ANNEX 3
of the Commission Implementing Decision on the Annual Action Programme 2013 in favour of the Republic of Moldova

Action Fiche for Framework Programme in support of EU – Republic of Moldova agreements

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Framework Programme in support of EU – Republic of Moldova agreements ENPI 2013 / 024-403</th>
</tr>
</thead>
</table>
| Total cost                   | Total estimated cost: EUR 26,000,000
|                              | Total amount of EU budget contribution: EUR 26,000,000                                           |
| Aid method / Method of       | Project approach
| Method of implementation     | Direct centralised management (grants – call for proposals and direct award; procurement of services and supplies) |
| DAC-code                     | 15110
| Sector                       | Public Sector policy and administrative management                                              |

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The overall objective is supporting the Republic of Moldova (hereafter Moldova) to prepare, negotiate, and implement its new contractual relations with the EU in the framework of the Eastern Partnership (EaP), and to meet the objectives of the EU-Moldova European Neighbourhood Policy (ENP) Action Plan and future Association Agenda.

2.2. Context

The priorities of the Government Programme European Integration: Freedom, Democracy and Welfare 2011-2014 coincide with those of the EU-Moldova ENP Action Plan and with the goal of greater political and economic integration with the European Union. The Government Programme focuses upon reinforcement of the democratic processes, sustainable economic development, poverty reduction, public administration reform and the consolidation of the rule of law. In the recently approved National Development Strategy “Moldova 2020”, the Government aims to eliminate main constraints which restrain economic growth and poverty reduction, namely in the areas of education, roads, business environment and finances, energy, justice and pensions. A number of other sector strategies have been drafted and/or are currently being revised, notably related to justice, police and law-enforcement, anti-corruption, environment, energy, transport and integrated border management. The Strategic Development Plans¹ provide a framework and an Action Plan for the introduction of the reforms necessary to upgrade the institutional capacity to design, manage, implement and monitor

¹ The Strategic Development Plans are documents elaborated by each beneficiary institution where the organisation defines their genuine strategy. These plans are basic tools for the design of the strategic planning of the assistance.
interventions in support of the Government Programme, EU-Moldova ENP Action Plan and a future Association Agreement.

2.3. Lessons learnt

Drawing upon the results of the mid-term review of the ENPI, the Results Oriented Monitoring (ROM) reports and the stakeholder analysis, it is possible to distil a number of lessons learned:

- to avoid a top-down approach and ensure that the beneficiary is fully-engaged in the design, management, implementation and monitoring phases of the assistance;
- to ensure that the assistance is demand-driven, for the beneficiary to assume ownership;
- to provide a critical mass of support to the reform process through more rigorous programming and enhanced donor co-ordination and co-operation;
- to properly sequence the assistance, ensuring *inter alia* that there is a pre-existent reform agenda, which defines the policy framework and strategic approach, and which is then supported by interventions to strengthen the institutional and human resource capacities to manage that reform agenda;
- to introduce an approach to capacity building that focuses upon strengthening technical capacities and internal management systems as opposed to one that emphasises training/human resource development;
- to avoid capacity substitution: i.e. the recruitment of temporary local experts to cover institutional weaknesses

The design of this Framework Programme reflects these lessons learned: the Programme is beneficiary and agreement driven; it provides a critical mass of support; and the interventions designed to strengthen institutional capacity are firmly rooted in a reform agenda underpinned by future treaty obligations.

With respect to Moldova’s participation in the EU programmes, experience shows that the exchange of practices between partner countries and Member States, who are already participating in the EU programmes, will provide valuable and important lessons to Moldovan institutions. This is of particular importance with regard to capacity building of institutions on how to prepare good project proposals and to make effective use of the available EU funds. In addition, in order to mobilize private and public organizations to participate in the EU programmes, it will be necessary to organize awareness-raising campaigns and to strengthen their knowledge of EU procedures and mechanisms. In addition, for those EU programmes which require different institutional arrangements (for example where agencies participate, instead of line ministries), responsible line ministries should ensure that their capacities are improved prior to their participation in the relevant EU programme. Finally, if Moldova wants to participate in the EU programmes, it needs to build the administrative capacities, plan timely financial contributions from the state budget and create mechanisms for taking part in the management of the programme and ensure that the necessary financial controls are in place.

