ANNEX: FINANCING PROPOSAL TURKEY 2012 IPA

1 IDENTIFICATION

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Turkey</th>
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<tbody>
<tr>
<td>CRIS decision number</td>
<td>2012 / 023-405,  2012/ 024-070 (Project TR2012/0315.10 )</td>
</tr>
<tr>
<td>Year</td>
<td>2012</td>
</tr>
<tr>
<td>EU contribution</td>
<td>EUR 225 749 161</td>
</tr>
<tr>
<td>Implementing Authority</td>
<td>The Implementing Agency responsible for the execution of the projects is the Central Finance and Contracts Unit (CFCU) at the Under-Secretariat of the Treasury except for: Project TR2012/0465.11 “Support to Turkey's participation in Union Programmes and Agencies”, where implementation will consist in the payment of the IPA part of the financial contribution to the programme by the National Fund. Project TR2012/0315.10 &quot;Energy sector programme – phase 1&quot; shall be implemented by joint management with the World Bank (WB).</td>
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<tr>
<td>Final date for concluding the Financing Agreement</td>
<td>At the latest by 31 December 2013</td>
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<tr>
<td>Final date for contracting</td>
<td>3 years following the date of conclusion of the 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.</td>
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<tr>
<td>Final date for execution</td>
<td>2 years following the end for contracting. These dates apply also to the national co-financing.</td>
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<td>Budget line concerned</td>
<td>22.02.01: national programmes (component Transition Assistance and Institution Building) for Candidates</td>
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<tr>
<td>Programming Unit</td>
<td>DG ELARG Unit B3 (European Commission, Brussels)</td>
</tr>
<tr>
<td>Implementation Unit/ EU Delegation</td>
<td>Head of Operations section, EU Delegation to Turkey</td>
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</table>

2 THE PROGRAMME

2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME
The priorities for EU assistance are derived from Turkey's 9th Development Plan (DP) 2007-2013 adopted in 2006, which contains five main objectives: Increasing Competitiveness, Increasing Employment, Strengthening Human Development and Social Solidarity, Ensuring Regional Development and Increasing Quality and Effectiveness in Public Services. Turkey also adopted its National Programme for the Adoption of the *acquis* (NPAA) in December 2008 which details Turkey's planned steps in its EU alignment process. The priorities under the NPAA are the fulfilment of the political criteria in areas such as public administration, judiciary reform, prevention of torture and ill treatment, access to justice, freedom of expression, fundamental rights, women, children and trade union rights, as well as meeting the economic criteria and adopt the *acquis* of all negotiation chapters. These priorities reflect those listed in the Accession Partnership and key issues identified in the EU’s Enlargement Strategy and Progress report. They are also in line with the Europe 2020 strategy.

The Multi-annual Indicative Planning Document (MIPD) 2011-2013 for Turkey identifies the priorities (1) to make progress in the critical areas of rule of law in order to tackle key reforms of the judiciary and fundamental rights; (2) to adopt the EU *acquis* in areas where there is complex legislation or costly requirements to adopt EU standards in areas such as transport, agriculture, food safety, environment, climate change and energy; (3) and to support Turkey in its economic and social development and to enhance competitiveness; thereby contributing to the achievement of the Copenhagen criteria.

As in previous years IPA funds will continue to be provided to Turkey to support its participation in Union programmes and agencies, as provided for in the framework agreement on participation in EU programmes.

The MIPD 2011-2013 contains 7 sectors on which IPA support will be focussed:

- Justice, Home Affairs and Fundamental Rights.
- Private Sector Development
- Transport
- Energy
- Environment and Climate Change
- Social Development.
- Agriculture and rural development.

IPA component I for Transition Assistance and Institution Building (TAIB) under which the current programme will be financed, supports the EU pre-accession strategy for Turkey adopted in the conclusions of the European Council of December 2004. Since the EU has opened accession negotiations with Turkey in October 2005, assistance is focussed increasingly on priority areas that will allow making progress in the negotiations. Although process has been slow in the accession negotiations, a new positive agenda with Turkey has just been launched and will be supported by financial assistance.
The current programme for IPA 2012 will support 14 projects in the sectors “Justice, Home Affairs and Fundamental Rights”, “Transport”, “Energy”, “Social Development” and "Agriculture and Rural Development". Projects under these sectors were selected as they were mature for implementation and are of high priority for Turkey. Additional, not yet addressed sectors of the MIPD are expected to be supported under the IPA 2013 programme. The sector "Private Sector Development" is not a priority for IPA component 1 and financed under IPA component 3. The sector "Environment and Climate Change" has received substantial funding in the past and the concerned institutions are undergoing substantial reforms following the recent elections. However, relevant future projects and programmes are already under development.

As part of the programming process, only relevant and eligible projects proposed by the Turkish authorities that have achieved sufficient readiness for implementation have been accepted. A number of the projects included are follow-up actions to previous projects, which allow achieving the full impact in the concerned area over a multiannual basis, where an approach in stages was required due to the complexity of reforms. Efforts were made to better focus projects on the political priorities of the accession process as well as on aligning them with sector priorities.

