



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 19.6.2006
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COMMISSION STAFF WORKING DOCUMENT

**Revised legislative financial statement of the Council Regulation establishing an
Instrument for Pre-Accession Assistance (IPA)**

{COM(2004) 627 final}

**Adaptation following the agreement of 17 May 2006
on the Financial Framework 2007-2013**

LEGISLATIVE FINANCIAL STATEMENT

Policy area: Enlargement

Activity: Pre-accession assistance

TITLE OF ACTION: INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)

1. BUDGET LINES + HEADINGS (AS IN PDB 2005)

05 01 ADMINISTRATIVE EXPENDITURE OF POLICY AREA 'AGRICULTURE'

05 01 04 03 The SAPARD pre-accession Instrument – Expenditure on administrative management

05 05 SPECIAL ACCESSION PROGRAMME FOR AGRICULTURE AND RURAL DEVELOPMENT (SAPARD)

05 05 01 01 The SAPARD pre-accession Instrument

05 05 01 02 The SAPARD pre-accession Instrument – Completion of the SAPARD pre-accession assistance relating to eight applicant countries

05 49 EXPENDITURE ON ADMINISTRATIVE MANAGEMENT OF PROGRAMMES COMMITTED IN ACCORDANCE WITH THE FORMER FINANCIAL REGULATION

05 49 04 03 The SAPARD Pre-accession Instrument – Expenditure on administrative management

06 01 ADMINISTRATIVE EXPENDITURE OF POLICY AREA 'ENERGY AND TRANSPORT'

06 01 04 09 Intelligent energy – Europe programme (2003 to 2006): external strand – Coopener - Expenditure on administrative management

06 04 CONVENTIONAL AND RENEWABLE ENERGIES

06 04 02 Intelligent energy – Europe programme (2003 to 2006): external strand – Coopener (in part)

07 01 ADMINISTRATIVE EXPENDITURE OF POLICY AREA 'ENVIRONMENT'

- 07 01 04 05 LIFE (European Financial Instrument for the Environment – 2000 to 2006 – Operations outside Community territory – Expenditure on administrative management (in part))
- 07 02 GLOBAL ENVIRONMENTAL AFFAIRS**
- 07 02 02 LIFE (European Financial Instrument for the Environment – 2000 to 2006 – Operations outside Community territory (in part))
- 13 01 ADMINISTRATIVE EXPENDITURE OF POLICY AREA ‘REGIONAL POLICY’**
- 13 01 04 02 Instrument for structural policies for pre-accession (ISPA) – Expenditure on administrative management
- 13 05 PRE-ACCESSION INTERVENTIONS RELATED TO THE STRUCTURAL POLICIES**
- 13 05 01 01 Instrument for structural policies for pre-accession
- 13 05 01 02 Instrument for structural policies for pre-accession – Closure of pre-accession assistance relating to eight applicant countries
- 13 49 EXPENDITURE ON ADMINISTRATIVE MANAGEMENT OF PROGRAMMES COMMITTED IN ACCORDANCE WITH THE FORMER FINANCIAL REGULATION**
- 13 49 04 02 Instrument for structural policies for pre-accession – Expenditure on administrative management
- 14 03 INTERNATIONAL ASPECTS OF TAXATION AND CUSTOMS**
- 14 03 02 Customs co-operation and international assistance (Customs 2007) (in part)
- 19 01 ADMINISTRATIVE EXPENDITURE OF POLICY AREA ‘EXTERNAL RELATIONS’**
- 19 01 04 08 Assistance for the countries of the western Balkans – Expenditure on administrative management
- 19 01 04 11 Development and consolidation of democracy and the rule of law – Respect for human rights and fundamental freedoms – Expenditure on administrative management (partially)
- 19 04 EUROPEAN INITIATIVE FOR DEMOCRACY AND HUMAN RIGHTS (EIDHR)**
- 19 04 02 Support for the victims of human rights’ abuses (partially)

