IPA III – Model of Operation Identification Sheet

1. **Title of the Operation:** Technical Assistance for Implementation of Operational Programme (OP) Environment under IPA III
2. **Managing Authority:** Ministry of Environment and Physical Planning (MoEPP)
3. **Intermediate bodies responsible for the Implementation of the Operation:**

Intermediate Body for Financial Management (IBFM) – Ministry of Finance, Central Financing and Contracting Department (CFCD)

1. **Compatibility and coherence with the Operational Programme**

**4.1** **Title of the programme:** Operational Programme on Environment in favour of North Macedonia for 2024-2027

**4.2** **Title of the relevant Area of support:** Area of Support 3 – Other Support

1. **Description of the Operation**

**5.1 Contribution to the achievement of the Operational Programme:**

The operation involves managing IPA III funds for the sector of environment in North Macedonia, a task that necessitates comprehensive coordination among multiple authorities on central and local level and entities. The need for substantial enhancements in administrative and human resource capabilities within these entities is underscored by the OP Environment and relevant documents such as: the IPA Annual Report for 2022, Stabilisation and Association Agreement (SAA) Subcommittee, the European Commission's Annual Progress Reports, and the World Bank's Public Expenditure and Financial Accountability (PEFA) program's 2019 diagnostic analysis.

The designated Managing Authority (MA) for environment-related programs is the IPA Department within the Ministry of Environment and Physical Planning (MoEPP), assisted by the Intermediate Body for Financial Management (IBFM) in project preparation, tendering, contracting, and financial decisions, while ensuring compliance with the IPA III Decree and established guidelines. However, the varying levels of experience among the OP authorities may hinder effective project management and implementation. To address this, tailored technical assistance, focusing on the specific needs of the MA and IB and leveraging lessons from previous operational programs and other technical assistance facilities, is imperative.

The operation aims to strengthen the institutional and implementation capacity of the OP Managing Authority (MA), Intermediate Bodies (IBs) and end beneficiaries to manage, control, monitor, and evaluate projects within the OP Environment 2024-2027. This initiative is crucial for advancing North Macedonia's environment sector, enhancing infrastructure for waste and water management, sustainability, and efficiency, and increasing its readiness for EU accession negotiations under Chapter 22 in line with the OP Area of Support 3. Ultimately, this will contribute to regional economic development, social cohesion, environmental sustainability, and climate resilience in North Macedonia.

The support area is designed to provide comprehensive technical assistance to the MA and IBs, facilitating their roles in initiating, implementing, monitoring, controlling, and promoting the OP operations in compliance with EU-level legislation and best practices. This includes expert support throughout all phases of program implementation, capacity-building activities, technical assistance to improve project preparation, procurement and contract management skills, quality assurance for ex-post control, and assistance in improving the control environment and OP evaluation, involving the recruitment of independent evaluators.

Ultimately, this support area aims to enhance the planning and managing capacity for EU and other donors' funds supporting the sector of environment and lay the groundwork for managing the European Structural and Investments Funds. This will lead to the implementation of a pipeline of projects aligned with the OP 2024-27 objectives and support fund absorption through advisory and capacity-building measures, thereby ensuring the effective management of EU financial assistance for North Macedonia's environment sector, and ultimately, more efficient infrastructure development supporting sustainable economic development.

**5.2 Overall Objective of the Operation:**

Increased readiness of the Republic of North Macedonia for EU accession negotiations under Chapter 22.

**5.3 Specific Objectives of the Operation:**

Improved management, implementation and control of the EU financial assistance, including through development of human capital, in accordance with EU requirements and best practices

**5.4 Outputs**

**Output 1:** Strengthened human resources capacities and retention of IPA structure for the OP.

**Output 2:** Enhanced efficiency of the relevant staff in management of the OP.

* 1. **Indicative activities:**

*Activity 1 - Support to sustainable human resources policy for the IPA Structures (related to Output 1)*

The aim of this activity is to strengthen the human resource capacity of the IPA Structures to ensure the successful implementation, monitoring, and control of the Operational Programme (OP). This will be achieved through implementation of a carefully structured salary support scheme.