2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION

Sector 2: Justice, Home Affairs and Fundamental Rights

In line with the renewed consensus on enlargement and taking into account experience from the fifth enlargement, democratisation and rule of law are key priorities which need to be addressed by candidate countries during the accession process. Despite important democratic reforms carried out in recent years further results are needed regarding the Justice, Home Affairs and Fundamental rights. To address them will be a decisive condition in the EU accession process under the Copenhagen political criteria. This sector also affects public perceptions of the enlargement policy in general and Turkey’s membership bid to the EU. Substantial efforts, including constitutional reforms, are under way in Turkey to address the remaining problems but further efforts are needed. The Ministry of EU Affairs has started to prepare a sector harmonization strategy but preparations are at an early stage and there is not yet readiness for a sectoral approach. Lessons learnt show that even small projects can have considerable impact in this area.

The programme will address the following MIPD objectives under this sector:

- To implement the necessary reforms to build an independent, impartial and efficient judiciary;
- Effective law enforcement, successful fight against crime and corruption and improved integrated border management and prevention of illegal migration;
- to establish a well functioning and effective civil service with modernization of the public administration;
- Set up strong democratic institutions and civil society promoting pluralism and the values of European integration.
The programme will contain 8 projects in this sector and cover 33.5% of the programme's budget.

**Sector 4: Transport**

The NPAA describes Turkey’s priorities in the transport area which includes maritime transport and aviation. In addition to the considerable investments required, Turkey needs to complete the adoption of the *acquis*. Moreover, transport safety and sustainable development are considered as key horizontal priorities. Separate pre-accession and reform strategies are in place for land transport, aviation and the maritime and railways, which are focussed and outline priority needs. The priority project was selected based on these strategies and the sector assessment has shown that a project based approach is most suitable on this area, which is also confirmed by lesson learnt from previous assistance.

This programme will contain 1 project in the transport sector and cover approximately 6% of the programme's budget. The programme will address the following objectives under this sector in line with the MIPD:

- Safe, efficient, environment sound and user friendly services in the area of land transport, aviation and railways and maritime, achieving proximity with EU neighbours

**Sector 5: Energy**

Turkey is one of the fastest growing energy economies of the world. Both primary energy and electricity demand are increasing rapidly in parallel with growing economy and rising social wealth. Turkey’s strategies in the energy policy are especially outlined in the Institutional Strategic Plan for the Ministry of Energy and Natural Resources (2010-2014) as well as in the Development Plan. Compared to its growing energy demand, Turkey’s primary energy sources are highly limited. As of 2009, around 24% of the total energy demand is met by domestic resources while the rest is supplied from a diversified portfolio of imports. The sector is in principle suitable for a sector approach in the medium term, a Sector Alignment Strategy and a draft Sector Identification Fiche have been sub-mitted by Ministry of EU Affairs. The project included is a key step in the direction of a sectoral approach.

The sector objective supported by the programme is increased capacity and better alignment in the energy efficiency field and gas market objective.

The programme will contain 1 project in the energy sector and cover 5.2% of the programme's budget.

**Sector 7: Social Development**

Unemployment levels have remained quite high in Turkey, especially among young people in urban areas. Women’s labour market participation remains below 30%. There is an incompatibility between the skills provided by the education system and those required in the labour market. In addition to an overall relatively low enrolment rate in education, girls and women attend school in significantly lower numbers than
men. Important disparities remain in basic health and nutrition indicators to the detriment of rural areas. Social development is a key objective as development axes of the Development Plan focussing on increased employment and strengthening of human development and social solidarity. Moreover, alignment with the acquis in the area of public health remains to be completed. As the majority of the sector is covered under IPA component IV, a project based approach is most suitable under component I.

The programme will contain 2 projects in this sector and cover 31.4% of the programme's budget.

The programme will address the following MIPD objectives under this sector:

- Effective implementation of European Social Fund and bringing Turkey closer to the EU policies and parameters in terms of strengthening employment and social inclusion policies in line with Europe 2020 Strategy, as well as building institutional and administrative capacity.
- Alignment to the public health acquis and ensuring adequate administrative structures and enforcement capacity to ensure effective control of communicable diseases and threats to health.

**Sector 8: Agriculture and Rural Development**

Turkey needs to advance in preparations for future implementation of the Common Agriculture Policy (CAP), in particular regarding the systems for management and control of financial expenditures, agricultural information systems and agricultural policy alignment with the CAP. Serious concerns remain in the area of food safety. On Agriculture a Sector Alignment Strategy and a draft Sector Identification Fiche have been submitted recently and will be taken further into account for 2013 programming.

The programme will address the following objectives under this sector:

- Alignment with the acquis in the area of food safety, veterinary and phytosanitary policy.

The programme will contain 1 project in the agriculture and rural development sector and cover 12.8% of the programme's budget.

**Sector 9: Other Support activities**

Under the project "Enhanced Support to Strengthen the European Integration Process" a flexible facility has been created to address gaps of a limited scope, identified in the implementation of the acquis. Twinning, Technical Assistance and Direct Grant projects to address these gaps can be financed and mobilised in a rapid manner without having to undergo the full programming cycle. This will further contribute to achieve the sector objectives of the MIPD and progress towards meeting the indicators linked to these objectives. A number of areas to be addressed under this facility such as capacity building in the fisheries sector, improved crime analysis, Improved

* The purpose and the essential selection modalities are detailed in the ESEI guidelines which are annexed to the joint Programming Planning Document (PPD), jointly used with TR counter-parts.
improving the regulatory capacity in the field of IT communication and capacity building in the area of civil aviation have already been indicatively identified, and further needs that may be identified in line with the MIPD can be addressed during the implementation of the programme. This facility covers 11% of the programme's budget.

