

FINANCING AGREEMENT

SPECIAL CONDITIONS

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the Union**",

of the one part, and

the Government of the Republic of Turkey hereinafter referred to as "**IPA II beneficiary**", represented by the Ministry of Foreign Affairs

of the other part,

have agreed as follows:

Article 1 - The Programme

- (1) The Union agrees to finance and the IPA II beneficiary agrees to accept the financing of the following Programme:

Annual Action Programme for Turkey for the year 2020 Objective I
2020/042-385

This Programme is financed from the Union Budget under the following basic act:
Instrument for Pre-Accession Assistance, IPA II.¹

- (2) The total estimated cost of this Programme is EUR 257 270 000 and the maximum Union contribution to this Programme is set at EUR 122 000 000.

This Programme requires financial contributions from both the IPA II beneficiary and the Union. The breakdown of the respective financial contributions is set out in Annex I.

- (3) The Programme shall be implemented in accordance with the description provided in Annex I, which is further detailed in Action documents to be agreed on by exchange of letters between the Commission and the IPA II beneficiary.

Article 2 – Execution period and operational implementation period

- (1) The execution period of this Financing Agreement as defined in Article 12 of Annex II (General Conditions) is fixed at 12 years, from the entry into force of this Financing Agreement.

- (2) The duration of the operational implementation period as defined in Article 12 of Annex II (General Conditions) is fixed at 6 years, from the entry into force of this Financing Agreement.

¹ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 11.

Article 3 – Addresses and Communication

All communication concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this Programme as identified in Article 1(1) and shall be sent to the following addresses:

(1) for the Commission

Directorate General for Neighbourhood and Enlargement Negotiations,
Directorate A - Strategy and Turkey
Rue de la Loi 15, 1049 Brussels, Belgium
e-mail: NEAR-A5@ec.europa.eu

(2) for the IPA II beneficiary

National IPA Coordinator
Ministry of Foreign Affairs (Dışişleri Bakanlığı)
Directorate for EU Affairs (Avrupa Birliği Başkanlığı)
Mustafa Kemal Mah. 2082 Cad. No: 5 06530 Bilkent
Çankaya / Ankara / Turkey
e-mail: abbaskanlik@ab.gov.tr

Article 4 – OLAF contact point

The contact point of the IPA II beneficiary having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be:

M. Hasan Basri CAN
Auditor, SSC
State Supervisory Council (Devlet Denetleme Kurulu)
T.C. Cumhurbaşkanlığı Külliyesi
06550 Beştepe / Ankara / Turkey
Phone : 00 90 312. 525 33 18 (his secretary)
e-mail : hbasri.can@tccb.gov.tr

Article 5 – Framework Agreement

The Programme shall be implemented in accordance with the provisions of the Framework Agreement between the European Commission and the Government of the Republic of Turkey on the arrangements for implementation of Union financial assistance to the Government of the Republic of Turkey under the Instrument for Pre-Accession Assistance (IPA II) which entered into force on 22 June 2015 (hereafter referred to as “the Framework Agreement”). This Financing Agreement supplements the provisions of the Framework Agreement. In case of conflict between, on the one hand, the provisions of this Financing Agreement and, on the other hand, the provisions of the Framework Agreement, the latter shall take precedence.

Article 6 - Annexes

(1) This Financing Agreement is composed of:

(a) these Special Conditions;

- (b) Annex I: Annual Action Programme, detailing the objectives, expected results, activities, description of the budget implementation tasks entrusted and budget of this Programme;
- (c) Annex II: General Conditions;
- (d) Annex III: Model Annual Report on the implementation of IPA II assistance as per Article(s) 58 and 59(1) of the Framework Agreement;
- (e) Annex IV: Model Financial Report as per Article 59(2) of the Framework Agreement
- (f) Annex V: Accrual Based Accounting System Minimum Specification

(2) In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between the provisions of Annex I and/or Annex IA on the one hand and, the provisions of Annex II, on the other hand, the latter shall take precedence.

Article 7 – Entry into force

This Financing Agreement shall enter into force on the date on which the Commission receives a notification from the IPA II beneficiary confirming the completion of the internal procedures of the IPA II beneficiary necessary for its entry into force. The Commission shall inform the IPA II beneficiary of the date of the receipt of this notification. This Financing Agreement shall not enter into force if such a notification is not received by the Commission by at the latest, 31 December 2021.

This Financing Agreement is drawn up in duplicate in the English language, one being handed to the Commission and one to the IPA II beneficiary.

For the IPA II beneficiary:

H.E. Ambassador Faruk Kaymakci

National IPA Coordinator (NIPAC)
Director for EU Affairs and
Deputy Minister of Foreign Affairs
Republic of Turkey

For the Commission:

Ms Myriam Ferran

Director
Directorate A - Strategy and Turkey
Directorate-General Neighbourhood and Enlargement
Negotiations
European Commission

Ankara, 25 March 2021

Brussels, 3 March 2021

ANNEX I

to the Financing Agreement for the Annual Action Programme for Turkey for the year 2020

1 IDENTIFICATION

Beneficiary	Turkey
Basic act:	Instrument for Pre-accession Assistance (IPA-II)
CRIS/ABAC Commitment references and budget line(s):	2020/042-385 EUR 122 000 000 from 22.02 03 01
Total cost:	EUR 257 270 000
EU Contribution:	EUR 122 000 000
Method of implementation	<p>Indirect management with UNDP under Action 3</p> <p>Indirect management with UNICEF under Action 6</p> <p>Indirect management with UNHCR, ICMPD and IOM under Action 7</p> <p>Indirect management with Turkey under Actions 1, 2, 4 and 5</p>
Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary	At the latest by 31 December 2021
Final date for contracting, including the conclusion of contribution/delegation agreements	3 years following the date of conclusion of the Financing Agreement
Indicative operational implementation period	6 years following the date of conclusion of the Financing Agreement.
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- Rationale for selecting the specific sectors under this programme:

The proposed Annual Action Programme is designed to focus IPA II financial assistance for Turkey on key priorities. Accordingly, it covers two sectors identified in the revised Indicative Strategy Paper (ISP) for 2014-2020:

- ‘Democracy and Governance’
- ‘Rule of Law and Fundamental Rights’.

The objective of the first Action under ‘**Democracy and Governance**’ is to support Turkey’s participation in EU programmes and agencies by co-financing the costs of entry tickets in areas such as education, training, youth and sports. The second Action in this sector provides support for implementing the Jean Monnet Scholarship Programme, designed to help develop a group of people with in-depth knowledge of EU legislation and rules (the *acquis*). Scholarships for academic studies in related fields, to be pursued in EU countries, will be granted with a view to improving the delivery, efficiency and accountability of the public administration. This sector also makes provision for supporting civil society, especially as regards civic engagement and volunteerism (Action 3). Two additional stand-alone Actions broaden the scope of this sector, by strengthening the institutional capacity of the Audit Authority (Action 4), and by implementing the second phase of Town winning for a green future (Action 5).

One of the preconditions for Turkey’s accession process is that it must meet its international obligations to protect the rule of law and respect fundamental rights. The 2018 and 2019 country reports on Turkey highlighted the paramount importance of respect for fundamental rights in law and in practice, and called on the country to abide by its international obligations as regards fundamental rights and freedoms. Children’s rights are among the human rights that the EU and its Member States are required to respect under international and European treaties. Action 6 under ‘**Rule of law and fundamental rights**’ will support the promotion and protection of children's rights in Turkey by upgrading the institutional capacity of bar associations and lawyers to meet international standards.

Home affairs, another key area receiving financial assistance, is directly relevant to the European Agenda on Migration. In this field, IPA II supports:

- legal migration,
- mobility, by maximising the development impacts of migration and other means,
- the development of functioning asylum systems,
- protection for refugees,
- improvements in integrated border management (IBM),
- the reduction of incentives to irregular migration, and
- better management overall of irregular migration, through both focused actions and technical assistance.

Pre-accession assistance is available to support a broader dialogue and cooperation framework between the EU and Turkey, including implementation of the EU-Turkey Statement agreed in 2016. Activities in this area will include support to make the process of obtaining asylum in Turkey fairer and more efficient, including for Syrian and non-Syrian returnees from Greece under the EU-Turkey Statement who are seeking asylum or already hold a temporary protection status in Turkey, improve inter-agency coordination on border control, and upgrade Turkey's capacity to tackle smuggling of goods through improved radiation control and mail and fast cargo control at border crossing points. These activities build on previous IPA support in these areas.

- Overview of past and ongoing actions in the relevant areas carried out by beneficiaries of funding from the EU, other donors and/or IPA II:

The EU is the main provider of financial assistance to Turkey (through the IPA instrument), as relatively few international donors provide grant support to the country.

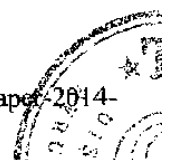
The 2014-2020 Indicative Strategy Paper for Turkey was revised in August 2018.¹ Over 2018-2020, assistance under IPA II has focused strongly on 'Democracy and the Rule of Law', providing continued support for the rule of law and fundamental rights, public administration reform, civil society, and participation in EU Programmes and Agencies. Support for 'Investing in Competitiveness and Growth' has been reduced proportionally, although targeted assistance for reforms remains as central as before. Support for institution building – which is also central to this Action Programme – remains important, with projects focusing particularly on home affairs and fundamental rights, as well as on supporting alignment with EU legislation and rules in various fields.

