

# FINANCING AGREEMENT SECTOR REFORM CONTRACT

## SPECIAL CONDITIONS

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

of the one part, and

Government of the Republic of Moldova, hereinafter referred to as "**the Beneficiary**",

of the other part,

have agreed as follows:

### Article 1 – Nature of the action

1.1. The EU agrees to finance and the Beneficiary agrees to accept the financing of the following budget support action:

#### **ENPARD Moldova – Support to Agriculture and Rural Development CRIS decision number: ENI/2014/034-128**

This action is financed from the EU Budget under the following basic act: Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument.

1.2. The total estimated cost of this action is EUR 64 075 000 and the maximum EU contribution to this action is set at EUR 64 000 000.

This budget support action is composed of:

(a) a budget support component with a maximum EU contribution of EUR 53 000 000;

(b) a complementary support component with a total estimated cost of EUR 11 075 000 and a maximum EU contribution of EUR 11 000 000.

1.3. The Beneficiary shall not co-finance the action.

Estimated co-financing by potential grant beneficiaries to the complementary support component: EUR 75 000.

## **Article 2 – Execution period**

- 2.1. The execution period of this Financing Agreement as defined in Article 15 of Annex II (General Conditions) shall commence on the entry into force of this Financing Agreement and end 84 months after this date.
- 2.2. The duration of the operational implementation phase is fixed at 60 months.
- 2.3. The duration of the closure phase is fixed at 24 months.

## **Article 3 – Addresses**

All communications concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this action as identified in Article 1.1 of these Special Conditions and shall be sent to the following addresses:

### **a) for the Commission**

Mr Pirkka TAPIOLA  
Head of the EU Delegation to the Republic of Moldova  
12, Kogalniceanu Street  
MD-2001 Chisinau  
Republic of Moldova  
[DELEGATION-MOLDOVA@ec.europa.eu](mailto:DELEGATION-MOLDOVA@ec.europa.eu)

### **b) for the Beneficiary**

Mr. Chiril Gaburici  
Prime Minister of the Republic of Moldova  
1, Piata Marii Adunari Nationale  
MD-2001 Chisinau  
Republic of Moldova

## **Article 4 – OLAF contact point**

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

Mr Serafim Urechean  
President  
Court of Accounts of the Republic of Moldova

Address: Stefan cel Mare Bd. 69, Chisinau 2001, Moldova  
Tel: +373 22 233-776  
e-mail: [s\\_urechean@ccrm.md](mailto:s_urechean@ccrm.md)

## **Article 5 – Annexes**

5.1. This Financing Agreement is composed of:

(a) these Special Conditions;

(b) Annex I: Technical and Administrative Provisions, detailing the objectives, expected results, activities, description of the budget-implementation tasks entrusted and budget of this Action;

(c) Annex II: General Conditions;

(d) Annex III: Reporting Template - not applicable to and not included in this Financing Agreement;

and

(e) Annex IV: Management Declaration Template - not applicable to and not included in this Financing Agreement.

5.2. In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between, on the one hand, the provisions of Annex I (Technical and Administrative Provisions) and, on the other hand, the provisions of Annex II (General Conditions), the latter shall take precedence.

## **Article 6 – Provisions derogating from or supplementing Annex II (General Conditions)**

The foreign exchange transfers will be accounted for under the value date of the notification of credit to the EUR account of the Ministry of Finance of the Republic of Moldova held at the National Bank of Moldova.

The exchange rate will be the official exchange rate set by the National Bank of Moldova, on the value date of the notification of credit<sup>1</sup>.

---


<sup>1</sup> According to the methodology approved and published on the official web-site of the National Bank of Moldova: Regulation on the Setting of the Official Exchange Rate of Moldovan Leu against Foreign Currencies, Decision of the Council of Administration of the National Bank of Moldova No.3 of January 15, 2009, Official Monitor of the Republic of Moldova, No.27-29 of February 10, 2009, Art.100.

## Article 7 – Entry into force

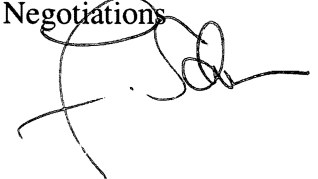
This Financing Agreement shall enter into force on the date on which the Commission receives a notification from the Beneficiary confirming the completion of the internal procedures of the Beneficiary necessary for its entry into force. The Commission shall inform the Beneficiary of the date of the receipt of this notification. This Financing Agreement shall not enter into force if such a notification is not received by the Commission by 31 December 2015.

Done in English in two original copies, one copy being handed to the Commission and one to the Beneficiary.

### FOR THE COMMISSION



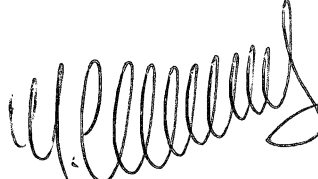
Gerhard Schumann - Hitzler  
Director  
European Commission  
Directorate General for European  
Neighbourhood Policy and Enlargement  
Negotiations



Date: 23.03.2015

### FOR THE BENEFICIARY

Chiril Gaburici  
Prime Minister of the Government of the  
Republic of Moldova



Date: 26.03.2015

ANNEX I TO FINANCING AGREEMENT NO ENI/2014/034-128  
**TECHNICAL AND ADMINISTRATIVE PROVISIONS**

<b>PARTNER COUNTRY/REGION</b>	MOLDOVA		
<b>BUDGET HEADING</b>	21 03 02 02 and 21 03 02 03		
<b>TITLE/CRIS NR</b>	ENPARD Moldova – Support to Agriculture and Rural Development CRIS number: ENI/2014/034-128		
<b>TOTAL COST</b>	<p>Total estimated cost: EUR 64.075 million</p> <p>Total amount of EU budget contribution is EUR 64 million of which:</p> <ul style="list-style-type: none"> <li>- EUR 53 million for budget support</li> <li>- EUR 11 million for complementary support</li> </ul> <p>Estimated co-financing by potential grant beneficiaries: EUR 0.075million</p>		
<b>BUDGET SUPPORT</b>			
<b>AID METHOD / MANAGEMENT MODE AND TYPE OF FINANCING</b>	Direct management implemented by the Commission as the Contracting Authority Sector Reform Contract		
<b>DACCODE</b>	31120	<b>SECTOR</b>	Agriculture development
<b>COMPLEMENTARY SUPPORT</b>			
<b>AID METHOD/ MANAGEMENT MODE AND TYPE OF FINANCING</b>	<p>Direct management implemented by the Commission as the Contracting Authority</p> <ul style="list-style-type: none"> <li>• Direct management – grants – calls for proposals (including Twinning)</li> <li>• Direct management – procurement of services</li> <li>• Indirect management with United Nations Development Programme (UNDP)</li> </ul>		
<b>DAC CODE</b>	31120	<b>SECTOR</b>	Agriculture development

## 1. DESCRIPTION

### 1.1. Objectives

#### General objective:

The general objective of this Sector Reform Contract is to: 1) assist the Government of the Republic of Moldova<sup>1</sup> in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance; 2) to foster confidence building in the Republic of Moldova, by targeting - through a specific component—regions and territorial administrative units with a special status.

#### Specific objectives:

The specific objectives are to: 1) improve the financial capability of the Government to achieve agricultural and rural development policy objectives; 2) promote agricultural and rural development policies and reforms; 3) improve service delivery in the agricultural and rural sector; 4) improve governance in agricultural and rural development; 5) address the basic needs of the population; 6) sustainable management of natural resources, including water and biodiversity and 7) foster cooperation with regions and territorial administrative units with a special status.

### 1.2. Expected results

The expected results of budget support are:

- Improved design and implementation of agricultural and rural development policies, notably with respect to:
  - legal and regulatory frameworks;
  - institutional strengthening and capacity building of agricultural and rural development policy and implementation bodies.
- Improved service delivery, notably with respect to:
  - In the area of competitiveness of the agricultural and agri-food sector through restructuring and modernisation:
    - increased investment in the modernisation of the agriculture, agri-food and feed chains meeting EU food safety and quality requirements;
    - improved education, research and extension services in the agricultural and agri-food sector, including facilitating information systems, and
    - improved access to capital, input and output markets for farmers.
  - In the area of ensuring the sustainable management of natural resources:
    - improved sustainable agricultural land and water management practices;
    - increased use of environmentally friendly production practices and products ensuring biodiversity;
    - reduction of the agriculture areas affected by natural disasters (floods and droughts), and
    - mitigation of climate change.
  - In the area of improving conditions for living and working in rural areas:
    - enhanced investment in physical infrastructure and rural services in support of the development of the agricultural and agri-food sector; and

---

<sup>1</sup> Hereafter referred as Moldova



- Increased employment and income opportunities in rural areas in support of the agricultural and the agri-food sector. Improvements in key indicators of service delivery with respect to reduced geographical and gender disparities of access and quality.

The expected results of complementary support are:

- Improved capacities and capabilities of the Moldovan Agriculture Intervention and Payment Agency (AIPA) to design, formulate, implement and monitor and evaluate agricultural, agri-processing and rural development support schemes;
- Gradual alignment of AIPA institutional set-up and procedural practices in line with EU practices;
- Regions and territorial administrative units with a special status. are fully involved and grasp the benefits of the National Agriculture and Rural Development Strategy (ARDS). For the Confidence Building Measures component, it is suggested to develop an intervention focusing on three pillars: 1) Enhanced dialogue between central authorities and regions and territorial administrative units with a special status on Agriculture and Rural Development (through experts missions, seminars, joint study tours etc.); 2) Promotion of local entrepreneurship; 3) Mobilisation and capacity building of local authorities and refurbishment of small-scale infrastructures.
- Stronger gender equality and woman empowerment consciousness by the Ministry for Agriculture and Food Industry (MAFI) and subordinated agencies whilst implementing the ARDS;
- Better monitoring and evaluation quality and enhanced understanding of the ARDS implementation by the Moldovan “public” at large; and
- Enhanced sector policy dialogue between Government and local authorities as well as sector-relevant CSOs, especially SME organisations.

### 1.3. Main activities

Main activities to implement the budget support package are budget support dialogue and policy dialogue, financial transfer, performance assessment, reporting and capacity development and will include:

- Continued policy dialogue with the Government with a particular focus on areas reflected in the programme's objectives;
- Regular monitoring of budget support eligibility criteria of macro-economic and PFM developments, budget transparency, as well as progress in implementation of the public policy;
- Transfer of funds to State Budget against the achieved results from the policy matrix;
- Continued effort to reinforce Government's capacities in the area of PFM in the context of existing programmes;
- Continued dialogue between the EU Delegation and other donors to coordinate and further align our development cooperation with a view to avoiding duplication of activities and relieving the Government from multiple reporting duties.

### **1.3.1. Budget Support**

Main activities to be carried out within the framework of the Budget Support component of this SRC will include:

- Engagement in dialogue around conditions and Government reform priorities;
- Verification of conditions and the payment of budget support against the results achieved according to the policy matrix.

