

FINANCING AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF TURKEY

AND

THE COMMISSION OF THE EUROPEAN COMMUNITIES

**CONCERNING THE NATIONAL PROGRAMME FOR
TURKEY 2007 UNDER THE INSTRUMENT FOR
PREACCESSION ASSISTANCE – TRANSITION ASSISTANCE
AND INSTITUTION BUILDING COMPONENT**

(Decentralised Management)

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FINANCING AGREEMENT

THE GOVERNMENT OF THE REPUBLIC OF TURKEY

and

THE COMMISSION OF THE EUROPEAN COMMUNITIES

hereafter jointly referred to as "the Parties" or individually as "the beneficiary country", in the case of the Government of the Republic of Turkey, or the Commission, in the case of the Commission of the European Communities.

Whereas

- (a) On 1 August 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (hereafter: the "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries (currently Croatia, the former Yugoslav Republic of Macedonia and Turkey) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo according to United Nation Security Council Resolution 1244) in their efforts to enhance political, economic and institutional reforms with a view to their eventually becoming members the European Union.
- (b) On 12 June 2007, the Commission adopted Regulation (EC) No 718/2007 implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereafter: the "IPA Implementing Regulation").
- (c) Community assistance under the instrument for pre-accession assistance should continue to support the beneficiary countries in their efforts to strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of a civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction.

Community assistance for candidate countries should additionally focus on the adoption and implementation of the full *acquis communautaire*, and in particular

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prepare them for the implementation of the Community's agricultural and cohesion policy.

- (d) The Parties have concluded on 11 July 2008 a Framework Agreement setting out the general rules for cooperation and implementation of the Community assistance under the Instrument for Pre-accession Assistance.
- (e) The Commission adopted on 20 December 2007 the National Programme for Turkey under the IPA-Transition Assistance and Institution Building Component for 2007 (hereafter: "the programme"). This programme is to be implemented by means of decentralised management.
- (f) It is necessary for the implementation of this programme that the Parties conclude a Financing Agreement to lay down the conditions for the delivery of Community assistance, the rules and procedures concerning disbursement related to such assistance and the terms on which the assistance will be managed,

HAVE AGREED ON THE FOLLOWING:

1 THE PROGRAMME

The Commission will contribute, by way of grant, to the financing of the following programme, which is set out in Annex A to this Agreement:

Programme number: C/2007/6423

Title: National programme for Turkey under the IPA-Transition Assistance and Institution Building Component for 2007

2 IMPLEMENTATION OF THE PROGRAMME

- (1) The programme shall be implemented by decentralised management, in the meaning of Article 53c of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as last modified by Regulation (EC, Euratom) No 1995/2007 of 13 December 2006 (hereafter: "the Financial Regulation").
- (2) The Programme shall be implemented in accordance with the provisions of the Framework Agreement on the rules for co-operation concerning EC Financial Assistance to Turkey and the implementation of the Assistance under the Instrument for Pre-accession Assistance (IPA), concluded between the Parties on 11 July 2008 (hereafter: "the Framework Agreement"), which is set out in Annex B to this Agreement.

3 NATIONAL STRUCTURES AND AUTHORITIES

- (1) The structures and authorities with functions and responsibilities for the implementation of this Agreement are described in Annex B to this Agreement.
- (2) Further responsibilities of the national authorizing officer and the national fund are set out in Annex C to this Agreement.

4 FUNDING

The funding for the implementation of this Agreement shall be as follows:

- (a) The Community contribution for the year 2007 is fixed at a maximum of €256,202,720, as detailed in the programme. However, payments of the Community contribution by the Commission will not be made if the minimum requirements referred to in Article 41 of the IPA Implementing Regulation are not met.
- (b) The cost of the national structures and authorities indicated in Annex B shall be borne by the beneficiary country.

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5 CONTRACTING DEADLINE

- (1) The individual contracts and agreements which implement this Agreement shall be concluded no later than two years from the date of conclusion of this Agreement.
- (2) In duly justified cases, this contracting deadline may be extended with the agreement of the Commission before its end date to a maximum of three years from the date of conclusion of this Agreement.
- (3) Any funds for which no contract has been concluded before the contracting deadline shall be cancelled.

6 DEADLINE FOR THE EXECUTION OF CONTRACTS

- (1) The contracts must be executed within a maximum of 2 years from the end date of contracting.
- (2) The Commission may agree, upon request by the beneficiary country, to an appropriate extension of the deadline for the execution of contracts. Such request must be addressed to the Commission before the end of the deadline for the execution of contracts, and be duly justified by the beneficiary country.

7 DISBURSEMENT DEADLINE

- (1) Disbursement of funds must be made no later than one year after the final date for the execution of contracts.
- (2) The deadline for disbursement of funds may be extended with the agreement of the Commission before its end date in duly justified cases.

8 INTERPRETATION

- (1) Subject to any express provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation and the IPA Implementing Regulation.
- (2) Subject to any express provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (3) Any references to Council or Commission Regulations are made to the version of those regulations as indicated. If required, modifications of these regulations shall be transposed into this Agreement by means of amendments.
- (4) Headings in this Agreement have no legal significance and do not affect its interpretation.

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9 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS

- (1) If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of and intent of the invalid provision.
- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation and the IPA Implementing Regulation.

10 REVIEW AND AMENDMENT

- (1) The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.
- (2) Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such amendment shall come into effect on the date determined by the Parties.

11 TERMINATION

- (1) Without prejudice to paragraph 2, this Agreement shall terminate eight years after its signature. The termination of this Agreement shall not preclude the possibility for the Commission to make financial corrections in accordance with Articles 49 to 54 of the IPA Implementing Regulation.
- (2) This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

12 SETTLEMENT OF DIFFERENCES

- (1) Differences arising out of the interpretation, operation and implementation of this Agreement, at any and all levels of participation, will be settled amicably through consultation between the Parties.
- (2) In default of amicable settlement, either Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- (3) The language to be used in the arbitration proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

13 NOTICES

- (1) Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document or by fax.
- (2) Any communication in connection with this Agreement must be sent to the following addresses:

For the Commission:

*Delegation of the European Commission in Turkey
Ugur Mumcu cad. No. 88/4
Gazi Osman Pasa 06700
Ankara, Turkey
Fax: (+90.312) 446 6737*

For the Beneficiary Country:

*The Secretariat General for European Union Affairs
Eskisehir Yolu
9 Km 06900
Ankara, Turkey
Fax: +90 312 286 0408*

14 NUMBER OF ORIGINALS

This Agreement is drawn up in duplicate in the English language

14 ANNEXES

The Annexes A, B and C shall form an integral part of this Agreement.

15 ENTRY INTO FORCE

This Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

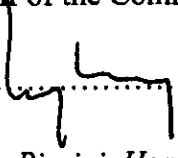
Signed, for and on behalf of the Government of the Republic of Turkey, at Ankara on

[24.12.2008]

by.....

*H. E. Ambassador Oğuz Demiralp
National IPA Coordinator (NIPAC), Secretariat General for EU Affairs*

Signed, for and on behalf of the Commission, at Ankara on 03 December 2008

by.....

H. E. Ambassador Marc Pierini, Head of EC Delegation, in Ankara

**ANNEX A NATIONAL PROGRAMME FOR TURKEY UNDER THE IPA
TRANSITION ASSISTANCE AND INSTITUTION BUILDING
COMPONENT FOR 2007 ADOPTED BY COMMISSION
DECISION C/2007/6423**

1. IDENTIFICATION

| | |
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| Beneficiary | <i>Republic of Turkey</i> |
| CRIS number | <i>2007/019-329</i> |
| Year | <i>2007</i> |
| Cost | <i>256,202,720 EUR</i> |
| Implementing Authority | <p>The Implementing Agency responsible for the programme is the Central Finance and Contracting Unit (CFCU) at the Undersecretariat of the Treasury except for:</p> <p>Project TR 07 03 04 "Participation in Community Programmes and Agencies", where implementation will consist in the payment of the EC part of the financial contribution to the programmes by the National Fund.</p> |
| Final date for concluding the Financing Agreements | At the latest by 31 December 2008 |
| Final date for contracting | <p>2 years following the date of conclusion of the Financing Agreement.</p> <p>No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation.</p> <p>These dates apply also to the national co-financing.</p> |
| Final dates for execution | <p>2 years following the end date for contracting.</p> <p>These dates apply also to the national co-financing.</p> |
| Sector Code | 15162(priority axes 1 - PC); 15140 (priority axes 2 - ACQUIS); 15150 (priority axes 3 - CSD) |
| Budget line concerned | 22.02.01 |
| Programming Task Manager | Mr. Bert Kuby (European Commission, Brussels) |

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|-----------------------------|--|
| Implementation Task Manager | Mr. Holger Schroeder (EC Delegation, Ankara) |
|-----------------------------|--|

2. PRIORITY AXES / PROJECTS

2.a Priority axes

The programme's strategic reference is the Multi-Annual Indicative Planning Document (MIPD) 2007-2009. As reflected in the MIPD, IPA – notably through component I 'Institution Building' – will support the EU pre-accession strategy for Turkey adopted in the conclusions of the European Council of December 2004. This corresponds to three priority axes for this programme: progress towards fully meeting the Copenhagen political criteria, adoption and implementation of the *acquis communautaire*, and promotion of an EU-Turkey Civil Society Dialogue.

- *Progress towards fully meeting the Copenhagen political criteria*

Assistance will be provided to consolidate the reforms that have been adopted and to improve their implementation on the ground. This will include supporting institutions concerned by the reforms within the judiciary, the law enforcement services and parts of the public administration. Assistance will also be given to promote women's rights, human rights and children rights including in a novelty measure with the Turkish General Staff.

- *Adoption and implementation of the acquis communautaire*

As concerns the adoption and implementation of the *acquis*, assistance will be concentrated on areas of activity with a large volume of legislation to be transposed and implemented as well as with high investments requirements. Under this programme, these areas are: justice, liberty and security (particularly border management; and migration and visa policy) and environment as well as to a lesser extent food safety and customs and taxation. Assistance will also be provided to ensure alignment and institution building in the areas of energy, financial control, fisheries, the internal market, social policy and employment, statistics, transport.

- *Promotion of an EU-Turkey Civil Society Dialogue*

The promotion of the Civil Society Dialogue will target groups and organisations that are interested and influential in the process of Turkey's integration. This includes media, youth, academic institutions, local authorities, professional organisations, social partners, and NGOs. Priority subjects to be addressed in 2007 are culture and arts, and fisheries and agriculture. Continuing well-established forms of assistance, support is provided for Turkey's participation in Community programmes and agencies as well as in the Jean Monnet Scholarship programme.

2.b Description of projects grouped per priority axes and (if relevant) per measure¹

The IPA 2007 project have been selected among the priorities identified in the 2007-2009 MIPD after analysis of the Turkish authorities and consultation with the European Commission, according to the priorities identified in the Accession Partnership, the screening process and subsequent negotiations in the different chapters of the *acquis*. As in previous years, projects were also appraised according to the sequencing of assistance in a given sector,

¹ All budget amounts provided relate only to the IPA contribution.