Capacity limitations remain as regards the absorption of funds. This is reflected in implementation delays and a large contracting backlog for previously programmed actions. Consequently, particular attention has been given under this programme not only to assessing relevance, but also to the maturity of proposals and the sequencing of interventions. In line with the 2019 Programme, more actions are being implemented by international partners under indirect management. However, the lead institution for each sector will need to take more responsibility for the area within its remit, and stronger cooperation among stakeholders will be needed to improve efficiency and effectiveness.

As noted earlier, a number of international donors also provide grant support to Turkey. The international organisations that have traditionally provided substantial support are the Council of Europe and some agencies from the United Nations family (e.g. the United Nations Development Programme (UNDP), the International Organisation for Migration (IOM), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), and the UN Refugee Agency (UNHCR).

This is done in cooperation with relevant Turkish and international non-governmental organisations (NGOs) working on human rights, civil society development and other rights-based areas. They include the Union of Bar Associations, bar associations, trade unions, and NGOs (the Gender Equality Monitoring Association (CEID), the International Centre for Migration Policy Development (ICMPD), the Joint Platform for Human Rights (IHOP), and the Civil Society Development Centre (STGM)). The Council of Europe has also implemented various EU-funded projects and programmes, especially in the judicial area, to help Turkey meet Council of Europe standards in human rights, the rule of law, and democracy.

¹ <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180817-revised-indicative-strategy-paper-2014-2020-for-turkey.pdf>

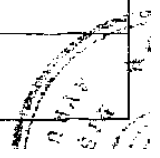


Specialised EU agencies, such as the European Border and Coast Guard Agency, the European Asylum Support Office, and the EU Agency for Law Enforcement Cooperation, are also implementing support programmes for Turkey in their areas of expertise.

To ensure donor coordination and complementarity of assistance, the Commission systematically consults Member States' embassies, international financial institutions and international organisations. The EU Delegation holds regular meetings with Member States' representations. Each year, it presents the draft IPA programmes to representatives of Member States' embassies and organises additional ad-hoc information sessions at sector level. These meetings include exchanges about the complementarity of bilateral funding from EU countries, even though bilateral grant financing is very limited compared with the IPA allocations. In fields of joint interest, meetings are held at a technical level.

List of Actions foreseen under the selected Sectors/Priorities:

Sector/Priority/Action	Direct management	Indirect management	
		With entrusted entity	With IPA II beneficiary
01 Democracy and governance			
Action No 1: EU Support for Participation in Union Programmes and Agencies			EUR 90 000 000
Action No 2: Jean Monnet Scholarship Programme			EUR 12 000 000
Action No 3: EU Support for Civil Society		EUR 6 000 000	
Action No 4: EU Support for Strengthening the Audit Capacity of the Audit Authority			EUR 1 880 000
Action No 5: Town Twinning between Turkey and the EU Phase – II (Twinning for a Green Future)			EUR 4 000 000
TOTAL		EUR 6 000 000	EUR 107 880 000
02 Rule of Law and Fundamental Rights			
Action 6: Supporting Fundamental Fights in Turkey		EUR 2 920 000	
Action 7: EU Support for Home Affairs		EUR 5 200 000	



TOTAL	EUR 8 120 000
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2.2 DESCRIPTION AND IMPLEMENTATION OF ACTIONS

The envisaged assistance should abide by the conditions and procedures set out in the restrictive measures adopted under Article 215 TFEU².

SECTOR	Democracy and Governance	EUR 113 880 000
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Action 1	EU Support for Participation in Union Programmes and Agencies	EUR 90 000 000
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(1) Description of the Action, objectives, expected results and key performance indicators

- Description of the Action and objectives

The overall objectives are:

- to comply with EU values and to bring Turkey gradually into line with EU rules, standards, policies and practices
- to consolidate cooperation between European and Turkish stakeholders, to contribute to EU goals in the areas of economic, social and territorial cohesion; progress with science and technology; promotion of EU values; and improving the well-being of EU citizens.

The specific objective is:

- to ensure that Turkey takes part in Union Programmes and Agencies by co-financing the costs of entry tickets/participation fees in areas such as education, training, youth and sports, research and innovation, Small and Medium Enterprises (SMEs), social policy, customs and fiscal policy, and the environment.

- Expected results:

- enhanced participation of Turkey in Union Programmes and Agencies
- dissemination among Turkish stakeholders of EU policies, priorities and targets and convergence towards those policies, priorities and targets

- Key performance indicators:

- number of applications/projects submitted in response to calls for expression of interest
- number of successful projects
- total amount of grants allocated to projects

² https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

- sex-disaggregated collection of data on project participants.

(2) Assumptions and conditions

The participation of the IPA II beneficiary in EU Programmes, including payment by the country of an entry ticket or participation fees, must accord with the specific terms and conditions set out for each programme in the relevant international agreement.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3)(a) Indirect management

This Action will be implemented by Turkey under indirect management. Turkey will be responsible for performing all the tasks associated with its implementation.

Implementation entails the National Fund paying the IPA part of the financial contribution to the programmes.

IPA II funds for 2020 are used to co-finance entry tickets / participation fees for 2021.

Co-financing rates from previous participation will be taken into account, and IPA funding rates will be reduced from year to year in absolute or relative terms, in line with the principle that Turkey is to assume increased ownership and responsibility.

Turkey must provide not only the co-financing, but also the funds necessary to cover the entry ticket as a whole, before it can be partially reimbursed from IPA II. Reimbursement will be paid as a grant to Turkey.

The Ministry of Foreign Affairs (Directorate for EU Affairs (DEUA)) will regularly monitor and report on participation rates and co-financing trends in the context of IPA joint monitoring committees.

(4) Scope of geographical eligibility for procurement and grants

Geographical eligibility will apply, in terms of the place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased, as established in the basic act and set out in the relevant contractual documents.

Action 2	Jean Monnet Scholarship Programme (JMSP)	EUR 12 000 000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the Action and objectives

The overall objective is to:

- support Turkey in its efforts towards accession by upgrading the country's administrative capacity for effective implementation of the EU *acquis*

The specific objectives are to:

- develop human resources capacity in fields relevant to the EU *acquis*

- develop inter-personal and inter-cultural dialogue through mobility
- improve educational attainment by investing in people
- Expected results:
 - information about the Jean Monnet Scholarship Programme (JMSP) provided to all potential candidates
 - training institutions relevant to both the needs of the scholars and to the programme objectives identified
 - scholarship awardees selected after a transparent and fair selection process
 - at least 320 scholarships granted and all awardees placed in their respective training institutions
 - scholarship holders complete their programmes successfully
 - scholars' trajectory upon completing their academic studies takes them into fields associated with the EU *acquis*/policy
 - Jean Monnet alumni network strengthened.
- Key performance indicators:
 - number of applications to the JMSP and success rate (sex-disaggregated)
 - number of followers on social media accounts
 - number of academic programmes in the 'Hosting Institutions Catalogue'
 - distribution of scholarship holders by profile (e.g. public/private sector employee, student)
 - percentage of scholarships granted to women, percentage of women applicants
 - percentage of scholarship holders completing their academic studies successfully (by sex)
 - evidence of scholarship holders' trajectory upon completing their studies
 - number of dissertations/academic studies displayed at the DEUA's library
 - number of former scholarship holders attending events held for Jean Monnet scholarship holders and alumni.

(2) Assumptions and conditions

The implementation of the Action requires continued commitment by Turkish authorities, including the extra staff working on the JMSP both in the Directorate for EU Affairs (DEUA) and in the Central Finance and Contracts Unit (CFCU).

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3) (a) Indirect management with the IPA II beneficiary

This Action will be implemented by Turkey under indirect management. Turkey will be responsible for carrying out all the tasks relating to implementation.

More specifically, it will be implemented by the CFCU under indirect management. JMSP will be implemented through a grant scheme covering two academic years. There

are thus plans to organise two calls for proposals (or, alternatively, two 'calls for scholarship applications').

The beneficiary of the Jean Monnet Scholarship Programme is the Directorate for EU Affairs. The DEUA will coordinate the implementation of the Action, ensuring the involvement and participation of all stakeholders concerned. There will be a Steering Committee comprising representatives of the DEUA, the EU Delegation and the Central Finance and Contracts Unit (CFCU). Other relevant stakeholders such as the technical assistance team, can also be invited to the Steering Committee.

The DEUA will implement the technical aspects of the scholarship programme. It will need technical assistance not only with these technical aspects, but also with promotion, visibility, networking and organisational/logistical aspects of implementing the scholarship.

The CFCU, as the Implementing Authority, will be responsible for all procedural aspects of the tendering process, contracting matters, and the financial management (including payments) of activities falling under this Action.

(4) Scope of geographical eligibility for procurement and grants

Geographical eligibility will apply, in terms of the place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased, as established in the basic act and set out in the relevant contractual documents.

Action 3	EU Support for Civil Society	EUR 6 000 000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the Action and objectives

The overall objectives are:

- to support Civil Society Organisations (CSOs) and public institutions at local level working in partnership through dialogue and cooperation, based on willingness, trust and mutual acknowledgment around common interests, and for policy making;
- to create an enabling and sustainable environment for volunteerism in Turkey.

The specific objectives are:

- to establish sustainable partnerships between CSOs and local authorities for increased awareness of civil society's engagement in policy-making processes, through innovative enhanced community-based initiatives;
- to promote volunteerism in Turkey, both locally and nationally, through an improved legal framework.

The Action will be implemented through an activity entitled 'Strengthened Civic Engagement for Enhanced Democratic Local Governance in Turkey'.

