



EUROPEAN UNION

DELEGATION TO BOSNIA AND HERZEGOVINA

Sarajevo, 20 November 2018

CONSULTATION

INVITATION TO EXPRESSION OF INTEREST FOR CANDIDATE ENTITIES TO BE ENTRUSTED WITH THE IMPLEMENTATION OF IPA 2018 SUPPORT IN THE SECTOR OF AGRICULTURE AND RURAL DEVELOPMENT: EU SUPPORT TO AGRICULTURE COMPETITIVENESS AND RURAL DEVELOPMENT IN BOSNIA AND HERZEGOVINA (EU4AGRICULTURE)

The European Union (EU) will support the sector of agriculture and rural development in Bosnia and Herzegovina (BiH) through a programme with the overall objective of strengthening BiH's capacity for modernising the agri-food sector and foster rural economy in the country. In specific, it is to increase competitiveness of agriculture production and rural jobs and services in Bosnia and Herzegovina.

In that respect, the Delegation of the European Union to BiH, building on the suggestions of BiH's authorities, is looking into possibilities for indirect management with eligible entities to implement parts of the 2014-2020 Instrument for Pre-accession Assistance (IPA II) foreseen for the country, in view of potentially entering into formal negotiation leading to the signature of an Indirect Management Contribution Agreement in the course of 2019.

Legal bases and considerations:

The financial rules applicable to the Union budget, specifically Articles 62 (1) (c) and 154 of Financial Regulation (EU Euratom) No 2018/1046 from 18 July 2018, Regulation (EU) No 231/2014 from 11/03/2014, establishing an Instrument for Pre-accession Assistance (IPA II), Articles 1 (4) and 5 (4) of the Regulation No 236/2014 from 11/03/2014 laying down common rules and procedures for the implementation of the Union's instruments financing external action, allow for a possibility for the Union's financial assistance to be implemented indirectly by entrusting budget implementing tasks to among others, international organisations as well as their agencies and Member States agencies.

This invitation to expression of interest aims at identifying entities which could be later on, invited to exploratory talks on a potential subsequent entrustment of the Union's budget implementation tasks (BIT) in respect to specific actions of the IPA 2018 Action Document (AD) for EU Support to Agriculture competitiveness and rural development. The organisation in expressing an interest to this consultation does not commit itself. At the same time, the European Commission reserves the right to take its final decision on the delegated actions upon its discretion.

A budget implementation tasks (BIT) means that the entrusted entity is responsible for:

- *Implementation of grant award and of procurement procedures*
- *Award decisions for grants and procurement – complementary decisions to reject the other applicants and tenderers;*
- *Implementation of contracts: signature of legal commitments, authorisation of payments and recoveries, audits and follow-up*
- *Implementation of financial instruments(if any)*
- *Implementation of Technical assistance*
- *Treasury and accounting.*

The invitation includes the following annexes:

1. Annex I: Brief description of the Action "EU Support to agriculture competitiveness and rural development in Bosnia and Herzegovina";
2. I. Eligibility criteria;
3. Annex II – Standard template for assessing potential applicants responding to a consultation process for expression of interest – to be filled in by the applicant;
4. Evaluation Grid;
5. Annex IV: Responsibilities of the entrusted bodies under Indirect Management according to Articles 62, 154, 156 and 157 of Financial Regulation (EU Euratom) no 2018/1046 from 18 July 2018;
6. Communication and Visibility in EU – financed external actions – Requirements for Implementing partners.

IPA II context

The overall objective of the IPA 2018 AD, related to the part “EU Support to Agriculture and rural development in Bosnia and Herzegovina”¹, is to strengthen Bosnia and Herzegovina’s capacity for modernising the agri-food sector and foster rural economy in the country. The specific objective of this document is to increase competitiveness of agriculture production and rural jobs and services in Bosnia and Herzegovina.

The foreseen Action could be implemented by the entrusted entity (with its implementing partner(s)) which has the highest competences and specialisation in this given area and has a proven track record in EU Member States, candidate and potential candidate countries.

Responsibilities of the future entrusted entity:

The entrusted entity² will be responsible for implementing the envisaged overall Action described in the IPA 2018 Action Document, the part related to “EU Support to Agriculture and rural development” which includes the tasks described in Annex I. The entrusted entity shall be responsible for the overall administration of all the tasks required to implement the above *Action*, among others, preparation, implementation and conclusion of procurement contracts, and management of corresponding expenditures as well as providing for Technical assistance in prioritised fields of interventions to the sector administrations in BiH. The entrusted entity will also be responsible for coordination among its implementing partner(s). It will participate in coordination meetings and other jointly organised common activities with the European Union.

In performing the *Action* entrusted to it, the implementing entity may not carry out tasks involving a large measure of discretion implying political choices and it may not set nor modify the primary objectives of the activities as described in Annex I, without the consent of the European Union. The entrusted entity (with its implementing partner(s)) is envisaged to directly provide technical assistance with its own staff, which should be indicated in the reply to this Invitation to Expression of interest. In case that the outsourcing would be needed, the entrusted entity (with its implementing partner(s)) is obliged to recruit experts with relevant sector experience in the Western Balkans countries, including experience in Bosnia and Herzegovina. The financing of the actions shall be done by the European Union as prescribed in the Financing Decision. A flat rate of up to a maximum 7% administrative cost is applicable to all Indirect Management Contribution Agreements and will be subject to further discussions and negotiations.

¹ Further referred as “Action”

² It is to be the only contracting party to sign potential Contribution Agreement with the EU, also on behalf of its partners, if any.

Selection process:

Submission Requirements: Interested entities are hereby invited to submit their proposals in reply to this Invitation to Expression of interest by replying to the questions mentioned under **Annex II**.

The reply should be sent by email to the following e-mail address: delegation-bosnia-and-herzegovina@eeas.europa.eu by **Thursday, 31 January 2019, 12:00 o'clock, CET, the latest**.

Any questions related to this Invitation to Expression of interest should be addressed to the EU Delegation by email to the following e-mail address: delegation-bosnia-and-herzegovina@eeas.europa.eu **not later than Wednesday, 12 December 2018**.

All replies to the questions received in the period since the publication of this Invitation to Expression of interest until the above deadline, will be published at the website of the Delegation of the European Union to Bosnia and Herzegovina, section "Tenders and funding", sub-section "EU Delegation tenders" under the link to this Expression of interest **not later than 20 December 2018**.

The organisations that respond to this Invitation to Expression of interest will be assessed along the set of criteria mentioned in "I. Eligibility criteria", annexed to this Invitation. The best-placed entity will be invited to start negotiations, potentially leading to a Contribution Agreement, subject to confirmation of funding by the European Union. The selection will be made from responses to this Invitation.

The selection of the entities under indirect management should not to be compared with, and does not constitute a competitive procedure. However, the present Invitation to Expression of Interest with all potentially eligible/interested entities ensures a transparent selection process on objective grounds.

The signature of a Contribution Agreement is expected before the end 2019, following a negotiation between the selected entity and the EU Delegation to BiH.