The key indicators in the MIPD which are supported by this programme are further developed in the logical frameworks of the project fiches, which are the basis for the implementation of the programmes. These fiches contain more detailed measurable indicators, which have baselines and targets, to allow measuring results and the impact achieved by the project. The progress in meeting these indicators will be followed through the monitoring system.

**Past/on-going assistance**

The financial assistance allocated between 2000 and 2011 to Turkey by the EU for meeting the political criteria and carrying out judiciary and public administration reforms has amounted to around EUR 900 million. Under the political criteria, democratisation and the rule of law, the promotion of human rights (including the protection and rights of disadvantaged and vulnerable groups) and women’s rights and the situation in the east and the South-East, as well as good governance – have been addressed through a number of projects aimed at the judiciary, the law enforcement bodies, civil society and education institutions. Many projects have already been completed successfully and a number of positive immediate and intermediate impacts in areas such as judiciary reform or adoption of the acquis in this sector have been achieved through training, awareness raising, the drafting of legislation, development of IT systems, preparation of strategies/action plans and the commissioning of supplies.

**Lessons learned**

Turkey receives assistance from IPA under 5 components with a total allocation of EUR 4.87 billion for 2007-2013. Based on the Commission’s own assessment of past performance and recent audits and evaluations† the following lessons learnt have been drawn to improve the financial assistance:

1. There has been an insufficient direction and lack of specific criteria to determine the priorities of EU assistance and insufficient measurability of achievements of assistance given to Turkey in the past. Consequently, a number of measures were brought under way by the Commission to improve the programming and monitoring of assistance. Improvements were introduced

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† European Court of Auditors (ECA) in its Special Report on "The European Commission's management of pre-accession assistance to Turkey" An evaluation on the intervention logic for programming pre-accession assistance to Turkey under IPA was completed in September 2009: *Ad Hoc Evaluation of the European Commission’s intervention logic for Financial Assistance in candidate countries and key lessons for MIPD 2010-2012 revision A case study – Turkey*. A number of thematic evaluations were also carried out between 2008 and 2010. A Country Programme Interim Evaluation of EU pre-accession assistance to Turkey was finalized in 2010. The need to increase effectiveness and impact of assistance was also part of the conclusions of a conference held by the Swedish Presidency and the Commission in Brussels in October 2009 and was confirmed by the Member States in the Council conclusions of December 2009.
in the annual programming process by strengthening project design and in the 2011-2013 MIPD through more links to sector strategies. This process continued under IPA 2011-2012 programming. Given the vast number of areas that remain to be addressed under the NPAA and Accession Partnership, the MIPD still covers a wide range of priorities. However, an effort has been made to make priorities more specific and focussed and to only include areas where concrete support projects are likely to materialise in the coming years, moving away from an approach of listing all potential reform needs. Moreover, based on the MIPD 2011-2013 better indicators at sector level are being developed.

(2) Although projects in the past have generally achieved their intended outputs and results were likely to be sustainable, the results and impact of assistance has not always been measurable. Further efforts are therefore made in the programme and project design to have measurable objectives and results and adequate indicators.

(3) Given the delays in implementation of assistance, measures have been taken to improve financial execution through better forecasting, procurement planning and capacity increase in the national authorities managing the funds.

(4) The evaluation report on Gender Equality in Turkey emphasised the need to systematically carry out gender mainstreaming within the IPA structures, while the thematic report focusing on political criteria highlighted the need for priority indicators - particularly in the field of gender equality - to ensure sufficient prioritisation between projects.

(5) The Mid-term Meta evaluation of IPA Assistance recommended, among other, to have more SMART indicators and linkage of project objectives to MIPD objectives/priorities. Also results from the Stakeholder Participation evaluation are being taken into account.

(6) Turkey has thoroughly reformed its monitoring system in 2011 taking more responsibility for project monitoring thereby allowing impacts to be measured and corrective actions to be taken.

**Donor/IFI cooperation**

The EU Delegation in Ankara leads efforts towards improved donor coordination in Turkey. A dialogue with the national authorities is ongoing to more closely involve national authorities in donor coordination.

In the sector “rule of law and fundamental rights” international organisations such as the Council of Europe and a number of United Nations Agencies have provided substantial support, together with relevant Turkish and international non-governmental organisations working on Human Rights, Civil Society Development and other right-based areas. The World Bank provides support for public administration reform and has become a partner in the field of energy. Bi-lateral support is provided by several EU member states (e.g.: Denmark, France, Germany, the Netherlands, Sweden the United Kingdom etc.) and/or their development agencies as well as by Canada. Local donor working groups on governance and migration issues (asylum and border management) help to coordinate efforts in this area.
Sector readiness
All MIPD sectors are currently assessed for their readiness for a sectoral approach. However generally a multitude of strategies exist per sector, no sector budget is in place and no clear lead institution for the sector exists. As a result no coherent sector programme can be prepared at this stage. In 2013 further possibilities for sector programmes at subsector level will be explored. Turkey has set up working groups and stated to work on harmonisation strategies to support the move in this direction.

