

Commission Regulation (EC) No 718/2007 of 12 June  
2007 implementing Council Regulation (EC) No 1085/2006  
establishing an instrument for pre-accession assistance (IPA)

PART II

**SPECIFIC PROVISIONS**

TITLE III

**REGIONAL DEVELOPMENT AND HUMAN  
RESOURCES DEVELOPMENT COMPONENTS**

CHAPTER I

**Object of assistance and eligibility**

*Section 1*

***Regional development component***

*Article 147*

**Areas and forms of assistance**

1 The regional development component may support operations under the following priorities:

- a transport infrastructure, in particular interconnection and interoperability between national networks, and between national and trans-European networks;
- b environment measures related to waste management, water supply, urban waste water and air quality; rehabilitation of contaminated sites and land; areas related to sustainable development which present environmental benefits, namely energy efficiency and renewable energy;
- c operations which enhance regional competitiveness and a productive environment, and encourage creation and safeguarding of sustainable employment, involving in particular:
  - (i) provision of business and technology services for enterprises, particularly in the fields of management, market research and development and networking;
  - (ii) access and use of information and communication technologies;
  - (iii) promotion of technological development, research and innovation including through cooperation with tertiary education and research institutions and research and technology centres;
  - (iv) development of business networks and clusters;

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*Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EC) No 718/2007, TITLE III. (See end of Document for details)*

- (v) creation and development of financing instruments which facilitate access to revolving financing through venture capital, loan and guarantee funds;
- (vi) provision of local infrastructure and services which contribute to facilitate establishment, development and expansion of new and existing business;
- (vii) [<sup>F1</sup>education and training investments, including for vocational training.];
- (viii) [<sup>F2</sup>investments in health and social infrastructure which contribute to regional and local development.]

2 Under this component, technical assistance may be granted for preliminary studies and technical support related to eligible activities, including those necessary for their implementation.

Technical assistance may also finance preparatory, management, monitoring, evaluation, information and control activities and activities to reinforce the administrative capacity for implementing the assistance under the IPA Regulation provided through this component.

#### Textual Amendments

- F1** Substituted by [Commission Implementing Regulation \(EU\) 2015/2093 of 18 November 2015 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\).](#)
- F2** Inserted by [Commission Implementing Regulation \(EU\) 2015/2093 of 18 November 2015 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\).](#)

### Article 148

#### Eligibility of expenditure

1 Expenditure under this component shall be eligible if it has actually been paid after the signature of the financing agreement following the adoption of the relevant programme. In the case of major projects as referred to in Article 157, expenditure shall not be eligible before the Commission Decision approving the major project has been adopted, as referred to in Article 157(3).

[<sup>F32</sup> In addition to the rules set out in Article 34(3), depreciation costs for the infrastructures shall not be eligible.]

[<sup>F43</sup> By way of derogation from Article 34(3), operating costs, including rental costs, exclusively related to the period of co-financing of the operation, may be eligible.]

#### Textual Amendments

- F3** Substituted by [Commission Regulation \(EU\) No 80/2010 of 28 January 2010 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\).](#)

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**F4** Inserted by Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

#### Article 149

### Aid intensities and rate of Community contribution

1 For the purposes of this component, the eligible expenditure as referred to in Article 38(1) shall be based on the public expenditure.

[<sup>F32</sup> The Community contribution shall not exceed the ceiling of 85 % of the eligible expenditure at the level of the priority axis.]

3 No operation shall benefit from a higher co-financing rate than the one relating to the priority axis concerned.

#### Textual Amendments

**F3** Substituted by Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

#### Article 150

### Revenue-generating projects

[<sup>F31</sup> For the purposes of this component, a revenue-generating project means any operation proposed for pre-accession assistance involving an investment in infrastructure, the use of which is subject to charges borne directly by users and which generates revenues, or any operation involving the sale or rent of land or buildings or any other provision of services against payments.]