Annex I – Brief description of the Action "EU Support to agriculture competitiveness and rural development in Bosnia and Herzegovina"

The overall objective of the IPA 2018 Action "EU Support to Agriculture and rural development" is to strengthen Bosnia and Herzegovina's capacity for modernising agri-food sector and foster rural economy.

The specific objective of this Action is to support increase of Bosnia and Herzegovina's competitiveness of agriculture production and rural jobs and services.

The foreseen results are:

1. Higher levels of production of safe and quality food based on introduced innovative practices, while preserving the natural resources and the countryside, are sustained.
2. Policy actions³ are implemented in EU aligned manner, based on sector services and systems improved.

Rationale

Bosnia and Herzegovina's (BiH) agriculture and rural development sector, including food safety, veterinary and phytosanitary matters, is one of the key strategic sectors for competitiveness of the country's economy. It has a high potential for generating growth, job creation and export. It is also crucial for local economic development, as most of the country is rural with a huge amount – over 50% of the country's surface – of agricultural land⁴.

The 2016 European Commission (EC) Country Report for BiH stresses that some progress was achieved on food safety, veterinary and phytosanitary policies. However, the administrative capacity and coordination within the agriculture and rural development sector still needs to be improved. The effectiveness and EU compliance of support measures remain insufficient to increase the sector's productivity and competitiveness. Further alignments of its official veterinary and phytosanitary control systems with European standards and further upgrading of its administrative capacities, in particular with regard to inspection services and laboratories, are key priorities for the country on its further EU approximation path.

The recently adopted *Strategic Plan for Rural Development 2018-2021 - Framework document* (SPRD) is the framework for further development of the agriculture and rural development sector. It enhances coordination and management in the sector, improves the regulation of food safety, veterinary and phytosanitary matters and provides for inter-institutional coordination and harmonization of legislation with the purpose of alignment with EU and international standards. The aim of SPRD is to set up objectives, establish measures for achieving these objectives, establish monitoring and evaluation, as well as define the financial resources needed for the implementation of these measures. The SPRD identifies and addresses key problems in the sector, and serves as the basis for the problem analysis presented below.

The share of agriculture in the BiH gross domestic product is high (between 6.0 and 7.5% of the GDP). The sector accounts for 17 % of employment in BiH⁵. However, the productivity of the agricultural sector, the degree of marketability and the added value of agricultural production in BiH is low. Challenges to agricultural production are: fragmentation of agricultural land, outdated production technology, low productivity of breeds for cattle and of the plants varieties that are predominantly grown. Rural areas suffer from a lack of physical infrastructure, culture and social infrastructure as well as job opportunities. In addition, BiH is predominantly a country of small

³ Actions stand for specific strategic measures defined in the Strategic plan of rural development of Bosnia and Herzegovina (2018-2021) – Framework document that can be found at www.mvico.gov.ba

⁴ Strategic Plan for Rural Development of Bosnia and Herzegovina 2018-2021 – Framework document: "According to the statistical sources, BiH has 2.2 million ha of agricultural land of which 1.6 million ha is arable land and 600 thousand ha are pastures".

⁵ European Commission, Country Report for BiH 2016.

farms with insufficient competitiveness. The area of agricultural land that determines the volume and structure of agricultural production is scarce and its use is inefficient due to the fragmentation of land-parcels, topographic characteristics, problems with cadastre registration of property rights and the quality of soil. Cooperation and coordination between policy makers, scientific research institutions, advisors and the producers is limited. Women are faced with additional challenges which prevent them from equal participation in economic activities in rural areas. According to the labour force survey for 2017, around 154 000 persons were engaged in the agriculture sector, of which approximately 60% were men and 40% were women. Besides that, the land is usually owned by men which makes it more challenging for women to apply for the loans they would need to start or expand the business⁶.

The institutional and administrative capacity necessary for accelerating the EU integration process in this area is not sufficient. Furthermore, the legal framework, within the country internally and with the *acquis*, is not fully harmonised. The agricultural information system in BiH is not adequate to support good policy making and needs improvements to advance in its approximation to the EU.

The stakeholders most affected by the problems identified are farmers and agricultural associations, cooperatives, primary holdings, food business operators (producers, processors, including in particular those export oriented), start-ups, entrepreneurs, young people and the rural population. On the other hand, state and entity ministries and other institutional bodies and services, like inspectorates, laboratories etc., as well as those of Brčko District of BiH, cantons, municipalities and cities, are facing challenges related to *acquis* alignment and implementation of policy measures. Stakeholders who influence conditions for improved competitiveness of agricultural producers and processors are also very important. These are rural development centres, local action groups, universities and research institutes, training providers, employers' associations, chambers of commerce, social partners, sector organisations and NGOs.

BiH's progress in response to these challenges will also accelerate the implementation of the Stabilisation and Association Agreement (SAA) which calls for "modernising and restructuring the agriculture and agro-industrial sector ... to reach veterinary and phytosanitary Community requirements and...supporting the progressive approximation of the legislation".

To address the above described sector needs and constraints, IPA II assistance will support BiH in developing an efficient, sustainable and innovative agro-food sector which is competitive on the EU market and offers employment, economic inclusion and quality of life for the rural population.

Namely, the foreseen *Action* would include the combination of *grant support* (for achievement of result 1) and *technical assistance* (for achievement of result 2).

Specifically, Grants will target *competitiveness support measures*⁷. Together with Technical assistance activities to support Result 2 below, they make up the two priority pillars of Specific objective and constitute two Components of this programme for the overall support to the agriculture and rural development sector.

Component 1

Competitiveness support measures are defined in the Strategic Plan of Rural Development of BiH 2018 – 2021 – Framework document - and are aligned with the EU Rural Development policy.

The measures are to be launched via calls for applications to channel grants and subsidised support targeting:

- 1.1 *Improving market efficiency* – support measures should target large agri-food industry value-chains but also small-scale farmers promoting small supply chains through

⁶ Strategic Plan for Rural Development of Bosnia and Herzegovina 2018-2021 – Framework document

⁷ In line with strategic goals II, III and V of Strategic Plan of Rural Development of BiH 2018- 2021 – Framework document

partnerships between local producers, processors and retailers and producers' organisations such as farmers' associations, cooperatives etc. These measures will increase volume and production, create jobs, preserve the sector potential (natural, human capital etc.), improve standards etc. Measures may include, but not be limited to:

- improving farming facilities, business and production capacities through better physical infrastructure,
- purchasing machinery and equipment aimed at increasing livestock production and fisheries, as well as plant production,
- introducing new technologies via supplies and practical on-the-job trainings,
- providing certification in quality and safety standards etc., including protection of traditional production (e.g. quality schemes),
- increasing organic production and obtaining relevant certification recognised country-wide, and in the EU,
- establishing and/or developing the capacity of agricultural producers and agri-food processor groups (associations and cooperatives).