DESCRIPTION

Sector 2: Justice, Home Affairs and Fundamental Rights (EUR 75.555 million in total)

Sector objective: To implement the necessary reforms to build an independent, impartial and efficient judiciary

- Achieve results in the fight against corruption through support provided to the effective implementation of the anti-corruption strategy and the action plan, effective measures in place to improve ethical standards, transparency in the public sector and tackle conflict of interest of public servants, enhanced collaboration among NGOs, public and private sectors for an ethical culture in society and improved capacity of inspection boards to fight against corruption

Project to be supported in order to achieve result:
TR2012/0123.01 Prevention of corruption and promotion of ethics (EUR 2.25 million)

The project purpose is to contribute to the prevention of corruption in Turkey in accordance with European and other international standards. The project aims to promote an ethical culture in society through strengthening the Council of Ethics and NGOs functioning within the field and ensuring a sustainable collaboration among NGOs, public and private sectors. The Council of Ethics for Public Service within the Prime Ministry of Turkey will be the main beneficiary.

The project will be implemented through 1 Technical Assistance contract (EUR 1.8 million) and 1 Grant scheme for NGOs to increase their quality in advocacy and monitoring to improve ethical culture and lessen corruption (EUR 0.450 million), tenders to be launched in the 4th quarter of 2012.

TR2012/0123.02 Strengthening Judicial Ethics in Turkey (EUR 3 million)

The project purpose is to promote judicial ethics in Turkey, enhance independence of the judiciary and improve public trust in the judiciary in accordance with European standards. Moreover, the project aims to develop a Code of Judicial Ethics, ensure its effective implementation and raise awareness amongst judges, public prosecutors, lawyers and members of the public on the matter with a view to allowing an enhanced public scrutiny. Beneficiary institution of the project is the High Council of Judges and Prosecutors

All activities will be implemented by a direct grant agreement concluded with the Council of Europe (EUR 3 million). Council of Europe has unique knowledge and
expertise for assessing the normative framework and consequent practices in all the EU Member States, and to support the development of a new ethical code for the Turkish judiciary. With this de facto monopoly position, the award is made in accordance with the Financial Regulation Implementing Rules, Article 168.1.c. Contract signature to take place in the 4\textsuperscript{th} quarter of 2012.

\textit{Sector objective: Effective law enforcement, successful fight against crime and corruption and improved integrated border management and prevention of illegal migration.}

MIPD key results and indicators to be achieved:

- Effective integrated border management and prevention of illegal migration through effective systems to manage asylum, illegal migration and borders; establishment and effective functioning of the integrated border management (IBM) system and reduction of cross-border crimes, in particular focusing on trafficking and smuggling in human beings.

- Strengthened law enforcement and effective fight against crime through strengthened capacity of law enforcement institutions, including improved inter-agency and international cooperation; improved forensic skills, crime analysis, criminal investigation; effective measures to reduce organised crime, drugs and cyber crimes; to prevent money, laundering, reduce financing of crime and terrorism and full civilian oversight of the security forces ensured.

- Improved penitentiary system through better access to health service for prisoner and further strengthened and spread probation service.

Projects to be supported in order to achieve result:

\textit{TR2012/0324.03 Efficiency in anti-money laundering and counter terrorist financing (EUR 3.75 million)}

The project aim is to strengthen the efficiency in anti-money laundering and counter terrorist financing (AML/CFT) system in accordance with EU acquis and international practices. This will be done by developing an efficient legal, institutional and technical framework for combating money laundering and terrorist financing in line with EU legislation and international practices. Beneficiary of the project is Financial Crimes Investigation Board (MASAK) and the Ministry of Finance.

The project will be implemented through 1 Twinning contract for improving legal and administrative, operational, enforcement and supervision capacity (EUR 1.6 million) and 1 investment contract (EUR 2.15 million), tenders to be launched in the 2\textsuperscript{nd} quarter of 2012 and in the 4\textsuperscript{th} quarter of 2012.

\textit{TR2012/0124.04 Socioeconomic development through demining and increasing the Border Surveillance Capacity at the Easter Borders of Turkey - Phase II (EUR 40 million)}

The project purpose is to contribute to the overall reform of the Turkish border management system and to enhance Turkey's capacity to prevent illegal migration and cross-border related crimes at the Eastern borders in line with EU’s Integrated Border
Management (IBM) policies and strategies. This will be achieved through strengthening the border surveillance capacity of relevant Turkish authorities operating in the Hakkari-Van region by supporting them with provision of technological equipment as well as training and advice aimed at identifying its most efficient deployment and use. In order to make it possible the deployment and use of more adequate border surveillance equipment and techniques in this part of the border, the project will also contribute to clearing the mine fields which are currently located along the latter. Ministry of Interior will be the main beneficiary.

The project will be implemented through 1 service contract for the clearing of landmines (EUR 20 million) and 1 supply contract for border surveillance equipment (EUR 20 million), tenders to be launched in the 4th quarter of 2012.

TR2012/0323.05 The Strengthening of Probation Services’ Institutional Capacity in Transition to Electronic Monitoring System (EUR 1.8 million)

The project aims to improve the implementation of international and European standards in the fields of community protection and preventing crime by setting up an effective and functional electronic monitoring system in Turkey through pilot implementations. Public protection and effective supervision of offenders in probation will be provided with electronic monitoring system and implementation of probation services in a more effective way and with technological methods will be also provided. The Ministry of Justice will be the main beneficiary.