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the capacity of the beneficiary institution for implementation and the maturity of the projects at the time of establishing the financing proposal.

1. Progress towards fully meeting the Copenhagen political criteria

This priority axis will include 5 projects focussing on the political criteria and public administration reform themes. Projects have been selected on the basis of their importance and priority for strengthening the reform process in the given areas.

Political Criteria

TR 07 01 01 Development of Work with Juveniles and Victims by the Turkish Probation Service (€ 1.948 Mio)

The overall objective of this project is to strengthen the rights of victims, and to improve rehabilitation work with juvenile offenders. Training activities targeted at probation services are foreseen as well as awareness-raising initiatives. In addition, new service delivery models and methodologies will be set-up in order to streamline best practices.

The project will be implemented through a twinning agreement (€ 1.790 Mio) and a supply contract (€ 158,000). The call for proposals for the twinning agreement is planned to be launched in the fourth quarter of 2007. The tendering for the supply contract is planned to start during the first quarter of 2008.

TR 07 01 02 Civic Training for "Mehmetçik" (Conscripts) (€ 12.7 Mio)

The overall objective of this project is to contribute to providing conscious, responsible citizens to the society who are respectful to the rights of one another and are sensitive about protection of their physical environment. It targets the conscripts who are in military service on the issues of human rights, gender equality, women and children's rights.

The project will be carried out through a number of activities including in particular training, which will be given to the conscripts on selected themes through distance learning; for illiterates and for those who have low-level education particular peer-to-peer activities are foreseen. The project is composed of a *direct grant* (€ 5 Mio) and a supply contract (€ 7.7 Mio).

The direct grant agreement will be signed with the UNDP, which will play a vital role for the success of the project, given that the UNDP has an extensive experience and expertise in human rights issues (and through other UN organisations participating in the project on children's and women's rights) and project management, coordination and organization capacities for the conduct of such projects. UNDP will draw upon the expertise of other UN organisations such as UNICEF, UNFPA and ILO as well as on the expertise of the Council of Europe. Given the *de facto* monopoly situation of the UNDP, the award is made in accordance with the Implementing Rules, Article 168.1.c.

The tendering procedure for the supply contract is planned to be launched in the fourth quarter of 2007. The award procedure of the direct agreement is planned to be started in the fourth quarter of 2007.

TR 07 01 03 Training of Military Judges and Prosecutors on Human Rights Issues (€ 2 Mio)

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This project will contribute to strengthen respect for human rights in Turkey, in particular as regards, the European Convention for the Protection of Human Rights and Fundamental Freedoms and its related case Law. To achieve this aim, the project will devise training for military judges and prosecutors as well as awareness raising activities, including an international conference on military justice.

The project will be implemented through a *direct grant agreement* with the Council of Europe (CoE). The CoE is the "guardian of European values and principles" and joint projects present a significant opportunity for Turkey to consolidate reforms in the area of human rights. Given the political sensitivity of the issue of military justice, the effective implementation of the project requires previous experience of collaboration with Turkish authorities. The Council of Europe is the sole institution combining the above mentioned features. Given the *de facto* monopoly situation of the CoE, the award is made in accordance with the Implementing Rules, Article 168.1.c.

The award procedure of the direct agreement is planned to be started during the first quarter of 2008.

TR 07 01 04 Empowerment of Women and Women NGO's in the least developed regions of Turkey (€ 5 Mio)

The overall objective of this project is to advance women rights in the least developed regions of Turkey (South East Anatolia, Eastern Black Sea and East Anatolia region), with a view to reducing regional disparities. In particular, the project will contribute to facilitating women's access to local, social and judicial services. The project will also strengthen women NGOs project management capacity, especially in the area of awareness raising, through a grant scheme.

The project will be implemented through a service contract (€ 2 Mio) and a grant scheme (€ 3 Mio). The service contract includes research and training activities as well as technical assistance for the management of the grant scheme. Only non-profit and non-governmental organisations can propose projects under this scheme. Governmental organisations and municipalities can however be proposed as partners.

The tendering procedure for the service contract is planned to be launched in the first quarter of 2008. The grant scheme is to be started during the second quarter of 2008.

Public Administration

TR 07 01 05 Support to further implementation of local administration reform in Turkey (€ 4 Mio)

The overall objective of the project is to ensure effective, transparent and participatory local government in Turkey, in particular through full implementation of the new local administration legislation adopted in 2003 - 2005. The project is geared towards a wide range of actors in local government such as elected representatives, professional managers and staff of local authorities or city councils. It will involve actions such as the development of a handbook, training and awareness-raising events. An important component of the project is to enhance inter-municipal cooperation between Turkish local authorities and partnerships between Turkish and EU local authorities. The Ministry of Interior's capacity to develop and

implement policies in favour of an effective, transparent and participatory local government is also to be strengthened, mainly through training of relevant staff.

The technical assistance as formulated in the project, falls under UNDP's globally established thematic area of democratic governance and will be implemented through a *direct grant agreement* with this organisation; UNDP is the only organisation that has an in depth working knowledge of municipal and local administration affairs in Turkey and on the other hand a unique and unmatched capacity to draw from international best practices in the EU. Given the *de facto* monopoly situation of the UNDP, the award is made in accordance with the Implementing Rules, Article 168.1.c.

The award procedure of the direct agreement is planned to be started in the first quarter of 2008.

2. Adoption and implementation of the acquis communautaire

This priority axis will comprise 28 projects covering 14 acquis chapters. Projects have been selected on the basis of their priority for accession negotiations and preparations and in the light of costly investments needed for harmonisation (notably projects in the area of border management, migration and visa policy) and where the volume of legislation to be harmonised is very large.

Agriculture and Fisheries

TR 07 02 01 Plant Passport System and Registration of Operators (€ 1.105 Mio)

The overall objective of this project is to contribute to preparing the plant health sector of Turkey for EU accession. Its specific objective is to establish a plant passport system on a pilot basis, which should lead to reducing the outbreak risk of quarantine organisms and to ensure traceability of strategic phytosanitary products all around the country.

This project will provide technical and institutional support required for establishment of such a pilot plant passport system. This should result in: secondary legislation concerning a plant passport system and registration of operators for products covered by the project being aligned with the acquis and effectively enforced; the administrative and technical capacity of the Ministry of Agriculture and Rural Affairs (MARA) and provincial directorates are strengthened in order to improve the efficacy of plant health controls, and the current network system is reinforced to ensure registration of all types of operators.

The Institution Building component (€ 1 Mio) of this project will be implemented through a twinning agreement. A supply contract (€ 105,000) is foreseen to strengthen the computing capacity of the current network system of MARA. The call for proposals for the twinning agreement and the tendering procedure for the supply contract are indicatively to start respectively in the 4th quarter of 2007 and in the 2nd quarter of 2008.

TR 07 02 02 Introduction of Stock Assessment to the Fisheries Management System of Turkey (€ 2.2 Mio)

Within the overall objective of preparing MARA for the introduction of the Common Fisheries Policy in Turkey, this project aims to establish the necessary support systems for ecosystem based fisheries resource management. Through this project the framework conditions for the

establishment of a sound integrated fisheries resource management will be set up and the capacity of MARA for fish resource management will be improved.

This project shall be implemented through a twinning agreement (€ 1 Mio), which will provide guidance and assistance, mainly to enable the legislative alignment and a service contract (€ 1.2 Mio), which will offer technical assistance in three main areas, comprising the preparation of elaborated strategic approximation documents, needs assessment and training of MARA personnel.

The twinning agreement and service contracts are planned to be launched respectively in the first and fourth quarter of 2008.

Customs Union and Taxation

TR 07 02 03 Modernisation of Turkish Customs Administration –IV (€ 3.775 Mio)

This project is part of a series of projects over several years to modernize the Turkish Customs Administration. Its aim is to adequately equip the Regional Customs laboratory of Istanbul and provide guidance and training to its staff with a view to allowing a reliable analysis and (customs tariff) classification of goods at international standards, and fully implementing foreign trade measures.

The project will be implemented through a service (€ 250,000) and a supply contract (€ 3.525 Mio). The tendering procedures are planned to be launched in the 1st quarter of 2009 for the service contract and in the 1st quarter of 2008 for the supply contract.

TR 07 02 04 Introduction of Quality Management in the Revenue Administration (€ 1.184 Mio)

The overall objective of the project is to improve the administrative capacity and efficiency of the tax administration in line with the Fiscal Blueprints. By improving the quality of the taxpayer's services it aims to contribute to the voluntary compliance with the tax system and an increase in the tax revenues. This project aims at greatly contributing to the alignment of the Turkish Tax System with relevant EU directives.

The project will be implemented through a service contract, which will provide a specialised and targeted training for the staff of the Turkish Revenue Administration. It will apply the Excellence Model in Revenue Administration and Total Quality Education of human resources. By doing, it aims at developing a comprehensive, innovative, effective and high quality taxpayer services system.

The tendering procedure is planned to be launched in the first quarter of 2008.

Energy

TR 07 02 05 Rehabilitation of the frequency control performance of Turkish Power System for Synchronous Operation with UCTE (€ 2.5 Mio)

This project is to provide assistance in preparing the Turkish Power System for future parallel operation with the Union for the Co-ordination of Transmission of Electricity (UCTE) regarding power and frequency control, steady state and transient stability. It contributes to supporting the creation of a gradually integrated regional energy market as part of a wider

European energy market and to the removal of restrictions on cross-border trade and third party access. The beneficiary of the Project is the Ministry of Energy and Natural Resources.

This project will be implemented through a *direct grant agreement* with the UCTE. The UCTE is the association of transmission system operators in continental Europe, providing a reliable market base by efficient and secure electric "power highways". Given the *de facto* monopoly situation of the UCTE, the award is made in accordance with the Implementing Rules, Article 168.1.c.

The award procedure is planned to be launched in the 1st quarter of 2008.

Environment

TR 07 02 06 Implementation of Nitrate Directive (€ 5.824 Mio)

The purpose of this project is to increase Turkey's capacity in reducing nutrient pollution caused by the agricultural sources on surface and ground water resources and soil by strengthening the infrastructure and the capacity of the Ministry of Agriculture and Rural Affairs (MARA) for implementation of the EU Nitrate Directive.

This project will be implemented through a twinning agreement (€ 1 Mio), which will concentrate on aspects of legislative alignment and on relevant assistance and training for MARA staff in this context, a service contract (€ 3 Mio), which will allow the provision of technical assistance for the identification of technical needs and specifications and to provide technical analytical support and training and a supply contract (€ 2.824 Mio), which will enable the equipping of laboratories (including mobile labs) to measure the level of pollution caused by agricultural sources.

The call for proposals for the twinning agreement and the tendering procedures for the supply and service contracts are planned to be launched in the 4th quarter of 2007.

TR 07 02 07 Institutional Building on Air Quality in the Marmara Region (€ 5.785 Mio)

The overall objective of the project is to improve the environmental conditions in Turkey by implementation and enforcement of the EC environmental acquis in the area of ambient air quality. Framework conditions are to be established for efficient, effective and transparent implementation of the requirements of the EC Air Quality Framework Directive (AQFD) in the Marmara Region which will serve as a model for Turkey as a whole.