- Expected results:
 - a civic engagement strategy and a two-year action plan developed for the partnership between the CSO and the local authorities;
 - needs for local participatory mechanisms assessed;
 - capacity of CSOs and local authorities to participate in decision making processes increased;
 - legal framework drafted, including laws/decrees and administrative provisions for volunteerism.
- Key performance indicators:
 - number of civic engagement strategies in pilot cities
 - number of new toolkits for supporting civil participation in the decision-making process
 - number of experience-sharing meetings and capacity-building training sessions
 - number of new toolkits for supporting civil participation in the decision-making process
 - number of partnership projects supported
 - number of short-term initiatives for participation in the decision making process
 - number of desk-based studies on legislation for volunteerism
 - number of consultations with public institutions on draft legal framework
 - number of consultations with CSOs on draft legal framework
 - draft legal framework on volunteerism submitted to the Presidency, Grand National Assembly and other relevant parties.

(2) Assumptions and conditions

- Related public institutions have political determination to improve legislative environment and to cooperate with CSOs in decision-making processes and implementation
- Public authorities and CSOs are willing to engage in dialogue and cooperation
- Grant beneficiaries show willingness to develop effective and sustainable cooperation
- The media are open to promoting all sorts of civil society work and dialogue.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3) (a) Indirect management with international organisation

This Action will be implemented under indirect management with the United Nations Development Programme (UNDP).

What this means is that UNDP will implement all the activities mentioned under this Action. UNDP will work together with the Union of Municipalities (UMT), the Ministry of the Interior (Directorate-General for Relations with Civil Society (DGRCS)), and UN Volunteers in Turkey, along with a broad range of local, regional and national stakeholders.

By raising awareness about the mutual benefits of cooperation, encouraging sustainable dialogue, and building the capacity necessary for interaction everywhere in Turkey, the action will foster partnerships between CSOs and local authorities. Secondly, CSOs will be encouraged to specialise and/or to professionalise, so as to become more responsive to the needs of society at local level. Thirdly, a structured study will be carried out, paving the way for improvements in relevant legislation on volunteering. Finally, the institutional capacity of UMT and DGRCS will be strengthened to guide municipalities for local participations.

Following a study and consultations with CSOs and relevant public institutions, a legislative framework regulating volunteering in Turkey will be drafted.

The organisation chosen was selected on the following basis:

UNDP has proven competence and experience as the world's largest multilateral source of development assistance. It has implemented over 80 programmes across Turkey since 1986, aiming to find practical solutions to the country's development challenges, and it manages projects together with the Turkish Government and other partners. The envisaged organisation has been selected for its operational capacity and for its consolidated experience in Turkey in implementing projects on inclusive and democratic governance and climate change and environment. Furthermore, since the action foresees sub-granting, UNDP was identified as an organisation having the capacity to manage a sub-granting scheme.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

(4) Scope of geographical eligibility for procurement and grants

Geographical eligibility will apply, in terms of the place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased, as established in the basic act and set out in the relevant contractual documents.

Action 4	EU support for strengthening the audit capacity of the Audit Authority	EUR 1 880 000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the Action and objectives

The overall objectives of the Action are:

- to contribute to management and control systems in the public sector through independent and effective external audits, and to ensure compliance with international audit standards;
- to strengthen the Audit Authority's capacity to give assurances on the proper and effective use of IPA funding, and support the development of sound financial management.

The specific objectives are:

- to strengthen the Audit Authority’s capacity to provide assurances on the proper and effective use of IPA funds managed indirectly by Turkey and to contribute to the accountability and effective functioning of the management and control systems of the structures entrusted with budgetary implementation tasks;
 - to enhance efficiency and effectiveness in audit activities;
 - to maintain and support staff retention by improving motivation and job satisfaction;
 - to ensure knowledge transfer and experience sharing by establishing a team of trainers
- Expected results:
 - manuals, procedures, methodologies, strategies and checklists revised, staff given related training;
 - audit software developed, IT hardware and professional equipment and Computer Assisted Audit Tools (CAAT) procured, staff trained in specific areas;
 - training given in specialised areas, such as:
 - audit of verification of project sustainability, procedures, EU public procurement rules and skills in works contracts, etc.;
 - financial modelling, statistical sampling, stratifications, risk assessment procedures, evidence-gathering techniques, analytical/critical thinking and IT, etc.;
 - staffing and retention policy developed and/or revised;
 - ‘Training of Trainers’ module established.
 - Key performance indicators:
 - number of revised and modified audit manuals
 - number of auditors with improved IT skills
 - number of reports with newly developed audit software
 - number of audit staff trained in the use of computer-assisted audit techniques
 - number of training sessions attended
 - staff turnover rate
 - number of staff trained as trainers and project reports confirming successful output delivery reports on sustainability of results, particularly as regards continuity of training.

(2) Assumptions and conditions

- appropriate staffing levels ensured
- institutional stability and independence of the Audit Authority
- adequate budgetary provisions envisaged for running costs and/or any necessary capital expenditure regarding the Audit Authority
- existence of a strategic plan adopted by the Audit Authority.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3) (a) Indirect management with the IPA II Beneficiary

This Action will be implemented under indirect management by the IPA II Beneficiary. The Central Finance and Contract Unit (CFCU) will be responsible for carrying out all the tasks relating to the implementation of the Action and will act as the contracting authority.

The target institution of this action is the Audit Authority responsible for audit tasks relating to EU funds under indirect management by Turkey.

The CFCU shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management. It will also be responsible for ensuring the legality and regularity of expenditure incurred during the programme's implementation.

(4) Scope of geographical eligibility for procurement and grants

Geographical eligibility will apply, in terms of the place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased, as established in the basic act and set out in the relevant contractual documents.

Action 5	Town Twinning (TT) between Turkey and the EU, Phase – II (Twinning for a Green Future)	EUR 4 000 000
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the Action and objectives

The overall objectives are:

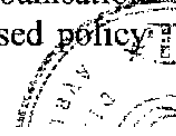
- to step up dialogue between Turkish and EU local authorities
- to improve the capacity of local authorities to take part in climate- and environment-based actions.

The specific objective is:

- to enable exchange and cooperation between Turkish local authorities and their EU counterparts on climate- and environment-based actions.

- Expected results:

- capacity of Turkish local authorities to participate in EU-based networks improved
- exchanges on climate-based issues between EU and Turkish counterparts (including CSOs and members of the public) increased
- capacity of key stakeholders (DEUA, Union of Municipalities of Turkey (UMT), Union of Provinces (UoP) and the Ministry of the Environment and Urbanisation (MoEU)) to participate in multi-national climate and environment-based policy and lobbying improved.



- Key performance indicators:
 - number of networking visits supported through a grant scheme and non-financial support
 - number of EU-Turkey town twinning projects on climate and the environment supported by the grant scheme
 - % of grantees to develop a planning document on climate- and environment-based topics
 - number of capacity-building training sessions
 - number of roadmaps drafted for local authorities on climate financing.

(2) Assumptions and conditions

- active participation of target groups under the Action
- continued support by the Turkish Government and EU authorities for stepping up dialogue and cooperation between local authorities.
- UMT's current level of communication with the Council of Europe, the Committee of the Regions, the Council of European Municipalities and Regions and other EU-based networks will be sustained.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3) (a) Indirect management with the IPA II beneficiary

This Action will be implemented under indirect management by Turkey, which will be responsible for carrying out all the tasks associated with its implementation.

The final beneficiary of TT-II is UMT, while DEUA and UoP are the co-beneficiaries of the action. The Ministry of the Environment and Urbanisation (MoEU) hosts the Directorate-General of Local Authorities (DGLA), whose involvement in the project is essential in view of its responsibilities, assigned to it by law, for duties and services associated with the operation of municipalities, administrations attached to municipalities, and municipal unions.

UMT's Project and Financing Department will be responsible for implementation. UMT will coordinate the implementation of all project activities, thus ensuring the involvement of key institutions and relevant stakeholders. A Technical Assistance Team will be established to build capacity within UMT, DEUA, UoP, MoEU and local authorities; implement networking and promotional activities; and help UMT implement the grant scheme.

The beneficiary will be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and, where relevant, for evaluating these activities, in accordance with the principle of sound financial management. It will also be responsible for ensuring the legality and regularity of expenditure incurred in the implementation of the programme. CFCU, the Contracting Authority, is responsible for contracting, implementation, information and visibility, monitoring and reporting.

(4) Scope of geographical eligibility for procurement and grants

Geographical eligibility will apply, in terms of the place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased, as established in the basic act and set out in the relevant contractual documents.

SECTOR	<i>Rule of Law and Fundamental Rights</i>	<i>EUR 8 120 000</i>
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Action 6	Supporting Fundamental Rights in Turkey	<i>EUR 2 920 000</i>
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(1) Description of the Action, objective, expected results and key performance indicators

- Description of the Action and objectives

The overall objectives of the Action are:

- to contribute to better promotion and protection of children's rights in Turkey, in accordance with international standards
- to increase the number and quality of interventions by Bar Associations and lawyers in cases involving allegations of violations of children's rights.

The specific objective is:

- to improve lawyers' and Bar Associations' capacity to defend children's rights.

- Expected results:

- legal professionals' capacities and skills in promoting children's rights and applying child-sensitive procedures during legal and administrative proceedings improved
- institutional capacity of the Union of Turkish Bar Associations (UTBA) and the Bar Associations to respond, supervise, monitor and report violations of children's rights strengthened
- knowledge and coordination schemes improving children's access to remedies against rights violations increased.