2.4. Complementary actions

The assistance planned under this Framework Programme will complement and extend Twinning and technical assistance (TA) initiatives funded through the ENPI Annual Action Programmes (AAPs) 2007-2012, including in the framework of Comprehensive Institution Building (CIB). The EU High Level Policy Advice mission has provided valuable support in the development of sector policies, the elaboration of the Strategic Development Plans and the preparation of the Association Agreement negotiations. There are several on-going and upcoming Twinning projects that support approximation to EU standards (for example: in food safety, public internal financial control, accreditation and conformity assessment, capacity building for regional development, market surveillance and consumer
protection, public private partnerships and external public audit). Specific assistance is provided to the State Chancellery for their role as national CIB coordinator and Programme Administration Office (PAO); TA projects in the field of anti-corruption and reform of the Ministry of Internal Affairs (including police and personal data protection) target CIB-related areas.

A Programme entitled **Support to the Justice Sector Policy Reforms** has been approved under the AAP 2011 and a Justice Sector Budget Support approved under AAP 2012. Close coordination with the activities foreseen under these programmes will be ensured.

Complementary assistance in institution building is available through TAIEX and SIGMA.

### 2.5. Donor coordination

This Framework Programme will complement work currently being done by multilateral and bilateral donors: the World Bank managed and SIDA\(^2\)-funded multi-donor Trust Fund is supporting the implementation of the Central Public Administration Reform and provides support to the enhance policy planning capacities at the central level and to all line ministries. A UNDP project *Transitional Capacity Support Project for the Public Administration of Moldova*, was providing a wide-range of support addressing gaps in institutional capacity, strengthening human resource capacities. A second UNDP project, *Building the institutional capacity of the Ministry of Foreign Affairs and European Integration (MoFAEI)*, is providing policy advice to the MoFAEI linked to European integration, helping to strengthen the institutional and human resource capacities of the Ministry, is supporting legal approximation and is offering training to a number of other ministries. USAID, GIZ\(^3\) and the Soros Foundation are also active in the sectors covered by the CIB on each one of the sub-components that are explained under section 3.2. A World Bank project in agriculture competitiveness, of USD 31 million will focus on some Deep and Comprehensive Free Trade Area (DCFTA) engagements.

Donor coordination meetings, chaired by the UN, are held monthly. In addition, the EU Delegation convenes bi-monthly EU donor coordination meetings. The EU Delegation will ensure the coordination of projects under this programme in all the donor coordination forums.

### 3. **Detailed Description**

#### 3.1. Objectives

The **overall objective** is supporting the Republic of Moldova to prepare, negotiate, and implement its new contractual relations with the EU in the framework of the Eastern Partnership, and to meet the objectives of the EU-Moldova ENP Action Plan and future Association Agenda.

The **specific objectives** are:

- To ensure effective institution-building of a limited number of core institutions that are central to prepare the ground for and implement the future Association Agreement, including the DCFTA;
- To support the relevant institutions within the Moldovan public administration to comply with the commitments set forth in the EU-Moldova ENP Action Plan;

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\(^2\) Swedish International Development Cooperation Agency

\(^3\) Deutsche Gesellschaft für Internationale Zusammenarbeit
To assist the national authorities to carry out the preparatory, supervisory, monitoring, audit and evaluation work necessary for the timely and efficient launch and implementation of actions in the framework of EU assistance;
To further accelerate Moldova’s approximation and cooperation with the EU by fostering Moldova's participation in the EU programmes and agencies in a broad range of areas.

3.2. Expected results and main activities

This Framework Programme is expected to result in the following:
1. Enhanced capacity of the Moldovan authorities to negotiate and conclude the future Association Agreement including the DCFTA;
2. Strengthened institutional (including strategic planning), technical (including policy-making and annual and medium-term budgetary processes) and human resource capacities within the core institutions to co-ordinate the European approximation process and to manage, implement and monitor their respective components of the EU-Moldova ENP Action Plan;
3. Strengthened capacity to participate effectively in the programming exercises in priority sectors in line with the EU-Moldova ENP Action Plan and future Association Agenda;
4. Completion of negotiations to allow for Moldova's participation in EU programmes and in the work of EU programmes and agencies, which best match Moldova's priorities and capacities.

Component I – Comprehensive Institution Building (CIB)

Component Ia: CIB – Reforming the Public Administration

The Government is presently engaged in substantive reforms of the public administration system. The focus to date has primarily been upon strengthening policy development and management capacities, reform to the public finance management system, the introduction of more transparent and user-friendly procedures (e-governance, e-procurement and mechanisms for consultation with civil society). A new Public Administration Reform Strategy is expected in 2013; Strategic Development Plans for each public institution and a “change management” approach are being introduced.