[<sup>F32</sup> Eligible expenditure for revenue-generating projects, used for calculating the Community contribution in accordance with Article 149, shall not exceed the current value of the investment cost minus the current value of the net revenue from the investment over a specific reference period for (a) investments in infrastructure; or (b) other projects where it is possible to objectively estimate the revenues in advance.]

3 Where not all the investment cost is eligible for co-financing the net revenue shall be allocated pro rata to the eligible and non-eligible parts of the investment cost.

4 In the calculation, the operating structure shall take account of the reference period appropriate to the category of investment concerned, the category of project, the profitability normally expected of the category of investment concerned and of the application of the polluter-pays principle, and, if appropriate, of considerations of affordability, in particular in the environment sector.

[<sup>F45</sup> The provisions of this Article do not apply to:

- a operations co-financed under this component, the total cost of which is equal or less than EUR 1 million;

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- b revenues generated throughout the economic lifetime of the co-financed investments in the case of investments in firms;
- c revenues generated within the framework of financing instruments which facilitate access to revolving financing through venture capital, loan and guarantee funds.]

#### **Textual Amendments**

- F3** Substituted by Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).
- F4** Inserted by Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

### *Section 2*

#### ***Human resources development component***

#### *Article 151*

#### **Areas and forms of assistance**

1 The human resources development component shall contribute to strengthening economic and social cohesion as well as to the priorities of the European Employment Strategy in the field of employment, education and training and social inclusion.

2 In particular, the scope of this component shall cover assistance to persons and focus on the following priorities, the precise mix and concentration of which shall depend on the economic and social specificities of each beneficiary country:

- a increase adaptability of workers, enterprises and entrepreneurs, with a view to improving the anticipation and positive management of economic change, in particular by promoting:
  - (i) life long learning and increased investment in human resources by enterprises and workers;
  - (ii) design and dissemination of innovative and more productive forms of work organisation;
- b enhance access to employment and sustainable inclusion in the labour market of job seekers and inactive people, prevent unemployment, in particular long term and youth unemployment, encourage active aging and prolong working lives, increase participation in the labour market notably by promoting:
  - (i) creation, modernisation and strengthening of labour market institutions;
  - (ii) implementation of active and preventive measures ensuring early identification of needs;
  - (iii) improvement of access to employment and increase of sustainable participation and progress of women in employment;

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- (iv) increase in migrants' participation in employment, thereby strengthening their social integration;
  - (v) facilitation of geographic and occupational mobility of workers and integration of cross-border labour markets;
  - c reinforce social inclusion and integration of people at a disadvantage, with a view to their sustainable integration in employment, and combat all forms of discrimination in the labour market, in particular by promoting:
    - (i) pathways to integration and re-entry into employment for disadvantaged people;
    - (ii) acceptance of diversity in the workplace and non discrimination;
  - d promote partnerships, pacts and initiatives through networking of relevant stakeholders, such as social partners and non-governmental organisations, at national, regional, local level, in order to mobilise for reforms in the field of employment and labour market inclusiveness;
  - e expand and enhance investment in human capital, in particular by promoting:
    - (i) the design, introduction and implementation of reforms in education and training systems, in order to develop employability and labour market relevance;
    - (ii) increased participation in education and training throughout the life-cycle;
    - (iii) the development of human potential in research and innovation;
    - (iv) networking activities between higher education institutions, research and technological centres and enterprises;
  - f strengthen institutional capacity and the efficiency of public administrations and public services at national, regional and local level and, where relevant, the social partners and non-governmental organisations with a view to reforms and good governance in the employment, education and training, as well as social fields.
- 3 At the initiative of the beneficiary country, technical assistance may be granted under this component to support the preparatory, management, monitoring, administrative support, information, evaluation and control activities of the programme, and preparatory activities with a view to the future management of European Structural Funds.
- 4 Assistance shall focus on those policies and activities which have the potential to act as catalyst for policy change and which enhance good governance and partnership.