1.2 *Strengthening advisory and extension services* to farmers and agri-food operators across the country (knowledge transfer and innovative practices) by non-state actors which act in support of the advisory services that the competent institutions provide for. Those actors may be education and professional training organisations, business support services, rural development centres etc. thereby contributing to:

- assisting farmers in identifying sources of financing, writing project proposals and business plans;
- overcoming the gap between science and farming.

They are based on partnerships between public, private and non-state educational and training. Activities may include support measures such as, but not limited to:

- trainings of advisors in identifying financing sources and writing project proposals and business plans for farms and agri-business,
- capacity building of structures providing professional training and education for farmers,
- providing advice and consulting on farm management, operations, logistics, marketing and investment etc.,
- information and awareness campaigns on agricultural market trends for specific products, with an emphasis on high-value crops or products,
- practical demonstrations and in-the-field trials regarding the use of machinery and technologies for crop cultivation, sustainable plant protection, and the implementation of hygiene, animal welfare and health standards,
- Hand-in-hand activities with the institutional services based on on-the-job and in-the-field trainings etc.

1.3 *Strengthening the rural economy and its diversification*: these measures should support rural jobs and services to ensure a better quality of life in rural areas. Activities may include support measures such as, but not limited to:

- on-farm investments with a strong focus on innovative practices:
 - diversifying usual farming production e.g. producing ornamental medical and spice herbs, beekeeping, aquaculture etc.
 - maintaining grassland and livestock (machinery, infrastructure, breeding, standards etc.).
 - improving facilities for agriculture-related activities e.g. green markets in the communities, purchase stations, venues for fairs, sale and presentation of products.

- off-farm investments:
 - increasing socio-economic activities e.g. establishing village centres, agri-incubators (including best local practices to pilot via local partnerships), thereby facilitating access to other operators in the value chain and to the market with branded products,
 - setting up and equipping centres of youth farming ideas, IT centres/internet hubs,
 - increasing production and market positioning of local craftsmanship,
 - developing rural tourism,
 - starting new micro businesses.

Within activities under 1.3 and in addition to equal representation under activities 1.1 and 1.2, women and young people in rural areas will be also specifically targeted as 'community made leaders' under the launched calls for applications to provide investments into their start-ups and education, including innovative practice base.

Component 2

Activities to support Result 2 represent the technical assistance (expertise and any tailor made, like IT or working tools related supplies) to the sector administration at all levels in their administrative and institutional capacity building⁸, in the fields like, but not limited to:

- Management of grant schemes, in particular of importance for the sustainability of grants support: including all relevant stages (e.g. design of calls, info days with awareness raising campaigns across the country, launch of calls and managing entire procurement circle, contracting, advising in grants implementation, payments etc.) and as particularly important, monitoring the soundness and efficiency of grants support as well as reporting and evaluating its effectiveness at both outputs and particularly, at the outcome level. In that respect, it is expected that quantitative (evidence-based) monitoring would be enhanced, combined with qualitative monitoring methods and tools. All that will also serve for better policy planning and identification of measures as well as their implementation and monitoring across the country.
- Policy implementation via reviews/upgrades of action plans, implementing procedures (both desk research and in the field trainings), practical demonstrations etc. which includes improving know-how, skills and mode operandi;
- Institutional advisory support services (as cross-cutting with activities under 1.2 above): needs assessment, design of common training programmes, systems (like certification), review and upgrade of monitoring and evaluation system for extension/non-state actors' advisory services, development of common information exchange web system for advisory/extension services etc.
- Improving knowledge base and skills in on-the-job trainings and in-the-field practical demonstrations etc.
- Improvements of information systems, registries, including needs assessment, reviews of methodologies, development of ICT solutions, piloting, trainings and skills improvement etc.
- If agreeable by all authorities and as identified along the work of implementing policy measures, possibly improving legislation and gradually aligning it to the extent to which BiH is able to follow more structural sector reforms.
- Improving the authorities' monitoring and evaluation systems via reviews of systems and needs assessment, improvement of procedural and ICT base and solution development, skills improvements etc. As related to both the grants management and policy implementation fields listed above, the technical assistance component should also provide capacity building of relevant stakeholders for monitoring and evaluation of selected

⁸ In line with strategic goal VI of Strategic Plan of Rural Development of BiH (2018- 2021) – Framework document

measures of *Strategic Plan of Rural Development of BiH (2018- 2021) – Framework document*, so as to provide inputs for better policy making.

- Human resource development. Training programmes shall be specifically tailored for groups of employees in line with their functions and responsibilities across all sector policy making structures.

Stakeholders: they will be either direct or indirect beneficiaries of various measures under this Action. In addition, line ministries and relevant bodies will actively participate in monitoring and evaluation of the overall Action and specific measures.

Description of related tasks

The Action will be implemented through a Contribution Agreement for indirect management. The entrusted entity will be responsible for managing the overall Action (including coordination with its partner(s) and/or exceptionally, its contractor(s), if any) which will **comprise of Technical assistance (maximum 20% of total EU contribution)** and a **Grant Investment Package** for the rest of the **total EU contribution (app. 80%)**.

The core activities which present the component of the **Grant Investment Package (GIP)**⁹ will be channelled under the principle of sub-granting, via launched series of calls for proposals within specified areas of intervention (activities 1.1 – 1.3) that are expected to include different lots to be defined along sub-areas, specific target groups etc. identified within each area of intervention. That would require due attention to country wide local economic development, based on needs responses, avoiding exclusive concentration around the biggest centres in the country and developing an approach appropriate to the needs based support to less developed municipalities in BiH as well.

Dynamics of the Action implementation should take into account capacities of applicants to the calls for grants/final beneficiaries. The Action will therefore support further development of their capacities via relevant advisory and coaching mechanisms, like information and awareness campaigns, trainings (hand-in-hand with institutional advisory services), but also during monitoring of the grants implementation etc. Also, it is expected that the Action may facilitate possible partnerships with the banking sector (exploring also local co-funding opportunities) for the co-funding to be provided at the applicant's level.

The EU contribution for the GIP is envisaged to be indicatively split between the above areas of intervention in a way that app. 50% of the contribution to GIP goes to measures 1.1, 15% for measures 1.2 and 35% for measure 1.3. The entrusted entity will sign resulting contracts with the best ranking applicants and be in charge of managing them from the side of the contracting body.

The entrusted entity (with its implementing partner(s)) will also provide **the technical assistance** with its own expertise and technical resources. In case that the outsourcing would be needed, the entrusted entity (with its implementing partner(s)) is obliged to recruit experts with relevant sector experience in the Western Balkans countries, including experience in Bosnia and Herzegovina. It is expected that the entrusted entity ensures that the experts are adequately supported and equipped. In particular there has to be sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities.