- 19 04 03 Development and consolidation of democracy and the rule of law – Respect for human rights and fundamental freedoms (partially)
- 19 04 04 Support for the activities of international criminal tribunals and the International Criminal Court (partially)
- 19 07 RELATIONS WITH THE WESTERN BALKANS**
- 19 07 01 Assistance for the countries of the western Balkans
- 19 07 02 Assistance to Serbia and Montenegro
- 19 07 03 Aid for the reconstruction of Kosovo
- 19 07 04 Interim civilian administrations
- 19 49 EXPENDITURE ON ADMINISTRATIVE MANAGEMENT OF PROGRAMMES COMMITTED IN ACCORDANCE WITH THE FORMER FINANCIAL REGULATION**
- 19 49 04 07 Assistance for the countries of the western Balkans – Expenditure on administrative management
- 19 49 04 10 Development and consolidation of democracy and the rule of law – Respect for human rights and fundamental freedoms – Expenditure on administrative management (partially)
- 22 01 ADMINISTRATIVE EXPENDITURE ON POLICY AREA ‘ENLARGEMENT’**
- 22 01 04 01 Pre-accession assistance for countries of central and eastern Europe – Expenditure on administrative management
- 22 01 04 02 Pre-accession strategy for Turkey – Expenditure on administrative management
- 22 01 04 03 Phasing-out of pre-accession assistance for new Member States – Expenditure on administrative management
- 22 01 04 05 Technical Assistance Information Exchange Office (TAIEX) actions in the framework of the pre-accession instruments – Expenditure on administrative management
- 22 02 PRE-ACCESSION ASSISTANCE INSTRUMENTS**
- 22 02 01 Pre-accession assistance for countries of central and eastern Europe
- 22 02 02 Cross-border co-operation for central and eastern Europe
- 22 02 03 Completion of the Phare pre-accession assistance

22 02 04 01	Pre-accession assistance for Turkey
22 02 04 02	Completion of the former co-operation with Turkey
22 02 05	Pre-accession assistance for Malta and Cyprus
22 02 06	Technical Assistance Information Exchange Office (TAIEX) actions in the framework of the pre-accession instruments
22 02 07	Impact of enlargement in EU border regions – Preparatory actions
22 02 08	Subsidy for organising traineeships for young diplomats from the applicant countries
22 02 09	Pilot project on demining activities in Cyprus
22 02 10	Pre-accession multi-country horizontal programmes
22 04	INFORMATION AND COMMUNICATION STRATEGY
22 04 01	Prince - Information and communication strategy
22 49	EXPENDITURE ON ADMINISTRATIVE MANAGEMENT OF PROGRAMMES COMMITTED IN ACCORDANCE WITH THE FORMER FINANCIAL REGULATION
22 49 04 01	Pre-accession assistance for countries of central and eastern Europe – Expenditure on administrative management
22 49 04 02	Pre-accession assistance for Turkey – Expenditure on administrative management
22 49 04 03	Pre-accession strategy for Malta and Cyprus – Expenditure on administrative management

In addition, under title 4 (Employment and social affairs), a new chapter will have to be created to host the Human Resources Development Component of the IPA, with a corresponding “support administrative expenditure” item in the article 04 01 04 XX.

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): € million for commitment

€ 11 565 million euros

2.2. Period of application:

2007-2013

(start and expiry years)

2.3. Overall multi-annual estimate of expenditure: (current prices)

- (a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million

	2007	2008	2009	2010	2011	2012	2013 *and following	Total
Commitments	1.210	1.342	1.437	1.570	1.723	1.864	1.948	11.094
Payments	144	620	1.048	1.342	1.426	1.616	4.898	11.094

- (b1) Technical and administrative assistance: of which staff *(see point 6.1.2)*

Commitments	38	33	30	31	37	41	43	253
Payments	38	33	30	31	37	41	43	253

- (b2) Technical and administrative assistance: of which support expenditure *(see point 6.1.2)*

Commitments	18	21	27	34	38	40	41	219
Payments	18	21	27	34	38	40	41	219

Subtotal a+b								
Commitments	1.266	1.396	1.494	1.635	1.798	1.945	2.032	11.565
Payments	200	674	1.105	1.407	1.501	1.697	4.982	11.565

- (c) Overall financial impact of human resources and other administrative expenditure *(see points 7.2 and 7.3)*

Commitments/ payments	73	81	86	94	104	112	117	667
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TOTAL a+b2+c								
Commitments	1.301	1.444	1.550	1.698	1.865	2.016	2.106	11.980
Payments	235	722	1.161	1.470	1.568	1.768	5.056	11.980

* following years only applies to payment appropriations

2.4. Compatibility with financial programming and financial framework

Proposal is compatible with the 2007-2013 financial programming of heading 4, as set out in the revised fiche 94 after the agreement between the three institutions of the Financial Framework 2007-2013.