The Action is to be implemented as a single activity entitled 'Improving the Capacity of Lawyers and Bar Associations on Promotion, Protection and Monitoring of Children's Rights'.

- Key performance indicators:

- a corporate legal framework for the appointment procedures and minimum qualifications of lawyers working in child-related cases developed
- a training programme and curriculum for lawyers working with/for children in Turkey developed and implemented
- national training team established
- training programme completed by at least 75% of participants

- legal frameworks and standard operating procedures for bar associations' child rights centres of Bar Associations (CRCs) developed
- number of cases professionally supervised by pilot CRCs
- number of regular visits made to detention centres (including prisons, removal centres, police custody etc.) by pilot CRCs
- number of reports/inputs submitted by each pilot Bar Association to international/national bodies on the state of children's rights
- an official procedure by UTBA for the coordination of child rights centres/boards/commissions of Bar Associations developed
- a draft legal framework developed and shared with the relevant stakeholders (including the Ministry of Justice, the Ministry of Family, Labour and Social Security, the Parliament, and civil society organisations) on professional legal representation of children in civil cases and transactions (guardian ad litem)
- a peer-reviewed journal on children's rights published annually by UTBA.

(2) Assumptions and conditions

- commitment at all levels to align with EU standards and practices
- willingness and acceptance on the part of the selected target groups and thorough, systematic follow-up of these groups during project implementation
- common understanding and buy-in of UTBA and Bar Associations on the legal framework for the qualification standards and the training curriculum
- broad participation of lawyers in training sessions
- cooperation among stakeholders.

The implementation of the action requires continued commitment by the Turkish authorities, including political support and strong cooperation between all relevant stakeholders to achieve its objectives and expected results. This calls for close coordination with the Ministry of Justice and the Ministry of the Family and Social Services.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

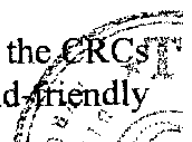
(3) Implementation modalities

(3) (a) Indirect management with international organisation

This action will be implemented under indirect management with the United Nations International Children's Emergency Fund (UNICEF).

The entity shall will perform activities related to:

- developing legal frameworks, for qualification standards
- developing a legal representation mechanism for children in civil cases and transactions (guardian ad litem)
- the terms of reference
- standard operating procedures (SoPs)
- training programmes, tools and guidelines and promotion materials for the CRCs (including children's rights knowledge, outreach, case-handling, child-friendly



procedures, supervision, strategic litigation, detention monitoring, indicators for data generation, reporting to national and international bodies, etc.), and

- tools, guidelines and materials for children's rights curricula in two pilot universities.

The envisaged entity was selected on the following basis:

Its operational capacity, highly specialised expertise in the field, consolidated experience in Turkey in implementing projects focusing on children, high value added in terms of established cooperation with Turkish stakeholders.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

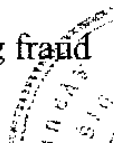
Action 7	EU Support for Home Affairs	EUR 5 200 000
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(1) Description of the Action, objective, expected results and key performance indicators

The overall objective is to make progress on the alignment of EU *acquis* and improve the institutional capacity of Turkey regarding Chapter 24.

The specific objectives are:

- to make national asylum procedures more effective, in compliance with international principles and national legislation
- to improve inter-service cooperation in Integrated Border Management (IBM)
- to strengthen the customs control capacity in the areas of nuclear security and smuggling via parcel carriers.
- Expected results:
 - refugee status determination procedures aligned with EU and international standards; effective access to efficient asylum procedures ensured, implemented in a standardised way throughout Turkey
 - operability of the National Coordination and Joint Risk Analysis Centre (NACORAC) improved
 - radiation control capacity improved
 - mail and fast freight cargo control capacity enhanced
- Key performance indicators:
 - number of applications relating to International Protection cases processed and concluded
 - number of cases reviewed by the Quality Assurance Board
 - number of government personnel informed about mechanisms for reporting fraud
 - number of cases overviewed in order to initiate a resettlement process



- gaps and need analysis report on the operability of NACORAC
- number of personnel from NACORAC and other border management institutions trained
- radiation control plan for Directorate-General Customs Enforcement in place
- number of personnel trained in the use of devices for detecting radioactive material
- number of gap or needs analyses and reports with recommendations for mail and freight cargo border control procedures carried out
- a portfolio of risk profiles for mail/freight cargo transshipments
- number of training sessions held on mail examination and express couriers
- establishment of a pilot open-source intelligence team

(2) Assumptions and conditions

In all activities, the implementation of the action requires continued commitment by the Turkish authorities to achieving the objectives planned and the results expected. Success also depends on whether the beneficiary institutions are able to maintain a stable workforce with high enough staffing levels.

Continuing good operational cooperation and dialogue on migration between the EU and Turkey remains necessary to ensure that this action can achieve its full results.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

(3) Implementation modalities

(3) (a) Indirect management with an international organisation

'Reinforce effectiveness of national asylum procedures in compliance with international standards and national legislation' will be implemented under indirect management with an international organisation, the United Nations High Commissioner for Refugees (UNHCR), by a Contribution Agreement, with expertise to be sought from the European Asylum Support Office (EASO). The contracting authority will be the Commission, through the EU Delegation to Turkey.

This implementation entails making national asylum procedures more effective, in compliance with international principles and national legislation. The aim is to establish efficient asylum procedures.

The chosen organisation was selected on the following basis:

Given its proven competence and experience in the field of protecting and assisting refugees around the world and in Turkey, it is proposed that the Action be implemented with the help of the UNHCR, the leading UN agency working with refugees.

'Supporting the institutional capacity of DG PA's "National Coordination and Joint Risk Analysis Centre" (NACORAC)' will be implemented under indirect management with an international organisation, the International Centre for Migration Policy Development (ICMPD), with expertise provided by the European Border and Coast Guards Agency (EBCGA) through a contribution agreement. The contracting authority will be the Commission, through the EU Delegation to Turkey. This implementation entails improving inter-service cooperation in integrated border management (IBM), with a view to improving their alignment with EU standards, terminology and procedures. The

operability of the NACORAC will be improved, with a view to making it fully operational by 2021.

Given the ICMPD's particular competence in and experience with carrying out research, projects and activities on migration-related issues and making policy recommendations to states' governmental agencies, as well as to external governmental and intergovernmental agencies, it is proposed that the action be implemented with its assistance.

'Improving the control capacity of DG Customs Enforcement' will be implemented under indirect management with an international organisation, the International Organisation for Migration (IOM), with expertise provided by the World Customs Organisation³ through a Contribution Agreement. The contracting authority will be the Commission, through the EU Delegation to Turkey.

This implementation entails improving DG Customs Enforcement's ability to conduct checks to ensure nuclear security and to combat smuggling by parcel carriers. Its capacity to conduct radiation control capacity and mail and fast freight cargo control capacity will be improved.

The IOM is the leading international organisation in the field of migration, with proven competence and experience in migration management and refugee response in Turkey. It is therefore proposed that the Action be implemented with its assistance.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

(4) Scope of geographical eligibility for procurement and grants

Geographical eligibility will apply, in terms of the place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased, as established in the basic act and set out in the relevant contractual documents.

2.3 PROVISIONS APPLICABLE TO ALL ACTIONS

Where resources are granted through the budget of Turkey, or where Turkey contributes to the selection of the specific interventions to be supported, State aid rules applicable in Turkey, and notably the State aid obligations laid down in Customs Union Decision 1/95, shall be complied with.

3 BUDGET

³ IOM's partnership with WCO will be confirmed.

3.1 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR TURKEY

Objective 1	Indirect management		Direct management	Total EU contribution (EUR)	IPA-II beneficiary or other third party contribution (EUR)	Total (EUR)
	with IPA-II beneficiary	with entrusted entity				
	EU contribution (EUR)	EU contribution (EUR)				
01 Democracy and governance	107 880 000	6 000 000		113 880 000	135 120 000	249 000 000
Action 1: EU support for participation in EU programmes and agencies	90 000 000			90 000 000	135 000 000	225 000 000
Action 2: Jean Monnet Scholarship Programme	12 000 000			12 000 000		12 000 000
Action 3: EU support for civil society		6 000 000		6 000 000		6 000 000
Action 4: EU support for strengthening the audit capacity of the Audit Authority	1 880 000			1 880 000	120 000	2 000 000
Action 5: Town twinning between Turkey and the EU Phase – II (Twinning for a green future)	4 000 000			4 000 000		4 000 000
02 Rule of law and fundamental rights		8 120 000		8 120 000	150 000	8 270 000
Action 6: Supporting fundamental rights in Turkey		2 920 000		2 920 000	150 000	3 070 000
Action 7: EU support for home affairs		5 200 000		5 200 000		5 200 000
TOTAL	107 880 000	14 120 000		122 000 000	135 270 000	257 270 000

4 PERFORMANCE MONITORING ARRANGEMENTS

Under its performance measurement framework, the Commission monitors and assesses progress towards the specific objectives set out in the IPA II Regulation, using predefined indicators which are clear, transparent and measurable. The progress reports referred to in Article 4 of the IPA II Regulation will be taken as a point of reference in assessing the results of the IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources. These will be aggregated and analysed, to track any progress towards the targets and milestones set for each action in the programme, as well as in the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, national IPA coordinators (NIPACs) will collect information on how the actions and programmes are implemented (using process, output and outcome indicators). They will also coordinate the collection and production of indicators from national sources.