⁹ Important note: current BiH context in the EU sector approximation and IPA assistance differ from more complex process required for IPARD practising that for BiH may come at later accession stages, following the country's agreement on the system set-up and its advancement in EU approximation. Therefore, no IPARD like context or structures will be practised in BiH under IPA II assistance due to no preconditions met i.e. no political agreement over IPARD set up nor any operating structures and procedures in place. However, nothing contradictory to further accession stages, including IPARD, will be practised under IPA II – on the contrary, IPA II will be beneficial for the country's further approximation and its better preparedness. This is to be duly respected by the contracted parties and their partner(s) under the EU funded contracts/Agreements.

Amongst other fields of intervention, this Component will particularly aim at establishing the stakeholders' structure for result oriented monitoring and evaluation of GIP. It will include, amongst other, development of grant selection criteria and performance benchmarks, methodology for monitoring and evaluation of grants, capacity building for SWOT, gender and stakeholder analysis, policy advocacy and similar. The arrangements of the Action's monitoring system are expected to take into account relevant principles indicated in *Strategic Plan of Rural development 2018-2021 – Framework document* and to be detailed in the Implementation Manual to be developed at the start of the Action. Also, the available stakeholders' administrative monitoring and evaluation resources and mechanisms are expected to support the Action's monitoring and evaluation system.

Due to complex requirements for managing and implementing grants schemes, it is expected that indicatively 50% of the EU contribution to the Action's Technical assistance component may be allocated to the needs for management of Grant Investment Package.

A bottom-up development approach would be an important tool to improve the business environment, especially considering the difficulties by the Governments to undertake specific measures to facilitate it. In addition, middle-up¹⁰ development approach to institutional capacity building would ensure coordination and cooperation of key stakeholders, promoting practical solutions to lead to the progress in the interests of the sector beneficiaries who need practical support and assistance to be able to develop their businesses and rural communities.

Hence, the ultimate goal of the Action should also be to ensure political ownership and governmental support to agriculture and rural development policies. Actively involving the public sector, increase of the effectiveness and EU compliance of support measures for the benefit of the sector's productivity and competitiveness, coordinating role of the State in full cooperation with all authorities in charge of policy and implementation should complement the Action. The sustainability aspect of the Action should be in particular embedded in the implementing methodology proposed by the entrusted entity. In that respect, it is expected that particular attention should be given to how to go beyond short-term perspectives (to move from the outputs level to more of the outcome) of the grants support in particular.

Implementation arrangements:

Under the Action's framework, the entrusted entity should facilitate cooperation between all relevant stakeholders in order to ensure that all agreed measures are deemed relevant by all stakeholders involved. For that purpose and due to complexity and comprehensiveness of policy fields covered by the Action, regular communication and information exchange between all stakeholders is to be ensured via the Action bodies to be established at the start of the Action, like Steering Committee, coordination groups for specific Action components, any technical advisory groups/working groups for specific activities/measures etc. This network of structures is expected to ensure due representation of all relevant stakeholders and a smooth reporting and coordination chain across all Action components. The entrusted entity is expected to develop concise operational procedures of these groups, with expected functions and responsibilities, frequency of activities etc. to make the mode operandi efficiently structured and feasible.

As for the Steering Committee in particular, the entrusted entity will establish it at the start of implementation, whose role, amongst other, will be to monitor the progress of Action implementation, provide advice, and include main institutional stakeholders in accordance with common practice under the chair of the EU Delegation to BiH. Also, the capacities of existing sector coordination and working groups may also be considered for use in this regard. The administrative and logistics support to these structures is to be provided by the Action. Rights and obligations of the Steering Committee members will be prescribed by the Rules of procedure to be

¹⁰ As also indicated in the *Strategic plan for rural development of Bosnia and Herzegovina 2018 – 2021 – Framework document*

developed at the start of implementation, with the final goal to enable full commitment and ownership of BiH in this Action. Meetings are expected to rotate between main administrative centres in BiH (see more under *Location* below).

At the local and cantonal level, a wider range of stakeholders is expected to be involved in the guidance of the Action. They may include relevant cantonal ministries and municipalities/cities, local action groups, development agencies, rural, business and other relevant centres etc.

The staff of administrations in BiH to have an active involvement in the Action is to be nominated on merit-basis and with adequate competences (in support to the EU Public Administration principles). The formal nominations will be asked from relevant institutions and bodies in writing by the entrusted Entity/Delegated body, with prior agreement of the EU Delegation to BiH.

The Action must ensure inclusive and evidence based policy and legislative development (the latter to the extent of which all relevant authorities will agree on any legislative improvements and take it over for an enforced practising).

On Customs and VAT exemption under IPA II: it is expected that the entrusted entity will also develop this particular aspect, for the grant management component in particular, in its reply to this Expression of Interest. That should include the proposed methodology of work and internal mechanisms for communication and dealing with all relevant parties (grantees, competent institutions in BiH etc.) and procedures on customs and VAT exemption under IPA II (available at the website of the competent authority in BiH i.e. Indirect Taxation Administration of BiH: www.uino.gov.ba). It should cover information and awareness raising on these procedures for potential applicants to the calls for grants, assistance and advice to grantees during implementation of their grants etc. The entrusted entity should deal with requests for customs and/or VAT exemption, where applicable, including checks and verification before submission to the EU Delegation of BiH for issuance of relevant certificate. The entrusted entity should be the key/only point of contact for all communication on this aspect with the EU Delegation to BiH.

Intervention logic

SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS
To increase competitiveness of agriculture production and rural jobs and services	New generated value in relation to IPA funds disbursed through this Action ¹ Employment rate in agriculture (sex disaggregated) ²
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS
Result 1 Higher levels of production of safe and quality food based on introduced innovative practices, while preserving the natural resources and the countryside, are sustained	Number of agri-food operators (physical and legal entities) supported through IPA action with projects which increase quality/quantity of agricultural products Number of new jobs created, including for youth and for women in rural areas (sex disaggregated)
Result 2 Policy actions ³ are implemented in EU aligned manner, based on sector services and systems improved	Level of approximation of policy actions with the EU

¹ For measurement, creating and monitoring the addition of value through value chains the following parameters may be considered, including, to the extent available, the increase in farm revenues affected by IPA support, increase in salaries and fees for farmers/workers receiving IPA support (training), number of farms converted from subsistence farms to economically viable farms, average farm size (ha), agriculture related GDP / percentage of active population employed in agriculture etc.

² The use of modern machinery leading to less employment in agriculture to be tackled by the activities to support diversification in rural economy, considering a number of parameters, to the extent available, like labour productivity in agriculture (possibly productivity per person-time unit), intensity of agriculture (productivity per ha etc.) etc.

³ Actions stand for specific strategic measures defined in the Strategic plan of rural development of Bosnia and Herzegovina (2018- 2021) – Framework document.

Indicative Targets and Indicators:

At the start of implementation, the entrusted entity will refine the matrix of indicators for the Action after undertaking the necessary research and data collection to define accurate baselines and realistic targets. The matrix of indicators will be discussed with the EU Delegation to BiH and approved by the Steering Committee. The monitoring arrangements (including data to be collected, responsibilities, tools and frequency of monitoring activities) will be detailed in the Implementation Manual to be developed at the start of the Action.

