1. Basic Information

1.1 CRIS Number: 2005/17/643.04.02
1.2 Title: Unallocated Institution Building Facility
1.3 Sector: Administrative capacity
1.4 Location: Republic of Cyprus

2. Objectives

2.1 Overall Objective:

To strengthen the institutional and administrative capacity for the full application of the acquis communautaire

2.2 Project purpose:

To provide Institution Building support through twinning (standard/ light) or small scale technical assistance to meet the requirements related to specific needs identified in the Comprehensive Monitoring Report of November 2003 or any other relevant document as well as urgent and unforeseen needs related to acquis in the process of adoption (pipeline acquis). This facility may notably help to:

- Assist with the adoption and implementation of the acquis in particular areas where assistance is still necessary;
- Strengthen the institutional and operational capacity of public administration bodies in the implementation of the EU acquis;
- Develop human resources of public administration institutions relevant for the implementation of the EU acquis.

3. Description

3.1 Background and justification:

The Republic of Cyprus has been the beneficiary of EU assistance for the financing of accession related institution building projects since 1999. This assistance was granted to Cyprus under the Cyprus-EC Fourth Financial Protocol as well as under “Council Regulation (EC) No 555/2000 on the implementation of operations in the framework of the pre-accession strategy for the Republic of Cyprus and Malta”. In the framework of the administrative co-operation component of the Fourth Financial Protocol and the administrative co-operation projects included in the programming of the Pre-accession Financial Regulation for the years 2000, 2002 and 2003, certain number of twinning/ twinning light projects have been or are being completed successfully with the assistance of Member States experts.
However, following Cyprus’ accession to the EU and beyond there is a clear demand to maintain a flexible institution building instrument to address specific well-circumscribed self-contained subjects of limited scope. The possibility of including unallocated institution building envelopes in the yearly programming of Transition Facility provides the means to respond to emerging tasks in a more flexible and immediate way. Under this facility twinning (standard/light) projects, or commercially contracted technical assistance can be financed. In particular, projects will be supported in those areas in which an urgent or unforeseen task, specified in the Comprehensive Monitoring Report or any other relevant document, would come up or which have high priority from the aspect of accession or being a Member State or which form part of the pipeline acquis.

An “Unallocated Institution Building Facility” amounting to EUR 1,0 million was included in the 2004 programming of the Transition Facility. For the allocation of part of the available budget a proposal was submitted to the Commission in March 2005 for the further promotion of four Twinning Light projects in the areas of financial control, market surveillance (construction products), taxation and foodstuffs.

The present project will operate in the same framework as the 2004 project and will provide the Government of the Republic of Cyprus with the means to continue to respond in a flexible way to unforeseen needs requiring immediate action.

3.2 Linked activities:

- Two ‘Administrative Co-operation’ projects for the total amount of EUR 2.750.000 were promoted in the framework of the Cyprus-EC Fourth Financial Protocol. These projects proved to be a very effective instrument for the delivery of multi-sectoral and ad-hoc technical assistance, including a number of Twinning/Twinning Light projects.
- Based on the above positive experience Administrative Co-operation projects were included in the Programming of the Pre-Accession Financial Regulation 555/2000 for the years 2000 (EUR 300.000), 2002 (EUR 1.262.000) and 2003 (EUR 1.050.000).
- In order to take advantage of the facilities offered by the Technical Assistance and Information Exchange Office (TAIEX), relevant projects were included in the programming of the Pre-accession Financial Regulation for the years 2000 (EUR 700.000) and 2003 (500.000).
- In the framework of the Budget allocation from the Transition Facility to finance projects of TAIEX, it is foreseen to award a maximum of EUR 3 million for Cyprus and Malta.
- In addition to the above, Cyprus will benefit from the other horizontal/ multi-beneficiary programmes under the Transition Facility (SIGMA and Statistics).
- An “Unallocated Institution Building Facility” amounting to EUR 1,0 million was included in the 2004 programming of the Transition Facility. This will be used mainly for implementing a number of Twinning Light projects.
- Due to the increased needs in the field of administrative co-operation, resulting from the accession of Cyprus to the EU a number of administrative co-operation activities are financed by the Cyprus Government, through special annual budget allocations dedicated to support harmonisation with the acquis communautaire.
Overlap with previous or on-going institution building projects financed or to be financed from pre-accession funds as well as from the horizontal/ multi-beneficiary programmes under the Transition Facility will be avoided.

3.3 Results:

Institutional and administrative structures and management systems which satisfy the requirements of the *acquis communautaire* further enhanced or put in place in a number of areas.