Overall progress will be monitored through:

- a) a result-orientated monitoring (ROM) system;
- b) monitoring by IPA II beneficiaries;
- c) self-monitoring by EU delegations;
- d) joint monitoring by the Commission (DG NEAR) and the IPA II beneficiaries. An IPA II monitoring committee, supported by sector-specific monitoring committees, will regularly monitor compliance, coherence, effectiveness, efficiency and coordination in implementing financial assistance.

5 EVALUATION

Action- and project-level evaluations

Some of the actions in this programme – depending on their relative importance – will be evaluated by independent consultants, either via a joint mission or through an implementing partner. The Commission may conduct a mid-term, final or ex-post evaluation of actions concerning fundamental rights and home affairs.

These evaluations will be conducted in line with DG NEAR's guidelines on linking planning/programming, monitoring and evaluation.⁴ They will be carried out at various levels, for problem-solving, accountability and learning purposes.

The evaluation reports will be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission will analyse their conclusions and recommendations. Where appropriate, in agreement with the IPA II beneficiary, they will jointly decide on any follow-up action to be taken and any adjustments needed, including (if appropriate) reorienting the project.

⁴ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near_guidelines.zip. If there are no plans for an evaluation, the European Commission may, in the course of implementation, decide to undertake such an evaluation, either of its own volition or at the partner's initiative. The need for evaluation must be explained.

ANNEX II - GENERAL CONDITIONS

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Part One: Provisions Applicable to Activities for which the IPA II beneficiary is the Contracting Authority

Article 1 - General principles

- (1) The purpose of Part One is to lay out the rules for implementing the entrusted budget-implementation tasks as described in Annex I and to define rights and obligations of the IPA II beneficiary and the Commission respectively in carrying out these tasks.

Part One shall apply to the budget-implementation tasks entrusted to the IPA II beneficiary related to the Union contribution alone, or combined with funds of the IPA II beneficiary or funds of a third party, in case such funds are implemented in joint co-financing, i.e. where they are pooled.

- (2) The IPA II beneficiary shall remain responsible for the fulfillment of the obligations stipulated in this Financing Agreement and in the Framework Agreement, even if it sub-delegates to other entities identified in Annex I to carry out certain entrusted budget implementation tasks. The Commission, in particular, reserves the right to suspend payments, and to suspend and/or terminate this Financing Agreement on the basis of the acts, omissions and/or situations of any designated entity.
- (3) The tasks referred to in paragraph 1 of this Article shall be carried out by the IPA II beneficiary in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts in external actions, in force at the time of the launch of the procedure in question (PRAG), as well as in accordance with the required visibility and communication standards referred to in Article 2(2).

The IPA II beneficiary shall conduct the procurement and grant award procedures, conclude the resulting contracts, and ensure that all relevant documents for audit trail are in the language of this Financing Agreement. For the purpose of Part One of this Financing Agreement every reference to grant contracts shall also include contribution agreement and every reference to grant beneficiaries shall also include organisations having signed contribution agreements.

- (4) The IPA II beneficiary shall respect the minimum rate of its contribution specified in Annex I. In case of contributions from both the IPA II beneficiary and the Union, the IPA II beneficiary contribution shall be made available at the same time as the corresponding contribution from the Union.
- (5) The IPA II beneficiary shall keep all relevant financial and contractual supporting documents from the date of the entry into force of this Financing Agreement or as from an earlier date in case if the procurement procedure, call for proposals or direct grant award procedure was launched prior to the entry into force of this Financing Agreement:

(a) For procurement procedures in particular:

- a) Forecast notice with proof of publication of the procurement notice and any corrigenda;
- b) Appointment of shortlist panel;
- c) Shortlist report (incl. annexes) and applications;
- d) Proof of publication of the shortlist notice;
- e) Letters to non-shortlisted candidates;
- f) Invitation to tender or equivalent;
- g) Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication;
- h) Appointment of the evaluation committee;

- i) Tender opening report, including annexes;
 - j) Evaluation / negotiation report, including annexes and bids received;¹
 - k) Notification letter;
 - l) Cover letter for submission of contract;
 - m) Letters to unsuccessful candidates;
 - n) Award / cancellation notice, including proof of publication;
 - o) Signed contracts, amendments, riders, implementation reports, and relevant correspondence.
- (b) For calls for proposals and direct award of grants in particular:
- a) Appointment of the evaluation committee;
 - b) Opening and administrative report including annexes and applications received;²
 - c) Letters to successful and unsuccessful applicants following concept note evaluation;
 - d) Concept note evaluation report;
 - e) Evaluation report of the full application or negotiation report with relevant annexes;
 - f) Eligibility check and supporting documents;
 - g) Letters to successful and unsuccessful applicants with approved reserve list following full application evaluation;
 - h) Cover letter for submission of grant contract;
 - i) Award/cancellation notice with proof of publication;
 - j) Signed contracts, amendments, riders and relevant correspondence.

In addition, financial and contractual documents referred to in paragraph 5(a) and (b) of this Article shall be complemented by all relevant supporting documents as required by the procedures referred to in section 3 of this Article, as well as all relevant documentation relating to payments, recoveries and operating costs, for example project and on the spots checks reports, acceptance of supplies and works, guarantees, warranties, reports of supervising engineers.

All relevant financial and contractual documents shall be kept for the same duration in accordance with Article 49 of the Framework Agreement.

- (6) For the purpose of the application of Article 25 of the Framework Agreement on data protection, personal data shall be:
- processed lawfully, fairly and in a transparent manner in relation to the data subject;
 - collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;
 - adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
 - accurate and, where necessary, kept up to date;
 - processed in a manner that ensures appropriate security of the personal data and

¹ Elimination of unsuccessful bids five years after the closure of the procurement procedure.

² Elimination of unsuccessful applications three years after the closure of the grant procedure.

- kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed.

Personal data included in documents to be kept by the IPA II beneficiary in accordance with Article 1.5 has to be deleted once the deadlines set out in Article 1.5 have expired.

Article 1a - Duty to inform, administrative sanctions, and failure to act

- (1) When applying the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts, the IPA II beneficiary shall accordingly ensure that no EU financed procurement or grant contract is awarded to an economic operator or grant applicant if the economic operator or grant applicant who either itself, or a person having powers of representation, decision making or control over it is in one of the exclusion situations provided for in the relevant procedures and standard documents of the Commission.
- (2) The IPA II beneficiary shall inform the Commission immediately when a candidate, tenderer or applicant is in a situation of exclusion from participating in procurement and grant award procedures, has committed irregularities and fraud, or has been found in serious breach of its contractual obligations.
- (3) The IPA II beneficiary shall take into account the information contained in the Commission's 'Early Detection and Exclusion System' (EDES) when awarding procurement and grant contracts. Access to the information can be provided through the liaison point(s) or via consultation using the following means: (European Commission, Directorate-General for Budget, Accounting Officer of the Commission, BRE2-13/505, B-1049 Brussels, Belgium and by email to BUDG-C01-EXCL-DB@ec.europa.eu in copy to the Commission address identified in Article 3 of the Special Conditions).
- (4) Where the IPA II beneficiary becomes aware of an exclusion situation in the implementation of the tasks described in Annex I, the IPA II beneficiary shall impose upon an economic operator or a grant applicant an exclusion from its future procurement or grant award procedures. The IPA II beneficiary may also impose a financial penalty proportional to the value of the contract concerned. Exclusions and/or financial penalties shall be imposed following an adversarial procedure ensuring the right of defence of the person concerned. The IPA II beneficiary shall notify the Commission in accordance with paragraph 1 of this Article.
- (5) In respect of paragraph 4 of this Article, the IPA II beneficiary is considered in failure to act, if it does not impose exclusion and/or a financial penalty upon the economic operator or grant applicant.
- (6) In the case of a failure to act, the IPA II beneficiary shall notify the Commission explaining the reasons for its failure to act. The Commission reserves the right to exclude an economic operator or a grant applicant from future EU financed award procedures, and/or impose a financial penalty on an economic operator or a grant applicant between 2 % and 10 % of the total value of the contract concerned.

Article 2 - Visibility and communication

- (1) In accordance with Article 24(3) of the Framework Agreement, the IPA II beneficiary shall take the necessary measures to ensure the visibility of EU funding for the activities entrusted to it, and prepare a coherent plan of visibility and communication activities which should be submitted to the Commission for an agreement within 2 months after the entry into force of this Financing Agreement.
- (2) These communication and visibility activities shall comply with the Communications and Visibility Manual for EU External Actions laid down and published by the Commission in force at the time of the activities.

Article 3 - Ex-ante controls on grant and procurement procedures and on ex post controls on contracts and grants to be performed by the Commission

- (1) The Commission may exercise *ex ante* controls on the tendering of contracts, launch of calls for proposals and the award of contracts and grants for the following stages of procurement or grant award:
 - (a) approval of contract notices for procurement, work programmes for calls for proposals, and any corrigenda thereof;
 - (b) approval of tender dossiers and guidelines for applicants on grants;
 - (c) approval of the composition of Evaluation Committees;
 - (d) approval of evaluation reports and award decisions³;
 - (e) approval of contract dossiers and contract addenda.
- (2) With regard to *ex ante* controls the Commission shall decide:
 - (a) to perform *ex ante* controls on all files, or
 - (b) to perform *ex ante* controls on a selection of such files, or
 - (c) to completely dispense with *ex ante* controls.
- (3) If the Commission decides to perform *ex ante* controls in accordance with paragraph 2(a) or (b) of this Article, it shall inform the IPA II beneficiary of the files selected for *ex ante* controls. The IPA II beneficiary shall provide all the documentation and information necessary to the Commission upon being informed that a file has been selected for *ex ante* control, at the latest at the time of submission of the contract notice or the work programme for publication.
- (4) The Commission may decide to perform *ex post* controls, including audits and on-the-spot controls, at any time on any contracts or grants awarded by the IPA II beneficiary arising out this Financing Agreement. The IPA II beneficiary shall make available all the documentation and information necessary to the Commission upon being informed that a file has been selected for *ex post* control. The Commission may authorize a person or an entity to perform *ex post* controls on its behalf.