Indicator	Baseline (value + year)	Target 2020	Final Target 2023
New generated value in relation to IPA funds disbursed through this action (%)	0 (2017)	0	40% (2024)
Number of agri-food operators (physical and legal entities) supported through IPA action with projects which increase quality/quantity of agricultural products	0	0	320 (2024)
Number of new jobs created, including for youth and for women in rural areas (sex disaggregated)	0	0	600 (2024) (out of which 100 women and 100 youth)
Employment rate in agriculture (sex disaggregated)	18% (at least 1/3 women) (2016)	18% (at least 1/3 women)	18.5% (at least 1/3 women)
Status of approximation of policy actions with the EU	Not satisfactory	Not satisfactory	Good

Total indicative allocation for this Action: EUR 20 million

Location: Bosnia and Herzegovina countrywide

The Action office: due to the complexity of fields of interventions and multi-layered structure of stakeholders, it is expected that the entrusted entity will ensure a network of the Action offices (of a reasonable standard and appropriate space for the project teams) in main administrative centres in the country, namely Sarajevo (which may be the Action central base), Banja Luka, Mostar and Brcko, as the key stakeholders are also seated in these locations.

Indicative implementing period: Q1 2020 – Q4 2023

I. ELIGIBILITY CRITERIA

1) The actors:

Eligibility of the potential entities for a Contribution Agreement is conditioned to the new Pillar Assessment which is required by the EU under the Financial Regulation (EU Euratom) No 2018/1046 from 18 July 2018. The potential entrusted entity submitting the expression of interest should be:

- (a) An International Organisation as defined by Article 62 within the meaning of Article 156 of the EU Financial Regulation¹¹ whose pillars have been positively assessed for Budget Implementation Tasks (BIT) by the European Commission; or
- (b) The EU Member States organisation.¹²

The pillar assessed entrusted entity (as a coordinator) must work with at least one implementing partner to demonstrate the experience in the relevant sectors specified below.

The above requirements under a) and b) also apply to implementing partner(s) of the entrusted entity.

2) Technical capacity

- (a) *The potential entrusted entity and at least one Implementing partner have to demonstrate their presence in the country.*
- (b) *The potential entrusted entity has to demonstrate capacity for managing large scale interventions which should combine technical assistance and grants with at least one project implemented and completed in the past 10 years (12/2008-12/2018), in an EU member state and/or EU candidate countries and/or EU potential candidate countries.*
- (c) *The potential entrusted entity should demonstrate sectoral competences, either individually, or, in partnerships, with at least one similar project (capacity building and/or grants) implemented in the sector of agriculture and rural development and completed in the past 10 years (12/2008-12/2018) in an EU member state and/or EU candidate countries and/or EU potential candidates (*please provide a complete list of relevant projects, with title, scope, duration, amount, source of funding and results achieved.*).*
- (d) *The potential implementing partner(s) should demonstrate sectoral competences, either individually, or, in partnerships, with at least one similar project (capacity building and/or grants) implemented in the sector of agriculture and rural development and completed in the past 10 years (12/2008-12/2018) in an EU member state and/or EU candidate countries and/or EU potential candidates (*please provide a complete list of relevant projects, with title, scope, duration, amount, source of funding and results achieved.*).*

The potential applicants which pass the eligibility criteria will be assessed further as per selection criteria specified in Annex II.

¹¹ Defined as per Articles 62 and 156 of the EU Financial Regulation

¹² Defined as per Article 157 of the EU Financial Regulation

Annex II – Standard template for assessing potential applicants responding to a consultation process for expression of interest

1. CONTEXT

➤ Introductory part:

1. Country / Project/Programme Title: **Bosnia and Herzegovina/ “EU Support to Agriculture competitiveness and rural development”**
2. Sector: **Agriculture and rural development**
3. Short description of the project/programme and its general objectives: **Please refer to Annex I of this invitation to Expression of Interest**
4. EU programme amount / other contributions (if any): **EU Programme – allocation of EUR 20 million**

➤ For the potential entrusted entity – To be filled in by the entity replying to the invitation to Expression of interest:

5. Name of potential entrusted entity and implementing partner(s)
5.a In case that any contracting may be foreseen, please indicate accordingly.
6. Presentation of foreseen division of roles within the partnership between potential entrusted entity and its implementing partner(s) i.e. who covers which aspect of the Action's implementation and what the coordination chain would be, with the overarching responsibility of the potential entrusted entity for the Action.
7. Eligibility – Please provide relevant information to demonstrate eligibility as per criteria defined in I. Eligibility criteria annexed to this invitation to Expression of Interest.

II. SELECTION CRITERIA

For the potential entrusted entity – To be filled in by the entity replying to the invitation to expression of interest on max 9 pages, in Times New Roman 11:

➤ Please draft your expression of interest using the following structure which follows the selection criteria:

1. Methodology¹³

Please describe your methodology for implementation of the tasks indicated in Annex I, with special emphasis on the following issues:

1.1 Section related to the Grant Investment Package (GIP)/grants component:

- a) *Please describe how you will define the Grant Investment Package (GIP) selection criteria (also specifying challenges for each of the support measures' groups);*
- b) *Please describe how you will manage GIP, including monitoring and evaluation and explain how you plan to involve main stakeholders in this process.*
- c) *Please explain how you plan to achieve the performance indicators (provided in Annex I) and how the implementation of grants/GIP will contribute to achieving the programme objective;*
- d) *Please describe how you will ensure reaching out less developed areas of Bosnia and Herzegovina within a country wide approach in the grants/GIP component in particular.*

¹³ To take due account of footnote 9 in Annex I

How do you plan to enable less skilled/capacitated/experienced potential applicants (e.g. traditional farmers, associations etc.)?

- e) Please describe financial arrangements/possible partnerships with the banking sector in BiH and/or other appropriate mechanisms for facilitating grants applicants in ensuring co-funding that would be required at the level of the grant application. In this regard, please also describe possibilities, if any, for exploring any local co-funding.*

1.2 Section related to the Technical assistance component:

- a) How do you plan to implement and monitor the Technical assistance component along the specified fields of interventions?*
- b) How do you plan to ensure that the intervention supporting the priorities under this component is aligned with the EU sector policies (as specified in Annex I)?*
- c) Please describe your understanding of the middle-up coordinated approach in policy implementation¹⁴. What, in your view, are the key stakeholders and how will you ensure their involvement (in particular in capacity building and awareness raising for better policy planning and implementation)?*
- d) What are, in your view, particular opportunities and challenges (including mitigating measures), also in view of achievement of the performance indicators (provided in Annex I)?*
- e) What is your proposal for involving non-state actors in the Technical assistance component (bottom-up approach)?*
- f) What is your proposal to ensure political ownership and governmental support for implementation of measures and reforms related to this sector environment?*
- g) How do you plan to ensure coordination with other programmes and donors in the sector?*
- h) How you plan to integrate the two Action's components (Grants and Technical assistance) into a single coherent framework?*