This project will be implemented through a twinning and a supply contract. The twinning agreement (€ 1.9 Mio) will concentrate on implementing the AQFD and daughters directives requirements, the development of the institutional and technical capacity and on increasing awareness of priority groups and decision makers. The supply contract (€ 3.885 Mio) will aim at establishing a Regional Ambient Air Monitoring System through the procurement of relevant hardware and software equipment for the regional network.

The call for proposals for the twinning agreement and the tendering procedure for the supply contract are planned to be launched in the 4th quarter of 2007 and in the 4th quarter of 2008 respectively.

TR 07 02 08 Capacity Building in the field of Environment (€ 3 Mio)

The overall objective of the project is to facilitate alignment, implementation and enforcement of the EU environmental *acquis*. The specific aim is to strengthen the institutional and technical capacities of the Ministry of Environment and Forestry and other governmental institutions including local authorities and municipalities through training and technical assistance in relation to the alignment and implementation of EU environmental *acquis*. It will include the carrying out of regulatory and sectoral impact assessments on adoption of environmental legislation and the planning of environmental investments through participatory processes. The project will also aim at improving the access and use of environmental information and public participation in environmental decision-making.

The project will be implemented by the Regional Environmental Centre (REC) Country Office in Turkey through a *direct grant agreement*. REC is an independent and non-advocacy support organisation in Turkey offering services primarily for the environmental sector by acting as a neutral platform and catalyst by bringing together all relevant stakeholders to address common problems and foster effective dialogue across the environmental spectrum. The REC Country Office in Turkey (REC Turkey) was specifically established with the request of the Turkish Government assigned to mainly focus on the priority area of supporting and facilitating the EU accession process in the field of environment. Given its unique expertise and experience in the environmental sector, its particular knowledge of the Turkish context and its ability to work and collaborate with government institutions, NGOs and other stakeholders, the REC is considered the sole institution that can effectively carry out this project. Given the de facto monopoly situation the award is made in accordance with the Implementing Rules, Article 168.1.c) in the first quarter of 2008.

Financial control

TR 07 02 09 Strengthening the public financial management and control system in Turkey (€ 1.8 Mio)

This projects aims at strengthening the implementation of the Financial Management and Control (FMC) system and to develop best internal control practices in Turkey. It will in particular concentrate on developing the administrative capacity of the Central Harmonization Unit for Financial Management and Control in the Ministry of Finance and in the Strategy Development Units of pilot institutions through trainings, internship and study visits. It will also be developing tertiary regulations and a road map on FMC.

This project will be implemented through a twinning agreement for which the call for proposals is planned to be launched in the 1st quarter of 2008.

Internal Market

TR 07 02 10 Establishment of an Accredited Calibration Laboratory (€ 1.035Mio)

The overall objective of this project is to further strengthen the quality infrastructure in the field of market surveillance of chemical safety, food safety and nutrition, toys, water quality, drugs and cosmetics, environmental health, and public health; it will in particular increase the quality and effectiveness of the services provided by the Refik Saydam Hygiene Centre (RSHC) in accordance with international quality standards and in line with relevant EU directives.

This project will be implemented through a service and a supply contract. The service contract (€ 750,000) will provide training and advice to support the establishment of an accredited calibration laboratory within the Ministry of Health to assist RSHC laboratories and to strengthen and accredit two laboratories of the RSHC. The supply contract (€ 285,000) will provide laboratory equipment for the laboratory within the Ministry of Health and for the Clean room and Sterility Control Laboratory of RSHC.

The tendering procedures for both contracts are planned to be launched in the 1st quarter of 2008.

TR 07 02 11 Establishment of a Market Surveillance Support Laboratory for Personal Protective Equipment (€ 1.05Mio)

The main objective of this project is to strengthen the national system of market surveillance support laboratories in the personal protective equipment (PPE) sector. The project will be implemented through two different contracts. A supply contract (€ 450,000) will provide the equipping of support laboratories, enabling them to autonomously carry out the relevant testing services related to market surveillance. A service contract (€ 600,000) will allow the provision of technical assistance, which will increase the technical knowledge of the PPE testing experts.

The tendering procedures are planned to be launched by the last quarter of 2007 for the supply contract and the first quarter of 2008 for the service contract.

TR 07 02 12 Support to the strengthening of quality infrastructure in Turkey (€ 5.555 Mio)

The main goal of this project is to achieve a strengthened institutional and infrastructural framework in Turkey, in order to enable a better implementation of the acquis regarding the free movement of goods. Through this, it aims to contribute to the removal of regulatory barriers to trade between Turkey and EU in order to enhance the free movement of goods between the two parties.

The project will be implemented through two service contracts. The first contract (€ 3.235 Mio) will provide technical advice to the relevant public institutions and the private sector on the regulatory aspects of the Quality Infrastructure, and enabling a further transfer of technical know-how with regards to accreditation, standardization, conformity assessment and metrology/calibration. The second contract (€ 2.320 Mio) will aim at increasing the capacity of the Quality Infrastructure Actors. This will result in an increased capacity of Turkish Association for Testing and Calibration Laboratories, Turkish Standards Institute, National Metrology Institute, conformity assessment bodies, universities, SMEs and consumer associations in general as to their roles and duties for a correct implementation of the quality infrastructure and market surveillance.

Tendering for both contracts is scheduled to start in the fourth quarter of 2007.

TR 07 02 13 Strengthening Vocational Qualifications Authority (VQA) and National Qualifications System (NQS) in Turkey (€ 10.7 Mio)

The overall objective of this project is to ensure the provision of formal and non-formal vocational and technical education and training according to labour market needs, supporting life-long learning, strengthening the relation between education and employment in harmonization with European Qualifications Framework (EQF). The project essentially aims to support VQA, Occupational Standards Development, Vocational Knowledge and Skills

Testing and Certification Centres (VOC-TEST) to establish and initiate an efficient and sustainable National Qualifications System based on agreed occupational standards with an appropriate system for assessment, grading and certification at all levels in line with European Qualifications Framework.

Activities will be conducted through a service contract (€ 4.1 Mio), a supply contract (€ 600,000) and a Grant Scheme (€ 6 Mio). The result will be threefold: first, the necessary framework for the National Qualifications System to work in a sustainable and efficient way will be established; secondly the institutional capacity of the VQA and Occupational Standards Development, Vocational Knowledge and Skills Testing and Certification Centres (VOC-TEST) to provide services in a sustainable and coordinated manner to all stakeholders will be increased; thirdly, awareness raising activities will lead to a better knowledge of all stakeholders (public and private sector actors, unions, labour force, and NGOs) of NQS.

The launch of the service and supply contracts is planned in the first quarter of 2008; the launch of the grant scheme tender is planned in the second quarter of 2009.

TR 07 02 14 Supporting Turkey for enhancing the implementation and enforcement of Industrial Property Rights (€ 1.2 Mio)

The overall objective of this project is to improve the implementation and enforcement of industrial property rights (IPR) in Turkey. It particularly aims to enhance the capacity of the Turkish Patent Institute (TPI) in processing IPR applications, oppositions, appeals, and complaints in accordance with the *acquis* and the court decisions.

The project will be implemented through a twinning agreement, which will lead to an improved decision-making process and alignment of TPI operations with the court rulings, as well as a better coordination with the IPR stakeholders.

Tendering is planned to be started in the 1st quarter of 2008.

JLS

TR 07 02 15 Action Plan on Integrated Border Management (€ 9.835 Mio)

The overall objective of this project is to develop and strengthen Turkey's legal, institutional and technical capacity to align its integrated border management (IBM) strategy with EU standards, on the basis of Turkey's National Action Plan on Border Management. It is aimed at putting in place the necessary structures, capacity and – in selected prototyping areas – the technology to combat illegal border crossing, smuggling, trafficking, terrorism and all forms of organized crime. This project is part of a multi-annual programme, with three distinct phases. This project will constitute the first phase of this programme; it will mainly concentrate on twinning in the areas of legislation and organisation, technical assistance for procedural and technical framework and a small supply component.

This project will be implemented through a twinning agreement (€ 1.2 Mio), a supply contract (€ 3.385 Mio) and two service contracts providing technical assistance for Roadmap and Border Gate Survey (€ 4.4 Mio) and Border Surveillance Area Survey (€ 850,000).

The tendering procedures are scheduled to be launched between the 4th quarter of 2007 and the 1st quarter of 2009.

DP

TR 07 02 16 Support to the establishment of Removal Centres and training of the staff for these centres (€ 15 Mio)

The overall objective of this project is to reform the Turkish system of control of illegal immigration in line with the Council of Europe/European Court of Human Rights' standards and with the EU Member States' best practices. It foresees the set up of two removal centres for illegal migrants and the provision of supply, training as well as support and advice by EU Member State experts in view of enhancing the capacity of the relevant Turkish authorities to efficiently manage the apprehended third country nationals irregularly staying in the country as well to respect their human rights. The first step in the implementation of the project will consist in a thorough examination -to be carried out by an expert- of the legal and administrative norms existing in Turkey as regards the management of the apprehended illegal immigrants and their practical implementation modalities in view of recommending possible improvements.

The project will be executed through a twinning agreement (€ 1.2 Mio), a service contract (€ 500,000), a works contract (€ 10.68 Mio) and a supply contract (€ 2.67 Mio). The service contract is for the provision of language training for staff of the removal and reception centres in both projects TR 07 02 16 and TR 07 02 17. The supply contract will mainly include the equipping of centres with furniture.

The tendering procedures for the service contract, supply contract and the works contract are planned to be launched respectively in the 1st quarter of 2008, 2nd quarter of 2010 and 2nd quarter of 2009. The call for proposals for the twinning agreement is indicatively scheduled for the last quarter of 2007.

TR 07 02 17 The establishment of a reception, screening and accommodation system (centres) for refugees/asylum seekers (€ 47.1 Mio)

The overall objective of this project is to promote better implementation of asylum policies in Turkey in line with international and EU standards. It will aim at strengthening the institutional capacity for dealing with refugees and asylum seekers and to introduce standards for legislative and administrative alignment with EU *acquis* and best practices. The project will lead to the setting up of reception centres where asylum seekers can be accommodated and their application can be handled. Based on a feasibility study, the project will provide for the construction and supply of up to seven reception, screening and accommodation centres. It also involves developing a training programme and training of relevant staff in the fields of asylum. The relevant training will amongst others entail tuition on full respect of human rights in dealing with refugees, management and organisation of reception centres, on how to conduct interviews of asylum seekers, including vulnerable groups such as for instance traumatised persons or mentally disturbed persons, or training on international and EU asylum law.

The project will be executed through four different contracts: a twinning agreement (€ 1.2 Mio), a works contract (€ 34.2 Mio), a supply contract (€ 8.55 Mio) and a service contract (€ 3.15 Mio). The service contract will provide technical assistance for the supervision and monitoring of works for both project TR 07 02 16 and TR 07 02 17. The supply contract will mainly include the equipping of centres with furniture.