3.4 Activities:

A financial envelope for as yet unspecified institution building projects has been earmarked. Funded projects will rest on a number of fundamental principles:

- Projects will be based on priorities identified in the Comprehensive monitoring report or any other relevant document and early warning letters or priorities arising from pipeline *acquis*. There will be cases where the relationship with the *acquis* will be concretely established, but there might also be cases, where a focused institution building project will be the most suitable method for the achievement of a desired result in a broader sense of the *acquis* or in fulfillment of the Copenhagen criteria.

- The project will target very specific areas where Institution Building support is required in relation to the challenges and requirements of the EU integration process.

- The project targets a concrete, operational guaranteed result.

- The beneficiary lays out a clear work programme, how it intends to achieve the result and what means it will deploy. The project should make the commitment of the beneficiary to achieve the guaranteed result explicit.

- Size and budget of projects will be subject of individual assessment.

- All projects should be in full compliance with the Transition Facility Programming and Implementation Guide.

- Projects can be implemented through the most appropriate instrument, i.e. twinning (standard/ light) and/or technical assistance.

A Steering Committee (SC) for Institution Building will be set-up that will define the detailed criteria for application, the timing of call for proposals, the minimum – maximum size and duration of projects, the practical working method and if necessary the proportion between the different tools of support. It shall decide about the first allocation not later than the following three months after the notification of the Financial Decision 2005 to the Republic of Cyprus. The PSC shall also guarantee that a clear timetable is defined in a way to ensure that the IB assistance is put in place in due time. The SC shall meet on a regular basis in order to make sure that the timetable is implemented or projects are designed in accordance with the defined needs.
3.5 Lessons learned

- Up-to date, only one Interim Evaluation Report for Cyprus was issued in June 2004, covering the National Pre-accession Programmes 2000, 2001, 2002 and 2003. According to the key achievements and findings, project design was considered generally very good and relevance of projects with respect to the *acquis* requirements and to national needs has been scored highly. According to the evaluators the assistance is on course for achievement of immediate objectives and hence effectiveness is likely to be high. A similar situation applies with respect to impact. It is also stated that there are very few concerns about sustainability and prospects are good because of financial provision, staffing levels and warranty & maintenance arrangements.

- As regards in particular the 2000, 2002 and 2003 administrative co-operation projects, their design aimed at maintaining maximum flexibility as regards eligible activities and budget allocations. This allowed flexibility and speed in the implementation of institution building requirements in various sectors encompassing mainly small-scale activities that were difficult to be foreseen and as such required budgetary flexibility. As a result, in the June 2004 Interim Evaluation Report for Cyprus relevance and efficiency of the above projects were rated as highly satisfactory, effectiveness and impact as satisfactory and sustainability as adequate. There were no specific recommendations in the Interim Evaluation Report relevant to earlier projects in the field.

- As the same flexible approach as the one adopted for Pre-accession aid is followed regarding project design under the Transition Facility, it is expected that assessment of the 2004 Unallocated Institution Building Facility currently under implementation and of the 2005 such projects will continue to be positive. As regards the design of the individual projects to be financed, from the experience up to date as regards the preparation of Terms of Reference, it became clear that well defined activities requiring the right fields of expertise/experience are crucial for receiving the required output and in general for successful implementation of the project.

4. Institutional Framework

The beneficiaries of funds of the unspecified envelope will be different institutions applying for financial support. Decision on projects to be submitted for financing within the budget will be taken by the Project Steering Committee and the Commission. The Steering Committee is composed of representatives of the Office of the National Aid Coordinator (Planning Bureau). The Steering Committee will define the detailed criteria for application, the timing of call for proposals, the minimum-maximum size and duration of projects and if necessary the proportion between the different tools of support with the final approval of the Commission. From there on, the procedures will follow what is provided for in the “Twinning Operational Manual” (prepared by the Planning Bureau), the “Reference Manual on Twinning Procedures” (prepared by the European Commission) and national public procurement rules.
5. Detailed Budget

<table>
<thead>
<tr>
<th>Transition Facility Support</th>
<th>Co-financing</th>
<th>TOTAL (TF plus Cofinancing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total TF (=I+IB)</td>
</tr>
<tr>
<td>Unallocated IB envelope</td>
<td>0,572</td>
<td>0,572</td>
</tr>
<tr>
<td>Total</td>
<td>0,572</td>
<td>0,572</td>
</tr>
</tbody>
</table>

6. Implementation Arrangements

6.1 Implementing Agency

The Implementing Authority will be the Planning Bureau, which is the institution that co-ordinates and manages the administrative co-operation with the EU.

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6.2 Twinning

Beneficiary institutions are not determined, due to the nature of the envelope.