2. Technical capacity

- 2.1.** *Please describe your (i.e. potential entrusted entity) capacities for managing large scale interventions which combine technical assistance and grants as well as your capacity for a transparent implementation of grant award and management procedures. In that respect, a specific reference to mechanisms for prevention and protection from any conflict of interest as well as for due application of the principles of traceability and accountability should be elaborated.*

Furthermore, please address in particular the following issues:

- a) Will the potential entrusted entity manage the funds and the procurement procedures itself and/or does it intend to work with implementing partners, and/or, exceptionally, through any contracting? In case of contracting, please provide an indicative list of contractor(s) and indicative amounts to be contracted as well as for which aspects.*
- 2.2.** *The potential entrusted entity should provide indications on its experience in Agriculture and rural development with a focus on technical assistance to institutional capacity building and channelling assistance to the sector beneficiaries in the field, demonstrated either individually, or preferably, by working in the partnership.*
- a) In this respect, please summarise the relevant projects/assignments, by also referring to your concrete contribution to achievement of some indicative targets/performance indicators from Annex I.*

¹⁴ Please refer to Strategic plan for rural development of Bosnia and Herzegovina 2018 – 2021 – Framework document

- 2.3 *What is your comparative advantage in the sector policy dialogue and what are your accomplished results in that respect?*

3. Administrative/professional capacity

- 3.1. *Please provide information of the profile of the potential entrusted entity, namely the organisation and staffing—internationally, in the Region and in the country/Bosnia and Herzegovina, where relevant.*

In particular, please specify the following:

- a) *The number of staff working in the field related to this Expression of interest.*
 - b) *Will you implement the Action (both components) with your own staff or will you recruit? If the recruitment will be foreseen, please indicate profiles of experts¹⁵ and their positions/for which parts of the Action are envisaged.*
 - c) *Will you contract any part of the Action? If contracting will be foreseen, please indicate profiles of contractors and for which parts of the Action are envisaged.*
- 3.1.1 *Please also provide relevant information on above points a), b) and c) (i.e. staffing, recruitment, if any contracting) as related to each of your implementing partner(s).*
- 3.2. *Please indicate how you will ensure a country-wide coverage of the foreseen intervention and taking into account the Strategic document of BiH¹⁶.*
- a) *In this respect, please indicate how you foresee the network of the project offices and your current/future local offices (also as per requirements provided in Annex I (paragraph: The Action office).*

4. Involvement of the potential entrusted entity in the partner country/Bosnia and Herzegovina

- 4.1. *Please indicate your past and current involvement in the sector of Agriculture and rural development in Bosnia and Herzegovina.*
- 4.2. *Do you have sector related experience in the Western Balkans and if yes, in which countries?*
- 4.3. *Please describe how you will ensure your close work with the EU on introducing sector based approach conditions and improving sector (donor) coordination on the ground?*

5. Other

- 5.1. *Willingness to co-finance and/or complement this Action with your own resources and/or additional expertise would be an asset. How much do you plan to contribute from your side? Please differentiate between grant and loan funding.*
- 5.2. *This is an EU funded programme to be implemented by the entrusted entity. Please describe your specific activities envisaged to guarantee the visibility of the EU funding (including reference to the Communication and Visibility requirements for EU External Action –January 2018 https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en). Please provide an outline of your communication and visibility plan (to be developed in detail¹⁷ in further (negotiation) phase). Please also note that Communication and public relations expert(s) is/are expected to be allocated for managing communication and visibility activities under the Action.*

¹⁵ Experts with relevant sector experience in the Western Balkans countries, including experience in Bosnia and Herzegovina to be considered an asset.

¹⁶ *Strategic plan for rural development of Bosnia and Herzegovina 2018 – 2021 – Framework document*

¹⁷ Along the requirements of the Communication and Visibility requirements for EU External Action –January 2018, in particular, amongst others, those on pages 8 and 11

Contact Sheet

Full legal name of Lead Organisation:	
Name (if different from above):	
Country of Registration:	
Address of registered office:	
Postal address (if different from above):	
Telephone number (including country code):	
Fax number (including country code):	
Main contact person for this assignment:	
Main contact person's position in the Organisation:	
Contact person's email address:	
Alternate contact person:	
Alternative E-mail:	
Website of the Organisation:	

EVALUATION GRID

EXPRESSION OF INTEREST FOR POTENTIAL ENTRUSTMENT WITH IMPLEMENTATION OF IPA 2018 PPROGRAMME: “EU Support to Agriculture competitiveness and rural development in Bosnia and Herzegovina (EU4AGRICULTURE)”

<u>I. ELIGIBILITY CRITERIA</u>	<u>Assessment</u>
The potential entrusted Entity submitting the expression of interest should be:	
a) An International Organisation as defined by Article 62 within the meaning of Article 156 of the EU Financial Regulation ¹⁸ whose pillars have been positively assessed for Budget Implementation Tasks (BIT) by the European Commission; or	Y/N
b) The EU Member States organisation. ¹⁹	Y/N
The above requirements under a) and b) also apply to implementing partner(s) of the entrusted entity.	
<u>TECHNICAL CAPACITY</u>	
a) <i>The potential entrusted Entity and at least one Implementing partner</i> have to demonstrate their <u>presence in the country</u> .	Y/N
b) <i>The potential entrusted Entity</i> has to demonstrate <u>capacity for managing large scale interventions</u> which should combine technical assistance and grants with at least one project implemented and completed in the past 10 years (12/2008-12/2018), in an EU member state and/or EU candidate countries and/or EU potential candidate countries.	Y/N
c) <i>The potential entrusted Entity</i> should demonstrate <u>sectoral competences</u> , either individually, or, in partnerships, with at least one similar project (capacity building and/or grants) implemented in the sector of agriculture and rural development and completed in the past 10 years (12/2008-12/2018) in an EU member state and/or EU candidate countries and/or EU potential candidates.	Y/N
d) <i>The potential implementing partner(s)</i> should demonstrate <u>sectoral competences</u> , either individually, or, in partnerships, with at least one similar project (capacity building and/or grants) implemented in the sector of agriculture and rural development and completed in the past 10 years (12/2008-12/2018) in an EU member state and/or EU candidate countries and/or EU potential candidates. <i>(a complete list of relevant projects is to be provided, with title, scope, duration, amount, source of funding and results achieved.)</i>	Y/N
Eligibility assessment overall	A/R

A=accepted; R=rejected

The potential applicants which pass the eligibility criteria will be assessed further as follows:
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¹⁸ Defined as per Articles 62 and 156 of the EU Financial Regulation