The call for proposals for the twinning agreement and the tendering procedures for the service, supply and work contracts are planned to be launched between the 4th quarter of 2007 and the 2nd quarter of 2010.

TR 07 02 18 Promotion of the Prison Reform (€ 6 Mio)

The overall objective of this project is helping to improve the penitentiary system in Turkey in line with European Prison Rules and the other international standards. It aims at contributing to create a professional, effective and efficient prison service through dissemination of model prison practices and promotion of prison reform in Turkey by upgrading the prison services and contributing to the improvement of detention conditions.

The project will be implemented through a *direct grant agreement* (€ 3 Mio) with the Council of Europe (CoE) and through a supply contract (€ 3 Mio). The recommendations of the European Committee for the Prevention of Torture and the new European Prison Rules developed and adopted by all member countries of the Council of Europe form the basis of this project proposal. The CoE has a unique project experience and expertise in this area. The award of the grant is made in accordance with Art 168.1.c) of the Implementing Rules of the Financial Regulation, considering that the CoE has a de facto monopoly for the implementation of this action in view of its unique expertise.

The CoE will provide training and guidance to staff in different areas, work with inmates to promote activities, and work with the wider public and civil society to promote prison reform. The CoE will also work towards increasing the capacity of the General Directorate of Prisons and Detention Houses of the Ministry for further design and implementation of prison reforms. The supply contract will include the provision of training materials and tools for 90 prisons, equipment support to two newly opened Prison Staff Training Centers and support to modernize the research and development center in the General Directorate for Prisons and Detention Houses.

The tendering procedure for the supply contract is planned to be launched in the 4th quarter of 2007. The award procedure for the direct agreement is to be started at the same time.

TR 07-02-19 Strengthening the Turkish National Monitoring Centre for Drugs and Drug addiction (€ 1.887 Mio)

The objective of this project is to strengthen the capacity of the Turkish National Monitoring Centre for Drugs and Drug Addiction (TUBIM) to prepare for participation in the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and further alignment with the Acquis. The project will aim at strengthening the institutional structure and the technical capacity of TUBIM as well as its capacity to collect data, provide analysis and coordinate as a National Focal Point. Another objective is to increase the quality and quantity of scientific field studies necessary to identify and determine the prevalence of drugs and drug abuse and the underlying problems to allow for a more efficient fight against these problems. The project will also cover awareness raising measures targeted at NGOs and the Mass Media.

The project will be carried out through a twinning agreement (€ 1.778 Mio) and a supply contract for equipment (€ 109,000), which are respectively planned to be launched in the fourth quarter of 2007 and the first quarter of 2008.

Social Policy and Employment

TR 07 02 20 Improving Occupational Health and Safety at Workplaces (€ 3.932 Mio)

The overall objective of this project is to improve the health and safety conditions of workers at work, and to ensure the implementation of the related EU acquis in Turkey. The project's purpose is to assist the Turkish government to upgrade OHS related recording system and to promote OHS culture among workplaces with specific focus on mining, construction and metal industries.

The project will be carried out through a supply contract (€ 432,000) and a service contract (€ 3.5 Mio), which will allow determining priority intervention areas by analysis of present OHS situations in pilot regions, as well as establishing a web-based OHS Recording System Model. A series of different awareness raising activities on occupational accidents and diseases among social partners and related organizations will also take place.

Tendering procedures are planned to be started in the first (service) and second (supply) quarter of 2008.

TR 07 02 21 Development of Regional Laboratories of the Occupational Health and Safety Centre (İSGÜM) (€ 1.8 Mio)

Within the overall objective of improving the occupational health and safety (OHS) conditions in Turkey, this project aims to enable İSGÜM's regional laboratories to help enterprises - especially SMEs - apply effectively and efficiently the harmonized OHS legislation.

A service contract will cover activities, which will result in an increase of the number of surveillances performed by the regional laboratories of İSGÜM on work environments and the workers' health. The staff of the regional laboratories will start carrying out the workplace exposure measurements in a standardized way and the data being collected will be useable in policy making.

The tendering is planned to be launched in the first quarter of 2008.

TR 07 02 22 Capacity Building of Social Security Institution (€ 1.095 Mio)

The main goal of this project is to strengthen the institutional and administrative capacity of the Social Security Institution (SSI), in order to develop aligned policies in the field of coordination of social security schemes and social security policy.

The project foresees training and institution building activities, as well as awareness raising and infrastructure activities. Training and awareness raising activities will be performed through a Technical Assistance service contract (€ 1.050 Mio) and will mainly concentrate on a needs analysis and report, as well as the organisation of trainings, workshops and awareness raising conferences. The infrastructure activities, instead, will be carried out through a Supply Contract (€ 45,000), which will provide the infrastructure of the training facility and the infrastructure of the library.

All tender procedures are planned to be launched in the first quarter of 2008.

Statistics

TR 07 02 23 Strengthening the statistical capacity of MoNE (€ 2 Mio)

The overall objective of this project is to provide adequate statistical data and analysis, in the field of education, for the purposes of facilitating policy decisions towards implementation of the pre-accession strategy and the adoption of the *acquis*. The specific purpose is to upgrade the data collection system of the Ministry of National Education (MoNE) in the area of education according to EU standards. The plan is to develop a system which will: i) enable all beneficiaries to get reliable, coherent data on finance, personnel, student enrolment, graduations and drop outs; ii) align with national and international definitions and which iii) will be the main source in their decision-making process, by the 1st Quarter of 2010.

The project will be executed through a service contract providing technical assistance (€ 1.85 million) and a supply contract (€150,000) for upgrading the IT infrastructure of the MoNE.

The tendering procedures for the service and supply contracts are planned to be launched in the fourth quarter of 2007.

TR 07 02 24 Strengthening the statistical capacity of MoLSS (€ 0.95 Mio)

This project aims to contribute to the harmonization of the *acquis* in the area of statistics by establishing a statistical system in the Ministry of Labour and Social Security (MoLSS) providing required statistical data on the employment, labour market and social inclusion sectors. Through this project the statistical collection and management system of the MoLSS will be upgraded and the qualifications of staff working on IT and statistics will be improved.

The project will be executed through a service contract providing technical assistance (€ 800,000) and a supply contract (€ 150,000) for upgrading the technological infrastructure of the MoLSS.

The tendering procedures are planned to be started in the first (service) and second (supply) quarter of 2008 respectively.

TR 07 02 25 Strengthening the statistical capacity of the MARA (Ministry of Agriculture and Rural Affairs) (€ 1.1 Mio)

The overall objective of this project is to provide reliable information for the implementation of efficient agricultural policies and to establish a sustainable data collection system in compliance with EU requirements. The project particularly aims at upgrading the Agricultural Statistical System of Turkey, according to EU standards, on the methodology and quality of compiling and processing statistical information.

The project will be executed through a service contract (€ 0.95 Mio), which will provide data collection and technical assistance for the training of Ministry of Agriculture and Rural Affairs (MARA) staff on the EU's statistical system, survey design and several special statistical methods; and a supply contract, which will make hardware, software and office equipment (€ 150,000) available.

The tendering procedures for the service and supply contracts are planned to be launched in the 3rd quarter of 2008.

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component will support Turkey's participation in activities for the exchange of information, networking, and participation in workshops, conferences, study visits and similar activities.

The project will be executed through service, supply and framework contracts, as well as twinning light agreements. The tendering procedures will be launched in the 1st quarter of 2008.

3. Promotion of an EU-Turkey Civil Society Dialogue

This priority axis will comprise 4 projects. Projects have been selected on the basis of their importance for the continuation of efficient and effective EU-Turkey Civil Society dialogue operations and in view of developing new and innovative areas of EU-Turkey Civil Society dialogue.

TR 07 03 01 Promotion of the Civil Society dialogue between the EU and Turkey – II (€ 5.1 Mio)

Within the overall objective of promoting the civil society dialogue between EU and Turkey, this project's purpose is to establish a framework for cooperation, support the establishment of partnerships and promote dialogue between civil societies of Turkish and EU counterparts on Culture and Arts, Fisheries and Agriculture.

This project will be implemented through separate grant schemes allowing diversifying and improving the dialogue and participation of Turkish actors in European Networks in the field of culture and arts (€ 1.8 Mio) and in the field of fisheries and agriculture (€ 2 Mio).

In addition a number of Micro Grant Schemes (€ 200,000) will help increasing joint actions and any projects or activities implemented on the local or international level by the NGOs.

Besides these, the project foresees two technical assistance contracts: a Framework Contract (€ 200,000) and a Service Contract (€ 0.9 Mio).

The grant scheme and the micro grant schemes will be implemented through competitive calls for proposals, which are planned to be launched between the 1st and the 4th quarter of 2008.

TR 07 03 02 Cultural bridges (€ 6.6 Mio)

The wider objective of this project is to promote a cultural dialogue and understanding between civil societies in Turkey and the EU Member States. As part of the Civil Society Dialogue, cultural cooperation is encouraged through support for multinational cultural projects with high visibility.

The project will help integrate the EU Member States' cultural institutes or missions in Turkey as leading actors in the Civil Society Dialogue in addition to their bilateral activities in Turkey. Their expertise on intercultural dialogue and building bridges between different cultures will represent a significant contribution to this initiative. A lasting and sustainable EU-Turkey dialogue and partnership focused on culture is at the heart of the *Cultural Bridges* Programme. To give the programme a true dimension of dialogue, at least one Turkish cultural actor must be involved in the project as partner. Activities should target the public at large and be accessible to the largest number of citizens.

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Transport

TR 07 02 26 Safer Seas: Upgrading of Turkish Coastal Radio (€ 2.350 Mio)

The overall objective of this project is to increase the safety of life, goods, navigation and environment in Turkish coastal areas. It aims in particular at increasing the efficiency of communication of the Turkish Coastal Radio in case of maritime emergency operations and service area. The project will lead to the modernization of the Turkish Coastal Radio and in particular to the transposition of acquis regarding the implementation and enforcement of maritime safety. It will also improve the administrative and technical capacity of the Turkish Coastal Radio.

The project will be implemented through a twinning light contract (€ 250,000) and a supply contract (€ 2.1 Mio).

Both the twinning light agreement and the supply contract are planned to be launched in the first quarter of 2008.

TR 07 02 27 Reform of the Turkish Railways (€ 3.6 Mio)

The overall objective of this project is to restructure and reform the Turkish state railways (TCDD) in view of opening up the sector for competition in line with the EU acquis.

The project will be implemented through a technical assistance service contract and will include three main activities. The first activity will aim at preparing a strategy for establishing framework conditions in order to realise the railway reform in line with the draft law package. The second and third activities will cover the strengthening of the capacity of prospective infrastructure manager at the new TCDD on infrastructure allocation and charging, and on safety and interoperability respectively.