The salary support scheme will operationalize EU funds to complement up to 15% of the salaries for personnel directly involved in the implementation, monitoring and control of the Operational Programme. The funds will be provided under the conditions specified in DG NEAR Ares(2023)4976725 – 18/07/2023 and any further guidance by DG NEAR

The scheme will be constantly monitored through previously agreed criteria/indicators and assessments will be carried out, in order to check whether the support to sustainable human resources policy brought about significant changes (increased pace of implementation of the Operational Program’s procurement plan, improved performance of project implementation, reduction of staff turnover, uptake of ex-post control, etc.). These assessments may lead to reconsider the funding approach if there are no clear improvements regarding staff retention and performance with the implementation of the programme.

The expenditures mentioned under above shall be financed, if the following conditions, are met:

* A retention plan for the IPA structures will be adopted before launching the salary support scheme and its implementation monitored. DG NEAR/EU Delegation will assess if all the requirements are met to provide reasonable assurance of the effectiveness of the support scheme. Specific conditions may be set to be met prior to its entry into force.
* Adoption of the legal base for the retention policy measures.
* Staff concerned will be directly recruited (or seconded) to IPA III OP structure, to execute tasks related to the management and implementation of IPA III 2024-2027 OP and it will be supported with duly documented decisions of competent institutions.
* Period of employment and/or secondment will not exceed the final date of eligibility of IPA III 2024-2027 OP laid down in its Financial Agreement signed.

*Activity 2 – Support to the Implementation of the OP (related to Output 2)*

* Support in the management and control systems and performance of MA supervisory role in OP management.
* Support MA in quality control of implementation documents, tender dossiers, contract related documents, etc.
* Support MA in revision and preparation of Operation Identification sheets, technical documents, tender dossiers, and other contract related documents, etc.
* Support MA in implementation of OP infrastructure projects and facilitating dialogue with end beneficiaries and contractors.
* Support to the IBFM in all phases if required.
* Support in improving IT technical capacity and data monitoring system.
* Support in new implementation modalities, including ex-post control, specific expertise and knowledge.
* Capacity building of relevant staff for preparation, management, implementation, monitoring and reporting, audit, and control of OP.
* Supporting the organization of Sector Monitoring Committee (SMC), Sector Working Group (SWG) and ad-hoc meetings.
* Programme level or thematic evaluations, surveys, etc.
* Supporting the communication, publicity and visibility activities and information dissemination due to implementation of OP, including organising trainings and information sessions.
* Conducting the OP evaluations
* Other support for the operating activities related to the management and implementation of IPA.
	1. **Indicators:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type of indicator** | **Indicator** | **Baseline** | **Target** | **Source of verification** |
| **Impact** | % of EU funds absorbed under OP | 0 (2023) | ≥90% (2033) | Annual reports on programme implementation |
| **Outcome**  | Number of completed OP projects. | 0 (2023) | ≥7 (2033) | Annual reports on programme implementation |
| Staff turnover rate[[1]](#footnote-1) | 0 (2023) | ≤ 10% (2028) | Annual reports on programme implementation. |
| **Outputs** | Tender procedures launched under OP | 0 (2023) | ≥ 90 % (2030) | CFCD procurement plan and website |
| Percentage of contracted projects under OP | 0 (2023) | ≥ 90 % (2033) | CFCD procurement plan and website |
| Percentage of MA and IB staff and stakeholders trained | 0 (2023) | ≥ 90 % (2028) | Training records in the NAO MS Annual Report  |
| Number of OP monitoring reports prepared by MA with support by IBs | 0 (2023) | ≥ 5 (2028) | Monitoring Committees |
| Number of communication and visibility campaigns implemented for the OP | 0 (2023) | ≥3 (2028) | Project implementation reports |

* 1. **Indicative location(s):** Republic of North Macedonia
	2. **Duration:** 60 months
	3. **End recipients and target group(s):**

The end recipients are following institutions*:*

*Activity 1 - Support to sustainable human resources policy for the IPA:* NIPAC office, Management structure, AA, MA and IB, directly involved in managing IPA III funds in the environment sector.

*Activity 2 – Support to the Implementation of the OP:* MoEPP and Ministry of Finance, CFCD.

Target groups are all stakeholders involved in or affected by North Macedonia environment sector including municipalities in North and Northeast regions and their Public Communal Enterprises, Municipality of Veles, and the general public who use services in water and waste management.