### **1.3.2. Complementary support**

Main activities to be carried out will include:

- Grants/Call for Proposals to promote Civil Society Organisations' (CSOs) and local authorities involvement in the implementation of ARD policy supporting especially actions that are gender equality and woman empowerment oriented;
- Call for proposal for capacity building of the Agricultural Intervention and Payment Agency (AIPA ) through a Twinning project;
- Procurement of a Technical Assistance (TA) service contract to accompany the implementation of the SRC. Main activities foreseen include capacity-building and institutional-strengthening TA services in the area of:
  - improving competitiveness of the agri-food sector through restructuring and modernisation;
  - ensuring the sustainable management of natural resources including water and biodiversity;
  - improving adjustment to the EU food safety and quality standards as specified in the AA/DCFTA;
  - improving conditions for living and working in rural areas covering, amongst others: the development of agri-food sector physical infrastructure; stimulating local community involvement in rural development, including by benefitting from the LEADER EU best practices;
  - supporting, especially MAFI, in designing, carrying out and reporting on the accompanying SRC performance achievements using proven monitoring and evaluation tools;
  - supporting, especially MAFI and its subordinated agencies, in improving the effectiveness and efficiency of their operations and staff skills through the design and delivery of cross-component or component-specific capacity-building and institutional-strengthening actions including - but not limited to - formal training, study tours, mentoring approaches, etc.
- Procurement of external reviews to assess compliance with budget support conditions, evaluation and audit missions;
- Confidence Building Measures for regions and territorial administrative units with a special status through Indirect Management with UNDP.





## 2. IMPLEMENTATION

### 2.1. Indicative operational implementation period

The indicative operational implementation period of this action is as specified in Article 2 of the Special Conditions.

### 2.2. Amounts allocated for budget support

The indicative amount allocated to the Priority Area II "Agriculture and Rural Development" under the Single Support Framework (2014-2017) is 30% of the total bilateral allocation to Moldova (ranging from EUR 335 000 000 to EUR 410 000 000). EUR 64 000 000 from this envelope is to be delivered under the present Sector Reform Contract (EUR 53 000 000 for budget support component and EUR 11 000 000 for complementary support component).

### 2.3. Criteria and indicative schedule of disbursement of budget support

#### 2.3.1. Budget Support details

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Moldovan Lei will be undertaken at the appropriate exchange rates in line with Article 6 of the Special Conditions.

The indicative schedule of disbursements is summarised in the table below (all figures in EUR millions) based on fiscal year of the partner country.

	2015				2016				2017				2018				
Type of tranche	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total
Base tranche						17											17
Variable tranche										17				19			36
<b>Total</b>						<b>17</b>				<b>17</b>				<b>19</b>			<b>53</b>

#### 2.3.2. Disbursement criteria

The general conditions for disbursement of all tranches are as follows:

(i) Satisfactory progress in the implementation of the action-relevant chapters of the 2014-2020 Agricultural and Rural Development Strategy (ARDS) and continued credibility and relevance thereof;

(ii) Implementation of a credible stability-oriented macroeconomic policy;

(iii) Satisfactory progress in the implementation of the Strategy for Development of Public Finance Management 2013-2020;

(iv) Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended in line with Article 27.1 of the general conditions of the financing agreement, or temporarily suspended or reduced.

The disbursement arrangements and timetable are described in Annex 2 of these Technical and Administrative Provisions (TAPs).

The base tranche is paid upon compliance to general conditions for disbursement only.

The specific conditions for variable payment tranches will be covering the following three budget support component areas: a) agricultural and agri-food sector modernisation and restructuring; b) ensuring the sustainable management of natural resources and c) improving living and working conditions in rural areas.

Evaluation of fulfilment of the general and specific conditions for disbursement of all tranches will be carried out by the European Commission prior to each request for payment of the tranche by the Government of Moldova.

The performance indicators used for disbursements are described in Annex 1 of these TAPs. The chosen performance targets and indicators specified in Annex 1 will apply for the duration of the programme. However, in duly justified circumstances, the Government of Moldova may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

## **2.4. Details on complementary support**

### **2.4.1. Grants: call for proposal “Strengthening role of civil society and local authorities in ENPARD context” (direct management implemented by the Commission as the Contracting Authority)**

- (a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objective of the grants is to support specific ARD sector development actions, especially actions that are gender equality and woman empowerment oriented, enhancing civil society organisations and local authority associations’ role.

Expected results of this action are: a) stronger gender equality and woman empowerment consciousness by MAFI and subordinated agencies whilst implementing the ARDS; b) better monitoring and evaluation quality and enhanced understanding of the ARDS implementation by the Moldovan “public” at large and c) enhanced sector policy dialogue between Government and local authorities as well as sector-relevant CSOs, especially SME organisations.

- (b) Eligibility conditions

Application is open to local/international CSOs including CSOs that are SME associations and to local authorities.

- (c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

Priority will be given to the actions that are promoting cooperation and improving structured dialogue between civil society organizations, local authorities and relevant line ministries.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 80%.

The maximum possible rate of co-financing may be up to 100 % in accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the Commission in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

2<sup>nd</sup> quarter of 2015.

**2.4.2. Grants: call for proposals for twinning project with AIPA (direct management implemented by the Commission as the Contracting Authority)**

(a) Objectives

The Twinning call for proposals modality will be used for implementing actions under objectives defined in section 1.1, providing assistance to the Agency for Intervention and Payment in Agriculture (AIPA) with the objective of strengthening the institutional capacity to administer agriculture and rural development support measures in line with EU norms and standards.

(b) Eligibility conditions

In line with Article 5(10)(b) of Regulation (EU) No 236/2014, participation in Twinning call for proposals is limited to public administrations of the EU member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that member State.

(c) Essential selection and award criteria

The essential selection criterion is the operational capacity of the applicant.

The essential award criteria are the technical expertise of the applicant and the relevant methodology and sustainability of the proposed action.

(d) Maximum rate of co-financing

The rate of co-financing for the twinning grant contracts is 100%<sup>2</sup>.

(e) Indicative quarter to launch the call

2<sup>nd</sup> quarter of 2015.

**2.4.3. Procurement (direct management implemented by the Commission as the Contracting Authority)**

---

<sup>2</sup>As provided for in the Twinning Manual.

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Accompanying TA to the Sector Reform Contract "ENPARD"	Services	1	Q2 2015
External reviews, Evaluation and Audit	Services	2	Q4 2016

#### **2.4.4. Indirect management with an international organisation as the Contracting Authority**

A part of this action, with the objective of fostering cooperation with regions and territorial administrative units with a special status, will be implemented in indirect management with the United Nations Development Programme (UNDP) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation is justified because of 1) Successful UNDP implementation of similar confidence building measures programmes in the Transnistrian region; 2) Building forward on lessons learnt and best practices from previous experience on engagement with regions and territorial administrative units with a special status; 3) Knowledge of the region and of the local authorities; 4) Absence of credible implementing alternatives.

The UNDP would undertake the following tasks:

a) Ensure enhanced cooperation with regions and territorial administrative units with a special status - on Agriculture and Rural Development.

This component will aim at promoting dialogue between central and local authorities through expert missions, seminars, joint study tours in order to foster the local implementation of the ARDS and help the beneficiary regions to grasp its benefits. An 'intervention package' to enhance good governance and local public management in specified areas will be designed and applied. Benchmarking and peer review with similar municipalities from outside target regions will foster the exchange of best practices and experiences, and confidence building measures.

b) Promote local entrepreneurship.

Support will be provided to enhance SMEs development, strengthen and connect to national networks existing business support infrastructure; promote the culture of entrepreneurship through various innovative actions. Through targeted assistance programs access to finance will be improved and production based for SMEs will be diversified. Important sector development strategies will be updated and better represented in the national framework; together with specific support in the statistic field to improved availability of data.

c) Mobilise and build capacity of local authorities and refurbish small-scale infrastructures.

In line with Strategy for Agriculture and Rural Development (priority 3) support will be provided to enhance investment in physical infrastructure and rural services, as well as to stimulate local community involvement in rural development. To achieve

that, a holistic approach will be pursued, encouraging the cooperation of rural inhabitants in decision making processes and development of their communities. Inter-municipal cooperation with other Moldovan localities will also be encouraged. In this respect, it is proposed to replicate – and amplify – the intervention logic tested successfully in the Left bank of the Nistru/Dniester River.

For part of these tasks UNDP will conclude and manage contracts.

The entrusted entity is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the Commission deems that, based on preliminary evaluation and on the long-standing and problem-free cooperation with this entity, it can be entrusted with budget-implementation tasks under indirect management.

#### **2.4.5. Scope of geographical eligibility for procurement and grants**

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

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### **2.5. Indicative budget**

Module	Amount in EUR million	Third party contribution (indicative, where known)
<b>2.3.1. Budget support (Sector Reform Contract)</b>	<b>53</b>	<b>N.A.</b>
<b>2.4. Complementary support</b>	<b>11</b>	<b>0.075</b>
<i>2.4.1. Call for proposals “Strengthening role of civil society and local authorities in ENPARD context” (direct management)</i>	<i>0.3</i>	<i>0.075</i>
<i>2.4.2. AIPA Twinning Project (direct management)</i>	<i>1.2</i>	<i>N.A.</i>
<i>2.4.3. Procurement (direct management)</i>	<i>2.8</i>	<i>N.A.</i>
<i>2.4.4. CBM with Regions and territorial administrative units with a special status(indirect management with UNDP)</i>	<i>6.5</i>	<i>N.A.</i>
<i>2.7. Evaluation and audit</i>	<i>0.2</i>	<i>N.A.</i>
<b>Totals</b>	<b>64</b>	<b>0.075</b>

#### **2.6. Performance monitoring and donor coordination**

Monitoring missions will take place at the end of the financial year to review the progress of the reform, checking financial and budget executions reports in order to collect evidence on the funding and the budget allocations.

Six-monthly programme steering committee meetings, organised and held under the auspices of MAFI, and to which all relevant action stakeholders including EU Financing Agreement ENI/2014/034-128 – Technical and Administrative Provisions

Delegation to Moldova will be invited, will review and assess overall performance in achieving the SRC's reform objectives and indicators. At these meeting corrective measures, if so warranted, will also be discussed and agreed upon.

#### Donor coordination

##### Agriculture and Rural Development

Donor coordination in Moldova is characterised by governmental ownership, mutual accountability through a high level Joint Partnership Council and a transparent gathering and presentation of all donor related information.

There is a large number of donors, both multilateral as well as bi-lateral, assisting Moldova in the field of agriculture and rural development. The most significant of these are the European Union (e.g. ESRA sectoral budget support programme, support to the use of biomass for energy - and EIB – Wine Sector Restructuring Programme), United States (USAID - Agricultural Competitiveness and Enterprise Development Project and MCC – High Value Agriculture and Irrigation Infrastructure Reconstruction Programme) and World Bank (Rural Investment and Services Project and Moldova Agricultural Competitiveness Project). Most of these donor programmes and projects have a strong capacity-building and institutional-strengthening component that will undoubtedly contribute to the sector reform focus envisaged under this programme.

Both the State Chancellery as well as the Ministry for Agriculture and Food Industries (MAFI) organises at regular intervals national or sector coordination council meetings to which involved donor organisations are invited. During these meetings, intervention coordination between the different donor institutions is sought after in view of either creating intervention synergies and/or avoiding duplications and overlaps. Both the State Chancellery as well as MAFI try to ensure that donor interventions are in line with the 2014-2020 NDS or the different sector strategies.