The tendering procedure is planned to be started in the last quarter of 2007

Project preparation and support to DIS institutions

TR 07 02 28 Support Activities to Strengthen the European Integration Process (€ 10 Mio)

The purpose of this project is to strengthen the capacities of the DIS institutions (office of the NAO, NAC, EUSG, CFCU) and operating structures to be appointed within the framework of IPA, as well as other relevant Turkish institutions in fulfilling their respective pre-accession roles and functions.

The project consists of two components:

i. Project Preparation Facility. The purpose of this component is to support the Turkish administration for the design and appraisal of programmes and projects to be submitted for financing in the framework of the pre-accession financial assistance to Turkey, and to assist beneficiary institutions in the assessment tasks regarding grant-schemes.

ii. Institution Building in the context of the pre-accession process and accession negotiations. The objective of this component is to enable the implementation of a number of accession related actions of various public/private actors in order to meet specific and urgent needs identified in the course of the pre-accession and negotiation processes. Furthermore, this

The project is comprised of indicatively 10 direct grant agreements (overall € 6 Mio) with EU cultural institutes, as project leaders, present in Turkey as well as technical assistance (TA) to facilitate the implementation. It will include service contract (€ 0.5 Mio) to support the preparation, management and visibility of the schemes and a service contract (€ 0.1 Mio) to evaluate the scheme.

The tendering is scheduled to be held in the 1st quarter of 2008 and the 2nd quarter of 2010 for the technical assistance and programme evaluation activities. Following a call for expression of interest, direct grant agreements will be awarded in the 3rd quarter of 2008 to those cultural institutes or missions who represent EU Member States cultural identity and diversity in Turkey and who have a unique expertise and experience in organizing multilateral cultural activities in Turkey. Given the *de facto* monopoly situation of these EU Member States cultural institutes, the award is made in accordance with the Implementing Rules, Article 168.1.c.

TR 07 03 03 Continuation of the "JEAN MONNET" Scholarship Programme (€ 6.980 Mio)

The overall objective of the project is to support Turkey in its efforts towards accession by strengthening Turkey's administrative capacity for the implementation of the EU acquis.

The purpose of the project is to develop Turkey's human resources in EU acquis related areas through post-graduate studies in EU member countries. In this way, young professional's perspective and perception of the European integration process is broadened and the bonds between young Turkish professionals and those of the EU is strengthened.

The project will be implemented through a grant scheme to finance some 100 post-graduate scholarships (including publication of the scholarship competition, selection of candidates, identification of EU universities and institutions meeting the needs of the scholars and the objectives of the scholarship programme, and establishment of an alumni network). The call for proposals for awarding the scholarships (€ 6 Mio) are planned to be launched in the 4th quarter of 2009 and the 4th quarter of 2010. In addition, the implementation of the scholarship programme will be supported by technical assistance procured through a service contract (€ 980,000), which is planned to be tendered in the 1st quarter of 2009.

TR 07 03 04 Participation in Community Programmes and Agencies (€ 58.5 Mio)

The Framework Agreement between Turkey and the European Community on the General Principles for the Participation of Turkey in Community Programmes was signed on 26 February 2002, and entered into force on 5 September 2002. As in previous years, Turkey's participation in Community Programmes will be co-financed using 2007 pre-accession assistance funds. It is proposed to co finance participation in the programmes such as: Lifelong Learning, Youth in Action, Culture 2007, Community Action in the field of public health, CIP/EIP and others. Participation in Agencies such as EEA and EMCDDA is also foreseen. In view of the fact that the cost of participation in some of these programmes is not known at present, this list will be subject to review.

The participation of the beneficiary country in Community programmes shall follow the specific terms and conditions set out for each such programme in the memorandum of understanding to be concluded by the Commission and the beneficiary country, in accordance with the agreements establishing the general principles for participation of the beneficiary country in Community programmes. It shall include provisions on both the total amount of

the beneficiary country's contribution and the amount funded by assistance under the IPA regulation.

2. c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lessons learned and donor co-ordination

Past/on-going assistance

Assistance under the MEDA programme (1996-2001) and under the Turkey pre-accession assistance instrument (2002-2006) has covered most areas relevant for Institution Building (IB). EC assistance to IB has increased from € 86 million in 2002 to € 268 million in 2006. Overall, € 773 million of Community assistance have been made available to Turkey for Institution Building measures between 2002 and 2006.

The promotion of human rights and the rule of law (as typical areas under the **political criteria**) has been addressed through a number of projects aimed at the police and gendarmerie services, the judiciary, and civil society. Such projects target systemic changes, however the scale of the country and the complexity of the issues have, in general, not permitted a definitive solution to the identified problems. In many cases, it may be judged a considerable achievement that EU assistance has led to the establishment of cooperation or the definition of an action plan for further activities in relation to the issue concerned. In a number of areas of intervention, effectiveness has been limited by deep divisions within the public administration, for example judiciary reform, not all segments of which supported the aims of EU assistance.

With regard to assistance for **alignment with and implementation of the *acquis***, satisfactory alignment has been achieved in a limited number of areas related to the internal market *acquis*, especially those requiring important administrative capacity or substantial investments (such as agriculture, environment, border management), are still in very early stages of harmonisation. The development of strategies for alignment in key intervention sectors (environment, transport, agriculture, border management, migration) has been advanced.

Although **Civil Society Dialogue** has not been a sector of intervention for the pre-accession programmes until 2005, support to civil society, because of its close links to the fulfilment of the Copenhagen political criteria, has been a priority of pre-accession assistance since the late 90's. Exchanges on a significant scale with the EU have been supported through Turkey's participation in Community Programmes such as Socrates, Leonardo da Vinci and Youth, and through grants such as the Jean Monnet scholarships. Therefore, actions to be financed under IPA in this area will be building on rather well established foundations.

Lessons learned

In designing the IPA 2007 programme, careful account has been taken of the results of projects programmed in previous years. Lessons learned are usually drawn on a case by case basis, building upon relevant experience in the implementation of previous projects in a specific area. Relevant information in that respect is provided in each project fiche.

Key findings and conclusions included in the interim evaluations of Phare assistance (1999-2002) and EU pre-accession support to Turkey (2003-2006) have been taken into account as follows:

- Insufficient attention to public administration reform: Where project components are subject to adoption of legislation or institutional reform/set-up, these have not been considered for inclusion in this programme.
- Weaknesses in project design: The programming process has been structured and clarified with the adoption of a process document and additional expertise has been mobilised, e.g. the CFCU and external experts, to improve on design and consistency verification of projects. Training has been provided to beneficiary organisations.
- Funding decisions not responsive to DIS capacity constraints: The signing of Financing Agreements in 2005 and 2006 has been conditional to sufficient strengthening of DIS institutions. The main capacity problems have been addressed.
- Late contracting: Deadlines for the submission of tender dossiers and the launching of tendering procedures, as agreed between the EC and the Turkish authorities in December 2006, have significantly increased contracting performance. However, the structural backlog in contracting has not been fully overcome yet.
- Lack of planning documents: The MIPD has proven an efficient reference document for programming. Sector strategies are increasingly the basis for the preparation of projects. Supporting documents such as (pre-)feasibility studies, market studies and needs analyses have started to be introduced but are not yet sufficiently used.
- Lack of focus on changes in institutional performance: Increased attention was given to defining results/performance indicators.

Donour/IFI cooperation

In areas such as the Copenhagen political criteria, social policy, or migration and asylum, the EU pre-accession programme has established a fruitful cooperation with a number of UN Agencies, as well as with the Council of Europe. It is foreseen to continue this cooperation under IPA component I, particularly in those areas where Turkey does not currently have sufficiently developed structures to absorb more standard forms of Institution Building assistance such as twinning.

Collaboration with IFIs and bilateral donors, relevant for this programme, has focussed on support for sector restructuring such as the restructuring of the Turkish railway sector and the social security and education sectors.

The Commission Delegation in Ankara organizes regular coordination meetings with IFIs, International Organizations and Member States. Meetings are taking place on a monthly average throughout the year. The Commission strives to keep Member States fully informed on all financial cooperation issues of interest to them, in particular on progress in implementation and on matters related to IPA.

2. d Horizontal issues

Cross cutting issues, such as equal opportunities, support to minorities and vulnerable groups, environmental protection and good governance, have become an integral part of each project fiche. The mainstreaming of the cross cutting issues in each project shall ensure that strategies, policies, structures and operating procedures of the beneficiary are in conformity with the principles defined in the various project fiches.

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2. e Conditions

Agreement on the 2007 IPA component I programme will depend on the Turkish authorities' commitment to the continued forceful implementation of the pre-accession strategy, giving attention to the establishment of adequate administrative structures for programme implementation, in order that EU financial supports are used in the most effective manner.

Article 76 paragraph 1, read in conjunction with paragraph 2, of the IPA Implementing regulation allows the existing national bodies which manage Community funds under regulation 2500/2000 to manage the funds under IPA component I for a period of one year from the entry into force of the IPA Implementing regulation. In the event that within that year, and at the latest by 30 June 2008, the Commission has not adopted a decision on the conferral of management powers in accordance with Article 14 of the IPA Implementing regulation, the programme shall be suspended until such a decision is adopted.

The specification of conditions that need to be fulfilled before implementation can begin continues to be used as appropriate; however it cannot be used to substitute for project maturity and proper project preparation. Projects were only considered for inclusion in this proposal if they met the criteria of adequate design, readiness for implementation upon signature of the Financing Agreement, ensured co-financing in keeping with the programming guidelines developed for Turkey, and conformity with Accession Partnership priorities.

2. f Benchmarks

| | 2008 | | 2009 (cumulative) | | 2010 (cumulative) | |
|---|------|-----|----------------------|-----|----------------------|-----|
| | EU | NF* | EU | NF* | EU | NF* |
| Number of tenders launched <i>(service, supply, works)</i> | 53 | | 81 | | 87 | |
| Number of calls for proposals launched <i>(twinning, grants)</i> | 44 | | 52 | | 53 | |
| Contracting Rate (%) | 50% | | 80% | | 100% | |

* In the case of parallel co-financing

2. g Roadmap for the decentralisation of the management of EU funds without *ex ante* controls by the Commission

Implementation of the Turkey pre-accession assistance instrument on a decentralised implementation basis was conferred to Turkey in October 2003 (Commission decision on DIS accreditation).

Under the new Instrument for Pre-accession Assistance, an additional Commission decision is needed for the conferral of management for each of the components I-V. In view of preparing for this conferral of management, Turkey has drawn up a road map and action plan for IPA accreditation and designated key authorities and bodies including the CAO, NAO, NIPAC, the NF and the AA. For component I, conferral of management will be built on the 2003 Commission decision on DIS accreditation and its follow-up audits recommendations.

With regard to progress in implementing the accreditation roadmap, the gap assessment process was completed in April and gap plugging initiated in June 2007. It is foreseen that the compliance audit would be performed in October/November and a final report and formal audit opinion be presented in December 2007.

Turkey intends to apply for a verification assessment by the Commission in early 2008.

