Standard Summary Project Fiche for the Transition Facility

1. Basic Information
   1.1 CRIS Number: 2004/006-270.02.02
      Twinning EE04-IB-FI-01
   1.2 Title: Improving implementing capacity in the field of public procurement
   1.3 Sector: Internal market
   1.4 Location: Estonia

2. Objectives

2.1 Overall Objective:
   Improved efficiency of use of public resources through proper implementation of public procurement law.

2.2 Project purpose:
   Implementing capacity on all levels of public procurement (contracting authorities, contractors, supervision authority, different controllers etc) improved leading to improved quality control and better value for money from public procurement in Estonia.

2.3 Justification:

   Comprehensive monitoring report on Estonia’s preparations for membership (prepared by the Commission, November 2003) Chapter 1: “…although (Public Procurement Office) is operational, administrative capacity needs to be reinforced significantly inter alia through training of staff and awareness raising amongst contracting authorities.”

   In June 2003, SIGMA (joint EU-OECD initiative) performed a public procurement review in Estonia. In the final conclusions (Part II, point 13) of the report, some weaknesses of the Estonian PP system were pointed out inter alia:
   • insufficient central support in the fields of training and capacity building;
   • insufficient central support in the provision of operational tools, such as guidelines and model tender and contract documents.

   Recommendations of the SIGMA review were to adopt a strategy and action plan on public procurement with the following main components:
   - the creation of a nation-wide training and information programme for the procurement community – contracting entities and the private sector – on the new EC-based procurement legislation and how to operate in the Single Market;
   - increased operational support to contracting entities by the provision of operational guidelines, model tender documents and general conditions of contracts using models;
   - the creation of a quality assurance system for contracting entities, including systems for accreditation of procurement professionals;
   - plans on how to support long-term capacity building in procurement, in particular on how to strengthen the operational competence and capacity of contracting entities.
3. Description

3.1 Background and justification

The Ministry of Finance (MoF) is responsible for public procurement (PP) policy and drafting legal acts in the field of public procurement starting from November 2002. Until that it has been a responsibility of the Ministry of Economic Affairs and Communications.

The Estonian Public Procurement Act was adopted on the 31st of May 1995 and entered into force on the 1st of January 1996. Since then the PP Act has been amended substantially four times and several implementing regulations have been added during that time. Current PP Act entered into force on the 1st of April 2001. In order to bring Public Procurement Act into compliance with the current EC directives Ministry of Finance prepared in close co-operation with the Public Procurement Office (PPO) and line ministries the Draft Public Procurement Act Amendment Act. The Public Procurement Amendment Act entered into force on the 1st of January 2004.

At the beginning of 2004 new EC PP directives were be approved (*Directive of the European Parliament and of the Council on the coordination of the procedures for award of public supply contracts, public service contracts and public works contracts* and *Directive of the European Parliament and of the Council coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors*). It is planned to draft a new Public Procurement Act in order to transpose the new EC PP directives into Estonian law. The Minister of Finance established a working group consisting of representatives of different ministries and NGOs to draft the new Act.

Although the PP law has been in force for seven years, sufficient implementing capacity in the field of PP is still lacking. There is no systematic PP training nor standard tender documents, detailed PP guidelines nor PP manuals (hereinafter PP guidelines). Till now PP training has been organised occasionally by private entities for quite a high fee and mainly in Tallinn, which is often an obstacle for participation of all interested parties.

Rapidly changing PP law, expensive training and lack of PP guidelines are the reasons for insufficient quality in conducting PP and using public money.

In the field of PP during the time period November 6th 2002 to March 16th 2003 a Twinning Light project No EE/02/IB/FI/03 (assistance to the PPO) took place. In the framework of the Twinning Light project the following activities were undertaken:
- several training sessions were organised for contracting authorities (in 5 different regions) and for judges to explain the main principles of EU PP law;
- Estonian legal framework and the review procedure of protests by PPO was assessed (the assessment was used for drafting the Public Procurement Amendment Act which entered into force on 1st of January 2004);
- training visits were organised for officials of PPO to France to study their PP organisational structure and best practise.
Some of the follow up recommendations given in the report were:
- additional support to the contracting authorities is needed;
- specific support should be given to the PPO to increase its efficiency in the field of supervision;
- several discrepancies between Estonian and EU PP law were pointed out.

In March 2004 a Twinning Light project No ES03/IB/TWP/FIN/13 (Assistance to the Ministry of Finance for improving administrative capacity in the field of public procurement) will start. The activities undertaken are described in point 3.2 of the fiche.

In the Comprehensive monitoring report on Estonia’s preparations for membership (prepared by the Commission) a need for training and awareness raising in the field of Public Procurement was also pointed out.

This project seeks to give assistance to the development of a strong well functioning PP market.