##### Confidence Building Measures

A relatively low share of international assistance is redirected to regions and territorial administrative units with a special status.. Turkey, which enjoys close cultural links with the Gagauz people, has developed some direct assistance programme to the region in the fields of irrigation and post-secondary education. The USAID is implementing a nation-wide programme to support local authorities that has benefitted to Comrat City Hall.

The OSCE has been active in documenting and brokering discussions on a potential reform of the autonomous status though the organization does not provide direct funding to the region.

The EU, in the framework of the energy and biomass projects<sup>3</sup>, has funded seven local projects. In addition, the EU Delegation is currently considering the possibility to redirect part of the funds committed under the support to Confidence Building Measures programme<sup>4</sup> in order to provide immediate and highly visible assistance to the region by refurbishing small-scale social infrastructures.

Under Decision ENPI/2013/024-401 (Confidence Building Measures IV), EUR 5 million are earmarked to support the creation of an enabling environment for regional development by building institutional capacity and local authorities and civil

---

<sup>3</sup> ENPI/2010/258-556 Moldova Energy and Biomass Project

<sup>4</sup> ENPI/2012/284-007 Support to Confidence Building Measures

society engagement. In this respect, the proposed action, by focusing on socio-economic development and business, would contribute to long term, consistent and inclusive development of the region.

## **2.7. Evaluation and audit**

The European Commission can launch audits any time and an evaluation after completion of the Programme.

For complementary support, the Commission may also carry out external evaluations, as follows:

(a) a mid-term evaluation mission;

The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.

(b) a final evaluation, at the beginning of the closing phase;

(c) an ex-post evaluation.

## **2.8. Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan for the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 2.5 above.

The communication and visibility measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement, grant contracts and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

As part of the Financing Agreement, the Moldovan Government ensures that the visibility of the EU contribution to the SRC is given appropriate coverage in the various publicity media by organising press conferences, public events and issuing press release after the disbursement of each tranche. The accompanying TA Service Contract will endeavour to further enhance the positive image of the EU in the context of its work in Moldova and specific provision for this purpose will be included in this TA Service Contract.

At appropriate milestones during the SRC duration and after appropriate events, press releases will be issued, by MAFI in co-operation with the EU Delegation to Moldova. In all these actions, the EU visibility guidelines will be strictly adhered to.

## **Annexes**

1. Performance indicators used for disbursements
2. Disbursement arrangements and timetable



## Annex1: Performance indicators used for disbursements

<b>ENPARD Moldova SRC - CRIS number: ENI/2014/034-128</b>	
1.Indicator:	Implementation of Agriculture and Rural Development Strategy-EU aligned Programme Measures
Programme:	Agriculture and Rural Development Strategy (ARDS) 2014-2020
Objective:	1) improve the financial capability of the Government to achieve agricultural and rural development policy objectives; 2) promote agricultural and rural development policies and reforms; 3) improve service delivery in the agricultural and rural sector; 4) improve governance in agricultural and rural development;5) address the basic needs of the population; 6) sustainable management of natural resources, including water and biodiversity.
Action:	1.1,1.2,1.3,1.4,1.5,1.6,1.7,1.8,1.9 of the corresponding Table C of the Specific Conditions for Variable Tranche Release
Department responsible:	Policy Analysis, Monitoring and Evaluation Department, MAFI
<b>Description of the Indicator</b>	
Indicator type:	Document/Number
Measurement unit:	Documentation
Periodicity measurement:	Q4 2016 and Q42017
Last known result:	10 Measures implemented by AIPA in 2014
<b>Development and quality of the indicator</b>	
Method data collection:	Number of farmers/Farmer Business Organisations (FBOs) receiving subsidies; Working groups minutes; Official Journal publications; Measure publications (call for proposals) by AIPA; CSO participation in Working groups confirmed by MAFI order, CSO reports/publications; AIPA subsidy measures on-line and regularly updated; AIPA visibility and publication materials;
Departments responsible: for collection	Policy analysis, Monitoring and Evaluation Department, MAFI
Method of calculation:	N/A
<b>Means of interpretation</b>	
Known limits and bias:	N/A
Means of interpretation:	N/A
<b>Documentation schedule</b>	
Delivery date:	Q12017 and Q12018
<b>Comments:</b>	N/A

**ENPARD Moldova SRC - CRIS number: ENI/2014/034-128**

2. Indicator: Meeting EU food safety and quality requirements

Programme: Agriculture and Rural Development Strategy (ARDS) 2014-2020

Objective: 2) promote agricultural and rural development policies and reforms; 3) improve service delivery in the agricultural and rural sector;

Action: 2.1, 2.2, 2.3, 2.4 and 2.5 of the corresponding Table C of the Specific Conditions for Variable Tranche Release

Department responsible: Division of quality control and quality systems, Division for surveillance of establishments producing food of animal origin, Division for control of plant origin foodstuff business operators, Division of sanitary and veterinary control at NFSA; AIPA; Extension Services Providers

**Description of the Indicator**

Indicator type: Document/Number

Measurement unit: AIPA eligibility criteria included in selected AIPA measures; agricultural producers receiving training on EU standards and obtaining standards' certification

Periodicity measurement: Q4 2016, Q4 2017

Last known result: 5 in 2014

**Development and quality of the indicator**

Method data collection: Information material on EU food safety and quality requirements disseminated to agricultural producers; Reports by NFSA on EU standards' certification services available in the market and progress made; list of EU standards certification included as eligibility in selected AIPA measures; Extension Service Providers deliver reports including list of agricultural producers having received training on EU Standards and certification thereto;

Departments responsible: Policy Analysis, Monitoring and Evaluation  
for collection Department, MAFI

Method of calculation: N/A

Means of interpretation

Known limits and bias: N/A

**Means of interpretation:** N/A

**Documentation schedule**

Delivery date: Q12017 and Q12018

**Comments:** N/A

**ENPARD Moldova SRC - CRIS number: ENI/2014/034-128**

3. Indicator:	Enhanced competitiveness of the agricultural and agri-food sector through restructuring and modernisation
Programme:	Agriculture and Rural Development Strategy (ARDS) 2014-2020
Objective:	1) improve the financial capability of the government to achieve agricultural and rural development policy objectives; 2) promote agricultural and rural development policies and reforms; 3) improve service delivery in the agricultural and rural sector and 4) improve governance in agricultural and rural development;
Action:	3.1, 3.2 and 3.3 of the corresponding Table C of the Specific Conditions for Variable Tranche Release
Department responsible:	Division for surveillance of establishments producing food of animal origin, Division of sanitary and veterinary control, Division of BIP coordination, Division for control of plant origin foodstuff business operators at NFSA, Customs Service, Policy Analysis, Monitoring and Evaluation Department, MAFI and AIPA
<b>Description of the Indicator</b>	
Indicator type:	Number
Measurement unit:	Number of Agri-Food Establishments trading with EU, number of producer groups legally established and number of producer groups operational
Periodicity measurement:	Q4 2016 and Q4 2017
Last known result:	1 Agro-food establishment actively trading with EU and 5 Producer Groups established and operational in 2014
<b>Development and quality of the indicator</b>	
Method data collection:	AIPA list of grant measures , MAFI reports on producer groups, producer group surveys, assessments by external donor programmes and projects (WB, MCA,...) on producer groups in Moldova; Categorisation list of agro-food establishments, NFSA official inspection control reports, ,Customs statistics, TRACES, FVO reports and DG SANTE website
Departments responsible: for collection	Policy Analysis, Monitoring and Evaluation Department, MAFI
Method of calculation:	export volumes; production volumes
<b>Means of interpretation</b>	
Known limits and bias:	N/A
Means of interpretation:	N/A
<b>Documentation schedule</b>	
Delivery date:	Q1 2017 and Q1 2018
Comments:	Currently, in the animal sector, only honey is allowed to be exported to the EU

**ENPARD Moldova SRC - CRIS number: ENI/2014/034-128**

4. Indicator:	Improved education, research and extension services in the agriculture, agri-food sector, including facilitating information systems
Programme:	Agriculture and Rural Development Strategy (ARDS) 2014-2020
Objective:	1) promote agricultural and rural development policies and reforms; 2) improve service delivery in the agricultural and rural sector; 3) improve governance in agricultural and rural development and 5) address the basic needs of the population
Action:	4.1 and 4.2.of the corresponding Table C of the Specific Conditions for Variable Tranche Release
Department responsible:	Agricultural Colleges in Taul, Svetili, Soroca, AgroIndustrial Colleges in Rascani, Ungheni, Grinauti, Agricultural Lycée and College on Zoonosis and Veterinary Medicine in Bratuseni
<b>Description of the Indicator</b>	
Indicator type:	Number
Measurement unit:	New agricultural entrepreneurial curricula for the agricultural Post-Secondary Colleges; students trained;
Periodicity measurement:	Q4, 2016 and Q4 2017
Last known result:	0
<b>Development and quality of the indicator</b>	
Method data collection:	Collection of new training curricula outlines and materials and approval of these new training curricula through internal order MAFI, Collection of training attendance sheets and list of students receiving training certificates in new agricultural entrepreneurial training curricula
Departments responsible: for collection	Policy Analysis, Monitoring and Evaluation Department, MAFI
Method of calculation:	training curricula, attendance records, certificates;
<b>Means of interpretation</b>	
Known limits and bias:	N/A
Means of interpretation:	N/A
<b>Documentation schedule</b>	
Delivery date:	Q1 2017 and Q1 2018
Comments:	N/A

**ENPARD Moldova SRC - CRIS number: ENI/2014/034-128**

## 5. Indicator: Improved water management practices

Programme: Agriculture and Rural Development Strategy (ARDS) 2014-2020

Objective: 1) promote agricultural and rural development policies and reforms, 4) improve governance in agricultural and rural development; 5) address the basic needs of the population; 6) sustainable management of natural resources, including water and biodiversity

Action: 5.1, 5.2, 5.3, and 5.4 of the corresponding Table C of the Specific Conditions for Variable Tranche Release

Department responsible: Water Users Associations; Agricultural Mechanisation Department of MAFI, AIPA

**Description of the Indicator**

Indicator type: Number

Measurement unit: AIPA support measures; Area under irrigation/farmers using "on-farm" irrigation

Periodicity measurement: Q4 2016, Q4 2017

Last known result: hectares under irrigation: 18700 (2010); 4700 (2011); 3600 (2012)

**Development and quality of the indicator**

Method data collection: MAFI/AIPA/Apele Moldovei reports on status of agricultural land under irrigation in the Republic of Moldova; Water Users Associations reports on water supply networks/ assets used for irrigation;

Departments responsible: Policy Analysis, Monitoring and Evaluation  
for collection Department, MAFI

Method of calculation: N/A

**Means of interpretation**

Known limits and bias: N/A

Means of interpretation: N/A

**Documentation schedule**

Delivery date: Q1 2017, Q1 2018

Comments: N/A

**ENPARD Moldova SRC - CRIS number: ENI/2014/034-128**

6. Indicator: Increased use of environmentally friendly production practices

Programme: Agriculture and Rural Development Strategy (ARDS) 2014-2020

Objective: 1) promote agricultural and rural development policies and reforms; 4) improve governance in agricultural and rural development; 6) sustainable management of natural resources, including water and biodiversity