3. BUDGET (amounts in EUR)

3.1 Indicative budget table

| | EU - IPA assistance | | | | National Public Contribution | | Total (IPA plus National Co-financing) |
|-----------------------------|---|---------------------|----------------------|---------------|------------------------------|--------------|--|
| | Institution Building | Investment | Total in EUR | % of total | EUR | % of total | EUR |
| Priority Axis 1 | Progress towards fully meeting the Copenhagen political criteria | | | | | | |
| TR 07 01 01 | 1.790.000 | 158.000 | 1.948.000 | 97,40% | 52.000 | 2,60% | 2.000.000 |
| TR 07 01 02 | 5.000.000 | 7.700.000 | 12.700.000 | 83,01% | 2.600.000 | 16,99% | 15.300.000 |
| TR 07 01 03 | 2.000.000 | 0 | 2.000.000 | 100,00% | 0 | 0,00% | 2.000.000 |
| TR 07 01 04 | 5.000.000 | 0 | 5.000.000 | 100,00% | 0 | 0,00% | 5.000.000 |
| TR 07 01 05 | 4.000.000 | 0 | 4.000.000 | 100,00% | 0 | 0,00% | 4.000.000 |
| Sub-total Priority 1 | 17.790.000,00 | 7.858.000,00 | 25.648.000,00 | 90,63% | 2.652.000,00 | 9,37% | 28.300.000,00 |
| Priority | Adoption and implementation of the acquis communautaire | | | | | | |

| Axis 2 | | | | | | | |
|-------------|------------|-----------|------------|---------|-----------|--------|------------|
| TR 07 02 01 | 1.000.000 | 105.000 | 1.105.000 | 96,93% | 35.000 | 3,07% | 1.140.000 |
| TR 07 02 02 | 2.200.000 | 0 | 2.200.000 | 100,00% | 0 | 0,00% | 2.200.000 |
| TR 07 02 03 | 250.000 | 3.525.000 | 3.775.000 | 76,26% | 1.175.000 | 23,74% | 4.950.000 |
| TR 07 02 04 | 1.184.300 | 0 | 1.184.300 | 100,00% | 0 | 0,00% | 1.184.300 |
| TR 07 02 05 | 2.500.000 | 0 | 2.500.000 | 100,00% | 0 | 0,00% | 2.500.000 |
| TR 07 02 06 | 3.000.000 | 2.823.750 | 5.823.750 | 86,09% | 941.250 | 13,91% | 6.765.000 |
| TR 07 02 07 | 1.900.000 | 3.885.000 | 5.785.000 | 81,71% | 1.295.000 | 18,29% | 7.080.000 |
| TR 07 02 08 | 3.000.000 | 0 | 3.000.000 | 100,00% | 0 | 0,00% | 3.000.000 |
| TR 07 02 09 | 1.800.000 | 0 | 1.800.000 | 100,00% | 0 | 0,00% | 1.800.000 |
| TR 07 02 10 | 750.000 | 285.000 | 1.035.000 | 91,59% | 95.000 | 8,41% | 1.130.000 |
| TR 07 02 11 | 600.000 | 450.000 | 1.050.000 | 87,50% | 150.000 | 12,50% | 1.200.000 |
| TR 07 02 12 | 5.555.000 | 0 | 5.555.000 | 100,00% | 0 | 0,00% | 5.555.000 |
| TR 07 02 13 | 10.100.000 | 600.000 | 10.700.000 | 98,17% | 200.000 | 1,83% | 10.900.000 |

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| | | | | | | | |
|----------------|------------|------------|------------|---------|------------|--------|------------|
| TR 07 02 14 | 1.200.000 | 0 | 1.200.000 | 95,24% | 60.000 | 4,76% | 1.260.000 |
| TR 07 02 15 | 6.450.000 | 3.384.750 | 9.834.750 | 89,71% | 1.128.250 | 10,29% | 10.963.000 |
| TR 07 02 16 | 1.700.000 | 13.300.000 | 15.000.000 | 77,19% | 4.433.333 | 22,81% | 19.433.333 |
| TR 07 02 17 | 1.200.000 | 45.900.000 | 47.100.000 | 75,48% | 15.300.000 | 24,52% | 62.400.000 |
| TR 07 02 18 | 3.000.000 | 3.000.000 | 6.000.000 | 85,71% | 1.000.000 | 14,29% | 7.000.000 |
| TR 07 02 19 | 1.778.000 | 109.000 | 1.887.000 | 98,12% | 36.250 | 1,88% | 1.923.250 |
| TR 07 02 20 | 3.500.000 | 432.000 | 3.932.000 | 96,49% | 143.000 | 3,51% | 4.075.000 |
| TR 07 02 21 | 1.800.000 | 0 | 1.800.000 | 100,00% | 0 | 0,00% | 1.800.000 |
| TR 07 02 22 | 1.050.000 | 45.000 | 1.095.000 | 98,65% | 15.000 | 1,35% | 1.110.000 |
| TR 07 02 23 | 1.850.000, | 150.000 | 2.000.000 | 97,56% | 50.000 | 2,44% | 2.000.000 |
| TR 07 02 24 | 800.000 | 150.000 | 950.000 | 95,00% | 50.000 | 5,00% | 1.000.000 |
| TR 07 02 25 | 950.150 | 150.000,00 | 1.100.150 | 95,65% | 50.000,00 | 4,35% | 1.150.150 |
| TR 07 02 26 | 250.000 | 2.100.000 | 2.350.000 | 77,05% | 700.000 | 22,95% | 3.050.000 |
| TR 07 02 27 | 3.600.000 | 0 | 3.600.000 | 100,00% | 0 | 0,00% | 3.600.000 |
| TR 07 02 | 10.000.000 | 0,00 | 10.000.000 | 95,24% | 500.000 | 4,76% | 10.500.000 |

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| | | | | | | | |
|-----------------------------|---|-------------------|-----------------------|---------------|-------------------|---------------|--------------------|
| 28 | | | | | | | |
| Sub-total Priority 2 | 72.967.450 | 80.394.500 | 153.361.950 | 84,86% | 27.357.083 | 15,14% | 180.719.033 |
| Priority Axis 3 | Promotion of an EU-Turkey Civil Society Dialogue | | | | | | |
| TR 07 03 01 | 5.100.000 | 0 | 5.100.000 | 100,00% | 0 | 0,00% | 5.100.000 |
| TR 07 03 02 | 6.600.000 | 0 | 6.600.000 | 100,00% | 0 | 0,00% | 6.600.000 |
| TR 07 03 03 | 6.980.000 | 0 | 6.980.000 | 100,00% | 0 | 0,00% | 6.980.000 |
| TR 07 03 04 | 58.512.770 | 0 | 58.512.770 | 46,54% | 67.224.080 | 53,46% | 125.736.850 |
| Sub-total Priority 3 | 77.192.770 | 0 | 77.192.770 | 53,45% | 67.224.080 | 46,55% | 144.416.850 |
| TOTAL | 167.950.220 | 88.252.500 | 256.202.720,00 | 72,49% | 97.233.163 | 27,51% | 353.435.883 |

Budgetary allocations to projects under priority axes 1 'political criteria' and 3 'civil society dialogue' are ring-fenced in this programme, i.e. possible savings of these projects cannot be reallocated to other priority axes.

The following projects may absorb additional funds and will be given priority for reallocations in the case of budget savings:

TR 07 02 15 Defining the technical needs and legal changes and detailing the action plan of the new integrated border management (IBM) strategy

TR 07 02 16 Support to the establishment of Removal Centres and training of the staff for these centres

TR 07 02 17 The establishment of a reception, screening and accommodation system (centres) for refugees/asylum seekers

TR 07 02 28 Support Activities to Strengthen the European Integration Process

TR 07 03 02 Cultural bridges

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3.2 Principle of Co-Financing applying to the projects funded under the programme

The Community contribution has been calculated in relation to the total public eligible expenditure. It amounts to 72.49% when taking the contributions for the participation in Community programmes and agencies into account (otherwise it amounts to 89.52%).

In view of the late introduction of rules on co-funding for institution building (IB) measures, in this transition year 2007, national co-financing for these measures will be very limited. However, IB projects will have a degree of implicit co-financing, which will not be quantified on a monetary basis. It is foreseen that from 2008 Turkey would be complying fully with the new co-funding requirements.

In the case of grants, final grant beneficiaries should contribute with a minimum of 10 % of the total eligible cost of the project, both for investment and institution building projects the operation's eligible costs. Exception to this rule in 2007 concern grant schemes involving NGOs such as for project TR 07 01 04 Empowerment of Women and Women NGO's in least developed regions of Turkey and project TR 07 03 01 Promotion of the civil-society dialogue between the EU and Turkey – II, which will be financed in full by the Commission in accordance with Article 253(1)(d) of the Implementing Rules to the Financial Regulation".

4. Implementation Arrangements

4.1 Method of Implementation

This programme shall be implemented by decentralized management, in accordance with article 53c of the Financial Regulation² and the corresponding provisions of the Implementing Rules³. The Beneficiary Country will continue to ensure that the conditions laid down in Art. 56 of the Financial Regulation are respected at all times.

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

4.2 General rules for Procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3, of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C (2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

² See footnote 5 *supra*.

³ See footnote 4 *supra*.

The Contracting Authorities shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website⁴ at the date of the initiation of the procurement or grant award procedure.

4.3 Implementation Principles for Twinning Projects

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

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

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

The twinning manual is available on the Website of DG ELARG at the following address: <http://europa.eu.int/comm/enlargement/pas/twinning/index.htm>

5. MONITORING AND EVALUATION

5.1. Monitoring

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

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

5.2 Evaluation

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

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

⁴ current address: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

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Ex post evaluation shall remain a prerogative of the Commission even after the conferral of management powers to the beneficiary country.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL, ANTIFRAUD MEASURES; FINANCIAL ADJUSTMENTS, PREVENTIVE MEASURES AND FINANCIAL CORRECTIONS

6.1 Audit, Financial Control and Anti-fraud measures

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96⁵.

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

6.2 Financial adjustments

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

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

6.3 Audit trail

⁵ Council Regulation (EC, Euratom) 2185/96 of 11. November 1996, OJ L 292; 15.11.1996; p. 2.

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

6.4 Preventive Measures

Beneficiary countries shall ensure investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that provided for in Commission Regulation 1828/2006⁶. All suspected or actual cases of fraud and irregularity as well as all measures related thereto taken must be reported to the Commission services without delay. Should there be no suspected or actual cases of fraud or irregularity to report, the Beneficiary Country shall inform the Commission of this fact within two months following the end of each quarter.

Irregularity shall mean any infringement of a provision of applicable rules and contracts, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

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

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

Active corruption is defined as the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

Passive corruption is defined as the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or a third party, or accepts a promise of such advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the European Communities' financial interests.

The authorities of the beneficiary country, including the personnel responsible for the implementation of the programme, shall also undertake to take whatever precautions are necessary to avoid any risk of conflict of interest, and shall inform the Commission

⁶ OJ L371, 27.12.2006, p. 1.

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

6.5 Financial corrections

In order to ensure that the funds are used in accordance with the applicable rules, the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms in accordance with Article 53c (2) of the Financial Regulation and as detailed in the Framework Agreement concluded between the Commission and the beneficiary country [*or, where the latter does not exist, in the Financing Agreement implementing this programme*].