Firstly it is expected to provide an overall assessment/audit of the PP system of Estonia (system audit/mapping of the administrative framework). The audit should inter alia look at the positioning/statutory independence and missions of the PPO, the possible benefit of establishing an advisory council and make relevant proposals. Also an overall assessment of the legal framework should be contrived to assess the solutions proposed for solving previously identified implementation and interpretation difficulties.

Secondly, the implementing capacity of the State Aid and Public Procurement Division and PPO needs to be improved possibly through training, study visits to the Member States and expert assistance. Even though during earlier TwL projects several study visits have been organised, additional study visits are needed because of:

1) the first TwL was addressed only to PPO and was directed on raising their knowledge on old EC PP directives;
2) the experience of officials of the MoF who are in charge of making PP policy and drafting legal acts is relatively recent and needs to be improved (MoF has been in charge of the PP policy for less than 1,5 years);
3) new EC PP directives that have to be transposed into national law will come into force in the beginning of 2006. New directives will introduce e-procurement etc where MS have more experience that could be useful (the experience gained during earlier study visits was based on old EC PP directives).

The final number of the study tours depends on the results of the overall assessment of the system carried out by RTA and his suggestions.

Thirdly it is expected to update existing PP guidelines and provide training for contracting authorities to raise implementing capacity and to improve the quality of PP conducted. Earlier guidelines (partly developed under 2003 TwL) will not be up-to-date anymore because a new national PP law will enter into force (based on new EC PP directives) in the course of the project. The guidelines should in addition to handling new PP principles also answer questions that have risen in the course of implementing the amended Public
Procurement Act during the period of Jan 1st 2004 until the entry into force of a new PP law (probably at the beginning of 2005).

While PP training on new EC PP law will be provided under Twinning, PP training on new national PP and other relevant law will be provided under the service contract.

Since the 2003 TwL covers only a minor share of the total training needs and that new PP law will enter into force in course of the project additional training should be provided on new EC PP directives and on new national PP law. When about 200 officials/persons will be trained during the 2003 TwL (for comparison in Estonia there are about 800-1000 contracting authorities) then during this project altogether (Twinning + Service) about 600 additional officials/persons should be trained. Special attention will be paid to the contracting authorities that haven’t conducted PP yet (Structural Funds final beneficiaries etc.).

As mentioned before, in the beginning of 2005 a new national PP legislation (based on new EC PP directives) will enter into force. Taking into account the level of conduction of PP by contracting authorities there is an urgent need for relevant training. Providing PP training cannot wait until the national training system (developed under the Twinning) is developed and operational (local lecturers trained etc) because naturally this will take time and there would remain a gap between the law entering into force and the provision of training by the local lecturers.

Separate experts are needed for training on awarding works contracts and on awarding services and supplies contracts because of the speciality of the fields and for getting different viewpoints. Separate expert is also need on PP supervision issues because of the speciality of the field. For updating guidelines and preparing training sessions, experts should consult with contracting authorities to get a better overview of the problems in the PP field. The experts should carry out the training sessions simultaneously if possible to covering all sides of the PP legislation.

For consistency of PP training the foreign experts should provide special training for local PP experts/lecturers so that they would be able to continue PP training sessions in the future and act as PP counsellors for contracting authorities. Local lecturers (about 10-15) will be chosen by the officials of MoF and PPO (with consulting the RTA) based on their earlier experience in PP and possibly using the principle of equal geographical coverage (e.g. one trainee from each county). Contracts will be signed by the trained local experts for providing trainings further on after passing the course.

If contracting authorities have to know primarily the national law then contractors need to know EC PP law as well. Their awareness on EC PP rules has to be raised by relevant training to provide them equal opportunity for participating in public procurements in other MS-s. At the moment that kind of training is missing and it will be provided by MS PP experts under the current project.
3.2 Linked activities:

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<td>2003/005-850.01.01</td>
<td>Reducing Corruption in Estonia</td>
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In the framework of the Twinning Light project (EE/02/IB/FI/03) the following activities were undertaken:
- several training sessions were organised for contracting authorities (in 5 different regions) and for judges to explain the main principles of EU PP law;
- The Estonian legal framework and the review procedure of protests by PPO was assessed (the assessment was used drafting the Public Procurement Amendment Act which entered into force on 1st of January 2004);
- training visits were organised for officials of PPO to France to study their PP organisational structure and best practise.