Action: 6.1 and 6.2 of the corresponding Table C of the Specific Conditions for Variable Tranche Release

Department responsible: Agricultural Mechanisation Department at MAFI, AIPA

**Description of the Indicator**

Indicator type: Document/Number

Measurement unit: AIPA support measures; Area under no-till technology

Periodicity measurement: Q4 2016, Q4 2017

Last known result: hectares under no-till technology: 38000 (2011); 51000 (2012); 56000 (2013)

**Development and quality of the indicator**

Method data collection: Reports by AIPA and MAFI on conservation system of soil tillage included in AIPA support measures, reports by MAFI of total amount of hectares in the Republic of Moldova under no-till technology

Departments responsible: Policy Analysis, Monitoring and Evaluation  
for collection Department, MAFI

Method of calculation: N/A

**Means of interpretation**

Known limits and bias: N/A

Means of interpretation: N/A

**Documentation schedule**

Delivery date: Q12017, Q12018

Comments: N/A

**ENPARD Moldova SRC - CRIS number: ENI/2014/034-128**

7. Indicator: Improved conditions for living and working in rural areas

Programme: Agriculture and Rural Development Strategy (ARDS) 2014-2020

Objective: 1) promote agricultural and rural development policies and reforms; 4) improve governance in agricultural and rural development; 5) address the basic needs of the population; 6) sustainable management of natural resources, including water and biodiversity

Action: 7.1, 7.2 and 7.3 of the corresponding Table C of the Specific Conditions for Variable Tranche Release

Department responsible: AIPA

**Description of the Indicator**

Indicator type: Document/Number

Measurement unit: AIPA support measures; number of physical "on-farm" asset investment projects launched and number of "on-farm" asset investment projects completed

Periodicity measurement: Q4 2016, Q4 2017

Last known result: 0

**Development and quality of the indicator**

Method data collection: MAFI Implementation Report on ARDS; AIPA MIS reports; Utility connection supporting documents; Municipal construction permits

Departments responsible: Policy Analysis, Monitoring and Evaluation for collection Department, MAFI

Method of calculation: N/A

**Means of interpretation**

Known limits and bias: N/A

Means of interpretation: N/A

**Documentation schedule**

Delivery date: Q1 2017, Q1 2018

Comments: N/A

## Annex2: Disbursement arrangements and timetable

This appendix covers the following four main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the general conditions for each disbursement tranche; (4) the specific conditions for each disbursement tranche.

### 1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, the Government of Moldova will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached and (ii) a financial information form, duly signed, to facilitate the corresponding payment.

### 2. Indicative disbursement timetable

An indicative timetable is given below:

**Table A: Indicative disbursement timetable (in EUR million)**

Country fiscal year	Year 2016				Year 2017				Year 2018				M€
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Type of tranche													
Base tranche		17											
Variable tranches						17				19			53
<b>Total</b>		<b>17</b>				<b>17</b>				<b>19</b>			<b>53</b>

### 3. General conditions for the disbursement of each tranche

The general conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.



**Table B: General conditions for the release of tranches**

Area	General Conditions	Source of Verification
Public policy	Satisfactory progress in the implementation of the action relevant chapters of the 2014-2020 Agricultural and Rural Development Strategy (ARDS) and continued credibility and relevance of that or any successor strategy.	<ol style="list-style-type: none"> <li>1. ARDS 2014-2020 and corresponding Action Plans</li> <li>2. Strategy on Food Safety and corresponding Action Plans</li> <li>3. Annual budget allocations for the implementation of ARDS reflected in the State Budget</li> <li>4. Annual AIPA regulation on measures' implementation</li> </ol>
Macroeconomic stability	Implementation of a credible stability-oriented macroeconomic policy.	<ol style="list-style-type: none"> <li>1. Government of Moldova annual reports</li> <li>2. IMF, WB, EU reports</li> </ol>
Public Financial Management	Satisfactory progress in the implementation of the programme to improve public financial management.	<ol style="list-style-type: none"> <li>1. Government of Moldova progress reports on implementation of the strategy for improvement of PFM</li> <li>2. IMF, WB, EU PFM-related reports</li> </ol>
Transparency and oversight of the budget	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	<ol style="list-style-type: none"> <li>1. Official Government Documents and relevant websites</li> <li>2. Open budget-related surveys &amp; reports</li> </ol>

#### 4. Specific conditions for the disbursement of tranches

The specific conditions for the disbursement set out in Table C and D shall apply to the disbursement of a specific tranche. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions.

**Table C: Specific conditions for the release of tranches**

Tranche	Amount	Indicative date of the disbursement request (month/year)	Indicative disbursement date (month/year)	Conditions/criteria/activities for disbursement	Verification source (timing or data availability - where applicable)
Second tranche (variable)	EUR 17 million	Q1 2017	Q2 2017		
				<b>1. Implementation of Agriculture and Rural Development Strategy – EU aligned Programme Measures</b>	
				1.1. Measure "Advisory Services and Training" included in annual AIPA subsidy schemes 2016 (min. 500 farmers/FBOs trained in 2016);	AIPA Subsidy Regulation Ministerial Order Website of MAFI Website of AIPA
				1.2. Measure "Investment in agricultural holdings to restructure and upgrade to EU standards" included in annual AIPA subsidy schemes 2016 (min. 75 farmers/FBOs received subsidies directly related to agricultural holdings' restructuring and upgrading to EU standards in 2016);	MAFI Implementation report Publication/visibility material Sectoral analysis
				1.3. Measure "Investment in processing and marketing of agricultural products" included in annual AIPA subsidy schemes 2016 (min. 75 farmers/FBOs received subsidies directly related to investment in processing and marketing of agricultural products in 2016);	
				1.4. Measure "Support in setting up	

	<p>producers groups" included in annual AIPA subsidy schemes 2016 (the producer groups established in 2016 include a min. of 30 members);</p> <p>1.5. Measure" Preparation for implementation of actions relating to environment and the countryside" included in annual AIPA subsidy scheme 2016 (min. of 300 farmers/FBOs received subsidies directly related to environment and countryside actions in 2016);</p> <p>1.6. Measure "Improvement and development of rural infrastructure" included in annual AIPA subsidy schemes 2016 (min. 30 farmers/FBOs received subsidies directly related to improvement and development of rural infrastructure in 2016);</p> <p>1.7. Three (3) regional and one (1) central level public consultation meetings with CSO on the new programme (subsidy schemes) are organised in 2016 (min. 100 representatives of CSO participated and were consulted on the new programme at central and regional level in 2016);</p> <p>1.8. Publication/visibility materials on rules for applying to AIPA subsidy scheme are produced and disseminated in the regions and available on-line on AIPA website in 2016 (min. of 5 publication/visibility actions undertaken by MAFI in 2016 and AIPA web site continuously maintained/updated in 2016, generating, at least, 1500 contact/exchange of information hits);</p> <p>1.9. MAFI Nomination of Ministry department to be in charge of programming of the subsidy support measures and a Committee including representative of CSO and line Ministries to oversee the effectiveness of the Strategy (Committee established meets at least 2 times in 2016).</p>	
	<p><b>2. Meeting EU food safety and quality requirements</b></p> <p>2.1. Good Agricultural Practices Fiches for</p>	<p>Publications of ANSA</p>

	<p>plant protection products conform to Codex Alimentarius and EU standards elaborated and disseminated by the National Food Safety Agency (ANSA) in 2015;</p> <p>2.2. Good Agricultural Practices, Hazard Analysis of the Critical Control Points (HACCP), GlobalGap, Good Manufacturing Practices (GMP), ISO standards and certification thereto included as subsidy determining factor within AIPA subsidy schemes in 2016 (at least 100 agricultural producers trained in quality standards listed above in 2015);</p> <p>2.3. At least 100 agricultural producers trained in quality standards listed above in 2016;</p> <p>2.4. At least 5 agricultural producers obtain quality standards' certification in the above mentioned standards in 2015;</p> <p>2.5. At least 8 agricultural producers obtain quality standards' certification in the above mentioned standards in 2016.</p>	<p>AIPA Subsidy Regulation Training certificates Standards' certifications Website of ANSA Website of AIPA Visibility events</p>
	<p><b>3. Enhanced competitiveness of the agricultural and agri-food sector through restructuring and modernisation</b></p>	
	<p>3.1. At least 4 producer groups (as defined in the Law of Moldova on: "Agricultural Producer Groups and their Associations" promulgated in 2014) legally established in 2015;</p> <p>3.2. At least 4 producer groups (as defined in the Law of Moldova on: "Agricultural Producer Groups and their Associations" promulgated in 2014) legally established in 2016.</p>	<p>MAFI reports on producer groups, producer group surveys AIPA reports Registration certificates Trade contracts Visibility events</p>
	<p>3.3. Minimum 5 additional agri-food establishments actively trading with EU in 2016.</p>	<p>Categorisation list of agro-food establishments, NFSA inspection control reports TRACES Customs statistics FVO mission reports DG SANTE website</p>

		Trade contracts Visibility events
	<b>4. Improved education, research and extension services in the agriculture, agri-food sector, including facilitating information systems</b>	
	4.1. New agricultural entrepreneurial curricula for the agricultural Post-Secondary Colleges subordinated to MAFI are elaborated and approved by MAFI in 2015;	Internal order MAFI New agricultural entrepreneurial Curricula Training attendance sheets
	4.2. Minimum 500 students of the agricultural Post-Secondary Colleges subordinated to MAFI trained in 2016 on the new agricultural entrepreneurial curricula approved by MAFI in 2015.	List of students registered List of students graduating Visibility events
	<b>5. Improved water management practices</b>	
	5.1. "On-farm" area under irrigation increased with an additional 2 500 hectares in 2015;	MAFI reports AIPA MIS reports ApeleMoldovei reports on status of agricultural land under irrigation in the Republic of Moldova(2015 and 2016) Visibility events
	5.2. At least an additional 250 farmers using "on-farm" irrigation in 2015;	
	5.3. "On-farm" area under irrigation increased with an additional 3 000 hectares in 2016;	
	5.4. At least an additional 300 farmers using "on-farm" irrigation in 2016.	
	<b>6. Increased use of environmentally friendly production practices</b>	
	6.1. Area under no-till technology increased by an additional 4 000 hectares in 2015;	Reports by MAFI of total amount of hectares in the Republic of Moldova under no-till technology in 2015 and in 2016 AIPA MIS reports
	6.2 Area under no-till technology increased by an additional 7 000 hectares in 2016.	
	<b>7. Improved conditions for living and working in rural areas</b>	
	7.1. Rural development competences are clearly defined and attributed to the Ministry of Agriculture and Food Industry;	Municipal construction permits MAFI Implementation Report on ARDS; AIPA MIS reports; Visibility events
	7.2. On-farm investments in physical assets (water supply and sanitation, waste	

	<p>treatment, road infrastructure and utility connections) included in the competence of AIPA in 2015; Budget provisions for enhanced investment in these physical assets included in 2016 State Budget;</p> <p>7.3. At least 30 physical “on-farm” asset investment projects launched in 2016; at least 30% of the projects launched in 2016 target women.</p>	<p>Utility connection supporting documents</p>
--	---	--