Article 4 - Bank accounts, accounting systems, and cost recognised

- (1) After the entry into force of this Financing Agreement, the National Fund and the operating structure of the IPA II beneficiary that is the Contracting Authority for the Programme shall open at least one bank account denominated in euro. The total bank balance for the Programme shall be the sum of the balances on all the Programme bank accounts held by the National Fund and all participating operating structures in the IPA II beneficiary.
- (2) The IPA II beneficiary shall prepare and submit to the Commission disbursement forecast plans for the duration of the implementation period of the Programme. These forecasts shall be updated for the annual financial report referred to in Article 14(2) and for each request for funds. The forecasts shall be based on a documented detailed analysis (including the planned contracting and payment schedule per contract for the following fourteen months) which shall be available to the Commission on request.
- (3) The initial disbursement forecast plan shall contain summary annual disbursement forecasts for the whole implementation period and monthly disbursement forecasts for the first fourteen months of the Programme. Subsequent plans shall contain summary annual disbursement forecasts for the balance of the implementation period of the Programme and monthly disbursement forecasts for the following fourteen months.
- (4) The IPA II beneficiary is required to establish and maintain an accounting system in accordance with

³ For service contracts this steps includes *ex ante* controls concerning approval of the shortlist.

Clause 2(3)(b) of Annex A to the Framework Agreement which will hold at least the information for the contracts managed under the Programme indicated in Annex V.

- (5) Cost recognised in the accounting system maintained under the section 4 of this Article must have been incurred, paid and accepted and correspond to actual costs proven by supporting documents and shall be used when appropriate to clear pre-financing paid by the IPA II beneficiary under local contracts.
- (6) The IPA II beneficiary shall provide to the Commission reports as follows:
 - (a) Cut-off report - as set out in Article 14(4);
 - (b) Annual reports as set out in paragraphs (2) to (4) of Article 14;
 - (c) Request for funds reports as referred to in Article 5.

Article 5 - Provisions on payments made by the Commission to the IPA II beneficiary

- (1) The IPA II beneficiary shall submit its initial disbursement forecast for the Programme, prepared pursuant to Article 4(2), with the first pre-financing payment request. The first pre-financing payment shall be for 100 % of the forecast disbursements for the first year of the disbursement forecast plan.
- (2) The IPA II beneficiary shall submit subsequent pre-financing payment requests when the total bank balance for the Programme falls below the disbursements forecast for the following five months of the Programme.
- (3) Each request for additional pre-financing shall be supported by following documents:
 - a) A summary of all disbursements made for the Programme;
 - b) The bank balances for the Programme at the cut-off date of the request;
 - c) A forecast of disbursement for the Programme for the following fourteen months at the cut-off date of the request in accordance with Annex IV point (d).
- (4) The IPA II beneficiary may request for each subsequent pre-financing the amount of total disbursements forecast for the fourteen months following the cut-off date of the request, less the balances referred to in section 3(b) of this Article at the cut-off date of the request for funds increased by any amount funded by the IPA II beneficiary under paragraph 5 of this Article and not yet reimbursed.

The Commission reserves the right to reduce each subsequent pre-financing payment if the total bank balances held by the IPA II beneficiary under this Programme and on all other IPA I or IPA II programmes managed by the IPA II beneficiary exceeds the disbursement forecast for the next fourteen months.

- (5) Where the payment is reduced under paragraph 4 of this Article, the IPA II beneficiary must fund the Programme from its own resources up to the amount of the reduction. The IPA II beneficiary may then request the reimbursement of that funding as part of the next request for funds as specified in paragraph 4 of this Article.
- (6) The Commission shall have the right to recover excessive bank balances which have remained unused for more than twelve months. Before exercising this right, the Commission shall invite the IPA II beneficiary to give reasons for the delay in disbursing the funds and demonstrate a continuing need for them within the next following two months.
- (7) Interest generated by the bank accounts used for this Programme shall not be due to the Commission.
- (8) Following Article 33(4) of the Framework Agreement, if interruption of time limit for payment request exceeds two months, the IPA II beneficiary may request a decision by the Commission on whether the interruption of time limit is to be continued.
- (9) The final financial declaration referred to in Article 37(2) of the Framework Agreement shall be submitted by the NAO no later than 16 months after the end of operational implementation period.

Article 6 - Interruption of payments

- (1) Without prejudice to the suspension or termination of this Financing Agreement according to Articles 18 and 19 respectively, as well as without prejudice to Article 39 of the Framework Agreement, the Commission may interrupt payments partially or fully, if:
- (a) the Commission has established, or has serious concerns that the IPA II beneficiary has committed substantial errors, irregularities or fraud questioning the legality or regularity of the underlying particular transactions in the implementation of the Programme, or has failed to comply with its obligations under this Financing Agreement, including obligations regarding the implementation of the Visibility and Communication plan;
 - (b) the Commission has established that or has serious concerns, whether the IPA II beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under this or other Financing Agreements, provided that those errors, irregularities, fraud or breach of obligations have a material impact on the implementation on this Financing Agreement or call into question the reliability of the IPA II beneficiary's internal control system or the legality and regularity of the underlying expenditure.

Article 7 - Recovery of funds

- (1) In addition to cases referred to in Article 41 of the Framework Agreement, the Commission may recover the funds from the IPA II beneficiary as provided in the Financial Regulation, in particular in case of:
- (a) the Commission established that objectives of the Programme set out in Annex I are not achieved;
 - (b) non eligible expenditure;
 - (c) non respect of the contribution rate, as provided in Annex I;
 - (d) expenditure incurred as a result of errors, irregularities, fraud or breach of obligations in the implementation of the Programme, in particular in the procurement and grant award procedure.
- (2) In accordance with national law, the IPA II beneficiary shall recover the Union contribution paid to the IPA II beneficiary from recipients who were in any situation defined in paragraph 1 points b) or d) of this Article or referred to in Article 41 of the Framework Agreement. The fact that the IPA II beneficiary does not succeed in recovering all or part of the funds shall not prevent the Commission from recovering the funds from the IPA II beneficiary.
- (3) Amounts unduly paid or recovered by the IPA II beneficiary, amounts from financial, performance and pre-financing guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed by the IPA II beneficiary on candidates, tenderers, applicants, contractors or grant beneficiaries, to the IPA II beneficiary shall be either re-used for the Programme or returned to the Commission.

Part Two: Provisions Applicable to Budget Support

Article 8 - Policy dialogue

The IPA II beneficiary and the Commission commit to engage in a regular constructive dialogue at the appropriate level on the implementation of this Financing Agreement.

Article 9 - Verification of conditions and disbursement

- (1) The Commission shall verify the conditions for the payment of the tranches of the budget support component, as identified in Annex I and Annex IA.
- (2) Where the Commission concludes that the conditions for payment are not fulfilled, it shall inform the IPA II beneficiary thereof without undue delay.
- (3) Disbursement requests submitted by the IPA II beneficiary shall be eligible for EU financing provided that they are in accordance with the provisions set out in Annex I and Annex IA and that they are submitted during the operational implementation phase.
- (4) The IPA II beneficiary shall apply its national foreign exchange regulations in a nondiscriminatory manner to all disbursements of the budget support component.

Article 10 - Transparency of budget support

The IPA II beneficiary hereby agrees to the publication by the Commission, of this Financing Agreement and any amendment thereof, including by electronic means, and of such basic information on the budget support which the Commission deems appropriate. The content of such publication shall be in accordance with the EU laws applicable to the protection of personal data.

Article 11 - Recovery of budget support

All or part of the budget support disbursements may be recovered by the Commission, with due respect to the principle of proportionality, if the Commission establishes that payment has been vitiated by a serious irregularity attributable to the IPA II beneficiary, in particular if the IPA II beneficiary provided unreliable or incorrect information, or if corruption or fraud was involved.

Part Three: Provisions Applicable to this Financing Agreement Irrespective of the Management Mode

Article 12 - Execution period, operational implementation period and contracting deadline

- (1) The execution period is the period during which the Financing Agreement is implemented and includes the operational implementation period as well as a closure phase. The duration of the execution period is stipulated in Article 2(1) of the Special Conditions, and it shall start on the entry into force of this Financing Agreement.
- (2) The operational implementation period is the period in which all operational activities covered by procurement, grant contracts and contribution agreements are completed. The duration of this period is stipulated in Article 2(2) of the Special Conditions, and it shall start on the entry into force of this Financing Agreement.
- (3) The execution and operational implementation periods shall be respected by the Contracting Authority when concluding and implementing procurement, grant contracts and contribution agreements within this Financing Agreement.
- (4) Costs related to the activities shall be eligible for EU financing only if they have been incurred during the operational implementation period; the costs incurred by the IPA II beneficiary before the entry into force of the Financing Agreement shall not be eligible for EU financing.
- (5) The procurement, grant contracts and contribution agreements shall be concluded at the latest within three years of the entry into force of the Financing Agreement, except:
 - (a) amendments to procurement contracts, grant contracts and contribution agreements already concluded;
 - (b) individual procurement contracts to be concluded after early termination of an existing procurement contract;
 - (c) contracts relating to audit and evaluation, which can be signed after operational implementation;
 - (d) change of the entity charged with entrusted tasks.
- (6) A procurement, grant contract or contribution agreement which has not given rise to any payment within two years of its signature shall be automatically terminated and its funding shall be de-committed, except in case of litigation before judicial courts or arbitral bodies.