#### *Article 152*

### **Eligibility of expenditure**

- 1 The following expenditure may be eligible for operations falling under the scope of Article 151:
- a depreciation costs under the following cumulative conditions:
    - (i) no national or Community grants have contributed to the purchase of the related investment;

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- (ii) depreciation costs are calculated with the relevant applicable national accountancy rules;
  - (iii) costs relate exclusively to the period of co-financing of the operation concerned;
  - b in the case of grants, the indirect costs declared on a flat rate basis up to 20 % of the direct costs of an operation, provided they are incurred in accordance with national rules, including accountancy rules;
  - c purchase of furniture, equipment, adaptation and modernisation of existing infrastructures, provided that:
    - (i) the amount concerned for the related operations is subject to a limit of 15 % of the funding under the IPA Regulation for each priority axis of the programme(s) under this component;
    - (ii) investments are necessary for the satisfactory implementation of the programme(s) under this component and contribute to increasing the impact of assistance;
    - (iii) assessment, carried out under the responsibility of the operating structure, has demonstrated that purchase is preferable to other solutions in terms of the best value for money.
- 2 By way of derogation from Article 34(3), the following expenditure may also be eligible:
- a taxes, including value added taxes, if they are not recoverable by any means and it is established that they are borne by the final beneficiary,
  - b operating costs, including rental costs, exclusively related to the period of co-financing of the operation,
  - c rent or leasing, provided that it is exclusively related to the period of co-financing of the operation, and that it is preferable to other solutions in terms of the best value for money<sup>F3</sup>.]
  - [<sup>F4</sup>d costs relating to a bank guarantee or comparable surety to be lodged by the beneficiary of the grant.]

#### Textual Amendments

- F3** Substituted by Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).
- F4** Inserted by Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

### Article 153

#### Aid intensities and rate of Community contribution

1 For the purposes of this component, the eligible expenditure as referred to in Article 38(1) shall be based either on the public expenditure or on the total expenditure, the choice applying to the entirety of the programme concerned.

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

3 No operation shall benefit from a higher co-financing rate than the one relating to the priority axis concerned.

## CHAPTER II

### Programming

#### Article 154

#### Strategic coherence framework

1 Beneficiary countries shall establish, based on the multi-annual indicative planning document, a strategic coherence framework to be discussed with the Commission. The strategic coherence framework shall constitute a reference document for the programming of the regional development component and the human resources development component.

2 The strategic coherence framework shall include:

- a a brief analysis, highlighting the strengths, weaknesses, opportunities and threats in the eligible sectors and thematic priorities, under the regional development and human resources development components, where the beneficiary country intends to concentrate its assistance;
- b a description of the objectives pursued under the regional development and human resources development components, in accordance with the relevant national and Community priorities, as set up in the first multi-annual indicative planning document;
- c a list of programmes, with a brief description of the main priority axes under each programme;
- d an indicative breakdown of the financial allocations between the underlying programmes, covering a three years period, in accordance with the multi-annual indicative financial framework and the multi-annual indicative planning document, and the indicative budgetary balance between the underlying programmes for the following years, within each component.

3 In addition, the strategic coherence framework shall contain, where relevant, provisions about:

- a coordination with other national programmes supported by international financial institutions, or other relevant external assistance;
- b coordination with other IPA components, in particular the rural development component.

4 The strategic coherence framework shall be a prerequisite for the approval of the programmes under the regional development and human resources development components. It shall be submitted to the Commission prior to, or, at the latest, together with the submission for approval of the first programme under those components.

5 The strategic coherence framework shall be drafted by the strategic coordinator, under the overall responsibility of the national IPA coordinator.

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Commission Regulation (EC) No 718/2007, TITLE III. (See end of Document for details)*

## Article 155

### Operational programmes

1 Assistance shall be implemented through multi-annual operational programmes. These operational programmes shall be drafted by the operating structures. They shall be established in close consultation with the Commission and the relevant stakeholders, and approved through a Commission Decision, in accordance with Article 8(1).