The project will be implemented through a Twinning contract (EUR 0.95 million) and a supply contract (EUR 0.85 million). The tenders will be launched in the 2nd quarter of 2012 (Twinning) and in the 4th quarter of 2012 (supply).

Sectors objective: To establish a well functioning and effective civil service with modernization of the public administration

MIPD key results and indicators to be achieved:

- Sufficient administrative and operational capacity of the Turkish Customs Administration to implement a customs code fully aligned with that of the EU through measures taken for the protection and enforcement of intellectual property rights; adequate enforcement capacity of the customs administration and operational IT systems which ensure a better interconnectivity and information exchange with the EU Member States.

- Effective implementation of the legislation regarding the reform and restructuring of the central public administration and transferring authority to the local and provincial administrations; reduced bureaucracy, strengthened policy making systems and sustainable development of a professional, accountable, transparent and merit-based civil service; parliamentary and civilian oversight mechanism over security sector secured; oversight, control and participatory mechanisms supported including strengthened external and internal audit functions and establishing an independent data protection system.
Project to be supported in order to achieve result:

TR2012/0329.06 Modernization of Turkish Customs Administration VIII (EUR 10.495 million)

The overall objective of the project is to modernize the Turkish Customs Administration (TCA), to ensure a harmonized implementation of Customs Code fully and effective functioning of the Customs in their law enforcement, border management tasks, border protection of intellectual and industrial property rights (IPRs) and Customs Laboratories in line with obligations of an EU Member State Customs Administration. In particular the project aims to increase the legal, administrative, technical and surveillance capacity of Turkish Customs Administration for proper and effective implementation of the Modernized Customs Code (MCC) and to establish a modernized and effective system of border protection of IPRs in a way to ensure operational control throughout Turkish Customs territory. The Ministry of Customs and Trade will be the main beneficiary.

The project will be implemented through: 1 Twinning Modernised Customs Code (EUR 1.235 million), 1 Service Software Business and Systems Process Modelling (EUR 0.675 million), 1 Supply mobile scanners (EUR 2.9 million), 1 Twinning Customs Laboratory (EUR 1.235 million), 1 Twinning light IPR (EUR 0.250 million) 1 Supply: IPR related equipment (EUR 1.8 million) 1 Service contract for awareness and IT development (EUR 1.5 million), 1 Service contract for work process modelling (EUR 0.9 million). Tenders for Twinning contracts to be launched in the 2nd quarter of 2012, tenders for TA and Services contracts to be launched in the 4th quarter of 2012.

Sector objective: Set up strong democratic institutions and civil society promoting pluralism and the values of European integration

MIPD key results and indicators to be achieved:

- Civil society development and civil society dialogue, democratisation, promotion of the values of the EU\(^\d\) and of cultural diversity and protection and preservation of cultural heritage; development of democratic standards and structures, including capacity building of the Parliament and political parties; improved environment for civil society and strengthening the capacities of organised active citizens, more effective civic participation in policy processes at all levels, including a better legal framework for establishing, operating and funding civil society organizations; support provided to the sustainable development of grassroots civil society organisations and newly established organizations and strengthening, sustainability and activism of civil society organisations ensured.

- Fostered dialogue, communication and cooperation between Turkish civil society organisations and those in EU member states and candidate countries and increased awareness among civil society and population in Turkey about EU values, fundamental rights, policies and Turkey’s EU accession process through improved provision of targeted EU information and communication.

Projects to be supported in order to achieve results:

\(^\d\) As defined in article 3 of the EU Treaty.
TR2012/0136.07 Common Cultural Heritage: Preservation and dialogue between Turkey and the EU (Phase II) (EUR 5.42 million)

The project is a follow-up to the project TR2011/0136.05 Common Cultural Heritage: Preservation and dialogue between Turkey and the EU (Phase I) and has the purpose to strengthen the preservation and international cooperation on cultural heritage and promotion of cultural diversity in Turkey. This will be done through sustainable preservation of cultural heritage in Turkey in cooperation and civil society partnership between Turkey and EU Member States firmly established. The Ministry of Culture and Tourism will be the main beneficiary.

The project will be implemented through 1 works contract for restoration of cultural heritage in Sinop, (EUR 2.55 million), 1 supervision technical assistance contract, (EUR 0.17 million) and a grant scheme for development of dialogue on preservation of Common Cultural Heritage (EUR 2.7 million), tenders and the call for proposal will be launched in the 4th quarter of 2012.

TR2012/0136.08 Jean Monnet Scholarship Programme (EUR 8.840 million)

The project is a continuation of a long-term successful grant programme with the purpose to develop Turkey’s human resources in EU acquis related areas through post-graduate studies in EU member countries. This way young professional’s perspective and perception of the European integration process is broadened and the bonds between young Turkish professionals and those of the EU are strengthened. Ministry for EU Affairs will be the beneficiary of this project.

The project will be implemented through 1 Grant scheme (EUR 8.84 million) to cover the academic years 2016-2017 and 2017-2018, call for proposals launched during the 3rd quarter of 2015 and 2016. Award selection criteria will be defined by the Jean Monnet Joint Committee.