2.5. Financial impact on revenue:

Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial framework
Non comp	Diff	YES	NO	NO	4

4. LEGAL BASIS

Article 181a of the Treaty

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The Instrument is intended to facilitate the entry into the Union of candidate or potential candidate countries for membership. This covers Turkey and the countries of the Western Balkans.

The Instrument will focus on two main priorities:

- helping countries to fulfil the political, economic and acquis-related criteria for membership (the Accession Criteria) and to build up administrative and judicial capacity
- helping countries prepare for EU Structural, Cohesion and Rural Development Funds (EU Funds) after accession (both by preparing the necessary structures and systems and by financing projects)

To do this, the Instrument will have five Components:

- Transition Assistance and Institution Building (both “soft”, in terms of know-how, and “hard”, in terms of physical investment) to help countries meet the Accession Criteria and improve their administrative and judicial capacity
- Cross-Border Co-operation

- Regional Development (to help prepare for Structural Funds ERDF programmes - and Cohesion Funds)
- Human Resources Development (to help prepare for Structural Funds ESF programmes)
- Rural Development (to help prepare for Agriculture and Rural Development).

There will be a clear differentiation within the Instrument between assistance to potential candidate countries, listed in Annex II of the Regulation, and to recognised candidate countries, listed in Annex I of the Regulation.

For potential candidate countries, the assistance will consist of institution building, in particular to strengthen the Copenhagen political criteria, enhance administrative and judicial capacity and selectively promote some alignment with the *acquis* in areas of mutual advantage. This will be complemented by regional and cross-border co-operation, investment to promote economic and social development and other transition measures to foster stabilisation and reconciliation throughout the Western Balkans. The potential candidate countries will, therefore, benefit from the Transition and Institution Building Component and the Cross-border Co-operation Components of the Instrument.

For the candidate countries, the institution building effort will focus on full rather than selective alignment with the *acquis*, and these countries will also benefit from the three components of the Instrument designed to help prepare them for EU Funds after accession.

The assistance to potential candidate countries will also be designed to bring them step by step, within a coherent framework, closer to candidate country status, and ultimately membership.

Decisions on when potential candidate countries will become candidate countries and when candidate countries will join the Union are for the European Council and this Regulation will respond to the implications of those decisions.

The objectives of this Instrument will also embrace the objectives for sustainable development outlined in COM (2004) 101final.

Specific objectives to target specific sectoral objectives for preparation for accession will be fixed for each Component.

The development and consolidation of democracy and the rule of law, and respect for human rights and fundamental freedoms constitute key objectives of the European Union's external policies. Within the framework of the present Regulation and its geographical scope, the European Community will contribute to the implementation of operations advancing respect for human rights and fundamental freedoms, promoting and strengthening democratic processes, [including where appropriate through election observation and assistance,] and developing and consolidating the rule of law and good governance.

5.1.2 and 5.1.3 Ex post and ex ante evaluation

The Commission carried out in the second half of 2003 an extensive high-level review of the whole range of European Community external instruments, in the context of the preparation of its proposals for the new financial framework. The Commission established the "Peace Group" which was tasked with leading the identification of the future priorities for external

relations and the instruments needed to serve those priorities. This Group functioned at both the level of the external relations Commissioners and the services. It met regularly between April and December 2003 and developed the principles, which were set out in the Communication “Building our Common Future, Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013”¹. The need to align objectives and instruments more closely to European Union values and interests was identified as being fundamentally important.

In particular, the “Peace Group” underlined that the European Union’s values, reflected by its democratic tradition, social model and integration experience, include human dignity, the rule of law, human rights, solidarity, equality between the sexes, adherence to the multilateral system of the United Nations and support, within the multilateral economic system, for regionalism as a force for development and stability. It emphasised that its interests drive the European Union to promote stable international growth founded on sustainable development. In this way it guarantees itself increasing outlets and quality jobs on competitive, open and regulated markets. Finally, the “Peace Group” recommended that the European Union promotes its values and interests by operating simultaneously as a continental power, and as a global economic and political player.