This Framework Programme will assist the Government to implement the new Strategy and its Action Plan. Technical assistance will be provided to support the introduction of the “change management” approach. Further support will be provided through technical assistance, Twinning and training to the targeted core institutions to enable them to implement their Strategic Development Plans. Policy advice (e.g. EU High Level Policy Advisers) constitutes another modality for assistance and may also address other CIB sub-components of the present programme. Assistance will be provided to address weaknesses in the coordination of the legal approximation process, notably with respect to prioritising the drafting of particular legislation and ensuring synergy between the Government and Parliamentary agenda. Provision of ancillary needs linked with other actions under this component can be provided via supply contracts.

Component Ib: CIB – Consolidating the rule of law and respect for human rights and fundamental freedoms

The assistance will be targeted on irregular migration and border management, migration management, as well as on public order and security, preventing and fighting corruption and supporting institutional changes related to organisational restructuring of the Ministry of Internal Affairs (Police), the integration of the Border Police into the Ministry of Internal Affairs, as well as support to the Bureau for Migration and Asylum. This Framework Programme will assist these institutions, through technical assistance and possible Twinning projects related to legal approximation, institutional change and capacity building. Provision of ancillary needs linked with other actions under this component can be provided via supply contracts.
Component Ic: CIB – Preparing the Republic of Moldova in view of a possible DCFTA with the EU

Following the DCFTA negotiations between Moldova and European Union, policy advice and technical assistance will be given to the Government of Moldova for the implementation of the commitments that are undertaken by Moldova under the DCFTA, especially in the following areas:
1. Overall coordination and administrative capacity building;
2. Market access for goods/trade statistics;
3. Tariff and non-tariff barriers (NTBT);
4. Technical barriers to trade (TBT);
5. Sanitary and phyto-sanitary (SPS) measures;
6. Trade facilitation and customs administration;
7. Rules of origin (RoO);
8. Services and investment;
9. Intellectual property rights (IPR);
10. Public procurement;
11. Competition;
12. Sustainable development (social and labour issues; environment).

 Provision of ancillary needs linked with other actions under this component can be provided via supply contracts.

Component II: Support to the implementation of the EU-Moldova ENP Action Plan

Actions under this component will support the development of institutional and administrative capacities for the implementation of the EU-Moldova ENP Action Plan commitments, including regulatory approximation. The assistance under this component will be targeted at institutions not covered by the CIB. In addition, assistance will be provided for the identification, formulation, audit and evaluation of actions under the Framework Programme. Provision of ancillary needs linked with other actions under this component can be provided via supply contracts.

Component III: Fostering Moldova’s participation to the EU programmes and agencies

Following the Protocol to the Partnership and Cooperation Agreement4, this component will foster Moldova’s participation to internal EU programmes. In 2012 Moldova joined the “7th Framework Programme for Research and Technological Development”5. Participation in other internal EU programmes will be explored according to the priorities expressed by the beneficiary, its financial possibilities, and the needs in the relevant sectors. An ongoing dialogue with the Moldovan authorities is underway in order to identify sectors for future cooperation in this matter.

Under component III, the reimbursement of the fees for Moldova’s participation in EU programmes and agencies will be provided under the ENPI as a reimbursement of up to 50% of the "entry ticket" (fees for year n) for the EU programmes for which a Memorandum of Understanding (MoU) is in force. Reimbursement of the 50% fees for year n+1 may also be considered. The participation of the beneficiary in EU programmes shall follow the specific terms and conditions set out for each such programme/agency in the MoU.

3.3. Risks and assumptions

The principal risks to implementation are:

- The work of the Government and Parliament is disrupted by personal and political disputes
- Lack of institutional, technical and human resource capacities and high staff turnover result in a failure to absorb the available assistance efficiently and effectively
- Macro-economic imbalances inhibit Moldova’s capacity to provide co-financing and/or to provide adequate budgetary support to the core institutions
- Middle ranking officials are resistant to the proposed institutional and operational changes
- Weaknesses in the legislative process, compounded by a deficient system for the coordination of legal approximation and the implementation of laws and regulations

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4 Protocol to the Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Moldova, of the other part, on a Framework Agreement between the European Union and the Republic of Moldova on the general principles for the participation of the Republic of Moldova in Union programmes, 19.01.2011.