Article 13 - Permits and authorisation

Any type of permit and/or authorisation required for the implementation of the Programme shall be provided in due time by the competent authorities of the IPA II beneficiary, in accordance with national law.

Article 14 - Reporting requirements

- (1) For the purpose of the general reporting requirements to the Commission set out in Article 58 of the Framework Agreement and the specific reporting requirements under indirect management set out in Articles 59(1) of the Framework Agreement on the annual report on the implementation of IPA II assistance, the NIPACs shall use the template provided for in Annex III to this Financing Agreement.
- (2) For the purpose of the specific reporting requirements under indirect management set out in point (a).

of Article 59(2) of the Framework Agreement on the annual financial report or statements, the NAO in the IPA II beneficiary shall use the templates provided for in points (a) and (b) of Annex IV to this Financing Agreement.

- (3) For the purpose of Article 59(4) of the Framework Agreement, the NIPAC shall submit a final report on the implementation of IPA II assistance of this Programme to the Commission no later than four months after the last disbursement to its contractors or grant beneficiaries.
- (4) For the purpose of Article 59(6) of the Framework Agreement the NAO shall provide by 15 January of the following financial year in electronic format a copy of the data held in the accounting system established under Article 4(4). This should be supported by a signed un-audited summary financial report in accordance with point (c) of Annex IV.

Article 15 - Intellectual property rights

- (1) Contracts financed under this Financing Agreement shall ensure that the IPA II beneficiary acquire all necessary intellectual property rights with regard to information technology, studies, drawings, plans, publicity and any other material made for planning, implementation, monitoring and evaluation purposes.
- (2) The IPA II beneficiary shall guarantee that the Commission, or anybody or person authorised by the Commission, shall have access and the right to use such a material. The Commission will only use such material for its own purposes.

Article 16 - Consultation between the IPA II beneficiary and the Commission

- (1) The IPA II beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further pursuant to Article 20.
- (2) Where the Commission becomes aware of problems in carrying out procedures relating to the implementation of this Financing Agreement, it shall establish all necessary contacts with the IPA II beneficiary to remedy the situation and take any steps that are necessary.
- (3) The consultation may lead to an amendment, suspension or termination of this Financing Agreement.
- (4) The Commission shall regularly inform the IPA II beneficiary of the implementation of activities described in Annex I which do not fall under Part One of these General Conditions.

Article 17 - Amendment of this Financing Agreement

- (1) Any amendment of this Financing Agreement shall be made in writing, including an exchange of letters.
- (2) If the IPA II beneficiary requests an amendment, the request shall be submitted to the Commission at least six months before the amendment is intended to enter into force.
- (3) The Commission can amend the Model Documents in Annex III, IV and V without this necessitating an amendment to this Financing Agreement. The IPA II beneficiaries shall be informed in writing about any such amendment and its entry into force.

Article 18 - Suspension of this Financing Agreement

- (1) The Financing Agreement may be suspended in the following cases:
- (a) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary breaches an obligation under this Financing Agreement;
 - (b) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary breaches any obligation set under the procedures and standard documents referred to in Article 18(2) of the Framework Agreement;
 - (c) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary does not meet requirements for entrusting budget implementation tasks;
 - (d) The Commission may suspend the implementation of this Financing Agreement if the IPA II beneficiary decides to suspend or cease the EU Membership accession process;
 - (e) The Commission may suspend this Financing Agreement if the IPA II beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption or if the IPA II beneficiary is guilty of grave professional misconduct proven by any justified means. Grave professional misconduct is to be understood as any of the following:
 - a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or
 - any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
 - (f) This Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage. If force majeure impacts only part of the Programme, the suspension of the Financing Agreement can be partial;
 - (g) Neither of the Parties shall be held liable for breach of its obligations under this Financing Agreement if it is prevented from fulfilling them by force majeure, provided it takes measures to minimise any possible damage.
- (2) The Commission may suspend this Financing Agreement without prior notice.
- (3) The Commission may take any appropriate precautionary measure before suspension takes place.
- (4) When the suspension is notified, the consequences for the on-going or to be signed procurement, grant contracts, and contribution agreements shall be indicated.
- (5) A suspension of this Financing Agreement is without prejudice to the interruption of payments and termination of this Financing Agreement by the Commission in accordance with Article 6 and Article 19.

- (6) The parties shall resume the implementation of the Financing Agreement once the conditions allow with the prior written approval of the Commission. This is without prejudice to any amendments of this Financing Agreement which may be necessary to adapt the Programme to the new implementing conditions, including, if possible, the extension of the operational implementation and execution periods, or the termination of this Financing Agreement in accordance with Article 19.

Article 19 - Termination of this Financing Agreement

- (1) If the issues which led to the suspension of this Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate the Financing Agreement at 30 days' notice.
- (2) When the termination is notified, the consequences for the on-going procurement and grant contracts, contribution agreements and such contracts or grants, and contribution agreements to be signed shall be indicated.
- (3) The termination of this Financing Agreement shall not preclude the possibility of the Commission to make financial corrections in accordance with Articles 36 to 44 of the Framework Agreement.

Article 20 - Dispute settlement arrangements

- (1) Any dispute concerning the Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 16 may be settled by arbitration at one of the parties' request.
- (2) Each party shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.
- (3) Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
- (4) Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

Period covered by the report:

01/01/20XX-31/12/20XX

Report issued on XX/XX/20XX

Annual Report on the implementation of IPA II assistance under direct and indirect management by {country} submitted by the National IPA Coordinator

I. Executive Summary

1. Reference to the objectives of the Country Strategy Papers and a brief overview of challenges in the sectors
2. Involvement in programming
3. Relations with the European Commission.
4. Problems encountered in meeting the required conditions for implementation and in ensuring sustainability, related measures taken/planned, recommendations for further action.
5. Relevant issues stemming from the IPA II beneficiary's participation in the IPA monitoring committee and in sectoral monitoring committees (including Joint Monitoring Committee for CBC), if any.
6. Involvement in Multi-country actions and any related issues.
7. Monitoring and evaluation activities, main lessons learned & follow-up to recommendations.
8. Communication and visibility activities.
9. Donor coordination.

In case of indirect management the executive summary should also cover:

10. Overall implementation of IPA assistance under indirect management (max. one page).
11. Main horizontal problems encountered in the implementation of IPA assistance and subsequent measures taken/planned (max. half page).
12. Recommendations for further actions (max. half page).
13. Audits – main findings and recommendations and corrective actions taken

II. Information per Sector

Sector title¹: [*Transport*]

Narrative part: summary per sector, including the following information:

1. Involvement in programming
2. Overview of results in moving towards a fully-fledged sector approach (i.e. targets reached as per sector roadmap in the Sector planning document).
3. Coordination with other instruments and/or donors/ IFI's within the sector
4. The impact of IPA II actions within the sector on the development of the relevant national administrative capacity in the sector, strategic planning and budgeting

Under indirect management the following information should also be included:

5. Operating structure(s) in place and related changes, if relevant: [*Ministry of Transport*]
6. Information on the implementation of programmes in the sector
7. Main achievements in the sector
8. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.
9. Recommendations for further actions
10. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken

Sector title: Cross-Border Cooperation²

1. Involvement in programming as appropriate.
2. Progress made in implementing the CBC programme and in particular in achieving the specific objectives per thematic priority (including qualitative and quantitative elements indicating progress in relation to targets)
3. A summary of problems encountered in implementing the CBC programme and any corrective actions taken, as well as recommendations for further corrective actions.

¹ As per the sectors in the indicative Strategy Papers.

² For Cross-border Cooperation specific reporting is required.

4. Monitoring, including data collection arrangements and where applicable evaluation activities.
5. Communication and visibility activities.
6. Coordination with the partner country.

Under indirect management the following information should also be included:

1. Operating structure in place and related changes, if relevant.
2. Any significant problems encountered in implementing the tasks entrusted e.g. delays in contracting, and subsequent measures taken/planned.
3. Recommendations for further actions
4. Implemented audits – main findings & recommendations and corrective action taken

II a. Performance indicators in the [e.g. Transport] sector covering both direct and indirect management:

Indicators³ per programme

Financing Agreement/Programme reference ⁴	Indicator for sector [Transport]	Source	Baseline	Milestone (2017)	Target (2020)	Value (2014 ⁵)
2014 country programme	Reduction of average travel time of passengers between major urban centres by transport mode					
2014-20xx multiannual programme	Reduced transportation costs per unit of output					

³ These should be mostly outcome, as well as selected relevant output indicators

⁴ It has to be consistent with the way of programming (annual, multi-annual with or without split commitments) and with the NAO report Number of columns to be adjusted for all years from 2014 up to the year of the reporting period. Values should be cumulative.