2 Operational programmes shall contain:

- a an assessment of medium term needs and objectives, highlighting the strengths, weaknesses, opportunities and threats in the relevant sectors, themes and regions;
- b an overview of the consultation of the relevant socio-economic partners and, where relevant, civil society representatives;
- c a description of the chosen strategic priorities, having regard to the strategic coherence framework and the sectoral, thematic and/or geographical mechanisms of concentration of assistance, as well as the results from the *ex ante* evaluation referred to in Article 57(4) and 166;
- d information on the priority axis, the related measures and their specific targets. Such targets shall be quantified, when appropriate, using a limited number of result indicators. These indicators shall make it possible to determine the progress for implementing the selected measures, including the effectiveness of the targets attached to the priority axis and measures;
- e when some measures are intended to be implemented through aid schemes for enterprises, related modalities shall be described;
- f a description of the technical assistance operations, which shall be undertaken under a specific priority axis. Community support for this priority axis can be up to a ceiling of 6 % of the Community contribution allocated to the operational programme. In exceptional cases and when duly justified with regard to the scope of the programme, this ceiling may reach 10 %;
- g an identification, for each measure, of the intended final beneficiaries, the expected selection modalities and possible related specific selection criteria;
- h a financial table specifying, for each year covered by the applicable multi-annual indicative financial frameworks, for each priority axis and, in an indicative way, for each related measure:
  - (i) the total amount of the Community contribution;
  - (ii) the national contribution, where applicable identifying other external contributions. Where the Community contribution, under the human resources development component, is calculated with reference to the total expenditure, the table shall give the indicative breakdown of the national contribution between its public and private components;
  - (iii) the resulting rate of Community contribution;
- i the proposed evaluation and monitoring indicators and modalities, including indicative evaluation activities and timing;
- j for the regional development component, an indicative list of major projects, accompanied with their technical and financial features, including the expected financing sources, as well as indicative timetables for their implementation;



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- k a description of the relevant structures and authorities for the management and control of the operational programme, in accordance with Articles 21 to 26, 28, 29 and 31.

### *Article 156*

#### **Revision of operational programmes**

1 At the initiative of the beneficiary country or the Commission, operational programmes may be re-examined and, where appropriate, the remainder of the programme revised. This review may in particular take place in the following cases:

- a following significant socio-economic changes;
- b in order to take greater or different account of major changes in Community or national priorities;
- [<sup>F3</sup>c following the revision of the multiannual indicative planning document;]
- d in the light of the evaluations referred to in Article 166(2);
- e following implementation difficulties.

2 The Commission Decision on a request for the revision of any operational programme shall be adopted as soon as possible after its formal submission by the strategic coordinator in coordination with the national IPA coordinator.

3 Where the revision of an operational programme, as referred to in paragraph 1, extends the eligible scope under this programme, any additional expenditure related thereto shall be eligible from the date of the adoption of the Commission Decision.

#### **Textual Amendments**

- F3** Substituted by [Commission Regulation \(EU\) No 80/2010 of 28 January 2010 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).

### *Article 157*

#### **Major projects under the regional development component**

1 As part of an operational programme, assistance under the regional development component may finance major projects.

2 A major project comprises a series of works, activities or services and is intended, in itself, to accomplish a definite and indivisible task of a precise economic or technical nature, which has clearly identified goals and whose total cost exceeds € 10 million.

3 Major projects shall be submitted to the Commission for approval by the relevant operating structure. The Decision approving the project shall define the physical object and the eligible expenditure to which the co-financing rate for the priority axis applies. It shall be followed by a bilateral agreement with the beneficiary country, laying down those elements.

4 When submitting a major project to the Commission, the operating structure shall provide the following information:

- a information on the body to be responsible for implementation;

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- b information on the nature of the investment and a description of its financial volume and location;
- c results of feasibility studies;
- d a timetable for the implementation of the project before the closure of the related operational programme;
- e an assessment of the overall socio-economic balance of the operation, based on a cost-benefit analysis and including a risk assessment, and an assessment of the expected impact on the sector concerned, on the socio-economic situation of the beneficiary country and, where the operation involves the transfer of activities from a region in a Member State, the socio-economic impact on that region;
- f an analysis of the environmental impact;
- g the financing plan, showing the total financial contributions expected and the planned contribution under the IPA Regulation, as well as other Community and other external funding. The financing plan shall substantiate the required IPA grant contribution through a financial viability analysis.

