, supply and works contracts financed from the general budget of the European Communities in the context of co-operation with third countries, adopted on March 25, 2003

\(^4\) http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm
(3) Under DIS, a complete tender dossier must be submitted to the Delegation for approval by no later than November 30, 2006. In case of non-compliance, the Beneficiary Country will inform the JMC, which may recommend reallocation of funds in accordance with Art. 5 of the MoU on the National Fund.

8.1.3. Environmental Impact Assessment and Nature Conservation

The procedures for environmental impact assessment as set down in the EIA-directive\textsuperscript{5} are fully applicable for all investment projects under Phare/ pre-accession instrument. If the EIA-directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned directive. If a project would fall within the scope of annex 1 or annex 2 of the EIA-directive, the carrying out of the EIA-procedure must be documented\textsuperscript{6}.

If a project is likely to affect sites of nature conservation importance, an appropriate assessment according to Art. 6 of the Habitats-directive must be documented\textsuperscript{7}.

All investments shall be carried out in compliance with the relevant community environmental legislation. The project fiches will contain specific clauses on compliance with the relevant EU-legislation in the field of the environment according to the type of activity carried out under each investment project.

8.2. Financial Management

8.2.1. Principles and Responsibilities

The National Fund in the Undersecretariat of Treasury, headed by the NAO, will supervise the financial management of the programme, and will be responsible for reporting to the European Commission. The NAO shall have the overall responsibility for financial management of the Phare/ pre-accession instrument funds, and the full accountability for the Phare/ pre-accession instrument funds of a programme until the closure of that programme.

The NAO shall ensure that the Phare rules, regulations and procedures pertaining to reporting and financial management are respected, and that a reporting and project information system is functioning.

The Commission will make payments to the NF in accordance with the Memorandum of Understanding signed between the Commission and Turkey on 14 February 2002, and amended on 3 September 2003.

Payments will be made following requests from the NAO onto a separate bank account, denominated in €, which will be opened and managed by the National Fund in the Central Bank of Turkey. In principle, all bank accounts will be interest bearing.

According to Articles 3 & 4 of the implementing rules of the Financial Regulation accrued interest is the property of the Beneficiary Country. The NAO must however ensure that the

\textsuperscript{5} DIR 85/337/EEC, OJ L 175/40; 5.7.1985, as amended
\textsuperscript{6} in Annex EIA to the corresponding investment project fiche
\textsuperscript{7} in Annex Nature Conservation to the corresponding investment project fiche
accrued interest is actually registered in its entirety as revenue in the national budget. Furthermore the NAO will ensure a regular reporting of the interest via Perseus.

8.2.2. Payments to the National Fund

A first payment of up to 20% of the funds to be managed locally will be sent to the NF following signature of the Financing Agreement and the Implementing Agreements between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU). Furthermore, the NAO must submit to the Commission the designation of the PAOs and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function between them will be carried out.

Two further payments of up to 30% of the funds to be managed locally will be made. The second payment will be triggered when 5% of the total budget in force has been disbursed by the IAs and the CFCU. The third payment may be requested when 35% of the total budget in force has been disbursed.

A final fourth payment will be made when 70% of the total budget in force has been disbursed and all contracts have been signed.

Exceptionally the NAO may request more than the percentage agreed where it can be demonstrated by a cash-flow projection that the cash-flow requirements in the subsequent period will exceed such percentage. In cases where the aggregate of the funds deposited in the NF, CFCU and IAs accounts exceeds 15% of the total budget in force for the programme the Commission may exceptionally authorise a payment, if the NAO provides duly substantiated evidence that contractual obligations cannot be met with the funds available.

8.2.3. Payments from the National Fund to the Implementing Agency

The National Fund will make payments to the CFCU, in accordance with Implementing Agreements signed between the NF and the CFCU. Bank accounts for the programme shall be opened in the name of the CFCU in charge of financial management of the programme in line with Art. 13 of the MoU on the National Fund.

As long as implementation follows DIS, each individual Implementing Agreement must be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU there will be no payments from the NF to the CFCU. The CFCU must be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all operations carried out by the CFCU.