As far as external community instruments are concerned, the “Peace Group” recognised that the European Union's co-operation and assistance policy is the result of 50 years of successive sedimentation, which results in a multiplication of assistance instruments and a fragmentation of aid management both in terms of programming and implementation functions (even if recent policy and structural reforms have helped to improve coherence and consistency of the European Union's co-operation and assistance policy).

The “Peace Group” put forward that the European Union’s framework for external assistance should be rationalised and simplified by a reduction in the number of legal bases, the number of budget lines, and the number of programmes. More precisely, it recommended that:

- the complex structure of existing aid programs (EDF, ALA, MEDA, TACIS, CARDS, etc...) covering a wide range of interventions (peacekeeping and post-crisis operations; rehabilitation; economic reforms; projects; human rights programs; budgetary support) should be significantly streamlined;
- European Community and Member States policies and implementation should be harmonised.

Furthermore, the “Peace Group” underlined the following points:

- Large geographic programmes based on the principles of ownership and partnership with partner countries and regions and thematic programmes allowing for policy initiatives by the Community should be maintained;
- Strategy papers, subject to regular reviews, are the right tool to ensure overall policy coherence and to respect external policy objectives in the different areas as well as in the external aspects of internal policies;

¹ COM(2004) 101 du 10 février 2004.

- Resources should be allocated to partner countries according to expected and measured performances and strategy papers process, backed up by stronger analytical capabilities, should confront goals and achievements;
- Performance-based allocations do not mean increased conditionality in the traditional sense and the issue of political conditionality should be approached cautiously, on the basis of lessons drawn from experience;
- Though this is not necessarily a solution in each and every case, such concerns for results, namely the political and economic reforms in the partner countries, leads the Commission to suggest, where possible, moving further financial and technical assistance from projects towards sector programmes, budget support and macro-economic financial assistance which facilitate both the absorption by the partner country since its own budgetary procedures are used, and donors' co-ordination as well as quick disbursement subject to compliance though.

The current proposal also takes account of the vast literature of work on development, the practice of other international and bi-lateral donors, as well as of the principles and objectives of the reform of the management of external assistance launched by the Commission in May 2000.

In addition, the inter service group which prepared this legislative proposal looked in detail at the lessons that could be learned from past pre-accession assistance, and this work is also reflected in the proposal.

5.2. Action envisaged and budget intervention arrangements

There will be two principal types of actions – one focusing on assistance to potential candidate countries, to continue the work started under CARDS and to help prepare them for candidate country status and one focusing on candidate countries, to help prepare them for membership of the Union.

The detailed planning of these actions will fall within a Reinforced Pre-accession Strategic Approach. This will start with the system of European Partnerships and Annual Reports, introduced for potential candidate countries, and of Accession Partnerships and Regular Reports, in place for candidate countries. From these a multi-annual indicative financial framework, to be reviewed annually, with an allocation of funds by Component and by country will be prepared. These allocations will be made on the basis of certain criteria, whilst providing for flexibility to adapt to the specific pre-accession needs of the individual countries.

As set out in the thematic strategy, measures receiving Community support in pursuit of the present Regulation's objectives in the field of promoting democratisation and the rule of law, and respect for human rights and fundamental freedoms shall include

- pertinent global, regional and country projects and programmes of local and EU non-governmental and civil society based organisations,
- co-operation with international organisations in the field of democratisation and human rights.

Until beneficiary countries are able to participate in the Community Programme ‘Erasmus’, under Article 5.3 of the Regulation, this Instrument will continue to provide access for those countries to the TEMPUS Plus programme.