## CHAPTER III

### Implementation

#### *Section 1*

#### **General rules**

#### *Article 158*

#### **Selection of operations**

1 All operations which are not major projects and which are implemented by final beneficiaries other than national public bodies shall be selected through calls for proposals. The selection criteria shall be drawn up by the operating structure and shall be published with the call for proposals.

2 The operating structure shall set up a selection committee for each call for proposals, which shall analyse and select proposals, and recommend results to the operating structure.

The operating structure shall decide whether to approve the results of the selection procedure and state the reasons for its decision.

The composition of the selection committee and its functioning modalities are defined in the relevant financing agreement.

#### *Article 159*

#### **Financial engineering instruments**

1 As part of an operational programme, the Community contribution may finance expenditure related to an operation comprising contributions to support financial engineering instruments for enterprises, such as venture capital funds, guarantee funds and loan funds. Preference shall be given to small and medium-sized enterprises.

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2 Detailed implementing rules shall be set out in the financing agreement following the adoption of an operational programme providing for Community contribution to financial engineering instruments.

### *[<sup>F2</sup>Article 159a*

#### **Contribution to a Union trust fund for external action**

1 Under the regional development and human resources development components, in pursuing the objectives set out in the relevant operational programme within the respective programme area, operations may be implemented through contributions to EU trust funds.

2 With regard to the trust fund contribution, the relevant operational programme shall only contain the following information:

- a a summary assessment of the coherence of that contribution with the objectives of the trust fund;
- b for the regional development component, information on the single operation priority axis, also referring to the other priority axes with regard to eligible expenditure which may also cover a share of the management costs of the trust fund, as provided for in Article 187(7) of the Regulation (EU, Euratom) No 966/2012;
- c for the human resources development component, information on the single operation measure under a given priority axis, also referring to the other measures of that priority axis with regard to eligible expenditure which may also cover a share of the management costs of the trust fund, as provided for in Article 187(7) of the Regulation (EU, Euratom) No 966/2012;
- d the identification of the trust fund as final beneficiary;
- e the amount of the contribution.

3 Articles 150 and 157 shall not apply to trust fund contributions.

4 The trust fund contribution shall not be subject to *ex ante* controls pursuant to Article 14; to monitoring by the sectoral monitoring committee pursuant to Articles 59, 167 and 169; to the procedure to select operations provided for in Article 158; and to evaluations pursuant to Article 166.

5 The relevant financing agreement between the Commission and the beneficiary country shall set out detailed implementing rules with regard to the trust fund contribution. Where appropriate, the relevant operational programme may also set out those rules.

The detailed implementing rules shall concern in particular:

- a the obligations of the authorities in the beneficiary country;
- b reporting, evaluation and monitoring;
- c provisions requiring the amount of the contribution or part of it to be returned, as the case may be, to the relevant programme in the event of liquidation of the trust fund, in accordance with Article 187(5) of Regulation (EU, Euratom) No 966/2012.

6 Expenditure with regard to a trust fund contribution shall be eligible from the date of establishing that trust fund.

At closure, the certified statement of expenditure shall present the total amount of the contribution for which a decision on the allocation of funds to individual actions has been taken by the operational board of the trust fund up to 31 December 2017 in pursuing

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the objectives set out in the relevant programme and within the respective programme area.

7 For a payment application for an interim payment on a trust fund contribution from budget commitments made up to 31 December 2012, the last sentence of the third subparagraph of Article 161(1) shall not apply.

The national authorising officer shall certify in the certified statement of expenditure to be submitted by 31 December 2015 that the contribution was paid to the trust fund identified in the relevant programme.]