¹⁹ Defined as per Article 157 of the EU Financial Regulation

II. SELECTION CRITERIA	
1. Methodology	Maximum scores 30
Description of the methodology for implementation of the tasks indicated in Annex I of Expression of interest, <i>with special emphasis on the following issues:</i>	
<i>1.1 Section related to the Grant Investment Package (GIP)/grants component</i>	
a) How the Grant Investment Package (GIP) selection criteria will be defined (also specifying challenges for each of the support measures' groups).	
b) How GIP will be managed, including monitoring and evaluation and explaining how planning to involve main stakeholders in this process.	
c) How the performance indicators (provided in Annex I of the Expression of interest) will be achieved and how the implementation of grants/GIP will contribute to achieving the programme objective.	
d) How to ensure reaching out less developed areas of Bosnia and Herzegovina (BiH) within a country wide approach in the grants/GIP component in particular. How planning to enable less skilled/capacitated/experienced potential applicants (e.g. traditional farmers, associations etc.).	
e) Describe financial arrangements/possible partnerships with the banking sector in BiH and/or other appropriate mechanisms for facilitating grants applicants in ensuring co-funding that would be required at the level of the grant application, including the description of possibilities, if any, for exploring any local co-funding.	
<i>1.2 Section related to the Technical assistance component</i>	
a) How to implement and monitor the Technical assistance component along the specified fields of interventions.	
b) How to ensure that the intervention supporting the priorities under this component is aligned with the EU sector policies (as specified in Annex I of the Expression of interest)?	
c) Describe understanding of the middle-up coordinated approach in policy implementation ²⁰ . What the key stakeholders are and how their involvement may be ensured (in particular in capacity building and awareness raising for better policy planning and implementation).	
d) Explain particular opportunities and challenges (including mitigating measures), also in view of achievement of the performance indicators (provided in Annex I of the Expression of interest).	
e) Proposal for involving non-state actors in the Technical assistance component (bottom-up approach).	
f) Proposal to ensure political ownership and governmental support for implementation of measures and reforms related to this sector environment.	
g) How to ensure coordination with other programmes and donors in the sector.	
h) How to integrate the two Action's components (grants and Technical assistance) into a single coherent framework.	
2. Technical capacity	Maximum scores 30
2.1 Description of potential entrusted Entity's capacities for managing large scale interventions which combine technical assistance and grants as well as the capacity for a transparent implementation of grant award and management procedures.	
In that respect, a specific reference to mechanisms for prevention and protection from any conflict of interest as well as for due application of the principles of traceability and accountability should be elaborated.	
a) Will the potential entrusted Entity manage the funds and the procurement procedures itself and/or does it intend to work with implementing partners, and/or, exceptionally through any contracting? In case of contracting, please provide an indicative list of contractor(s) and indicative amounts to be contracted as well as for which aspects.	
2.2 Indicating experience in in Agriculture and rural development with a focus on technical assistance to institutional capacity building and channelling assistance to the sector beneficiaries in the field, demonstrated either individually, or preferably, by working in the partnership.	

²⁰ Please refer to *Strategic plan for rural development of Bosnia and Herzegovina 2018 – 2021 – Framework document*

a) Summary of the relevant projects/assignments with reference to concrete contribution to achievement of some indicative targets/ performance indicators (Annex I of the Expression of Interest).	
2.3 Comparative advantage of the potential entrusted Entity in the sector policy dialogue and accomplished results in that respect.	
3. Admin/professional capacity	Maximum scores 20
3.1 <i>Profile of the potential entrusted Entity</i> , namely, the organisation and staffing—internationally, in the Region, and in the country/Bosnia and Herzegovina (BiH), if relevant. In particular, the following should be specified:	
a) Number of the staff working in the field related to this Expression of interest.	
b) Will the Action (both components) be implemented with its own staff or will the personnel be recruited? If the recruitment will be foreseen, to indicate profiles of experts ²¹ and their positions/for which parts of the Action are envisaged.	
c) Will any part of the Action be contracted? If contracting will be foreseen, profiles of contractors are to be indicated and for which parts of the Action are envisaged.	
3.1.1 Provide relevant information on above points a), b) and c) (i.e. staffing, recruitment, if any contracting) as related to each of your implementing partner(s).	
3.2 Indicate how to ensure a country-wide coverage of the foreseen intervention and taking into account the Strategic document of BiH ²²	
a) Indicate how foreseeing the network of the project offices and the current/future local offices (also as per requirements provided in <i>Annex I (paragraph: The Action office)</i> of the Expression of Interest).	
4. Involvement of the potential entrusted Entity in the partner country/BiH	Maximum scores 10
4.1 Past and current involvement in the sector of Agriculture and rural development in Bosnia and Herzegovina.	
4.2 Sector related experience in the Western Balkans and if yes, in which countries.	
4.3 Description of how to ensure a close work with the EU on introducing sector based approach conditions and improving sector (donor) coordination on the ground?	
5. Other	Maximum scores 10
5.1 Willingness to co-finance and/or complement the Action with own resources and/or additional expertise would be an asset. If planning to do so, to specify an amount planned for contribution / differentiation between grant and loan funding.	
5.2 This is an EU funded programme to be implemented by the entrusted entity. In that regard, describe specific activities envisaged to guarantee the visibility of the EU funding (including reference to the Communication and Visibility requirements for EU External Action –January 2018 https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en). Also, provide an outline of a communication and visibility plan (to be developed in detail ²³ in further (negotiation) phase). <i>Note that Communication and public relations expert(s) is/are expected to be allocated for managing communication and visibility activities under the Action.</i>	
TOTAL SCORE	Maximum scores 100

²¹ Experts with relevant sector experience in the Western Balkans countries, including experience in Bosnia and Herzegovina to be considered an asset.

²² *Strategic plan for rural development of Bosnia and Herzegovina 2018 – 2021 – Framework document*

²³ Along the requirements of the *Communication and Visibility requirements for EU External Action –January 2018*, in particular, amongst others, those on pages 8 and 11.

ANNEX IV – Responsibilities of the entrusted bodies under Indirect Management according to Articles 62, 154, 156 and 157 of Financial Regulation (EU Euratom) No 2018/1046 from 18 July 2018

Article 62 - Methods of budget implementation

1. The Commission shall implement the budget in any of the following ways:
 - (a) directly ('direct management') as set out in Articles 125 to 153, by its departments, including its staff in the Union delegations under the authority of their respective Head of delegation, in accordance with Article 60(2), or through executive agencies as referred to in Article 69;
 - (b) under shared management with Member States ('shared management') as set out in Articles 63 and 125 to 129;
 - (c) indirectly ('indirect management') as set out in Articles 125 to 149 and 154 to 159, where this is provided for in the basic act or in the cases referred to in points (a) to (d) of Article 58(2), by entrusting budget implementation tasks to:
 - (i) third countries or the bodies they have designated;
 - (ii) international organisations or their agencies, within the meaning of Article 156;
 - (iii) the European Investment Bank ('the EIB') or the European Investment Fund ('the EIF') or both of them acting as a group ('the EIB group');
 - (iv) Union bodies referred to in Articles 70 and 71;
 - (v) public law bodies, including Member State organisations;
 - (vi) bodies governed by private law with a public service mission, including Member State organisations, to the extent that they are provided with adequate financial guarantees;
 - (vii) bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees;
 - (viii) bodies or persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

With regard to point (c)(vi) of the first subparagraph, the amount of the financial guarantees required may be set out in the relevant basic act and may be limited to the maximum amount of the Union contribution to the body concerned. In the case of multiple guarantors, the repartition of the amount of the total liability to be covered by the guarantees shall be specified in the contribution agreement, which may provide for the liability of each guarantor to be proportionate to the share of their respective contribution to the body.