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8 representing pre-financing as defined in Art. 105 (1) of the Implementing Rules to the Financial Regulation excluding the amount foreseen for Community Programmes
9 excluding the amount foreseen for Community Programmes
10 representing interim payments or the renewal of pre-financing as defined in Art. 105 (1) of the Implementing Rules to the Financial Regulation excluding the amount for Community Programmes
11 excluding the amount for Community Programmes
12 excluding the amount for Community Programmes
13 excluding the amount for Community Programmes
14 excluding the amount for Community Programmes
8.2.4. Payments in Case of Contractual Retention Clauses

For those contracts with contractual retention clauses (e.g. funds retained for a warranty period), the Implementing Agency assumes full responsibility for managing the funds until final payment is due, as well as for ensuring that the said funds will only be used to make payments related to the retention clauses.

The IA further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission.

8.2.5. Closure of Expenditure and Clearance of Accounts

No later than sixteen months after the end of execution of contracts, the NF will submit a final declaration of expenditure covering both EU pre-accession support and co-financing and an attestation regarding the regularity, accuracy and veracity of the accounts transmitted. The final certified expenditure should at this point equal the original value of the contracts minus any deductions and savings agreed with contractors in the course of implementation. This should also equal payments made plus any sums outstanding on account of contractual retention.

If the payments received from the Commission exceed the final certified expenditure, the NF shall return the excess to the Commission at the time of submitting the final declaration. If there are any outstanding payments (with the exception of contractual retention funds), the NF should provide an explanation and a forecast when payment will be finalised. The NF shall report on progress on contractual retention funds and outstanding payments on a quarterly basis. If they are not paid to the contractor, they shall be returned to the Commission.

After evaluation of the final declaration, the Commission will state its view on any expenditure to be excluded from Community funding, where it finds that expenditure has not been executed in compliance with Community rules.

The results of the Commission’s checks and its conclusions to exclude expenditure from financing will be notified in writing to the NF, which shall be given one month to transmit its reply in writing.

If no agreement is reached within one month of receipt of the NF’s written reply, the Commission shall decide and establish the amounts to be excluded, having regard in particular to the degree of non-compliance found, the nature and gravity of the infringement as well as the financial loss suffered by the Community.

Following the decision about amounts to be excluded, all ineligible expenditure will be recovered without prejudice to the treatment of irregularities and subsequent financial corrections stipulated below.

The funds will be recovered either by direct reimbursement from the NF or by compensation in accordance with Community rules.
9. MONITORING AND EVALUATION

Project implementation will be monitored through the Joint Monitoring Committee (JMC). It includes the NAO, the NAC and the Commission services. The JMC will meet at least once a year to review all Phare/ pre-accession instrument funded programmes in order to assess their progress towards meeting the objectives set out in the Financing Agreements and the Accession Partnership. The JMC may recommend a change of priorities and/or reallocation of Phare/ pre-accession instrument funds. Furthermore, the JMC will review the progress of all pre-accession EU-funded assistance programmes once a year (Phare/ pre-accession instrument, ISPA, SAPARD).

For the Phare/ pre-accession instrument programme, the JMC will be assisted by Sectoral Monitoring Sub-Committees (SMSC), which will include the NAC, the PAO of each Implementing Agency (and the CFCU where applicable) and the Commission Services. The SMSC will review in detail the progress of each programme, including its components and contracts, assembled by the JMC into suitable monitoring sectors. Each sector will be supervised by one SMSC on the basis of regular monitoring reports produced by the Implementing Agency, and interim evaluations undertaken by independent evaluators. The SMSC will put forward recommendations on aspects of management and design, ensuring that these are effected. The SMSC will report to the JMC, to which it will submit overall detailed opinions on all Phare/ pre-accession instrument financed programmes in its sector.

The Commission services shall ensure that this programme will be subject to interim (either centralised or decentralised) and/or ex post evaluations.

10. AUDIT, FINANCIAL CONTROL, ANTI-FRAUD MEASURES, PREVENTIVE AND CORRECTIVE ACTIONS

10.1. Supervision and Financial Control by the Commission and the European Court of Auditors

All Financing Agreements as well as all resulting contracts are subject to supervision and financial control by the Commission (including the European Anti-Fraud Office) and audits by the European Court of Auditors. As long as EDIS is not yet applicable to the Implementing Agencies in the Beneficiary Country, this includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/9615.

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

Without prejudice to the responsibilities of the Commission and the European Court of Auditors16, the accounts and operations of the National Fund and, where applicable, the

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16 as referred to in the General Conditions relating to the Financing Agreement” attached to the Framework Agreement
CFCU and all relevant Implementing Agencies may be checked at the Commission’s discretion by the Commission itself or by an outside auditor contracted by the Commission.