#### Textual Amendments

- F2** Inserted by [Commission Implementing Regulation \(EU\) 2015/2093 of 18 November 2015 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).

## Section 2

### Financial management

#### Article 160

#### Payments

1 Notwithstanding Article 40(5), the combined total of pre-financing and interim payments shall not exceed 90 % of the Community contribution, as set out in the financial table of the operational programmes.

2 All exchanges concerning financial transactions between the Commission and the authorities and bodies referred to in Article 21 shall be made by electronic means, as provided for in the financing agreement.

[<sup>F53</sup> In addition to the provisions of Article 42, payments for the pre-financing may amount to 30 % of the European Union contribution for the three most recent years of the programme concerned. Where necessary, with regard to the availability of budgetary commitment, the pre-financing may be paid in two instalments.]

<sup>F64</sup> .....

#### Textual Amendments

- F5** Substituted by [Commission Implementing Regulation \(EU\) No 813/2012 of 12 September 2012 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).
- F6** Deleted by [Commission Implementing Regulation \(EU\) No 1292/2011 of 9 December 2011 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).

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## *Article 161*

### **Acceptability of applications for payment**

1 In the case of a payment application for an interim payment, in addition to the provisions laid down in Article 43(1), the provisions of this paragraph shall apply under the regional development and the human resources development components.

A payment application cannot be accepted if payments have been suspended in accordance with Article 163. The payment application shall certify that all requirements laid down in Article 43(1) and in this paragraph are fulfilled.

The certified statement of expenditure referred to in Article 43(1) shall be drawn up by priority axis and measures. The national authorising officer shall certify that the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable documents. The national authorising officer shall send this document to the Commission together with:

- a a certificate of expenditure, certifying that the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant applicable Community and national rules;
- b the computerised listing of operations by measure and the corresponding expenditure, including contribution under the IPA Regulation, national public and, when applicable, private contributions;
- c the details of amounts recoverable following cancellation of all or part of the Community contribution for an operation;
- d the volume of Community funds in the component-specific euro account at the date of the last debit to which this statement refers and the interest earned.

2 In the case of a payment application for the payment of the final balance, in addition to the provisions laid down in Article 45(1), the provisions of this paragraph shall apply under the regional development and the human resources development components.

For a payment application to be acceptable, the Community contribution, by priority axis, shall be consistent with the financial table of the operational programme.

The certified statement of expenditure referred to in Article 45(1) shall be drawn up by the national authorising officer and sent to the Commission in accordance with the requirements of paragraph 1 of this Article.

The Commission shall inform the beneficiary country of its conclusions on the content of the audit authority opinion referred to in Article 45(1)(c). This opinion shall be deemed accepted in the absence of observations by the Commission within five months from the date of its receipt.

## *Article 162*

### **Deadlines for payments**

1 The national fund shall ensure that requests for interim payments for each operational programme are sent to the Commission three times a year. For a payment to be made by the Commission in a given year, the application for payment shall be submitted by 31 October that year.

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2 Subject to available funding, the Commission shall make the interim payment no later than two months after the date on which an application for payment meeting the conditions referred to in Articles 43(1) and 161(1) is registered with the Commission.

3 Subject to available funding, the Commission shall make the payment of the final balance once the following conditions are fulfilled:

- a the Commission has accepted the sectoral final report on implementation in accordance with the provisions of Article 169(4) and (5);
- b the Commission has accepted the opinion issued by the audit authority as referred to in Article 45(1)(c) and the related activity report set out in Article 29(2)(b) first indent.

4 The payment deadline may be interrupted by the authorising officer by delegation of the Commission, with the meaning of Regulation (EC, Euratom) No 1605/2002, for a maximum of six months if:

- a in a report of a national or Community audit body there is evidence to suggest a significant deficiency in the functioning of the management and control systems; or
- b the authorising officer by delegation in the Commission has to carry out additional verifications following information coming to his attention alerting him that expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected; or
- c clarifications are needed regarding the information contained in the statement of expenditure.