A financial correction may arise following:

- (i) identification of a specific irregularity, including fraud; or
- (ii) identification of a weakness or deficiency in the management and control systems of the beneficiary country;

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

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

7. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature⁷, may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

⁷ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

**ANNEX B FRAMEWORK AGREEMENT BETWEEN THE COMMISSION OF
THE EUROPEAN COMMUNITIES AND THE GOVERNMENT OF
THE REPUBLIC OF TURKEY, DATED 11 JULY 2008**

ANNEX C FURTHER CONDITIONS FOR THE DELIVERY OF COMMUNITY ASSISTANCE

1 DEPUTISING

- (1) The beneficiary country shall ensure that a system of deputising is in place to ensure the continuity of the functions assigned to the national authorising officer.
- (2) Without prejudice of the aforementioned, the national authorising officer shall remain finally responsible for all the responsibilities vested in him in this Agreement and other agreements.

2 FURTHER RESPONSIBILITIES OF THE NAO

In addition to the functions and responsibilities laid down in Annex B to this Agreement, the national authorizing officer shall:

- (a) conclude the relevant agreements with each of the implementing agencies, which must be endorsed by the Commission;
- (b) ensure the flow of national and other co-financing resources;
- (c) ensure that the financing reporting system Perseus⁸ is regularly updated and reporting procedures properly respected by the national fund and the implementing agencies;
- (d) participate in the IPA monitoring committee;
- (e) participate in the Transition Assistance and Institution Building Monitoring Committee (the TAIB committee).

3 PAYMENTS

- (1) Payments by the Commission of the Community contribution shall be made within the limits of the funds available.
- (2) They shall take the form of: pre-financing, interim payments and payments of the final balance.
- (3) By 28 February each year, the national authorising officer shall send to the Commission a forecast of its likely payments applications for the financial year concerned and for the subsequent financial years.
- (4) The exchange of information concerning financial transactions between the Commission and the national authorising officer shall, where appropriate, be made by electronic means, using procedures agreed upon between them.

⁸ Perseus is the current financial reporting system of the European Commission.

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- (5) The combined total of pre-financing and interim payments shall not exceed 95% of the Community contribution.
- (6) When the ceiling referred to in paragraph 5 above is reached, the national authorising officer shall only submit a new certified statement of expenditure and information about the amounts received when he/she requests the payment of the final balance.
- (7) Amounts set out in the programmes submitted by the national authorising officer, in certified statements of expenditure, in payment applications and in expenditure mentioned in the implementation reports, shall be denominated in euro. The national authorising officer shall convert the amounts of expenditure incurred in national currency into euro using the monthly accounting rate of the euro established by the Commission for the month during which the expenditure was registered in the accounts of the operating structure concerned.
- (8) Payments by the Commission to the national fund shall be made to the euro account. One euro account shall be opened for each of the IPA programmes concerned, and shall be used exclusively for transactions relating to that programme.
- (9) The national authorising officer shall ensure that the final beneficiaries receive the total amount of the public contribution in due time and in full. No specific charge or other charge with equivalent effect shall be levied which would reduce these amounts for the final beneficiaries.
- (10) The expenditure may be covered by Community financing only if it has been incurred and paid by the final beneficiary. Expenditure paid by final beneficiaries shall be substantiated by receipted invoices or accounting documents of equivalent probative value or other relevant documents, where, according to the programme, assistance is not a function of expenditure. Expenditure must have been certified by the national authorising officer.

4 ACCEPTABILITY OF PAYMENT APPLICATIONS

- (1) Without prejudice of establishing additional requirement if the circumstances so require, the Commission shall not approve a payment application until the following minimum requirements have been fulfilled:
 - (a) In the case of pre-financing by the Commission:
 - the national authorising officer has notified to the Commission the opening of the euro account concerned;
 - the accreditation delivered by the competent accrediting officer and the national authorising officer are in force and the conferral of management by the Commission remains valid;
 - the relevant financing agreement has entered into force.
 - (b) In the case of each interim payment made by the Commission:
 - the national authorising officer has sent to the Commission a payment application and a statement of expenditure relating to the payment in question;

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- the ceilings for Community assistance under each priority axis, as laid down in the Commission financing decision, have been respected;
- the operating structure have sent the Commission the sectoral annual implementation reports, as referred to in Article 61(1) of Regulation (EC) 718/2007, including the most recent one;
- the audit authority has sent the Commission, in accordance with the first and second indent of Article 29(2)(b) of Regulation (EC) 718/2007 the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of Regulation (EC) 718/2007 and those of any agreement between the Commission and the beneficiary country;
- the accreditations delivered by the competent accrediting officer and the national authorising officer are in force, and the conferral of management by the Commission remains valid.

If one or more of the conditions mentioned in this paragraph are not met, the beneficiary country and the national authorising officer shall, when so requested by the Commission and within the time limit fixed by the Commission, take the necessary steps to remedy the situation.

- (c) In the case of payment by the Commission of the final balance, in accordance with the deadline set down in Article 166 of Regulation (EC, Euratom) 1605/2002, as last modified by Regulation (EC, Euratom) No 1995/2006 of 13 December 2006:

- the national authorising officer has sent the Commission a final payment application and a final statement of expenditure;
- the operating structure have sent to the Commission the sectoral final reports for the programme concerned, as required by Article 61(1) of Regulation (EC) No 718/2007;
- the audit authority has sent the Commission, in accordance with the third indent of Article 29(2)(b) of Regulation (EC) No 718/2007, an opinion on any final statement of expenditure, supported by a final activity report;
- the accreditation delivered by the competent accrediting officer and the national authorising officer are in force and the conferral of management by the Commission remains valid.

Failure to meet any of the conditions mentioned in this paragraph shall immediately result in the de-commitment of the final balance.

- (2) All or part of the payments may be suspended by the Commission where:

- (a) there is a serious deficiency in the management and control system of the programme which affects the reliability of the procedure for certification of payments and for which corrective measures have not been taken; or
- (b) expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected;
- (c) clarifications are needed regarding the information contained in the declaration of expenditure.

- (3) The beneficiary country shall be given the opportunity to present its observations within a period of two months before the Commission decides on a suspension in accordance with paragraph 2.
- (4) The Commission shall end suspension of all or part of the payments where the beneficiary country has taken the necessary measures to remedy the deficiency. If those measures have not been taken by the beneficiary country, the Commission may decide to cancel all or part of the Community contribution to the programme.

5 PRE-FINANCING

- (1) Pre-financing shall in principle represent 50% of the Community contribution to the programme concerned and it may be paid in yearly instalments. That rate may be raised if the national authorising officer demonstrates that the resulting amount will not cover the pre-financing of the contracts and grants signed at national level. Payments for the participation in Community programmes and agencies may amount to 100% of the Community contribution relating to this participation.
- (2) The amount to be pre-financed shall be calculated as the sum of the estimate of the amount to be contracted by year, and the actual amount for which contractual obligations have been entered into in the previous years. With the exception of that concerning participation in Community programmes and agencies, pre-financing shall only be paid once the first tender or call for proposals is launched.
- (3) The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application for the programme concerned is sent within 15 months of the date on which the Commission pays the first pre-financing amount. The Community contribution to the programme concerned shall not be affected by such reimbursement.
- (4) The total pre-financing amount shall be cleared at the latest when the programme is closed. Throughout the lifetime of the programme, the national authorising officer shall use the pre-financing payment only to pay the Community contribution to expenditure in compliance with Regulation (EC) 718/2007.

6 INTERIM PAYMENTS

- (1) If it appears that the rules applicable have not been complied with or that Community funds have been improperly used, the Commission may reduce interim payments to the beneficiary country, or temporarily suspend them, in accordance with the provisions of Article 46 of Regulation (EC) 718/2007. It shall inform the beneficiary country accordingly.
- (2) The suspension or reduction of interim payments shall comply with the principle of proportionality and shall be without prejudice to the decisions of conformity and clearance-of-account decisions and financial corrections.

7 REALLOCATION OF FUNDS

- (1) The national authorizing officer may request a reallocation of funds within the same programme following a recommendation from the IPA monitoring Committee.
- (2) The reallocation requested shall be submitted to the Commission for approval, subject to the conditions set forth in the Financial Regulation and the IPA regulatory framework.

8 STAFF, LOCATION AND OPERATIONAL COSTS OF THE NATIONAL FUND AND THE OTHER BODIES AND AUTHORITIES

- (1) The beneficiary country shall ensure that at its own cost the availability of the necessary human resources for the timely and correct execution of the tasks entrusted to the bodies and authorities designated under Article 21 of the IPA Implementing Regulation.
- (2) The beneficiary country shall provide at its own costs the necessary premises, office furniture and other facilities for the aforementioned bodies and authorities.
- (3) The operational costs of those bodies and authorities shall be borne by the beneficiary country.

9 BANK ACCOUNTS

- (1) The National Fund shall for each programme open up a separate euro bank account in the Central Bank or in a Government guaranteed bank account. The account shall, in principle, be interest-generating.
- (2) Any interest earned on any of the component-specific euro accounts remains the property of the beneficiary country. Interest generated by the financing by the Community of a programme shall be posted exclusively to that programme, being regarded as a resource for the beneficiary country in the form of a national public contribution, and shall be declared to the Commission whenever a payment application is submitted to the Commission.
- (3) The bank account shall be operated on the basis of a double signature system, requiring the signatures of the national authorizing officer and a senior Treasury officer.
- (4) The national fund shall communicate to the Commission all relevant information on the accounts at the national fund as well as on all other accounts in the implementing agencies and others to which IPA funds have been transferred. Relevant information encompasses the name and address of the bank, the account number, the names of the account holders, the interest rates and any other information that the Commission deems appropriate.

10 ACCOUNTING AND AUDITS

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- (1) The National Authorizing Officer (NAO) shall ensure the operation of an accounting system covering all contractual and other financial operations pertaining to all IPA financed programmes as appropriate at different implementation levels.
- (2) The accounts and operations of all relevant operating structures/implementing agencies and authorities may be checked at regular intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Court of Auditors as referred to in the Framework Agreement.
- (3) All documents related to a given programme shall be retained by the beneficiary country for at least three years after the closure of the programme. This period shall be interrupted either in case of legal proceedings or at the duly motivated request of the Commission.
- (4) By way of derogation from paragraph 3 above, written records of the entire procurement, grant award and contracting procedure shall be retained by the operating structure for a period of at least seven years from the payment of the balance of the contract.