5.3. Methods of implementation

Implementation (From Centralised to Decentralised Management)

- Experience has shown that it is vital, for the broad approach needed for pre-accession aid, to have available the whole range of implementation methods (from centralised to full decentralisation of financial management to the beneficiary countries, as well as joint management with international organisations) offered by the Financial Regulation. This approach will, therefore, be maintained in this Instrument. The Regulation also leaves open the possibility for programme implementation under indirect centralised management arrangements by national public sector bodies or bodies governed by private law with a public service mission, or by an executive agency.
- It is likely that different modalities will apply for different Components of this Instrument, with full decentralisation as the ultimate objective. Moreover the speed at which beneficiary countries are able to move down the road of decentralisation is also likely to vary from Component to Component. An appropriate mix of centralised and decentralised management structures will need to be put in place, taking into account the quality of the management and control systems of beneficiary countries, in line with the requirements of the Financial Regulation.
- It is, nonetheless, important that the highest level of decentralisation possible for the individual beneficiary country concerned should be pursued as soon as feasible, without delaying the flow of assistance. A start on the process of moving to partially decentralised management will, therefore, be made at the earliest possible point, starting with pre-candidate countries. For Components where the only realistic approach is to proceed to full decentralisation from the start of programme implementation, preparation for the implementation of a limited number of key measures could facilitate an early start of programme implementation.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period) (*current prices*)

6.1.1. Financial intervention

Commitments (in € million)

Breakdown	2007	2008	2009	2010	2011	2012	2013	Total
TOTAL	1.210	1.342	1.437	1.570	1.723	1.864	1.948	11.094

6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

	2007	2008	2009	2010	2011	2012	2013 and subs. years	Total
TOTAL	56	54	57	65	75	81	84	472

As the progressive move to partial and then to full decentralisation is achieved, some transfer of funds from 6.1.2 to 6.1.1 will be possible. The allocation of funds by component shall take into account the cost of administrative support for devolved programme management in the Commission delegations referred to in Article 12(3) of this Regulation.

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	AD	HQ: 279		352	
	AST	Del.: 73			
Other human resources			<u>HQ:</u> END: AUX: INT: <u>Ex BA-lines :</u> ATA: <u>Delegations :</u> <u>Ex BA-lines</u>	15 16 5 75 420	
Total				883	

The human resources figures presented in this financial fiche are compatible with estimates for the total requirement of the policy area enlargement as well as for the IPA activities in DGs REGIO, EMPL and AGRI as presented in the APB 2007. The allocation of human resources between the different components is subject to possible change in following years.

7.2. Overall financial impact of human resources (2004 prices)

Type of human resources	Amount (€)	Method of calculation *
Officials	30,132,000	279 x € 108,000
Temporary staff	14,173,534	73 x € 194,158
HQ:		
END	668,160	15 x € 44,544
AUX	908,160	16 x € 56,760
INT	315,480	5x € 63,096
<u>Ex BA-lines:</u>		
ATA	4,323,450	75 x € 57,646
Delegations:		
<u>ExBA-lines:</u>		
ALAT / AL	32,125,800	420 x € 76,490
Total	82,646,584	

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action (2004 prices)

	Amount €	Method of calculation
Overall allocation (Global Envelope)		
Missions	600,000	
Meetings	100,000	
Compulsory committees (ex-PHARE), UPI Committees	500,000	4 Committees meeting 5 times a year at
Non-compulsory committees		€ 25,000 per meeting
Conferences	50,000	
Studies and consultations	50,000	
Other expenditure (specify)		
Information systems	200,000	
Other expenditure – Part A (specify)		
Total	1,500,000	

The amounts are total expenditure for twelve months and represent the requirements that relate directly to the implementation of IPA funds.

(2004 prices)

I.	Annual total (7.2 + 7.3)	€ 84,146,584
II.	Duration of action	7 years
III.	Total cost of action (I x II)	€ 589,026,088

Human and administrative resource needs will be covered from within the allocation made to the DG managing the activities under the annual allocation procedure.

The allocation of posts will depend on a possible reallocation of posts between the services, following the new financial framework.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

Art. 27 (4) of the Financial Regulation obliges the Commission to undertake both ex ante and ex post evaluations, to be applied to all programmes and activities which entail significant spending. Evaluation results are to be disseminated to spending, legislative and budgetary authorities. Due to the fact that the obligation is already in place, the Regulation itself does not mention either monitoring or evaluation.