Sector 4: Transport (EUR 13.555 million in total)

Sector objective: Safe, efficient, environment sound and user friendly services in the area of land transport, aviation and railways and maritime, achieving proximity with EU neighbours

MIPD key results and indicators to be achieved:

- Professional competence and policy training completed for institutions and universities in the field of road, maritime, aviation transport and railways.
- Provided support to transport safety and environmental sustainability by focusing on road charging, reduction of greenhouse emissions from transport, use of transport information systems, utilisation of intermodal transport and transport of dangerous and hazardous goods, on safety management systems, network planning and optimisation, reduction of greenhouse gas emissions, passenger rights, airports and aviation safety, an integrated approach and measures to ensure cleaner sea and coastal areas, emergency response and accident prevention and investigation.
Projects to be supported in order to achieve results

**TR2012/0314.09 Capacity Building on Safety and Security Training Requirements of the Turkish Civil Aviation (EUR 13.555 million)**

The project purpose is to support Turkey’s effort towards accession in transport sector, ensuring the highest standards of competence of human resources in the aviation sector. In particular the project aims to improve human resources skills, institutional and technical capacity of Turkish Civil aviation in the public and private sectors in order to better adopt the EU *acquis* in air transport sector, notably through training and skills monitoring programme developed in a training centre. The Directorate General of Civil Aviation is the main beneficiary of the project.

The project will be implemented through a work contract for a civil aviation training centre (EUR 9.775 million) 1 Technical Assistance supervision (EUR 0.68 million), 1 Technical Assistance for institution building and awareness raising (EUR 2.25 million), 1 Supply contract for equipment for the training centre (EUR 0.85 million). Tenders to be launched in the 4th quarter of 2012

**Sector 5: Energy (EUR 11.8 million in total)**

**Sector objective:** To increase capacity and better alignment in the energy efficiency sector.

**TR2012/0315.10 Energy sector programme (phase I) (EUR 11.8 million)**

The projects aim to enhance Turkish energy sector in line with related EU energy *acquis* in priority areas. The project will support the provision of technical assistance for capacity strengthening of the energy sector in the areas of energy efficiency, renewable, climate change and the gas market. The project is linked to the Environmental Sustainability and Energy Sector (ESES) Development Policy Loan (DPL) Program and the ongoing and forthcoming Energy Efficiency Projects of the World Bank. The main beneficiary will be the Ministry of Energy and Natural Resources (MoENR)

The project will be implemented through joint management with the World Bank, following Article 53d of the Financial Regulation and the corresponding provisions of the Implementing Rules. In the 4th quarter of 2012 a Administration Agreement will be concluded with the World Bank in accordance with the Trust Funds and Cofinancing Framework Agreement concluded between the European Commission and the World Bank.

**Sector 7: Social Development (EUR 70.939161 million in total)**

**Sector objective:** Effective implementation of the European social Fund (ESF) and bringing Turkey closer to the EU policies and parameter in terms of strengthening employment and social inclusion policies in line with Europe 2020 Strategy, as well as building institutional and administrative capacity.

MIPD key results and indicators to be achieved
• Adapted education and training to the needs of the labour market; increased attractiveness of secondary/vocational education training (VET), in particular for girls.
• Improved lifelong learning opportunities through the development and implementation of coherent and comprehensive strategies for lifelong learning.

Projects to be supported in order to achieve results:

TR2012/0465.11 Turkey's Participation in Union Programmes and Agencies (EUR 67.93916 million)

Project purpose: To co-finance Turkey's participation in relevant Union programmes and agencies. Programmes of relevance are “inter alia”: Lifelong Learning, Youth in Action, Culture 2007-2013, CIP/EIP and others. Participation in Agencies such as the European Environment Agency and the European Monitoring Centre for Drugs and Drug Addiction is also foreseen.

Implementation: Turkey's participation in relevant Union programmes shall follow the specific terms and conditions set out for each programme in the memorandum of understanding concluded by the Commission and Turkey, in accordance with the agreements establishing the general principles for participation of Turkey in Union programmes. It shall include provisions on both the total amount of Turkey's contribution and the amount funded through IPA. The biggest share of the EU funds to this project is allocated to the Lifelong Learning and Youth in Action programmes, which justifies the projects inclusion under the Social Development sector. However the remaining funds will be supporting Union Programmes and Agencies which normally would fall under other sectors.

Sector objective: Alignment to the public health acquis and ensuring adequate administrative structures and enforcement capacity to ensure effective control of communicable diseases and threats to health

MIPD key results and indicators to be achieved

• Addressed risk factors related to health such as nutrition and obesity measures, alcohol monitoring.

Projects to be supported in order to achieve results

TR2012/0328.12 Preventing and combating selected Risk Factors for Health in school (EUR 3 million)

The project purpose is to ensure adequate administrative structures and enforcement capacity to ensure effective control of threats to health among young people, thereby contributing to promotion of preventive health principles and a healthier population. The project aims to promote monitoring and intervention services by MoNE and MoH on preventive health for young people, in particular addressing health risk factors with a focus on alcohol and substance addiction, obesity and hygiene conditions. The beneficiary of the project responsible for the management and implementation will be the Ministry of National Education (MoNE).
The project will be implemented through 1 service contract (EUR 3 million) tender to be launched in 4th quarter of 2012

**Sector 8: Agriculture (EUR 28.9 million in total)**

**Sector objective: Alignment with the acquis in the area of food safety, veterinary and phyto-sanitary policy**

MIPD key results and indicators to be achieved

- Improved system for official controls carried out on live animals, animal products, food and feed in line with the EU acquis; and measures completed for the eradication of animal diseases.