The national IPA coordinator and the national authorising officer shall be informed immediately of the reasons for the interruption. The interruption shall be ended as soon as the necessary measures have been taken by the beneficiary country.

#### *Article 163*

### **Suspension of payments**

The provisions laid down in Article 46 shall apply to all or part of the interim payments at the level of priority axes or programmes.

#### *Article 164*

### **Closure of a programme**

1 The operational programme shall be closed according to the provisions of Article 47(1), the payment of the final balance being determined by the Commission on the basis of the documents referred to in Article 45(1) and Article 161(2).

The Commission shall inform the beneficiary country about the date of the closure of the operational programme.

2 Notwithstanding the results of any audits performed by the Commission or the European Court of Auditors, the final balance paid by the Commission for the operational programme may be amended within nine months of the date on which it is paid or, where there is a negative balance to be reimbursed by the beneficiary country, within nine months of the date on which the recovery order is issued. Such amendment of the balance shall not affect the date of the closure of the operational programme as set out in paragraph 1.

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## Article 165

### Re-use of Community contribution

The beneficiary country shall inform the Commission of how it proposes to re-use the funds cancelled in accordance with Article 54 and, where appropriate, to amend the financial plan for assistance, in accordance with the provisions of Article 156.

## Section 3

### Evaluation and monitoring

## Article 166

### Evaluation

1 Beneficiary countries shall carry out an *ex ante* evaluation for each operational programme separately. However, in duly justified cases, and in agreement with the Commission, beneficiary countries may carry out a single *ex ante* evaluation covering more than one operational programme.

*Ex ante* evaluations shall be carried out under the responsibility of the operating structure.

*Ex ante* evaluations shall aim to optimise the allocation of budgetary resources under operational programmes and improve programming quality. They shall identify and appraise the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed and the quality of the procedures for implementation, monitoring, evaluation and financial management.

The *ex ante* evaluation shall be annexed to the operational programme(s) it relates to.

2 During the programming period, beneficiary countries shall carry out evaluations linked to the monitoring of operational programmes, in particular where this monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of operational programmes, as referred to in Article 156. The results shall be sent to the sectoral monitoring committee for the operational programme and to the Commission.

3 Evaluations shall be carried out by experts or bodies, internal or external, functionally independent of the authorities referred to in Article 21. The results shall be published according to the applicable rules on access to documents.

## Article 167

### Sectoral monitoring committee

1 In accordance with Article 59, the operating structure shall establish a sectoral monitoring committee for each programme. A single sectoral monitoring committee may be set up for several programmes within the same component. This committee shall meet at least twice a year, at the initiative of the beneficiary country or the Commission.

*Status: Point in time view as at 31/01/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EC) No 718/2007, TITLE III. (See end of Document for details)*

2 Each sectoral monitoring committee 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 operating structure and the IPA monitoring committee, in order to exercise its missions in accordance with this Regulation.

3 The sectoral monitoring committee shall be co-chaired by the head of the operating structure and the Commission. Its composition shall be decided by the operating structure, in agreement with the Commission.

The sectoral monitoring committee shall include the Commission, the national IPA coordinator, the strategic coordinator for the regional development and the human resources development components, the operating structure of the programme. Where appropriate, it shall also include representatives from the civil society and socio-economic partners. A representative of the European Investment Bank may participate in an advisory capacity for those operational programmes to which the European Investment Bank makes a contribution.

4 The sectoral monitoring committee shall:

- a consider and approve the general criteria for selecting the operations, in accordance, where relevant, with Article 155(2)(g) within six months of the entry into force of the financing agreement on the programme and approve any revision of those criteria in accordance with programming needs;
- b review at each meeting progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the operating structure;
- [<sup>F3</sup>c examine at each meeting the results of implementation, particularly the achievement of the targets set for each priority axis and measures and interim evaluations referred to in Article 57; it shall carry out this monitoring by reference to the indicators referred to in Article 155(2)(d);]
- d examine the sectoral annual and final reports on implementation referred to in Article 169;
- e be informed of the annual activity report referred to in the first indent of Article 29(2) (b), or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f examine any proposal to amend the financing agreement of the programme.