1. **Implementation arrangements**

**6.1** **Institutional framework:**

The Ministry of Environment and Physical Planning (MoEPP) of North Macedonia has been assigned as the Managing Authority for the OP Environment and holds the responsibility for the efficient management and implementation of the programme. The MoEPP shall support the work of the CFCD-IBFM by providing technical inputs during the implementation for the service contract envisaged under this operation. A Project Manager, to be appointed by the MoEPP, will be responsible for the overall supervision of the operation implementation, monitoring of activities, resolving any issues that arise during implementation, and facilitating coordination between the IBFM – CFCD as Contracting Authority (CA) staff and the Technical Assistance Team, which will be contracted for the implementation of the operation. Additionally, the MoEPP will serve as the end beneficiary (recipient) of the operation and related service contract.

The Steering Committee, to be established and chaired by the MoEPP and comprising representatives from CFCD (Contracting Authority) and Contractor, will ensure the coordination of activities outlined in the operation, monitor its technical progress, and make decisions on technical matters. Moreover, the Steering Committee will oversee the implementation of the operation, assess its progress, and formulate comments and recommendations. The NIPAC Office and the Delegation of the European Union to North Macedonia (DEU) will participate in the Steering Committee's work. Other stakeholders may be proposed as members or observers of the Steering Committee.

The DEU will perform ex-post, and when relevant risk based and ex-ante, controls of tendering and contracting documents and provide the European Commission Headquarters with opinions.

**6.2** **Proposed monitoring structure and methodology:**

The Ministry of Environment and Physical Planning (MoEPP) will be the primary authority responsible for monitoring the operation as it is the designated OP Managing Authority and end recipient of the operation. The MoEPP will establish a robust internal technical and financial monitoring system involving various stakeholders like the relevant sectors within the MoEPP structure, NIPAC Office, EUD, Management Structure, and others. Designated authorities within the sector of environment will collect and verify data for each indicator. The MoEPP will collaborate with end beneficiaries to assess the collected data.

The MoEPP appointed Project Manager and the Technical Assistance team will be responsible for overall supervision, monitoring of activities, and resolving any issues that arise during implementation. Steering Committee playing a crucial role in reviewing and assessing the implementation based on the reports provided by the Technical Assistance team. The Sectoral Monitoring Committee will review and assess the implementation of the Operational Programme based on the reports provided by the MA-MoEPP. The European Commission may undertake additional monitoring visits through its own staff or independent consultants.

1. **Maturity**
	1. **Required procedures and contracts for the implementation of the operation and their sequencing:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity**  | **Type of contract** | **Type of procedure** | **Launch of the procedure**  | **Contracted/****Contract start** | **Duration of the contract**  |
| *Activity 1 - Support to sustainable human resources policy for the IPA Structures* | Operating grant | *Direct award to national public body* | N+1 | N+1 | 96 months |
| *Activity 2 – Support to the Implementation of the OP* | Service | International restricted  | N+1 | N+2 | 60 months |

Timeline has been strategically planned to allow sufficient time for the preparation of necessary documents, the tendering process, and the evaluation of bids, ensuring a thorough and transparent process. The 60 months duration is considered adequate to achieve the operation's objectives and ensure its sustainability.

* 1. **Supporting documents**

For the service contract mentioned in 7.1, the Terms of Reference (ToR) will be prepared by the MoEPP, using the standard ToR template as provided in the Practical Guide to Contract Procedures for EU External Actions (PRAG). The ToR will outline the scope of work, responsibilities, qualifications required, technical specifications, and other crucial details necessary for the bidders. Ad hoc external assistance for the elaboration of ToRs is considered to be provided to the MoEPP within the framework of current ongoing projects.

Other supporting documents such as environmental impact assessments, cost-benefit analyses, design studies, etc., are not applicable for this operation.

1. **Risks and assumptions**

**Risks:**

* Political instability in North Macedonia could lead to changes in policies, priorities, and key personnel involved in the operation, which could delay implementation and achievement of objectives.
* Ineffective coordination among the various stakeholders involved in the OP implementation could lead to delays, inefficiencies, and conflicts.
* There may be resistance to changes in procedures and implementation modalities from the staff of the Managing Authority, Intermediate Bodies/end beneficiaries, which could hinder the operation's success.
* The capacity of the Managing Authority, Intermediate Bodies, and end beneficiaries may be insufficient to manage and implement the OP projects effectively, despite the capacity-building activities.
* Delays in the procurement process, including tendering, evaluation of bids, and contracting, could lead to delays in the start of the OP projects and its implementation.