II b. Overview at the action level for sector [e.g. Transport]

Financing Agreement/ Programme reference	Action	State of play/Progress for particular action (e.g. ToR in preparation, tender launched, contracted, under implementation, completed)	Main achievements and their assessment	Significant problems encountered in implementing the entrusted tasks and the measures taken/planned to overcome them	Developments that influence implementation for the future	Recommendations for corrective further actions
[2014 country programme]	Electrification of the railway line from xxx to border with xxx	e.g. Service contract for preparation of ToR for the works contract signed and under implementation, tender for works contract to be launched in the second quarter of 2015		e.g. The service contract for the preparation of ToR for the works contract was delayed as the negotiated procedure failed and had to be re-launched	e.g. change of local law, like alignment with and implementation of the fourth Railway package	

Under indirect management the following annexes should also be provided:

Annex 1

Overview of the functioning of the management and control systems (including changes in the institutional structure) (max. one page).

Transparency, visibility, information and communication activities in line with FWA (max. one page)

Annex 2

Success stories (N.B. this section may be used for the annual financial assistance report prepared by the European Commission)

Annex 3

Annual procurement plan

For both direct and indirect management, the following annex should be provided:

Annex 4

Sector approach roadmap – achievements (highlighting whether planned targets have been fulfilled or not)

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IPA II beneficiary financial report (*)

Programme Reference	Financing Agreement contract number	Programme EU Contribution Budget	Total Amount Contracted	Contracted %	Total Amount Decommited on closure	Decommited %	Local Contract Activities					Total Open Pre-financing	Open Pre-financing %
							Total Amount Contracted	Contracted %	Total Amount Decommited on closure	Decommited %	Total Amount Disbursed		
1	2	3	4	5	6	7	8	9	10	11	12	13	
				4/3*100%		6/4*100%		8/4*100%		10/4*100%		12/4*100%	
NP2010	2010/123-456												
Sub-programme Action													

(*) 15 February

IPA II beneficiary financial report (*)

Programme Reference	Financing Agreement contract number	Programme EU Contribution Budget	Local Contract Activities				Bank Balances	
			Total Amount Contracted	Total Amount Decommited on closure	Total Amount Disbursed	Total Costs Recognised	Total Open Pre-financing	Total
1	2	3	4	5	6	7	8	9
NP2010	2010/123-456							

(*) 15 January

Annex IV (d) - payments forecast

Programme Reference	Planned Disbursement Forecasts (Add years as necessary)														Total Year	Year 2	Year 3	
	Monthly Disbursement Forecast (12 months for first pre-financing/ 14 months for subsequent pre-financing)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14				
NP2010																1		
CBC-AVBB 2010																0		

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The accounting system of the IPA II beneficiary shall meet following requirements:

1. Reflect the organisational structure put in place for the internal control systems suited to the performance of duties. In particular before an operation is authorised, all aspects (both operational and financial) of the operation have to be verified by members of staff other than the one who initiated the operation. The person dealing with the verification cannot be subordinated to the initiator of the transaction.
2. Include an audit trail for all transactions and amendments.
3. Possess adequate physical and electronic security including back-up and recovery systems.
4. The accounting system should hold at least the following information for the local contracts managed under each programme:
 - (a) Contract reference;
 - (b) Contract value including any amendments;
 - (c) Contract signature dates (both parties);
 - (d) Contract implementation start date;

This is in addition to the contract signature date and may differ from it, as when the contract works start date is given after the signature of the contract through an Administrative Order.

- (e) Contract implementation end date including any amendments;

This is the final date on which eligible costs can be incurred. It does not include any guarantee period or time allowed for report preparation by the contractor.

- (f) Total paid (cash) by contract;
 - (g) Pre-financing paid by contract;

Explicit recognition and recording on the balance sheet of contractually required pre-financing.

- (h) Cost recognised – direct (by contract);

Explicit recognition of cost as a charge to expenses for the year. Some payments will directly cover costs already incurred. No pre-financing is involved. They may be final

payments where any pre-financing has already been cleared or interim payments where pre-financing has been cleared or where the contract does not include the provision of pre-financing.

(i) Cost recognised – indirect (by contract);

Explicit recognition of cost as a charge to expenses for the year. Some invoices or cost claims submitted by a grant beneficiary or contractor will relate to costs that are covered by pre-financing paid earlier in the implementation period of the grant agreement or contract. In these cases the payment made will be less than the reported cost. It may even be zero if all the cost is covered by pre-financing. (it will certainly be zero if the reported costs are insufficient to absorb the pre-financing and a recovery order is issued for the unused balance of the pre-financing.) In all such cases the system should record the full value of the reported eligible cost as expenses for the year and reduce the balance of pre-financing by the amount of cost offset against the pre-financing when determining the amount payable.

(j) Recovery orders to reduce pre-financing (by contract);

Recognition of the reduction of pre-financing on the balance sheet following a recovery of unused pre-financing.

(k) Recovery orders to reduce cost (by contract);

When a recovery is made against cost that had earlier been accepted – possibly following an investigation for fraud. In such cases the recorded costs for the year must be reduced if the cost was accepted in the same year as the subsequent recovery; or income must be recorded where the cost was accepted in an earlier year than that of the recovery.

(l) Supplier's invoice date for each invoice or other document accompanied by a financial report giving rise to recognised costs;

(m) Recovery context information on ineligible cost and recoveries.

Türkiye Cumhuriyeti Dışışleri Bakanlığı Avrupa Birlięi Başkanlıęı, Avrupa Birlięi Delegasyonu'na saygılarını sunar ve imzalanmış olan IPA II "Türkiye için 2020 Yılı Eylem Programına ait Finansman Anlaşmasını (2020/042-385)" ekte sunmaktan şeref duyar.

Bakanlık, Türkiye'nin 27. Fasıl Müzakere Pozisyonunda belirtildięi üzere, Türkiye Cumhuriyeti'nin söz konusu Anlaşma'dan kaynaklanan yükümlülüklerini yerine getirmesinin, taraf olmadığı antlaşmalara ilişkin Türkiye Cumhuriyeti'nin pozisyonunu deęiştirdięi şeklinde yorumlanamayacağını not eder.

Finansman Anlaşmasının imzacıları yukarıda kayıtlı açıklamanın Finansman Anlaşması yorumlanırken dikkate alınacağı konusunda mutabıktırlar.

Türkiye Cumhuriyeti Dışışleri Bakanlığı Avrupa Birlięi Başkanlıęı, Avrupa Birlięi Delegasyonu'na en derin saygılarını bu vesileyle bir kez daha ifade etmekten şeref duyar.

Ankara, 25 Mart 2021

Ek: belirtildięi gibi.

AB Türkiye Delegasyonu
Ankara



Z-2021/77371317-ABGY/52526259

The Ministry of Foreign Affairs, Directorate for EU Affairs of the Republic of Turkey presents its compliments to the Delegation of the European Union and has the honour to enclose herewith the signed IPA II "Financing Agreement on the Annual Action Programme for Turkey for the Year 2020 (2020/042-385)".

The Ministry notes that the implementation by the Republic of Turkey of its obligations arising from this Agreement shall not be construed as altering the Republic of Turkey's position vis-à-vis the treaties that it is not a party to, as referred to in Turkey's negotiating position on Chapter 27.

The signatories of the Financing Agreement agree that the above-mentioned statements will be taken into consideration in the interpretation of the Financing Agreement.

The Ministry of Foreign Affairs, Directorate for EU Affairs of the Republic of Turkey avails itself of this opportunity to renew to the Delegation of the European Union the assurances of its highest consideration.

Ankara 25 March 2021

Encl.: as stated

Delegation of the European Union to Turkey
ANKARA

AVRUPA BİRLİĞİ TÜRKİYE DELEGASYONU
Delegasyon Başkanı

Ankara, 26 Mart 2021
Ares (2021) 2136051

NOTA

Avrupa Birliđi Delegasyonu Türkiye Cumhuriyeti Dışışleri Bakanlıđı Avrupa Birliđi Başkanlıđına saygılarını sunar.

Avrupa Birliđi Delegasyonu, “Türkiye için 2020 Yılı Eylem Programına ait Finansman Anlaşmasının (2020/042-385)” imzalandıđını bildiren Bakanlıklarının 2021/77371317-ABGY/32526259 sayılı ve 25 Mart 2021 tarihli Nota’sını aldıđını bildirmekten şeref duyar. Delegasyon Nota’da bulunan ilave ifadeleri kaydeder ve bu bağlamda geçerliliklerini onaylar. Buna ilave olarak, Komisyon, Finansman Anlaşmasının onay sürecinin kendi tarafında tamamlandıđını teyit eder.

Avrupa Birliđi Delegasyonu Türkiye Cumhuriyeti Dışışleri Bakanlıđı Avrupa Birliđi Başkanlıđına teşekkür eder ve bu vesileyle en derin saygılarını yineler.

Türkiye Cumhuriyeti
Dışışleri Bakanlıđı
ANKARA



Head of Delegation

Ankara, 26 March 2021
ARES(2021)

NOTE VERBALE

The Delegation of the European Union presents its compliments to the Ministry of Foreign Affairs, Directorate for EU Affairs of the Republic of Turkey.

The Delegation of the European Union has the honour to acknowledge receipt of the Ministry's Note Verbale N° 2021/77371317-ABGY/32526259 dated 25 March 2021 informing about the signature of signed IPA II "**Financing Agreement on the Annual Action Programme for Turkey for the Year 2020 (2020/042-385)**". The Delegation has taken note of the additional statements made in the Note Verbale and confirms their validity in this context. Furthermore, the Commission confirms that the approval process for the Financing Agreement has been completed on its side.

The Delegation of the European Union thanks the Ministry of Foreign Affairs, Directorate for EU Affairs of the Republic of Turkey, and avails itself of this opportunity to renew the assurances of its highest consideration.

Ministry of Foreign Affairs
of the Republic of Turkey
ANKARA