5 The sectoral monitoring committee may also propose to the operating structure any revision or examination of the programme likely to make possible the attainment of the programmes' objectives referred to in Article 155(2)(a) or to improve its management, including its financial management.

#### Textual Amendments

- F3** Substituted by [Commission Regulation \(EU\) No 80/2010 of 28 January 2010 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).



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*Status: Point in time view as at 31/01/2020.*

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## *Article 168*

### **Arrangements for monitoring**

Data exchange between the Commission and the beneficiary countries for the purpose of monitoring shall be carried out electronically, as provided for in the financing agreements.

## *Article 169*

### **Sectoral annual and final reports on implementation**

1 By 30 June each year and for the first time by 30 June 2008, the operating structure shall submit a sectoral annual report to the Commission and the national IPA coordinator.

A sectoral final report shall be submitted to the Commission and the national IPA coordinator at the latest six months after the final date of eligibility of expenditure. The sectoral final report shall refer to the whole period of implementation and include the last sectoral annual report.

The sectoral reports shall be established in relation to the programmes concerned.

2 Sectoral reports shall be examined by the sectoral monitoring committee prior to their transmission to the Commission and the national IPA coordinator.

3 Sectoral reports shall include the following:

- a the quantitative and qualitative progress made in implementing the operational programme, priority axes, measures and, where relevant, operations or group of operations, in relation to their specific, verifiable targets, with a quantification, when possible, using the indicators referred to in Article 155(2)(d) at the appropriate level. Where relevant under the human resources development component, the statistics shall be broken down by sex;
- b the financial implementation of the operational programme, detailing for each priority axis and measure:
  - (i) the total expenditure paid out by the final beneficiaries and included in payment applications sent to the Commission by the national fund;
  - (ii) the total expenditure actually committed and paid out by the national fund with the corresponding public or public and private contribution; this shall be accompanied by computerised forms listing the operations, so that they can be followed through from budgetary commitment by the beneficiary country to final payments;
  - (iii) the total payments received from the Commission.

Where appropriate, financial implementation may be presented through the major areas of intervention, referred to in Article 5(3)(f), and the regions where assistance is concentrated;

- c for information purposes, the indicative breakdown of the allocation under the IPA Regulation, for the regional development component, by categories, in accordance with the detailed list included in the financing agreement;

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- d the steps taken by the operating structure or the sectoral monitoring 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 operational programme and any subsequent measures taken;
  - (iii) the use made of technical assistance;
- e the activities to provide information on and publicise the programme, in accordance with Article 62;
- f where appropriate for the regional development component, the progress and financing of major projects;
- g where appropriate under the human resources development component, a synthesis of the implementation of:
  - (i) gender mainstreaming as well as of any gender-specific action;
  - (ii) action to increase participation of migrants in employment and thereby strengthen their social integration;
  - (iii) action to strengthen integration in employment and thereby improve the social inclusion of minorities;
  - (iv) action to strengthen integration in employment and social inclusion of other disadvantaged groups, including people with disabilities.

Information referred to in points (d), (g) of this paragraph shall not be included if there has been no significant modification since the previous report.

4 The sectoral reports shall be considered admissible if they contain all the appropriate information listed in paragraph 3. The national IPA coordinator and the operating structure shall be informed by the Commission of the admissibility of the sectoral annual report within 10 working days from the date of its receipt.

5 The national IPA coordinator and the operating structure shall also be informed of the Commission's opinion on the content of an admissible sectoral annual report within two months from the date of receipt. For the sectoral final report on an operational programme, this information shall be provided within a maximum of five months from the date of receipt of the admissible report.

**Status:**

Point in time view as at 31/01/2020.

**Changes to legislation:**

There are currently no known outstanding effects for the Commission Regulation (EC) No 718/2007, TITLE III.