Provisions will be made within Framework Agreements to ensure the beneficiary countries make the necessary arrangements to enable independent monitoring and evaluation. In outline, the system is envisaged as follows:

- Project implementation will be monitored through the IPA Monitoring Committee (IMC). This includes the National Authorising Officer, the National IPA Co-ordinator and the Commission services. The IMC will meet at least once a year to review all IPA-funded programmes in order to assess their progress towards meeting the objectives set out in the Financing Agreements and the Accession/European Partnership. The IMC may recommend a change of priorities and/or reallocation of IPA funds.
- The IMC will be assisted by Sectoral Monitoring Committees (SMC) for each component and/or sector, which will include all relevant institutions and partners involved, including the Commission Services, in accordance with the specific monitoring arrangements that will be established for each component. The SMC, inter alia, will, review in detail the progress made towards achieving the objectives set out in its relevant programme and will report to the IMC on all IPA financed actions in its component or sector.
- The Commission services shall ensure that an ex-post evaluation is carried out after completion of the programme.

8.2. Arrangements and schedule for the planned evaluation

In application of current rules and in view of the vast scope of the activities foreseen, an evaluation system covering the different levels of intervention and types of instruments has been set up.

Notably, the financial regulation, as well as the internal control standards, calls for regular evaluation of all (sizable) activities. This is translated into the evaluation of single operations (e.g. development projects), of programmes (e.g. national programmes) and policy sectors or themes (e.g. transport or gender issues). Evaluations of are also necessary and ongoing of wider legal obligations such as the 3 Cs (Coherence, Complementarity, Coordination).

As set out above, overall effectiveness, quality and coherence of the implementation of programmes and projects will be monitored through the IPA Monitoring Committee (IMC) in each beneficiary country, assisted by Sectoral Monitoring Committees (SSC) for each component and/or sector. Each Component will have its own specific evaluation scheme. For Institution Building, there is an ongoing scheme of Interim Evaluation, and these interim

evaluations, prepared by independent evaluators, are reviewed by a Joint Monitoring Committee. This Interim Evaluation scheme generates over 130 individual country, sectoral and thematic reports a year. Thematic reports covering such issues as nuclear issues, civil society, public administration, justice and home affairs, national aid coordination, twinning, SMEs, and statistics have been prepared.

These works will be complemented by relevant works on databases, meta-analyses, methodology and training.

9. ANTI-FRAUD MEASURES

The protection of the Community's financial interests and the fight against fraud and irregularities form an integral part of this Regulation.

Administrative monitoring of contracts and payments will be the responsibility of the EC Delegations in beneficiary countries.

Each of the operations financed under this regulation will be supervised at all stages in the project cycle through the delegations. Supervision will take account of contractual obligations as well as of the principles of cost/benefit analysis and sound financial management.

For Cross Border co-operation programmes operating under shared management the Member State where the joint managing authority is located is responsible for ensuring sound financial management and the legality and regularity of the transactions.

Moreover, any agreement or contract concluded pursuant to this Regulation shall expressly provide for monitoring of spending authorised under the projects/programmes and the proper implementation of activities as well as financial control by the Commission, including the European Anti-Fraud Office (OLAF), and audits by the Court of Auditors, if necessary on the spot. They shall authorise the Commission (OLAF) to carry out on-the-spot checks and inspections in accordance with Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and irregularities.

Particular attention will be paid to the nature of expenditure (eligibility of expenditure), to respect for budgets (actual expenditure) and to verify supporting information and relevant documentation (evidence of expenditure).

In practise, this would mean that framework agreements would contain provisions making reference notably to the following:

- Definitions of the notions of irregularity, fraud, active and passive corruption and conflict of interest;
- Measures in the field of financial control by the contracting authority, the Commission and the Court of Auditors;
- The possibility for OLAF to conduct on-the-spot checks equivalent to the ones foreseen by Regulation (EC) 2185/96

- The obligation of the contracting authority of the third country to take preventive measures in the field of corruption
- The procedure for the communication of cases of suspected fraud and irregularities to the Commission;
- The procedures for the clearance of accounts in the case of decentralised management
- The application of administrative and financial sanctions (including the exclusion of non-reliable candidates and tenderers)

Enforceability of Commission decisions in the area of recovery in case of centralised management.