Third tranche (variable)	EUR 19 million	Q1 2018	Q2 2018		
				<b>1. Implementation of Agriculture and Rural Development Strategy – EU aligned Programme Measures</b>	
				<p>1.1. Measure "Advisory Services and Training" included in annual AIPA subsidy schemes 2017 (min. 500 farmers/FBOs trained in 2017);</p> <p>1.2. Measure "Investment in agricultural holdings to restructure and upgrade to EU standards" included in annual AIPA subsidy schemes 2017 (min. 75 farmers/FBOs received subsidies directly related to agricultural holdings' restructuring and upgrading to EU standards in 2017);</p> <p>1.3. Measure "Investment in processing and marketing of agricultural products" included in annual AIPA subsidy schemes 2017 (min. 75 farmers/FBOs received subsidies directly related to investment in processing and marketing of agricultural products in 2017);</p> <p>1.4. Measure "Support in setting up producers groups" included in annual AIPA subsidy schemes 2017 (the producer groups established in 2017 include a min. of 30 members);</p> <p>1.5. Measure "Preparation for implementation of actions relating to environment and the countryside" included in annual AIPA subsidy scheme 2017 (min. of 300 farmers/FBOs received subsidies directly related to environment and countryside actions in 2017);</p> <p>1.6. Measure "Improvement and development of rural infrastructure" included in annual AIPA subsidy schemes 2017 (min. 30 farmers/FBOs received subsidies directly related to improvement and development of rural infrastructure in</p>	<p>AIPA Regulation Publication material Website of MAFI Website of AIPA Sectorial analysis Visibility events</p>

	<p>2017);</p> <p>1.7. Three (3) regional and one (1) central level public consultation meetings with CSO on the new programme (subsidy schemes) are organised. 100 representatives of CSOs participated and were consulted on the new programme at central and regional level in 2016/7);</p> <p>1.8. Publication materials on rules for applying to AIPA subsidy scheme are produced and disseminated in the regions and available on-line on AIPA website (committee established meets at least 2 times in 2017).</p>	
	<p><b>2. Meeting EU food safety and quality requirements</b></p>	
	<p>2.1. Good Agricultural Practices, Hazard Analysis of the Critical Control Points (HACCP), GlobalGap, Good Manufacturing Practices (GMP), ISO standards and certification thereto included as subsidy determining factor within AIPA subsidy schemes in 2017 (at least additional 100 agricultural producers trained in quality standards listed above in 2017);</p> <p>2.2. At least additional 10 agricultural producers obtain quality standards' certification in the above mentioned standards in 2017.</p>	<p>Publications of ANSA AIPA Subsidy Regulation Measure fiches Training certificates Standard certifications Website of ANSA Website of AIPA Visibility events</p>
	<p><b>3. Enhanced competitiveness of the agricultural and agri-food sector through restructuring and modernisation</b></p>	
	<p>3.1. At least 4 producer groups (as defined in the Law of Moldova on: "Agricultural Producer Groups and their Associations" promulgated in 2014) legally established in 2017;</p> <p>3.2. At least 8 producer groups (as defined in the Law of Moldova on: "Agricultural Producer Groups and their Associations" promulgated in 2014) operational in 2017.</p>	<p>MAFI reports on producer groups, producer group surveys</p>
	<p>3.3. Minimum 5 additional agri-food establishments actively trading with EU Member States in 2017</p>	<p>Categorisation list of agro-food establishments,</p>





		NFSA inspection control reports TRACES Customs statistics FVO mission reports DG SANTE website Visibility events
	<b>4. Improved education, research and extension services in the agriculture, agri-food sector, including facilitating information systems</b>	
	4.1. Minimum 500 students of the agricultural Post-Secondary Colleges subordinated to MAFI trained in 2017 on the new agricultural entrepreneurial curricula approved by MAFI in 2015.	Training attendance sheets List of students registered List of students graduating New agricultural entrepreneurial training curricula Visibility events
	<b>5. Improved water management practices</b>	
	5.1. "On-farm" area under irrigation increased with an additional 4 000 hectares in 2017;  5.2. At least an additional 400 farmers using "on-farm" irrigation in 2017.	MAFI reports AIPA MIS reports ApeleMoldovei reports on status of agricultural land under irrigation in the Republic of Moldova Visibility events
	<b>6. Increased use of environmentally friendly production practices</b>	
	6.1. Area under no-till technology increased by an additional 7 000 hectares in 2017	Reports by MAFI of total amount of hectares in the Republic of Moldova under no-till technology in 2016 AIPA MIS reports
	<b>7. Improved conditions for living and working in rural areas</b>	
	7.1. At least additional 30 physical "on-farm" asset investment projects launched in 2017; at least 30% of the projects launched in 2017 target women;  7.2. At least 30 physical "on-farm" asset investment projects launched in 2016 or 2017 completed by end 2017.	Secondary legislation on MAFI State Budget allocation to reflect the new competence Visibility events Municipal construction permit MAFI

		Implementation Report on ARDS AIPA MIS reports Utility connection supporting documents
--	--	--

## 5. Variable tranche calculation

The Variable Tranches allow for less than the full tranche being disbursed in case of only partial compliance i.e. failure to fulfil certain Specific Conditions. Failure to fulfil, or partial fulfilment, of the Specific Conditions attached to the performance tranche will result in the irrevocable loss of the entire or partial amount corresponding to non-fulfilled or partially fulfilled specific condition(s).

The method for attributing a score to each sub-indicator will be as follows:

i) score 1 for target met,

and

ii) score 0 for target not met or partially met.

Where serious doubts exist about the quality of the data provided, a data verification exercise can be carried out to inform payment decisions. An external expert could be recruited to verify data claims on a sample basis, verifying data directly where possible or through cross-checking data with other, typically non-governmental, stakeholders.

The baseline for calculating the variable tranche will be “roll-forward” with each successive year's performance data. This means that the results achieved in the first year for the programme effectively become the baseline against which the second year's performance is assessed.

The method to determine the variable tranche disbursement will be based on the weight of each main indicator as indicated in Table D. The aggregation of scores related to multiple sub-indicators under the same main indicator will determine the share of the amount related to main indicator to be paid. All sub-indicators included under the same main indicator have the same weight. Example: if 8 out of 9 sub-indicators are achieved,  $\frac{8}{9}$  of the amount related to that main indicator will be paid.

In exceptional cases, where exceptional events or changing circumstances have prevented meeting previously agreed targets, it may be possible to waive or neutralise an indicator condition. In this case, the related amount can either be transferred to the next tranche or reallocated to the other indicators of the same tranche. Such cases must be requested by Government of Moldova to the relevant authority within the European Commission and can be authorised by the latter through an exchange of letters between the two parties.

In exceptional and duly justified cases financing agreements can allow for a re-assessment of certain unmet targets in the following year against the original target if there is a positive trend and the Government did not reach the target because of external shocks. Such cases should be specified in the indicator documentation sheets.

**Table D: Variable Tranche**

<b>Main Indicators (see also Table C)</b>	<b>Baseline</b>	<b>To be paid in 2017 (in EUR million)</b>	<b>To be paid in 2018 (in EUR million)</b>	<b>Weight (in % of max value tranche)</b>
1. Implementation of Agriculture and Rural Development Strategy - EU aligned Programme Measures	10 Measures	0.85	0.95	5
2. Meeting EU food safety and quality requirements	5 agro-food establishments	1.70	1.90	10
3. Enhanced competitiveness of the agricultural and agri-food sector through restructuring and modernisation	1 agro-food establishment 5 Producer groups	6.80	7.60	40
4. Improved education, research and extension services in the agriculture, agri-food sector, including facilitating information systems	0	0.85	0.95	5
5. Improved water management practices	3 600 ha 0 farmers	1.70	1.90	10
6. Increased use of environmentally friendly production practices	56 000 ha	1.70	1.90	10
7. Improved conditions for living and working in rural areas	0	3.40	3.80	20
<b>Total</b>		<b>17.00</b>	<b>19.00</b>	<b>100</b>

## ANNEX II - GENERAL CONDITIONS

### Contents

<b>Part One: Provisions Applicable to Activities for which the Beneficiary is the Contracting Authority</b> .....	2
Article 1 - General principles .....	2
Article 2 - Deadline for the signature of the procurement and grant contracts by the Beneficiary .....	6
Article 3 - Visibility .....	7
Article 4 - Provisions on payments made by the Commission to contractors and grant beneficiaries on behalf of the Beneficiary .....	7
Article 5 - Programme estimate.....	9
Article 6 - Payments to the Beneficiary implementing the imprest component of a programme estimate .....	10
Article 7 - Publication of information on procurement and grant contracts by the Beneficiary .....	12
Article 8 - Recovery of funds .....	12
Article 9 - Financial claims under procurement and grant contracts.....	13
Article 10 - Cost overruns and ways of financing them.....	13
<b>Part Two: Provisions Applicable to Budget Support</b> .....	14
Article 11 - Policy dialogue.....	14
Article 12 - Verification of conditions and disbursement .....	14
Article 13 - Transparency of budget support.....	14
Article 14 - Recovery of budget support .....	14
<b>Part Three: Provisions Applicable to This Action as a Whole, Irrespective of the Management Mode</b> .....	15
Article 15 - Execution period and contracting deadline in direct management .....	15
Article 16 - Verifications and checks by the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors .....	16
Article 17 - Tasks of the Beneficiary in fighting irregularities, fraud and corruption .....	16
Article 18 - Suspension of payments.....	17
Article 19 - Allocation of funds recovered by the Commission to the action.....	18
Article 20 - Right of establishment and residence .....	18
Article 21 - Tax and customs provisions.....	19
Article 22 - Confidentiality .....	19
Article 23 - Use of studies.....	19
Article 24 - Consultation between the Beneficiary and the Commission .....	19
Article 25 - Amendment of this Financing Agreement .....	20
Article 26 - Suspension of this Financing Agreement .....	20
Article 27 - Termination of this Financing Agreement.....	21
Article 28 - Dispute settlement arrangements .....	22

## **Part One: Provisions Applicable to Activities for which the Beneficiary is the Contracting Authority**

### **Article 1 - General principles**

- 1.1 The purpose of Part One is to define the budget-implementation tasks entrusted to the Beneficiary in indirect management as described in Annex I (Technical and Administrative Provisions) and to define the rights and obligations of the Beneficiary and of the Commission in carrying out these tasks.

Part One shall apply to the budget-implementation tasks related to the EU contribution alone or in combination with the funds of the Beneficiary or of a third party where such funds are implemented in joint co-financing, i.e. where they are pooled. These tasks encompass the implementation by the Beneficiary as contracting authority of procurement and grant award procedures, and the awarding, signing and enforcing the resulting procurement and grant contracts.

As a rule, the Commission shall carry out related payments to contractors and grant beneficiaries. However, the Beneficiary shall carry out certain payments including to its own staff on the basis of a programme estimate as defined in Article 5 of these General Conditions.

Where the Beneficiary is an ACP State and the action is financed by the EDF pursuant to Article 1.1 of the Special Conditions, the tasks entrusted shall be those listed in points (c) to (k) of the sixth subparagraph of Article 35(1) and in Article 35(2) of Annex IV to the ACP-EC Partnership Agreement.