Each of these risks, if they were to materialise, could significantly disrupt implementation. The Government is aware and is actively monitoring and addressing the situation. On-going projects are supporting the development of a comprehensive Medium Term Budgetary Framework, the enhancement of public finance management capacities and the approximation of laws and regulations. This Framework Programme has been designed to assist the Government to mitigate several of the above risks.

The primary assumptions are:

- The Government of Moldova remains firmly committed to its reform agenda and to enhanced political and economic relations with the European Union and is willing and able to pursue negotiations leading to the conclusion of Association Agreement.
- The selected core institutions allocate the necessary human, financial and technical resources to support the implementation of the Strategic Development Plans.

The critical assumption is that the Government will not abandon its commitment to the reform agenda. A change in priorities is considered unlikely, whatever is the outcome of any forthcoming election, but evidence of a continued commitment to the European integration process should be regarded as conditionality for the implementation of this Framework Programme.

3.4. Cross-cutting Issues

The interventions planned under each of the components above will be carefully monitored during the implementation phase to ensure compliance with the criteria of democracy, gender equality, good governance, corruption prevention, transparency and human rights. In addition, all interventions will be monitored for their potential environmental impact and where appropriate an assessment will be commissioned during the project design phase.

3.5. Stakeholders

The stakeholders’ analysis identified the following institutions as the principal beneficiaries under this Framework Programme: the State Chancellery, the Public Procurement Agency, the Ministry of Internal Affairs, the Centre for Combating Economic Crime and Corruption, the Border Guard Service, the Bureau of Migration and Asylum, the General Prosecutor’s Office, the Ministry of Economy and Trade, the Ministry of Agriculture, the Ministry of Finance, and institutions subordinate to both the Ministry of Agriculture and Ministry of Economy and Trade directly involved in the implementation of the DCFTA. This list accords with the institutions recommended by the CIB Coordinator as potential beneficiaries and is in line with the Government request for assistance to the EU Delegation. These institutions have demonstrated their commitment to the reform process through the adoption of appropriate policies, harmonisation of legislation and regulations and the implementation of institutional changes. Nevertheless, they still require additional support to strengthen their institutional and technical capacities and to prepare the staff to implement the future Association Agenda.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of the Financial Regulation.
4.2. **Indicative operational implementation period**

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is **60 months**, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. **Implementation components and modules**

A number of implementation modalities will be used: service, supply and grant contracts. In particular, Twinning grant contracts will be preferred when an action targets the approximation to EU *acquis* (therefore when a public expertise in Member States is available) and when the Beneficiary institution meets minimum requirements in terms of absorption capacities and institutional stability.

Under the CIB component, and in the framework of the implementation of each Strategic Development Plan, a financial contribution of at least 20% (parallel procurement) will be required whenever EU funding is used for supply of EU norm driven equipment.

4.3.1. **Grants: call for proposal for Twinning projects (direct centralised management)**

Under the present programme, it is expected to conclude up to 10 Twinning grant contracts.

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

The Twinning calls for proposals modality will be used for implementing actions under objectives defined in section 3.1.

The activities and expected results of the Twinning calls for proposals will be in line with the expected results and activities defined in section 3.2.

(b) **Eligibility conditions**

In line with Article 15(2)(a) ENPI, participation in Twinning calls for proposals is limited to public administrations of the EU Member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies with a public service mission under their control provided they act for the account and under the responsibility of that Member State.

(c) **Essential selection and award criteria**

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

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

(d) **Maximum rate of co-financing**

The rate of co-financing for Twinning grant contracts is 100%\(^6\).

\(^6\) As foreseen for in the Twinning Manual.
(e) Indicative timing to launch the calls

The launch of the calls for proposals is indicatively planned during 2015, 2016 and 2017, depending for each Twinning call for proposals on the time needed to finalise the Twinning fiches, to conduct the Twinning call for proposals and to prepare the corresponding Twinning grant contracts. Twinning activities are expected to end in 2018.

(f) Use of lump sums/flat rates/unit rates

Twinning contracts include a system of unit costs, defined in the Twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member States administrations. This system of unit rates exceeds the amount of EUR 60,000 per beneficiary of a Twinning contract.