10.2. Obligations of the Beneficiary Country

10.2.1. Audit and Financial Control

In order to ensure sound financial management of the Phare/ pre-accession instrument funds, the Beneficiary Country must have a system for management and control of assistance in accordance with generally accepted principles and standards in place. This system shall fulfill the requirements set out in Art. 164 of the Financial Regulation and in particular provide adequate assurance of the correctness, regularity and eligibility of claims on Community assistance.

The Beneficiary Country’s management and control systems shall provide a sufficient audit trail, as defined in Art. 7 (2) of Commission Regulation 438/2001.17

The competent national financial control authority shall carry out appropriate financial controls of all actors involved in the implementation of the programme.

Each year an audit plan and a summary of the findings and main recommendations of the audits carried out and an outline of the follow-up given to past audit recommendations shall be sent to the Commission. Audit reports shall be at the disposal of the Commission.

10.2.2. Preventive Measures

The Beneficiary Country shall take any appropriate measure to prevent and counter active and passive corruption18 practises at any stage of the procurement procedure or grant award procedure, as well as during the implementation of corresponding contracts.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

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18 Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities’ financial interests. Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities’ financial interests.
10.2.3. **Anti-Fraud Measures and Corrective Actions**

Beneficiary Countries shall, in the first instance, bear the responsibility to ensure investigation and satisfactory treatment of suspected or actual cases of fraud and irregularities following national or Community controls.

The national authorities shall ensure the functioning of a control and reporting mechanism equivalent to the one foreseen in Commission Regulation 1681/9419.

In particular, all suspected or actual cases of fraud\textsuperscript{20} and irregularity\textsuperscript{21} as well as all measures related thereto taken by the national authority must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report; the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

In case of irregularity or fraud, the Beneficiary Country shall make the necessary financial corrections required in connection with the individual irregularity. The corrections made by the Beneficiary Country shall consist in cancelling all or part of the Community contribution. The Community funds released in this way may be re-used by the NF for the purpose of the programme, in compliance with Art. 5 of the MoU on the National Fund.

10.3. **Recovery of Funds in Case of Irregularity or Fraud**

Any proven irregularity\textsuperscript{22} or fraud\textsuperscript{23} discovered at any time during the implementation of the programme or as the result of an audit will lead to the recovery of funds by the Commission.

If, after completing the necessary verifications, the Commission concludes that:

(a) the Beneficiary Country has not complied with the obligations to prevent, detect, and correct irregularities or

(b) the implementation of a project appears not to justify either part or the whole of the assistance allocated or

(c) there are serious failings in the management or control systems which could lead to irregularities,

\textsuperscript{19} Commission Regulation (EC) 1681/94 of 11 July 1994; 12.7.94; p. 43

\textsuperscript{20} Fraud shall mean any intentional act or omission relating to: the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities; non-disclosure of information in violation of a specific obligation with the same effect; the misapplication of such funds for purposes other than those for which they are originally granted.

\textsuperscript{21}Irregularity shall mean any infringement of a provision of national or Community law, this Financing Agreement or ensuing contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, by an unjustified item of expenditure. The term “Community law” in this context shall be defined as the entirety of Community rules applicable between the Parties of the Financing Agreement (e.g. the Europe Agreements, Framework Agreements, the MoU on the Establishment of the National Fund etc.)

\textsuperscript{22} see definition above

\textsuperscript{23} see definition above
the Commission may suspend further financing of the programme in question, and, stating its reasons, request that the Beneficiary Country submit comments and, where appropriate, carry out any corrections within a specified period of time.

If no agreement is reached by the end of the period set by the Commission and if the required corrections have not been made, the Commission may – taking into account any comments made by the Beneficiary Country – decide within three months to:

(a) reduce or cancel any payment for the programme in question, or

(b) make the financial corrections required by cancelling all or part of the assistance granted to the programme concerned.

The Commission shall, when deciding on the amount of a correction, take into account the principle of proportionality, the type of irregularity and the extent and financial implications of the shortcomings found in the management and control system of the Beneficiary Country.

In the absence of a decision to do either (a) or (b), further financing of the programme shall immediately resume.

The National Authorising Officer will ensure the reimbursement of any unused funds or any sum wrongly paid within sixty calendar days of the date of the notification. If the NAO does not repay the amount due to the Community, the Beneficiary Country shall refund this amount to the Commission.

Interest on account of late payment shall be charged on sums not repaid by applying the rules specified in the Financial Regulation.

11. VISIBILITY AND PUBLICITY

The PAO in charge will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission. Further details are set down in the Annex on Visibility and Publicity.

12. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Turkey the Commission may review the programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the pre-accession assistance programme.