Where the Beneficiary is an OCT and the action is financed by the EDF pursuant to Article 1.1 of the Special Conditions, the exercise of tasks entrusted shall also respect the conditions of Article 86(3) of Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision) .

- 1.2 The Beneficiary shall remain responsible for the fulfilment of the obligations stipulated in this Financing Agreement even if it designates other entities identified in Annex I (Technical and Administrative Provisions) to carry out certain budget-implementation tasks in the context of the implementation of a programme estimate referred to in Article 5 of these General Conditions. The Commission, in particular, reserves the right to suspend payments, and to suspend and/or terminate this Financing Agreement on the basis of the acts, omissions and/or situations of any designated entity.

1.3 The tasks identified in Article 1.1 of these General Conditions shall be carried out by the Beneficiary in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts, in force at the time of the launch of the procedure in question.

1.4 The Beneficiary shall set up and ensure the functioning of an effective and efficient internal control system. The Beneficiary shall respect the principles of sound financial management, transparency and non-discrimination and avoid situations of conflict of interest.

A conflict of interest exists where the impartial and objective exercise of the functions of any responsible person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a tenderer or applicant, or contractor or grant beneficiary.

Internal control system is a process aimed at providing reasonable assurance that operations are effective, efficient and economical, that the reporting is reliable, that assets and information are safeguarded, that fraud and irregularities are prevented, detected and corrected, and that risks relating to the legality and regularity of the financial operation are adequately managed, taking into account the multiannual character of the activities as well as the nature of the payments concerned.

In particular, where the Beneficiary carries out payments pursuant to a programme estimate, the functions of the authorising and accounting officers shall be segregated and mutually incompatible and the Beneficiary shall operate an accounting system that provides accurate, complete, reliable and timely information. The Beneficiary shall also reasonably protect data enabling the identification of a natural person (personal data).

1.5 Where made a part of this Financing Agreement pursuant to Article 5 of the Special Conditions, the report on the implementation of the tasks entrusted to the Beneficiary shall follow the template provided in Annex III. However, where programme estimates are used pursuant to Article 5 of these General Conditions, the report shall follow the requirements stipulated in the standard documents referred to in Article 5.3 of these General Conditions. Where made a part of this Financing Agreement pursuant to Article 5 of the Special Conditions, the management declaration shall follow the template provided in Annex IV.

1.6 An independent external audit opinion on the management declaration, performed in accordance with internationally accepted auditing standards, does not have to be provided in this case as the Commission shall conduct the audits for this action. These audits will verify the truthfulness of the assertions made in the management declaration and the legality and regularity of the underlying transactions made.

1.7 The Beneficiary shall conduct the procurement and grant award procedures and conclude the resulting contracts in the language of this Financing Agreement.

- 1.8 The Beneficiary shall inform the Commission when a candidate, tenderer or applicant is in a situation of exclusion from participating in procurement and grant award procedures referred to in Article 1.3 and when a contractor or grant beneficiary has been guilty of making false declarations or has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

In such cases, without prejudice to the power of the Commission to take measures against such entity according to the applicable Financial Regulation, financial penalties mentioned in the provisions on administrative and financial penalties of the General Conditions of procurement and grant contracts concluded by the Beneficiary pursuant to standard documents referred to in Article 1.3 may be imposed on the contractors and grant beneficiaries by the Beneficiary if this is allowed by its national law. Such financial penalties shall be imposed following an adversarial procedure ensuring the right of defence of the contractor or grant beneficiary.

The Beneficiary may take into account, as appropriate and on its own responsibility the information contained in the Central Exclusion Database, when awarding procurement and grant contracts. Access to the information can be provided through the liaison point(s) or via consultation to the Commission<sup>1</sup> (European Commission, Directorate- General for Budget, Accounting Officer of the Commission, BRE2-13/505, B-1049 Brussels, Belgium and by email to BUDG-C01-EXCL-DB@ec.europa.eu in copy to the Commission address identified in Article 3 of the Special Conditions). The Commission may refuse payments to a contractor or grant beneficiary in an exclusion situation.

- 1.9 The Beneficiary shall keep all relevant financial and contractual supporting documents from the date of the entry into force of this Financing Agreement or as from an earlier date which is stipulated as the start date of cost eligibility in Article 6 of the Special Conditions for five years as from the end of the execution period, in particular, the following:

Procurement procedures:

- a. Forecast notice with proof of publication of the procurement notice and any corrigenda
- b. Appointment of shortlist panel
- c. Shortlist report (incl. annexes) and applications
- d. Proof of publication of the shortlist notice
- e. Letters to non-shortlisted candidates

---

<sup>1</sup> The Beneficiary shall be allowed to have direct access to the Central exclusion database through a liaison point when the Beneficiary certifies to the Commission service responsible that it applies the adequate data protection measures as provided in the Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p. 1).

- f. Invitation to tender or equivalent
- g. Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication
- h. Appointment of the evaluation committee
- i. Tender opening report, including annexes
- j. Evaluation / negotiation report, including annexes and bids received<sup>2</sup>
- k. Notification letter
- l. Supporting documents
- m. Cover letter for submission of contract
- n. Letters to unsuccessful candidates
- o. Award / cancellation notice, including proof of publication
- p. Signed contracts, amendments, riders and relevant correspondence

Calls for proposals and direct award of grants:

- a. Appointment of the evaluation committee
- b. Opening and administrative report including annexes and applications received<sup>3</sup>
- c. Letters to successful and unsuccessful applicants following concept note evaluation
- d. Concept note evaluation report
- e. Evaluation report of the full application or negotiation report with relevant annexes
- f. Eligibility check and supporting documents
- g. Letters to successful and unsuccessful applicants with approved reserve list following full application evaluation
- h. Cover letter for submission of grant contract
- l. Award/cancellation notice with proof of publication
- j. Signed contracts, amendments, riders and relevant correspondence

In case of programme estimates: In addition to the above, all relevant documentation relating to payments, recoveries and operating costs.

- 1.10 The Beneficiary shall ensure an appropriate protection of personal data. Personal data means any information relating to an identified or identifiable natural person. Any involving the processing of personal data, such as collection, recording, organisation, storage, adaption or

---

<sup>2</sup> Elimination of unsuccessful bids five years after the closure of the procurement procedure

<sup>3</sup> Elimination of unsuccessful applications three years after the closure of the grant procedure.



alteration, retrieval, consultation, use, disclosure, erasure or destruction, shall be based on rules and procedures of the Beneficiary and shall only be done as far as it is necessary for the implementation of this Financing Agreement.

In particular, the Beneficiary shall take appropriate technical and organisational security measures concerning the risks inherent in any such operation and the nature of the information relating to the natural person concerned, in order to:

- a) Prevent any unauthorised person from gaining access to computer systems performing such operations, and especially unauthorised reading, copying, alteration or removal of storage media; unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored information;
- b) Ensure that authorised users of an IT system performing such operations can access only the information to which their access right refers;
- c) Design its organisational structure in such a way that it meets the above requirements.

## **Article 2 - Deadline for the signature of the procurement and grant contracts by the Beneficiary**

- 2.1 The procurement and grant contracts shall be duly signed by both parties during the operational implementation phase of this Financing Agreement and at the latest within three years of the entry into force of this Financing Agreement. Additional procurement and grant contracts resulting from an amendment of this Financing Agreement that adds new activities and increases the EU contribution shall be duly signed by both parties during the operational implementation phase of this Financing Agreement and at the latest within three years of the entry into force of that amendment of this Financing Agreement.

Where this action is financed from the EDF, programme estimates referred to in Article 5 of these General Conditions shall also be endorsed by the Commission within that three-year deadline.

That three-year deadline may not be extended, except when the action is financed by the EDF. The extension shall be stipulated in Article 6 of the Special Conditions.

- 2.2 However, the following transactions may be signed at any time during the operational implementation phase.
- a. procurement and grant contracts implementing the imprest component of a programme estimate financed under the EDF;
  - b. amendments to procurement and grant contracts already signed;
  - c. individual procurement contracts to be concluded after early termination of an existing procurement contract;
  - d. amendment of this Financing Agreement resulting from the change of the entity charged with the entrusted tasks, referred to in Article 1.2 of these General Conditions; the amendment shall also stipulate a new period within which procurement and grant contracts shall be concluded by this new entity in accordance

with Article 2.1:

- e. Contracts relating to audit and evaluation, which may also be signed during the closure phase.
- 2.3 After expiry of the three years of the entry into force of this Financing Agreement, any financial balance for activities entrusted to the Beneficiary for which contracts have not been duly signed shall be decommitted by the Commission.
- 2.4 Article 2.3 shall not apply to any financial balance of the contingency reserve or to funds available again after early termination of a contract. This balance or funds may be used to finance contracts referred to in Article 2.2.
- 2.5 A procurement or grant contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding shall be decommitted.

### **Article 3 - Visibility**

The Beneficiary shall take the necessary measures to ensure the visibility of EU funding for the activities entrusted to it or for other activities under this action. These measures shall either be defined in Annex I (Technical and Administrative Provisions) or shall be agreed later between the Beneficiary and the Commission.

These communication and information measures shall comply with the Communications and Visibility Manual for EU External Actions laid down and published by the Commission, in force at the time of the measures.

### **Article 4 - Provisions on payments made by the Commission to contractors and grant beneficiaries on behalf of the Beneficiary**

- 4.1 The Beneficiary shall provide the Commission with the approved payment requests within the following deadlines, starting from the date of receipt of the payment request, not counting the periods of suspension of the time-limit for payment:
- (a) for pre-financing specified in the procurement or grant contract:
    - (i) 15 calendar days for an action financed under the Budget;
    - (ii) 30 calendar days for an action financed under the EDF;
  - b) 45 calendar days for other payments.

The Commission shall act in accordance with Articles 4.6 and 4.7 within the period amounting to the time-limit for payment provided for in the procurement and grant contracts minus the above deadlines.

- 4.2 Upon receipt of a payment request from a contractor or grant beneficiary, the Beneficiary shall inform the Commission of its receipt and shall immediately examine whether the request is admissible, i.e. whether it contains the identification of that contractor or grant beneficiary, the contract concerned, the amount, the currency and the date. If the Beneficiary concludes that the request is inadmissible, it shall reject it and inform the contractor or grant beneficiary of this rejection and of its reasons within 30 days of receipt of the request. The Beneficiary shall also

inform the Commission of this rejection and its reasons.

- 4.3 Upon receipt of an admissible payment request, the Beneficiary shall examine whether a payment is due, i.e. whether all contractual obligations justifying the payment have been fulfilled, including examining a report, where applicable. If the Beneficiary concludes that a payment is not due, it shall inform the contractor or grant beneficiary thereof and of the reasons. The dispatch of this information suspends the time-limit for payment. The Commission shall receive a copy of the information so dispatched. The Commission shall also be informed of the reply or corrective action of the contractor or grant beneficiary. That reply or action aimed at correcting the non-compliance with its contractual obligations shall restart the time-limit for payment. The Beneficiary shall examine this reply or action pursuant to this paragraph.
- 4.4 If the Commission disagrees with the Beneficiary's conclusion that a payment is not due, it shall inform the Beneficiary thereof. The Beneficiary shall re-examine its positions and, if it concludes that the payment is due, it shall inform thereof the contractor or grant beneficiary. The suspension of the time-limit for payment shall be lifted upon dispatch of this information. The Beneficiary shall also inform the Commission. The Beneficiary shall further proceed as provided for in Article 4.5.