2. For the purposes of direct management, the Commission may use the instruments referred to in Titles VII, VIII, IX, X and XII.

For the purposes of shared management, the instruments for budget implementation shall be the ones provided for in sector-specific rules.

For the purposes of indirect management, the Commission shall apply Title VI and, in the case of financial instruments and budgetary guarantees, Titles VI and X. The implementing entities shall apply the instruments for budget implementation set out in the contribution agreement concerned.

3. The Commission is responsible for budget implementation in accordance with Article 317 TFEU and shall not delegate those tasks to third parties, where such tasks involve a large measure of discretion implying political choices.

The Commission shall not, through contracts in accordance with Title VII of this Regulation, outsource tasks involving the exercise of public authority and discretionary powers of judgement.

Article 154 - Indirect management

1. The selection of the persons and entities to be entrusted with the implementation of Union funds or budgetary guarantees pursuant to point (c) of the first subparagraph of Article 62(1) shall be transparent, justified by the nature of the action and shall not give rise to a conflict of interests. For

entities referred to in points (c)(ii), (v), (vi) and (vii) of the first subparagraph of Article 62(1) the selection shall also take due account of their financial and operational capacity.

Where the person or entity is identified in a basic act, the financial statement provided for in Article 35 shall include a justification for the choice of that particular person or entity.

In cases of implementation by a network, requiring the designation of at least one body or entity per Member State or per country concerned, the body or entity shall be designated by the Member State or the country concerned in accordance with the basic act. In all other cases, the Commission shall designate such bodies or entities in agreement with Member States or countries concerned.

2. Persons and entities entrusted with the implementation of Union funds or budgetary guarantees pursuant to point (c) of the first subparagraph of Article 62(1) shall respect the principles of sound financial management, transparency, non-discrimination and visibility of Union action. Where the Commission establishes financial framework partnership agreements in accordance with Article 130 those principles shall be further described in such agreements.
3. Prior to signing contribution agreements, financing agreements or guarantee agreements, the Commission shall ensure a level of protection of the financial interests of the Union equivalent to the one that is provided for when the Commission implements the budget in accordance with point (a) of the first subparagraph of Article 62(1). The Commission shall do so by carrying out an assessment of the systems, rules and procedures of the persons or entities implementing Union funds, if it intends to rely on such systems, rules and procedures for the implementation of the action, or by taking appropriate supervisory measures in accordance with paragraph 5 of this Article.
4. The Commission shall, in accordance with the principle of proportionality and with due consideration for the nature of the action and the financial risks involved, assess that persons and entities implementing Union funds pursuant to point (c) of the first subparagraph of Article 62(1):
 - (a) set up and ensure the functioning of an effective and efficient internal control system based on international best practices and allowing in particular to prevent, detect and correct irregularities and fraud;
 - (b) use an accounting system that provides accurate, complete and reliable information in a timely manner;
 - (c) are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the person or entity concerned;
 - (d) apply appropriate rules and procedures for providing financing to third parties, including transparent, non-discriminatory, efficient and effective review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding;
 - (e) make public adequate information on their recipients equivalent to that provided for under Article 38;
 - (f) ensure protection of personal data equivalent to that referred to in Article 5.

In addition, in agreement with the persons or entities concerned, the Commission may assess other rules and procedures such as the costs of administrating the accounting practices of the persons or entities. On the basis on the results of that assessment, the Commission may decide to rely on those rules and procedures.

Persons or entities which have been assessed in accordance with the first and second subparagraphs shall inform the Commission without undue delay if any substantive changes are made to their systems, rules or procedures which may impact the reliability of the Commission's assessment.

5. Where the persons or entities concerned comply only in part with paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the financial interests of the Union. Those measures shall be specified in the relevant agreements. Information about any such measures shall be made available to the European Parliament and to the Council at their request.
6. The Commission may decide not to require an *ex ante* assessment as referred to in paragraphs 3 and 4:

- (a) for Union bodies referred to in Articles 70 and 71 and for bodies or persons referred to in point (c)(viii) of the first subparagraph of Article 62(1) which have adopted financial rules with prior consent of the Commission;
 - (b) for third countries or the bodies they designate, in so far as the Commission retains financial management responsibilities that guarantee a sufficient protection of the financial interests of the Union; or
 - (c) for those procedures specifically required by the Commission, including its own and those specified in basic acts.
7. Where the systems, rules or procedures of the persons or entities referred to in point (c) of the first subparagraph of Article 62(1) are assessed as appropriate, Union contributions to those persons or entities may be implemented in accordance with this Title. Where such persons or entities participate in a call for proposals they shall comply with the rules of the call for proposals contained in Title VIII. In such a case, the authorising officer may decide to sign a contribution agreement or a financing agreement instead of a grant agreement.

Article 156 - Indirect management with international organisations

1. The Commission may, in accordance with point (c)(ii) of the first subparagraph of Article 62(1), implement the budget indirectly with international public-sector organisations set up by international agreements ('international organisations') and with specialised agencies set up by such organisations. Those agreements shall be transmitted to the Commission as part of the assessment carried out by the Commission in accordance with Article 154(3).
2. The following organisations shall be assimilated to international organisations:
 - (a) the International Committee of the Red Cross;
 - (b) the International Federation of National Red Cross and Red Crescent Societies.
3. The Commission may adopt a duly justified decision assimilating a non-profit organisation to an international organisation provided that it satisfies the following conditions:
 - (a) it has legal personality and autonomous governance bodies;
 - (b) it has been established to perform specific tasks of general international interest;
 - (c) at least six Member States are members of the non-profit organisation;
 - (d) it is provided with adequate financial guarantees;
 - (e) it operates on the basis of a permanent structure and in accordance with systems, rules and procedures which can be assessed in accordance with Article 154(3).
4. Where international organisations implement funds under indirect management, verification agreements concluded with them shall apply.

Article 157 - Indirect management with Member State organisations

1. The Commission may in accordance with points (c)(v) and (vi) of the first subparagraph of Article 62(1) implement the budget indirectly with Member State organisations.
2. Where the Commission implements the budget indirectly with Member States organisations, it shall rely on the systems, rules and procedures of those organisations which have been assessed in accordance with Article 154(3) and (4).
3. Financial framework partnership agreements concluded with Member State organisations in accordance with Article 130 shall further specify the extent and the modalities of the cross-reliance on systems, rules and procedures of Member State organisations and may include specific provisions on the cross-reliance on assessments and audits as referred to in Articles 126 and 127.

Communication and Visibility in EU – financed external actions – Requirements for Implementing partners:

http://europa.ba/wp-content/uploads/2018/01/communication-visibility-requirements-2018_en.pdf