6.3 Non-standard aspects

The Transition Facility programming and implementation guide and the specific twinning and twinning light rules will strictly be followed.
6.4 Contracts

Due to the nature of the project, it is not possible at this stage to foresee the number and value of contracts.

7. Implementation Schedule

7.1 Start of tendering/call for proposals: 1\textsuperscript{st} quarter 2006

7.2 Start of project activity: 2\textsuperscript{nd} quarter 2006

7.3 Project completion: 2\textsuperscript{nd} quarter 2007

8. Sustainability

When selecting the projects the Project Steering Committee will take into account the sustainability of each project and will decide on financing it when sustainability of each project is proved by the beneficiary by both staff and administrative resources.

9. Conditionality and sequencing

The envelope will be actually used provided concrete applications fulfilling the criteria identified will be submitted.

The beneficiary institutions are bound to provide the twinning partner and/or consultants with adequate staff and other resources to operate effectively. The full commitment and participation of senior management of the beneficiary institution is required for the implementation of the projects.

The sequencing is subjected to the deliberations of the Steering Committee meetings.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format (compulsory)
2. Detailed implementation chart (compulsory)
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) (compulsory)
## Transitional Facility Logframe Matrix

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Project</th>
<th>Programme name and number CRIS: 2005/17/6432/.04.02</th>
<th>Unallocated IB facility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unallocated Institution Building Facility</strong></td>
<td>Contracting period expires: December 2007</td>
<td>Disbursement period expires: December 2008</td>
</tr>
<tr>
<td></td>
<td>Total budget: 0.572 MEUR</td>
<td>Transition Facility budget: 0.572 MEUR</td>
</tr>
</tbody>
</table>

### Overall objective
- To strengthen the institutional and administrative capacity for the full application of the *acquis communautaire*

### Objectively verifiable indicators
- Increasing number of Cypriot institutions fully prepared to apply the *acquis communautaire*

### Sources of Verification
- Evaluation reports

### Project purpose
- To provide Institution Building support through twinning (standard/light) or small scale technical assistance to meet the requirements related to specific needs identified in the Comprehensive Monitoring Report of November 2003 or any other relevant document as well as urgent and unforeseen needs related to *acquis* in the process of adoption (pipeline *acquis*).

### Objectively verifiable indicators
- Acceleration of the progress within ministries/institutions towards meeting the requirements of the *acquis*

### Sources of Verification
- Monitoring reports
- Twinning experts reports
- Specific outputs/ training materials/ evaluation data depending on the type of project

### Assumptions
- The identified tasks are completed in time and effectively
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Administrative structures and management systems which satisfy the requirements of the *acquis communautaire* further enhanced or put in place in a number of areas | • Specific identified tasks have been completed with the help of MS experts or TA provided by experts (more specific indicators may be defined for each identified task at a later stage). | • Twinning experts reports  
• Monitoring reports  
• Specific outputs/ training materials/ evaluation data depending on the type of project | • Full commitment of beneficiary and twinning partners  
• Timely availability of adequate resources |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Establishment of a facility providing support for institution building projects | • TW, TWL, TA  
Due to the nature of the envelope it is not possible, for the time being, to foresee the number of contracts. | • Appropriate twinning partners will be found  
• The beneficiaries allocate appropriate human and financial resources to the specific task  
• All partners held accountable for their actions |

| Preconditions                                                                 |
• The beneficiaries allocate appropriate human and financial resources to the specific task.
• Full participation of senior management
• The Steering Committee ensures that a clear timetable is defined
Time Implementation Chart

Project number: 2005/17/643.04.02

Project title: Unallocated Institution Building Facility

<table>
<thead>
<tr>
<th>Twinning (standard/light) and Technical Assistance</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>J</td>
<td>A</td>
<td>S</td>
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<tr>
<td></td>
<td>XX</td>
<td>X</td>
<td>XX</td>
</tr>
</tbody>
</table>

Due to the nature of the facility the various phases of the project cycle will most probably run in parallel.
Cumulative Contracting and Disbursement Schedule

Project number: 2005/17/643.04.02

Project title: Unallocated Institution Building Facility

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th></th>
<th>2006</th>
<th></th>
<th>2007</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>0,250</td>
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<td>0,572</td>
<td></td>
<td>0,572</td>
<td>0,572</td>
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<tr>
<td>Disbursed</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>0,150</td>
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<td>0,350</td>
<td>0,450</td>
<td>0,572</td>
<td></td>
</tr>
</tbody>
</table>

Due to the nature of the facility the contracting and disbursement schedule is an indicative estimation only.