Projects to be supported in order to achieve results

*TR2012/0312.13 Electronic identification and registration system for sheep and goats (EUR 28.9 million)*

The project purpose is to strengthen the Ministry of Food, Agriculture and Livestock capacity by implementing electronic I&R System for ovine and caprine animals in order to ensure food safety. This will be done through the implementation of an adequate system for identification and registration of caprine and ovine animals in order to trace their movements in line with EU requirements and to control animal diseases. The main beneficiary institution of the project is the General Directorate of Food and Control (GDFC) under Ministry of Food, Agriculture and Livestock (MFAL).

The project will be implemented through 1 Technical Assistance contract (EUR 0.900 million) 1 supply contract for electronic and plastic eartags and handheld terminals (EUR 28 million); tenders to be launched in the 4th quarter of 2012.

**Sector 9: Other Support activities (EUR 25 million in total)**

The project purpose is to strengthen capacities of institutions managing EU funds under the decentralised implementation system, as well as other relevant Turkish institutions in fulfilling their respective pre-accession functions.

Project to be supported:

*TR2012/0740.14 Enhanced Support Activities to Strengthen the European Integration Process (ESEI) (EUR 25 million)*

Implementation: 1 Project Preparation Facility (EUR 3 million) and 1 Unallocated Institution Building Facility (EUR 22 million), which will allow for the provision of technical assistance, twinning and direct grants across all sectors of the MIPD and to address upcoming urgent needs requiring rapid deployment. Small scale actions financed under ESEI can be launched directly by the Turkish authorities in a rapid and flexible manner. All projects to be financed under the Facility over EUR 0.5 million will require a specific approval by the Commission. The facility is managed by the Ministry for EU Affairs (MEUA).
The project will be implemented through indicatively 15 specific contract assignments under Framework Contracts (EUR 3 million) for project preparation and institution building activities and indicatively 6 contracts through twinning (EUR 8 million), 8 contracts through technical assistance (EUR 10 million) and 3 direct grants (EUR 4 million) for acquis alignment and enforcement activities.

The Twinning contracts expected to be launched from 2nd quarter of 2012 onwards, direct grants award procedure expected to be launched from 2nd quarter of 2012 onwards, service contracts expected to be launched from 4th quarter 2012 onwards. An indicative list of planned ESEI projects can be found in the Project Fiches' annex.

2.3 CROSS–CUTTING ISSUES

The following cross-cutting issues have been given specific attention in the programming process, in line with the priorities of the MIPD 2011-2013: participation of civil society, participation in EU programmes, a high degree of protection of the environment, mainstreaming of climate change considerations, equal opportunities for men and women, support to disadvantaged and vulnerable groups as well as the development of good neighbourly relations.

These priorities will be addressed at programme and project level both through horizontal provisions and through specific activities within the projects that aim for example at a balanced gender approach or concrete support to disadvantaged groups. For example: Civil Society stakeholders are increasingly associated to project Steering Committees and where appropriate gender quotas to ensure equal opportunity have been introduced, for example in the Jean Monnet Programme.

2.4 ASSUMPTIONS AND PRE–CONDITIONS

Agreement on the 2012 IPA component I programme will depend on the Turkish Government confirming the availability of sufficient resources, including national co-financing, and adequate organisational structures in the decentralised implementation system (DIS) authorities, in particular in the National IPA Coordinator (NIPAC) and Programme Authorising Officer (PAO) offices, to carry out programme monitoring effectively. The capacity of Senior Programme Officers to effectively oversee implementation will be checked by the PAO prior to the implementation of projects.

The PAO will verify that project level conditionalities are respected before contracts are concluded. The National Authorising Officer (NAO) and PAO are committed to maintain the procurement timetables of the projects and will take effective corrective measures in case of delays. The NAO shall inform the Commission on changes to project results or the use of funds after the completion of contracts and following the submission of the final report for the programme. Any infringement of the applicable rules may lead to a review of the eligibility of EU financing provided.

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1 The essential selection and award criteria for the selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this Financing Proposal.

** Final decisions on the types of contracts to be financed under the ESEI facility will depend on the nature and quality of proposed projects. In case of direct grants these will be awarded to selected bodies in line with the Implementing Rules, Article 168.1.c (de facto monopoly).
2.5 **ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS WITHOUT *EX ANTE* CONTROLS BY THE EUROPEAN COMMISSION**

A Commission Decision establishing conferral of management with ex-ante controls on the IPA Transition Assistance and Institution Building Component was adopted on 29 October 2008, thereby accrediting the Turkish decentralised implementation system (DIS) institutions and procedures. The Decision includes a number of recommendations to further improve the management and control system, which are monitored closely by the Commission. The Turkish authorities have in 2009 also prepared a roadmap for full decentralisation of the management of EU funds without *ex ante* controls by the European Commission. The roadmap is updated regularly and once it has been implemented and the Commission has confirmed that the necessary conditions are met, a partial or full waiver of ex ante controls may be considered.