11 REPORTING

- (1) The operating structure shall send the Commission, the national IPA co-ordinator and the national authorising officer a sectoral annual report by 30 June each year.
- (2) A sectoral final report shall be submitted to the Commission, the national IPA co-ordinator and the national authorising officer at the latest 6 months after the closure of the programme. The sectoral final report shall cover the whole period of implementation and include the last sectoral annual report.
- (3) Sectoral reports shall be examined by the TAIB committee prior to their transmission to the Commission, the national IPA co-ordinator and the national authorising officer. These sectoral reports shall be made in conformity with the financial reporting system Perseus.
- (4) Sectoral reports shall include the following information:
 - (a) quantitative and qualitative elements about the progress made in implementing the programme, priority axes or operations, in relation to specific, verifiable targets;
 - (b) detailed information about the financial implementation of the programme;
 - (c) information on the steps taken by the operating structure or the TAIB committee to ensure the quality and effectiveness of implementation, in particular:
 - (i) the monitoring and evaluation measures, including data collection arrangements,
 - (ii) a summary of any significant problems encountered in implementing the programme and any subsequent measures taken,
 - (iii) the use made of technical assistance.
- (5) information on the activities to provide information on and publicise the programme, in accordance with Article 62 of the IPA Implementing Regulation.

12 MONITORING

- (1) In addition to the setting up of an IPA monitoring committee as described in the Framework Agreement, the national IPA co-ordinator shall establish a sectoral monitoring committee, the Transition Assistance and Institution Building Monitoring Committee, or TAIB committee, within six months after the entry into force of this Financing Agreement.
- (2) The TAIB committee shall meet at least twice a year, at the initiative of the beneficiary country or the Commission. It shall draw up its rules of procedure, in compliance with a sectoral monitoring committee mandate set out by the Commission, and within the institutional, legal and financial framework of the beneficiary country concerned. It shall adopt these rules of procedure in agreement with the national IPA co-ordinator, the national authorising officer and the IPA monitoring committee.
- (3) The TAIB committee shall be chaired by the national IPA co-ordinator. Its Members shall include the national authorising officer, the programme authorising officers and, where appropriate, other representatives of the operating structure, representatives of the Commission, as well as, where appropriate, representatives of international financial institutions and civil society, designated by the beneficiary country in agreement with the Commission.
- (4) In accordance with Article 59(2) of Regulation (EC) 718/2007 the TAIB committee shall satisfy itself as to the effectiveness and quality of the concerned programmes and operations by, in particular
 - (a) reviewing implementation status reports detailing financial and operational progress of the programmes;
 - (b) reviewing the achievement of objectives and results of the programmes;
 - (c) reviewing procurement plans as well as relevant evaluation recommendations;
 - (d) discussing problematic issues and operations;
 - (e) proposing corrective actions as appropriate;
 - (f) reviewing the cases of fraud and irregularities and present the measures taken to recover the funds and to avoid the recurrence of similar cases;
 - (g) reviewing the annual audit work plan prepared by the audit authority and the findings and recommendations of the audits carried out.
- (5) The TAIB committee shall monitor all ongoing programmes under this component. In the case of, inter alia, investment operations, transfer of assets or privatizations, the beneficiary country shall monitor the programmes until their closure and shall notify the TAIB committee of any changes to the results of these programmes that significantly affect their impact, sustainability and ownership.
- (6) The TAIB committee may be assisted by sectoral monitoring sub-committees, set up by the beneficiary country to monitor programmes and operations of this component, grouped by monitoring sectors. Sub-committees shall report to the TAIB committee. They shall draw up and adopt their internal rules of procedure, in compliance with a mandate to be set out by the Commission.

13 ROADMAP FOR DECENTRALISATION WITH EX-POST CONTROLS

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- (1) The Beneficiary country shall establish a roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex ante* controls by the Commission. The roadmap will be established in close consultation with the Commission and submitted to the Commission at the latest 3 months after the signature of this Financing Agreement.
- (2) The Commission shall monitor the implementation of the roadmap mentioned in paragraph 1, and shall take due account of the results achieved by the beneficiary country in this context, in particular in the provision of assistance and in the negotiation process. The roadmap to achieve decentralization without *ex ante* controls may refer to a phased waiver of different types of ex-ante control.
- (3) The Beneficiary country shall keep the Commission updated on a six-monthly basis with the progress made in the implementation of this roadmap.
- (4) The dispensing of the ex-ante controls by the Commission will be subject of another Decision when the Commission is satisfied that the requirements set out in Article 18 of Regulation (EC) No 718/2007 are met.

14 TREATMENT OF RECEIPTS

- (1) Receipts for the purposes of IPA include revenue earned by an operation, during the period of its co-financing, from sales, rentals, service enrolment/fees or other equivalent receipts with the exception of:
 - (a) receipts generated through the economic lifetime of the co-financed investments in the case of investments in firms;
 - (b) receipts generated within the framework of a financial engineering measure, including venture capital and loan funds, guarantee funds, leasing;
 - (c) where applicable, contributions from the private sector to the co-financing of operations, which shall be shown alongside public contribution in the financing tables of the programme.
- (2) Receipts as defined in paragraph 1 above represent income which shall be deducted from the amount of eligible expenditure for the operation concerned. No later than the closure of the programme, such receipts shall be deducted from the relevant operation's eligibility expenditure in their entirety or pro-rata, depending on whether they were generated entirely or only in part by the co-financed operation.

15 ELIGIBILITY OF EXPENDITURE

- (1) Expenditure under the programme in Annex A shall be eligible for Community contribution if it has been incurred after the contracts and grants implementing such programme have been signed, except in the cases explicitly provided for in the Financial Regulation.
- (2) The following expenditure shall not be eligible for Community contribution under the programme in Annex A:

- (a) taxes (including VAT), customs and import duties and levies and/or taxes of equivalent effect in accordance with the IPA Framework Agreement with Turkey in Art. 26, attached as Annex B to this Financing Agreement;
 - (b) purchase, rent or leasing of land and existing buildings;
 - (c) fines, financial penalties and expenses of litigation;
 - (d) operating costs;
 - (e) second hand equipment;
 - (f) bank charges, costs of guarantees and similar charges;
 - (g) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
 - (h) contributions in kind;
 - (i) any leasing costs;
 - (j) depreciation costs.
- (3) By way of derogation from paragraph 2 above, the Commission will decide on a case-by-case basis whether the following expenditure is eligible:
- (a) operating costs, including rental costs, exclusively related to the period of co-financing of the operation;
 - (b) value added taxes, if the following conditions are fulfilled:
 - (i) the value added taxes are not recoverable by any means;
 - (ii) it is established that they are borne by the final beneficiary, and
 - (iii) they are clearly identified in the project proposal.
- (4) Expenditure financed under IPA shall not be the subject of any other financing under the Community budget.

16 RETENTION OF DOCUMENTS

- (1) All documents related to a given programme shall be retained by the Beneficiary for at least three years after the closure of the programme. This period shall be interrupted either in the case of legal proceedings or at the duly motivated request of the Commission.
- (2) By way of derogation from paragraph 1, written records of the entire procurement, grant award and contracting procedure shall be retained by the operating structure for a period of at least seven years from the payment of the balance of the contract.

17 FURTHER RESPONSIBILITIES OF THE NATIONAL IPA COORDINATOR

Where the national IPA coordinator exercises his responsibility for the programming of the transition assistance and institution building component at national level, he/she shall carry out the following tasks:

- (a) organize the preparation of project proposals as referred to in Article 69 of the IPA Implementing Regulation.
- (b) elaborate and present to the Commission the project fiches referred to in Article 69 of the IPA Implementing Regulation.
- (c) monitor the technical execution of the national programmes.

18 DESIGNATION AND RESPONSIBILITIES OF THE PROGRAMME AUTHORIZING OFFICERS

- (1) The national authorizing officer shall, after consulting the national IPA co-ordinator, designate programme authorizing officers to head the implementing agencies. They shall be officials within the state administration of the Beneficiary and shall be responsible for the activities mentioned in Section 6(b) of Annex A to the Framework Agreement, in accordance with Article 8(3) of the Framework Agreement and with Article 11(3) of the IPA Implementing Regulation.
- (2) Programme authorizing officers shall designate officials within the national administration as senior programme officers. Under the overall responsibility of the programme authorizing officer concerned, senior programme officers shall carry out the following tasks:
 - (a) be responsible for the technical aspect of the operations within the line ministries;
 - (b) assist the programme authorizing officers in the good and timely preparation and implementation of operations at technical level;
 - (c) be in charge of the co-ordination within each priority axis set down in the Beneficiary's project proposal.

19 DETAILED RULES ON THE ACCREDITATION OF THE OPERATING STRUCTURES

- (1) Where Community funds have been managed by existing national bodies in the Beneficiary under Regulation (EEC) No 3906/89 or Regulation (EC) No 2500/2001 prior to the date of entry into force of the IPA Implementing Regulation, those bodies (hereinafter referred to as the "existing national bodies") shall manage funds under the transition assistance and institution building component and the cross-border co-operation component, until the Commission adopts a Decision on conferral of management powers.
- (2) In no case the existing national bodies can manage funds under the transition assistance and institution building component or under the cross-border co-operation component without a conferral of management powers by the Commission in accordance with the IPA implementing rule for more than one year from the entry into force of the IPA Implementing Regulation.
- (3) The Commission shall decide whether to confer management powers on the existing national bodies in particular having regard to the list of deviations submitted in accordance with paragraph 4 and the decision taken by the national authorizing officer in accordance with paragraph 5.
- (4) The national authorizing officer shall carry out an assessment of the operating structure, which include the existing national bodies, with regard to the requirements referred to in Article 11 of the IPA Implementing Regulation. In particular, he/she shall establish a list of any requirements under the IPA Implementing Regulation, as set out in Article 11 therein, which the operating structure does not comply with, based on an opinion of an external auditor functionally independent from all actors in

the management and control system. The list of deviations shall be sent to the Commission at the latest four months after the entry into force of the IPA Implementing Regulation.

- (5) Where the non-compliance referred to in paragraph 4 is deemed to be compatible with the efficient and effective functioning of the operating structures, the national authorizing officer may decide to accredit the bodies concerned.

At the latest five months after the entry into force of the IPA Implementing Regulation, he/she shall send to the Commission a decision relating to the accreditation of the bodies concerned. This decision shall include a roadmap, with time bound objectives, laying down the steps to be taken to remedy the non-compliance as set out in the list referred to in paragraph 4. The roadmap shall be agreed by the Commission.

- (6) Where the non-compliance referred to in paragraph 6 is not deemed to be compatible with the efficient and effective functioning of an operating structure, the national authorizing officer shall proceed to establish an accreditation for the operating structure concerned, in accordance with the provisions of Article 13 of the IPA Implementing Regulation.

20 DETAILED RULES ON THE CONFERRAL OF MANAGEMENT POWERS BY THE COMMISSION

- (1) In the event that the Commission decides to confer management powers on the "existing national bodies" mentioned in Section [18 or 19] (1) above, the Commission may lay down further conditions on the national authorities. In the event of further conditions, the Commission shall set a time limit for compliance by the national authorities for the conferral of management powers to remain effective. The Commission Decision shall also lay down the list of *ex-ante* controls mentioned in Article 12(4) of Annex B.
- (2) Irrespective of the national authorizing officer's decision, the Commission may decide to maintain, suspend or withdraw the conferral of management powers on any of the bodies concerned at any time.
- (3) At all stages, the national authorizing officer shall ensure that all the information required by the Commission is provided by the Beneficiary.

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