4.3.2. Procurement (direct centralised management)

<table>
<thead>
<tr>
<th>Subject</th>
<th>Type</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component I (Comprehensive Institution Building)</td>
<td>Services</td>
<td>Up to 10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supply</td>
<td>Up to 5</td>
<td></td>
</tr>
<tr>
<td>Component II (Support to the implementation of the EU-Moldova ENP Action Plan)</td>
<td>Services</td>
<td>Up to 4</td>
<td>Quarter 3 2014 – Quarter 2 2017</td>
</tr>
<tr>
<td></td>
<td>Supply</td>
<td>Up to 5</td>
<td></td>
</tr>
<tr>
<td>Component III (Fostering Moldova’s participation to the EU programmes and agencies)</td>
<td>Services</td>
<td>Up to 2</td>
<td></td>
</tr>
</tbody>
</table>

Supply contracts will not exceed 10% of the budget allocated for Component I and 15% of budget allocated for Component II. Supply contracts will be linked/ancillary to the implementation of other projects under these components.

4.3.3. Grant: direct award (direct centralised management)

Implementation of Component III (financial support to the participation of Moldova in internal EU programmes) will take the form of a reimbursement of up to 50% of the corresponding accession fee(s). This reimbursement will take the form of an ad hoc grant directly awarded to the institution that will pay the fees. The fees will be reimbursed to the institution after receiving a payment request from the Government of Moldova and evidence of payment of the total fee. Specific provisions will be introduced in the Financing Agreement. No pre-financing is foreseen under this scheme.

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

The objective is to contribute up to 50% of the annual fee for the participation of Moldova to selected internal EU programmes, for up to 2 consecutive years.
(b) Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because the purpose of this operation is to provide a direct support to the relevant institution(s) of Moldova.

(c) Eligibility conditions

Only the institution(s) that pay the fees for the participation in the selected internal EU programmes are eligible.

(d) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the concerned institution(s), which will be verified by ensuring that the institution(s) are the one(s) in charge of the payment of the fee(s) and that the payment of the entire fee(s) has been done.

The essential award criteria are relevance of the proposed action to the objective as described under Component III of section 3.2 above.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this type of grant is 50% of the annual fee.

4.4. **Scope of geographical eligibility for procurement in direct centralised and decentralised management**

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with the article 21(7) of the basic act ENPI on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. **Indicative budget**

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount in EUR</th>
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</thead>
<tbody>
<tr>
<td><strong>4.3.1 Component I: Comprehensive Institution Building pillars</strong></td>
<td>15,565,000</td>
</tr>
<tr>
<td>a) Twinning projects (grants)</td>
<td>6,175,000</td>
</tr>
<tr>
<td>b) Support to institutions under CIB (service contracts)</td>
<td>7,840,000</td>
</tr>
<tr>
<td>c) Provision of ancillary needs linked with other forms of technical assistance</td>
<td>1,550,000</td>
</tr>
<tr>
<td>Component</td>
<td>Description</td>
</tr>
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<td>-----------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>4.3.2</td>
<td><strong>Component II: Support to the implementation of the EU-Moldova ENP Action Plan</strong></td>
</tr>
<tr>
<td>a)</td>
<td>Twinning on support of the implementation of the EU-Moldova ENP Action Plan for non-CIB institutions (grants)</td>
</tr>
<tr>
<td>b)</td>
<td>Support to non-CIB institutions (service contracts)</td>
</tr>
<tr>
<td>c)</td>
<td>Provision of ancillary needs linked with other forms of technical assistance under component II (supply contracts)</td>
</tr>
<tr>
<td>4.3.3</td>
<td><strong>Component III: Fostering Moldova's participation to the EU programmes and agencies</strong></td>
</tr>
<tr>
<td>a)</td>
<td>Re-imbursement of entry fees according to relevant MoU (grants)</td>
</tr>
<tr>
<td>b)</td>
<td>Technical assistance for institutions (service contract)</td>
</tr>
<tr>
<td>4.4</td>
<td><strong>Evaluation and audit</strong></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
</tr>
</tbody>
</table>

**4.6. Performance monitoring**

A CIB Steering Committee will monitor activities and results in CIB-related areas; its detailed composition and functions will be established by a common agreement between EU Delegation and the State Chancellery of the Republic of Moldova (national CIB coordinator).

The Commission may carry out Results Oriented Monitoring (ROM) via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase.

**4.7. Evaluation and audit**

Evaluation and audit (*mid-term, final, ex post*) will be identified for each project separately. Standard procedures for evaluation and audit of EU funded projects apply.

**4.8. Communication and visibility**

Each project under this framework programme will have its own communication and visibility component and budget, according to the Communication and Visibility Manual for EU External Actions.