**Assumptions:**

* Political environment in North Macedonia will remain stable throughout the operation's duration, ensuring consistent support and commitment from the government.
* There is effective coordination among all the stakeholders involved in the operation, including the Managing Authority, Intermediate Bodie/end beneficiaries, and other relevant institutions.
* There is a commitment to change and adapt to new procedures and implementation modalities from the staff of the Managing Authority, Intermediate Bodie/end beneficiaries.
* Capacity-building activities planned under the operation are sufficient to build the necessary capacity of the Managing Authority, Intermediate Bodies/end beneficiaries to manage and implement the OP projects effectively.
* Procurement process, including tendering, evaluation of bids, and contracting, is completed in a timely manner, allowing the OP projects to start as planned.
1. **Sustainability:**

The institutional management capacities of the authorities involved in the operation will be improved through targeted training and capacity-building activities, which are anticipated to have a lasting impact on their ability to manage and maintain the new infrastructure established in waste and water management and services in the sector of environment. Additionally, the relevant authorities will allocate the necessary financial and human resources, equipped with the required technical skills, for the operation implementation and sustainability of the results once the operation is completed. This collective commitment and engagement, along with the strengthened institutional capacities and dedicated resources for operation, are pivotal in ensuring the sustainability of the benefits and results achieved beyond the implementation period.

Furthermore, as the designated MA for the OP Environment and the end beneficiary for this operation, MoEPP, must ensure that operation is executed in alignment with the defined objectives, and the results are measured using the applicable indicators as specified in the relevant documents, such as this OIS, the OP and ToR. This is crucial to ensure the continuity of the results generated by operation after the implementation period has concluded. Upon approval of the final outputs, MoEPP must affirm their commitment to respecting the objectives and utilizing them for the intended purpose, thereby ensuring the sustainability of the operation results after the implementation period has ended.

1. **Gender equality and empowerment of women and girls, equal opportunity, Roma, minorities and vulnerable groups (where relevant):**

The operation's commitment to promoting gender equality and empowering women and girls is closely aligned with the principles of the OP Environment. The OP has been assessed for its capacity to advance gender equality, and it is designed to be non-discriminatory and inclusive. For example, the implementation of waste management system will address the specific needs and challenges faced by women and men in accessing waste services. Moreover, the projects will ensure that waste and water services are available and accessible to all with paying particular focus on vulnerable groups, such as children, the elderly, and individuals with disabilities. Additionally, the Sector Working Groups (SWGs) consultation processes encourage diverse perspectives and user feedback, ensuring inclusivity in decision-making. The monitoring data for operation are disaggregated by gender and the projects aim to achieve gender-equal results by upholding human rights principles, including equality, non-discrimination, participation, transparency, and accountability.

The activities of the operation, such as capacity building of the OP MA, IB/end beneficiaries, and support in project preparation and contract management, are designed to be inclusive and do not discriminate against any group. This approach is in line with the OP's principles of equality and non-discrimination. By strengthening the capacities of all stakeholders, regardless of their background, the operation contributes to the empowerment of vulnerable groups, including women and girls, and ensures their needs and concerns are adequately addressed.

**11) Requested financing from the European Commission:** 5 270 000 EUR[[2]](#footnote-2)

**12)** **Co-financing:** 930 000 EUR National co-financing

**13)** **Budget breakdown:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **EU contribution (EUR)** | **EU contribution percentage** | **National co-financing (EUR)** | **National co-financing percentage** | **Total expenditure (EUR)** |
| *Activity 1 - Support to sustainable human resources policy for the IPA Structures* | TBD |  |  |  |  |
| *Activity 2 – Support to the Implementation of the OP* | 5 270 000 | 85% | 930 000 | 15% | **6 200 000** |
| **Total** | **5 270 000** | **85%** | **930 000** | **15%** | **6 200 000** |

**Only for operations including infrastructure projects:**

**14) Financial Analysis and Economic Appraisal**

*n/a*

1. **Environmental Impact Assessment**

n/a

1. **Climate-resilience and climate mitigation**

n/a

1. Staff Turnover Rate (%) = (Number of staff who left the organisation during the period (year)/ Average number of staff during the period(year)) x 100. "Number of staff who left the organisation during the period" can be calculated by looking at the number of departures (whether voluntary or involuntary) over a specific period, such as a financial year. The "average number of staff during the period" is typically calculated by adding the number of staff at the start of the period to the number of staff at the end, and then dividing by two. [↑](#footnote-ref-1)
2. *The amount presented is without allocations for retention policy. Final EU contribution for this OIS is to be determined depending on the allocations for the top ups. Same refers to the national co-financing amount.*  [↑](#footnote-ref-2)