If disagreement between the Beneficiary and the Commission persists, the Commission may pay the undisputed part of the invoiced amount provided that it is clearly separable from the disputed amount. It shall inform the Beneficiary and the contractor or grant beneficiary of this partial payment.

- 4.5 Where the Beneficiary concludes that the payment is due, it shall transfer the payment request and all necessary accompanying documents to the Commission for approval and payment. It shall provide an overview of how many days of the time-limit for payment are left and of all periods of suspension of this time-limit.
- 4.6 After transfer of the payment request pursuant to Article 4.5, if the Commission concludes that the payment is not due, it shall inform the Beneficiary and, in copy, the contractor or grant beneficiary thereof and of the reasons. Informing the contractor or grant beneficiary shall have the effect of suspending the time-limit for payment, as provided for in the contract concluded. A reply or corrective action of the contractor or grant beneficiary shall be treated by the Beneficiary in accordance with Article 4.3.
- 4.7 Where the Beneficiary and the Commission concludes that the payment is due, the Commission shall execute the payment.
- 4.8 Where late-payment interest is due to the contractor or grant beneficiary, it shall be allocated between the Beneficiary and the Commission pro rata to the days of delay in excess of the time limits stipulated in Article 4.1, subject to the following:
- (a) the number of days used by the Beneficiary is calculated from the date of the registration of an admissible payment request referred to in Article 4.3 to the date of the transfer of the request to the Commission referred to in Article 4.5 and from the date of information by the Commission referred to Article 4.6 to the following transfer

of the request to the Commission referred to in Article 4.5. Any period of suspension of the time-limit for payment shall be deducted.

- (b) the number of days used by the Commission is calculated from the date following that of transfer of the request by the Beneficiary referred to in Article 4.5 to the date of payment and from the date of transfer to the date of informing the Beneficiary pursuant to Article 4.6.

- 4.9 Any circumstances unforeseen by the above procedure shall be solved in a spirit of cooperation between the Beneficiary and the Commission by analogy to the above provisions while respecting the contractual relations of the Beneficiary with the contractor or grant beneficiary.

Where feasible, one party shall cooperate at the request of the other party in providing useful information for the assessment of the payment request, even before the payment request is formally transferred to or returned from the first party.

#### **Article 5 - Programme estimate**

- 5.1 When the Beneficiary is additionally entrusted with making payments to contractors, grant beneficiaries and/or in the context of direct labour, it shall do so on the basis of a programme estimate agreed by the Beneficiary and the Commission beforehand.

- 5.2 The programme estimate is a document laying down the programme of activities to be carried out and the human and material resources required, the corresponding budget and the detailed technical and administrative implementing arrangements for the execution of these activities over a specified period by means of procurement, grants and/or direct labour.

The programme estimate shall have an imprest component and a component of specific commitments.

Under the imprest component of a programme estimate, the Beneficiary shall be entrusted with implementing the procurement and grant award procedures and carry out the related payments and the payments for direct labour.

Under the component for specific commitments, the Beneficiary shall carry out tasks as referred to in the second subparagraph of Article 1.1 of these General Conditions; the Commission shall carry out related payment to contractors and grant beneficiaries. Certain identified activities, including audits, evaluations and recourse to the framework contract, shall be implemented directly by the Commission.

Where the action is financed under the EDF, the tasks described in Annex I may be implemented by a body governed by private law on the basis of a service contract, awarded by the Beneficiary in accordance with the procedures and standard documents referred to in Article 1.3.

- 5.3 All programme estimates implementing the Financing Agreement must respect the procedures and standard documents concerning programme estimates and laid down by the Commission, in force at the time of the adoption of the programme estimate in question.

Ordinary operating costs incurred by the entity in charge of the tasks entrusted to the Beneficiary referred to in Articles 1.1 and 5.1 of these General Conditions shall be eligible for EU financing under the imprest component of a programme estimate during the entire duration of the execution period of this Financing Agreement, unless an earlier start of cost eligibility is stipulated in Article 6 of the Special Conditions. These costs are incurred in carrying out budget-implementation tasks and include local staff, utilities (e.g. water, gas, and electricity), rental of premises, consumables, maintenance, short-term business trips and fuel for vehicles. They shall not include purchase of vehicles or of any other equipment, or any operational activity. Article 1.3 and 2.1 of these General Conditions shall not apply to these ordinary operating costs.

- 5.4 The Beneficiary shall submit to the Commission annually, by the date stipulated in Article 6 of the Special Conditions, a management declaration signed by the Beneficiary at the appropriate level using the template in Annex IV.

**Article 6 - Payments to the Beneficiary implementing the imprest component of a programme estimate**

- 6.1 The Commission shall transfer funds no later than 30 calendar days after the date on which it registers an admissible payment request for pre-financing from the Beneficiary which contains the date, the amount and the currency; the time-limit shall be 90 calendar days for a payment request for replenishment or closure. Late-payment interest shall be due pursuant to the applicable Financial Regulation. The time-limit for the payment may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request cannot be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request comes to the notice of the Commission, the Commission may suspend the time-limit for the payment for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The suspension and the reasons for it shall be communicated to the Beneficiary as soon as possible. The time-limit for the payment shall resume once the missing supporting documents have been provided or the payment request has been corrected.
- 6.2 The Commission shall make payments to a bank account opened at a financial institution accepted by the Commission.
- 6.3 The Beneficiary shall guarantee that funds paid by the Commission can be identified in this bank account.
- 6.4 Transfers in euro shall, if necessary, be converted into the Beneficiary's national currency as and when payments have to be made by the Beneficiary, at the bank rate in force on the day of payment by the Beneficiary.
- 6.5 The imprest component of a programme estimate which has not given rise to any payment to the Beneficiary within three years of the conclusion of the programme estimate shall be

automatically terminated, and the corresponding committed amount shall be decommitted.

**Article 7 - Publication of information on procurement and grant contracts by the Beneficiary**

- 7.1 The Beneficiary undertakes to publish each year in a dedicated and easily accessible place of its internet site, for each procurement and grant contract for which it is contracting authority under the programme estimates referred to in Article 5, its nature and purpose, the name and locality of the contractor (contractors in case of a consortium) or grant beneficiary (grant beneficiaries in case of a multi-beneficiary grant), as well as the amount of the contract.

The locality of a natural person shall be a region at NUTS2 level. The locality of a legal person shall be its address.

If such internet publication is impossible, the information shall be published by any other appropriate means, including the official journal of the Beneficiary.

Article 6 of the Special Conditions shall stipulate the location, on the internet or otherwise, of the place of publication; reference shall be made to this location in the dedicated place of the internet site of the Commission.

- 7.2 Scholarships to, and direct financial support of natural persons most in need shall be published anonymously and in an accumulated manner by category of expenditure.

Otherwise, names of natural persons shall be replaced by "natural person" two years after publication. The name of a legal entity containing that of a natural person involved in this entity shall be treated as a natural person's name.

Publication of names of natural persons shall be waived if such publication risks violating their fundamental rights or damaging their commercial interests.

The Beneficiary shall present a list of data to be published on natural persons with any justifications for proposed waivers of publication to the Commission which must grant prior approval to this list. Where necessary, the Commission shall complete the locality of the natural person limited to a region at NUTS2 level.

- 7.3 Publication of the procurement and grant contracts concluded (i.e. signed by the Beneficiary and the contractor or grant beneficiary) during the reporting period shall take place within six months following the date for submitting the report pursuant to Article 6 of Special Conditions.
- 7.4 Publication of contracts may be waived if such publication risks harming the commercial interests of contractors or grant beneficiaries. The Beneficiary shall present a list with such justifications to the Commission which must grant prior approval to such publication waiver.
- 7.5 Where the Commission carries out payments to contractors and grant beneficiaries, it shall ensure the publication of information on procurement and grant contracts according to its rules..

**Article 8 - Recovery of funds**

- 8.1 The Beneficiary shall take any appropriate measures to recover the funds unduly paid.

Amounts unduly paid and recovered by the Beneficiary, amounts from financial guarantees

lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed by the Beneficiary on candidates, tenderers, applicants, contractors or grant beneficiaries, as well as damages awarded to the Beneficiary shall be returned to the Commission.

- 8.2 Without prejudice to the above responsibility of the Beneficiary to recover funds unduly paid, the Beneficiary agrees that the Commission may, in accordance with the provisions of the Financial Regulation applicable and this Financing Agreement, formally establish an amount as being unduly paid under procurement and grant contracts financed under Part One and proceed to its recovery by any means on behalf of the Beneficiary, including by offsetting the amount owed by the contractor or grant beneficiary against any of his claims against the EU and by forced recovery before the competent courts.
- 8.3 To this end, the Beneficiary shall provide to the Commission all the documentation and information necessary. The Beneficiary hereby empowers the Commission to carry out the recovery in particular by calling on a guarantee of a contractor or grant beneficiary of which the Beneficiary is the contracting authority or by offsetting the funds to be recovered against any amounts owed to the contractor or grant beneficiary by the Beneficiary as contracting authority and financed by the EU under this or another Financing Agreement or by forced recovery before the competent courts.
- 8.4 The Commission shall inform the Beneficiary that the recovery proceedings have been initiated (including where necessary before a national court).
- 8.5 Where the Beneficiary is a sub-delegatee of an entity with which the Commission concluded a delegation agreement, the Commission may recover funds from the Beneficiary which are due to the entity but which the entity was not able to recover itself.

#### **Article 9 - Financial claims under procurement and grant contracts**

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor or grant beneficiary and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the EU only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts.

#### **Article 10 - Cost overruns and ways of financing them**

- 10.1 Individual overruns of the budget headings of the activities implemented by the Beneficiary shall be dealt with by reallocating funds within the overall budget, in accordance with Article 25 of these General Conditions.
- 10.2 Wherever there is a risk of overrunning the amount foreseen for the activity implemented by the Beneficiary, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective activities planned to cover the overrun, proposing either to scale



been vitiated by a serious irregularity attributable to the Beneficiary, in particular if the Beneficiary provided unreliable or incorrect information, or if corruption or fraud was involved.

### **Part Three: Provisions Applicable to This Action as a Whole, Irrespective of the Management Mode**

#### **Article 15 - Execution period and contracting deadline in direct management**

15.1 The execution period of this Financing Agreement shall comprise two phases:

- an operational implementation phase, in which the principal operational activities of the action are carried out. This phase shall start on the entry into force of this Financing Agreement and end with the opening of the closure phase;
- a closure phase, during which final audits and evaluation are carried out and contracts and programme estimates for the implementation of this Financing Agreement are technically and financially closed. The duration of this phase is stipulated in Article 2.3 of the Special Conditions. It starts after the end of the operational implementation phase. Only expenditure necessary for the closure shall be eligible.

These periods shall be reflected in the agreements to be concluded by the Beneficiary and by the Commission in the implementation of this Financing Agreement, in particular in delegation agreements and procurement and grant contracts.