3 **BUDGET**
### 3.1 INDICATIVE BUDGET TABLE (DECENTRALISED MANAGEMENT)

<table>
<thead>
<tr>
<th>Decentralised management</th>
<th>Institution Building (IB)</th>
<th>Investment (INV)</th>
<th>Total (IB + INV)</th>
<th>Total IPA EU contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total public expenditure</td>
<td>IPA EU contribution</td>
<td>National public contribution</td>
<td>Total public expenditure</td>
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<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
<td>%</td>
<td>EUR</td>
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<td>2250000</td>
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<td>3000000</td>
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</table>

Amounts net of VAT

* public contribution (private contributions are not taken into account (Article 67(1) IPA IR) under decentralised management).

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector or Project rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the sector with reference to the total IPA EU contribution of the entire FP.
3.2 **PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME**

The IPA EU contribution, which represents 53.6% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of decentralised management is based on the **public expenditure**. Joint co-financing will be used as a rule.

Turkey will provide a minimum of 15% co-financing for all investment projects and higher rates in several cases.

In the case of grants, final grant beneficiaries should contribute with a minimum of 10% of the eligible expenditure of the project both for investment and institution building projects and a minimum of 5% of the eligible expenditure in the case of twinning.

Co-financing has not been required for the projects "Jean Monnet Scholarship Programme" and "Energy sector programme – part 1". These projects cover important political priorities in the context of Turkey's accession preparations. The Beneficiaries of the Jean Monnet Scholarship programme are academic institutions, which do not have the same possibility of co-financing as national public institutions. Previous projects with the same objectives were also 100% funded by the EU. The energy project with the World Bank will be implemented under joint management, where there is no requirement to provide co-financing and activities can be financed 100% by EU funds.

4 **IMPLEMENTATION**

4.1 **MANAGEMENT MODES AND IMPLEMENTATION MODALITIES**

This programme shall be implemented by decentralized management, in accordance with article 53c of the Financial Regulation and the corresponding provisions of the Implementing Rules. The Beneficiary Country will continue to ensure that the conditions laid down in Art. 56 of the Financial Regulation are respected at all times. The Financing Agreement with Turkey will be signed in accordance with article 166 of the Financial Regulation.

The ex-ante control by the European Commission shall apply to the tendering of contracts, launch of call for proposals and the award of contracts and grants until the European Commission allows for decentralised management without ex-ante controls as referred in Article 18 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.

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The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EU external actions” (“Practical Guide”) as published on the DEVCO website at the date of the initiation of the procurement or grant award procedure. The essential selection and award criteria for the award of grants are laid down in the Practical Guide. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants.

4.3 IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the website of the Commission.

4.4 ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION

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

5 MONITORING AND EVALUATION

5.1 MONITORING

Programme implementation will be monitored through the IPA Monitoring Committee assisted by Transition Assistance and Institution Building Monitoring Committee.

They shall assess the effectiveness, quality and coherence of the implementation of this programme. They may make proposals to the European Commission and the national IPA co-ordinator, with a copy to the national authorising officer, for decisions on any corrective measures to ensure the achievements of programme objectives and enhance the efficiency of the assistance provided.

5.2 EVALUATION

Programmes shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes.

After the conferral of management powers, the responsibility for carrying out interim evaluations shall lie with the Beneficiary Country, without prejudice on the European
Commission's rights to perform any ad hoc interim evaluations of the programmes it deems necessary.

Ex post evaluation shall remain a prerogative of the European Commission even after the conferral of management powers to the Beneficiary Country.

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6 Audit, Financial Control and Anti-fraud measures

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

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.

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

6.2 Financial adjustments

The national authorising officer, who bears in the first instance the responsibility for investigating all irregularities, shall make the financial adjustments where irregularities or negligence are detected in connection with the implementation of this programme, by cancelling all or part of the EU assistance. The national authorising officer shall take into account the nature and gravity of the irregularities and the financial loss to the EU assistance.

In case of an irregularity, including negligence and fraud, the national authorising officer shall recover the EU assistance paid to the beneficiary in accordance with national recovery procedures.

6.3 Audit trail

The national authorising officer shall ensure that all the relevant information is available to ensure at all times a sufficiently detailed audit trail. This information shall include documentary evidence of the authorisation of payment applications, of the accounting and payment of such applications, and of the treatment of advances, guarantees and debts.
6.4 Preventive Measures

Beneficiary countries shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the European Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the European Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and 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 European Union by charging an unjustified item of expenditure to the general budget.

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 Union or budgets managed by, or on behalf of, the European Union; 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.

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

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 Union’s 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 Union’s financial interests.

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 European Commission immediately of any such conflict of interest or any situation likely to give rise to any such conflict.

6.5 Financial corrections

In order to ensure that the funds are used in accordance with the applicable rules, the European Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the European Commission and the Beneficiary Country.

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A financial correction may arise following:

(i) identification of a specific irregularity, including fraud; or

(ii) identification of a weakness or deficiency in the management and control systems of the Beneficiary Country;

If the European Commission finds that expenditure under this programme has been incurred in a way that has infringed applicable rules, it shall decide what amounts are to be excluded from EU financing.

The calculation and establishment of any such corrections, as well as the related recoveries, shall be made by the European Commission following the criteria and procedures provided for in the IPA Implementing Regulation.

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/her 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 CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature⁰, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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⁰ 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.