- 15.2 Costs related to the principal operational activities shall be eligible for EU financing only if they have been incurred during the operational implementation phase; the costs incurred by the Beneficiary before the entry into force of this Financing Agreement shall not be eligible for EU financing unless provided otherwise in Article 6 of the Special Conditions. Costs related to final audits and evaluation, and to closure activities shall be eligible until the end of the closure phase.
- 15.3 Any balance remaining from the EU contribution will be automatically decommitted no later than six months after the end of the execution period.
- 15.4 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the execution period. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that end. This Financing Agreement shall be amended accordingly.
- 15.5 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the execution period. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that end. This Financing Agreement shall be amended accordingly.
- 15.6 Article 2 of these General Conditions shall apply to activities implemented by the Commission as contracting authority (direct management) with the exception of the second

and third subparagraph of Article 2.1.

**Article 16 - Verifications and checks by the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors**

16.1 The Beneficiary shall assist and support the verifications and checks carried out by the Commission, OLAF and the European Court of Auditors at their request.

The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot controls on the use made of EU financing under the activities under this Financing Agreement and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the activities, throughout the duration of this Financing Agreement and for five years from the end of the execution period.

16.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by EU law for the protection of the EU's financial interests against fraud and other irregularities.

To that end, pursuant to Regulation (EC, Euratom) No 2185/96 and to Regulation (EC, Euratom) No 883/2013, the Beneficiary shall grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under this Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

16.3 The checks and audits described above shall also apply to contractors and grant beneficiaries, and subcontractors who have received EU financing.

16.4 The Beneficiary shall be notified of on the spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

**Article 17 - Tasks of the Beneficiary in fighting irregularities, fraud and corruption**

17.1 The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities, fraud or corruption and of any measure taken or planned to deal with them.

17.2 The Beneficiary shall ensure and check regularly that the actions financed from the budget are effectively carried out and implemented correctly. It shall take appropriate measures to prevent, detect and correct irregularities and fraud and where necessary, bring prosecutions and recover funds unduly paid.

"Irregularity" shall mean any infringement of this Financing Agreement, implementing contracts and programme estimates or of EU law resulting from an act or omission by anyone who has, or would have, the effect of prejudicing the funds of the EU, either by reducing or losing revenue owed to the EU, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- 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 EU or the EDF;
- 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.

17.3 The Beneficiary undertakes to take every appropriate measure to prevent, detect and punish any practices of active or passive corruption during the implementation of the Financing Agreement.

"Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

"Active corruption" shall mean 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, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

17.4 The Beneficiary shall immediately inform the Commission (contacts pursuant to the third subparagraph of the Article 1.8 of the General Conditions) of the name of the entity that has been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the EU's financial interests.

17.5 If the Beneficiary does not take appropriate measures to prevent fraud, irregularities and corruption, the Commission may adopt precautionary measures including the suspension of this Financing Agreement.

#### **Article 18 - Suspension of payments**

18.1 Without prejudice to the suspension or termination of this Financing Agreement according to Articles 26 and 27, respectively, the Commission may suspend payments partially or fully, if:

- a) the Commission has established that or has serious concerns, on the basis of information it received, and needs to verify, whether the Beneficiary has committed substantial errors, irregularities or fraud in the procurement and grant award procedure or in the implementation of the action, or the Beneficiary has failed to comply with its

obligations under this Financing Agreement, including obligations regarding the implementation of the Communications and Visibility plan;

- b) the Commission has established that or has serious concerns, on the basis of information it received, and needs to verify, whether the Beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under this or other Financing Agreements, provided that those errors, irregularities, fraud or breach of obligations have a material impact on the implementation on this Financing Agreement or call into question the reliability of the Beneficiary's internal control system or the legality and regularity of the underlying expenditure;
- c) the Commission suspects that the Beneficiary committed substantial errors, irregularities, fraud or breach of obligations in the procurement and grant award procedure or in the implementation of the action and needs to verify whether they have occurred.
- d) it is necessary to prevent significant damage to the financial interests of the EU.

18.2 The Commission shall immediately inform the Beneficiary about the suspension of payments and of the reasons for this suspension.

18.3 The suspension of payments shall have the effect of suspending payment time-limits for any payment request pending.

18.4 In order to resume payments the Beneficiary shall endeavour to remedy the situation leading to the suspension as soon as possible and shall inform the Commission of any progress made in this respect. The Commission shall, as soon as it considers that the conditions for resuming payments have been met, inform the Beneficiary thereof.

#### **Article 19 - Allocation of funds recovered by the Commission to the action**

Where the action is financed under the EDF, amounts unduly paid and recovered by the Commission, amounts from financial guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed on candidates, tenderers, applicants, contractors or grant beneficiaries, as well as damages awarded to the Commission shall be allocated to this action.

#### **Article 20 - Right of establishment and residence**

20.1 Where justified by the nature of the procurement or grant contract, the Beneficiary shall entitle natural and legal persons participating in invitations to tender for works, supply or service contracts or calls for proposals and entities expected to be entrusted with budget-implementation tasks identified in Annex I with a provisional right of establishment and residence in the Beneficiary's territory(ies). This right shall remain valid for one month after the contract is awarded.

20.2 The Beneficiary shall also entitle procurement contractors and grant beneficiaries, entities entrusted with budget-implementation tasks identified in Annex I (Technical and

Administrative Provisions), natural persons whose services are required for the performance of this action and members of their families with similar rights during the implementation of the action.

#### **Article 21 - Tax and customs provisions**

21.1 The Beneficiary shall apply to procurement contracts and grants financed by the EU the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

Where the Beneficiary is an ACP State, account shall not be taken of arrangements applied by it to the other ACP States or to other developing countries for the purpose of determining the most-favoured-State treatment.

21.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

#### **Article 22 - Confidentiality**

22.1 The Beneficiary agrees that its documents and data held by an entity with which the Beneficiary is in a contractual relationship regarding them may be forwarded to the Commission by that entity for the sole purpose of implementing this or another Financing Agreement. The Commission shall respect all confidentiality arrangements agreed between the Beneficiary and that entity.

22.2 Without prejudice to Article 16 of these General Conditions, the Beneficiary and the Commission shall preserve the confidentiality of any document, information or other material directly related to the implementation of this Financing Agreement that is classified as confidential.

22.3 The Parties shall obtain each other's prior written consent before publicly disclosing such information.

22.4 The Parties shall remain bound by the confidentiality until five years after the end of the execution period.

#### **Article 23 - Use of studies**

The contract related to any study financed under this Financing Agreement shall include the right for the Beneficiary and for the Commission to use the study, to publish it and to disclose it to third parties.

#### **Article 24 - Consultation between the Beneficiary and the Commission**

24.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further pursuant to Article 29 of these General Conditions.

- 24.2 Where the Commission becomes aware of problems in carrying out procedures relating to management of this Financing Agreement, it shall establish all necessary contacts with the Beneficiary to remedy the situation and take any steps that are necessary.
- 24.3 The consultation may lead to the amendment, suspension or termination of this Financing Agreement.
- 24.4 The Commission shall regularly inform the Beneficiary of the implementation of activities described in Annex I which do not fall under Part One of these General Conditions.

#### **Article 25 - Amendment of this Financing Agreement**

- 25.1 Any amendment of this Financing Agreement shall be made in writing, including an exchange of letters.
- 25.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission. In the exceptional cases of an adjustment of the objectives of the action and/or an increase in the EU contribution, such request shall be submitted at least six months before the amendment is intended to enter into force.
- 25.3 If the adjustment both does not significantly affect the objectives of the activity implemented pursuant to Part One of these General Conditions, and if it concerns matters of detail which do not affect the technical solution adopted, and if it does not include the reallocation of funds, or if it concerns reallocations of funds within the limit of the contingency reserve, the Beneficiary shall inform the Commission of the adjustment and its justification in writing as soon as possible and may apply that adjustment.
- 25.4 The use of contingency reserve provided for an action shall be subject to the Commission's prior written approval.
- 25.5 Where the Commission considers that the Beneficiary ceases to perform satisfactorily the tasks entrusted pursuant to Article 1.1 of these General Conditions and without prejudice to Articles 26 and 27 of these General Conditions, the Commission may decide to retake the tasks entrusted from the Beneficiary in order to continue the implementation of the activities on behalf of the Beneficiary after informing the latter in writing.

#### **Article 26 - Suspension of this Financing Agreement**

- 26.1 The Financing Agreement may be suspended in the following cases:
- The Commission may suspend the implementation of this Financing Agreement if the Beneficiary breaches an obligation under this Financing Agreement.
  - The Commission may suspend the implementation of this Financing Agreement if the Beneficiary breaches any obligation set under the procedures and standard documents referred to in Article 1.3 and 5.3 of these General Conditions.

- The Commission may suspend this Financing Agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.
  - This Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.
  - Neither of the Parties shall be held liable for breach of its obligations under this Financing Agreement if it is prevented from fulfilling them by force majeure, provided it takes measures to minimise any possible damage.
- 26.2 The Commission may suspend this Financing Agreement without prior notice.
- 26.3 The Commission may take any appropriate precautionary measure before suspension takes place.
- 26.4 When the suspension is notified, the consequences for the on-going procurement and grant contracts, delegation agreements and programme estimates and for such contracts, delegation agreements and programme estimates to be signed shall be indicated.
- 26.5 A suspension of this Financing Agreement is without prejudice to the suspension of payments and termination of this Financing Agreement by the Commission in accordance with Article 18 and 27 of the General Conditions.
- 26.6 The parties shall resume the implementation of the Financing Agreement once the conditions allow with the prior written approval of the Commission. This is without prejudice to any amendments of this Financing Agreement which may be necessary to adapt the action to the new implementing conditions, including, if possible, the extension of the implementation period, or the termination of this Financing Agreement in accordance with Article 27.

#### **Article 27 - Termination of this Financing Agreement**

- 27.1. If the issues which led to the suspension of this Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate this Financing Agreement at 30 days' notice.
- 27.2. This Financing Agreement shall be automatically terminated, if within the period of three years of its signature:

- a) it has not given rise to any payment;
  - b) no implementing contract or delegation agreement has been signed;
  - c) and where this action is financed under the EDF, no programme estimate has been signed;
- 27.3 When the termination is notified, the consequences for the on-going procurement and grant contracts, delegation agreements and programme estimates and for such contracts, delegation agreements and programme estimates to be signed shall be indicated.

#### **Article 28 - Dispute settlement arrangements**

- 28.1 Any dispute concerning this Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 24 of these General Conditions may be settled by arbitration at one of the parties' request.

Where the Beneficiary is an ACP State or an ACP regional body or organisation and this action is financed under the EDF, the dispute shall be submitted, prior to arbitration and after the consultations provided for in Article 24 of these General Conditions, to the ACP-EC Council of Ministers, or, between its meetings, to the ACP-EC Committee of Ambassadors, pursuant to Article 98 of the ACP-EC Partnership Agreement. If the Council or Committee does not succeed in settling the dispute, either party may request settlement of the dispute by arbitration in accordance with Articles 28.2, 28.3 and 28.4.

- 28.2 Each party shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.
- 28.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
- 28.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.