In the framework of the Twinning Light project (ES03/IB/TWP/FIN/13) the following activities will be carried out:
- Assistance to the State Aid and Public Procurement Division of the Ministry of Finance on drafting new Public Procurement Act to transpose the principles of new EC public procurement directives into Estonian law;
- Training concerning current EC public procurement directives provided to State Aid and Public Procurement Division, Public Procurement Office, Foreign Financing Department, Structural Funds Intermediate Bodies, Structural Funds Implementing Units (SFIU), Financial Control Department, Contracting authorities and Contractors;
- Organising up to 4 study visits (duration of 3-4 days each) for 2-3 officials of the Ministry of Finance and/or PPO to the EU Member States to study their best practice on implementation of PP rules;
- Assessing the compliance of existing assisting materials (guidelines) to the needs of users (from the point of view of contracting authority and contractor);
- Amending existing guidelines or compiling new guidelines for contracting authorities in accordance to the needs of contracting authorities explaining principles of the EC PP directives and amended Estonian PP law. The guidelines must cover the PP rules for awarding service, supplies and works contracts by classical sector and also by utilities sector contracting authorities.

The officials of Public Procurement Office and Ministry of Finance will provide assistance to the experts on PP issues on national level. Guidelines will also include case studies, draft templates etc.

In the framework of Twinning project (2003/005-850.01.01) several activities will be carried out which result in:
- Corruption map identifying the main risk areas and practices of corruption in police, border guard and customs, local government and judiciary;
- Creation of a co-ordination system between all involved authorities, in particular the Customs Board, Prosecutor’s Office, Courts, Border Guard Administration, the Police and Local Government Authorities to implement the strategy of the early detection of corruption offences;
- Implementation of sustainable anti-corruption measures, including inter alia:
  • Improvement of internal control and investigation mechanisms leading to increased criminal investigation and prosecution capacity;
  • Improvement in the implementation of the Code of Ethics.
Representative of the PPO is a member of the project’s Steering Committee.

3.3 Results:

3.3.1 Contract 1 – Twinning

3.3.1.1 Overall assessment/audit of the PP system of Estonia carried out (system audit/mapping of the administrative framework).

3.3.1.2 Overall assessment of the legal framework performed;

3.3.1.3 Officials qualified in implementation of new EC PP directives in the fields of awarding works, services and supplies contracts and in the field of supervision and review procedures/handling of complaints, Help-desk function of PPO operational:
- 3 officials from the State Aid and Public Procurement Division in MoF who are responsible for PP policy (total number of officials making PP policy in MoF is 3);
- 20 officials from PPO who are dealing directly with PP issues (total number of officials of the PPO is 23).
Officials are capable to interpret new EC PP directives correctly and effectively (for example for creating national PP legislation, counselling contracting authorities, designing national PP system etc);

3.3.1.4 The State Aid and Public Procurement Division and PPO officials qualified for applying affectively EC PP review procedures, exercising PP supervision and help desk-function and more experienced for applying electronic PP system etc on the basis of MS PP best practice;

3.3.1.5 State Aid and Public Procurement Division and CFCU qualified in applying EDIS;

3.3.1.6 Existing PP guidelines on new EC PP directives updated;

3.3.1.7 Improved administrative capacity among contracting authorities, contractors and controllers concerning new EC PP rules (about 100 persons/officials trained concerning new EC PP rules)¹;

3.3.1.8 National training plan developed which will ensure sustainable training of current and future staff of contracting authorities, national administrations and contractors. Systematic training should help to raise quality of PP conducted and improve use of public money.

¹ Of 100 about half of persons/officials are from contractors who could be interested in taking part of PP in other MS to ensure their equal treatment compared with MS contractors. Other half will consist of representatives of contracting authorities (controllers) who are interested of applying MS best practice on applying EC PP rules. It is foreseen about 4-5 training sessions for 20-25 (optimum number of trainees to be trained at the same time) persons/officials in different regions of Estonia.
3.3.1.9 Competence of local PP lecturers/trainers (about 10-15) increased through special training.
3.3.1.10 An assessment of the possibilities of “green” public procurement performed taking into account relevant guidelines and other materials available by that time.

3.3.2 Contract 2 – Service
Contracting authorities (and other parties engaged in PP process) have the capacity to follow new national rules for awarding works, service and supply contracts (based on new EC PP rules) due to the systematic PP training program (about 500 persons trained altogether)

3.4 Activities:

3.4.1 Contract 1: Twinning: 12 working months over 12 consecutive months; 411 000 EUR (403 000 EUR TF + 8 000 EUR EE co-financing)

3.4.1.1. MS project leader: 12 working days over 12 consecutive months (10 000 EUR TF);

Tasks:
- Co-ordination of project activities and back-office support;
- Co-ordination of work of experts (RTA, STE-s);
- Reporting;
- Overall coordination of project activities;
- Evaluation of the progress of the project;
- Quality control and expertise;
- Controlling and approval of the documentation prepared by the short term experts.

Profile:
- General project administration and management skills;
- Good knowledge of EU PP rules;
- University degree in legal or economic science;
- Fluent English.

3.4.1.2. Resident Twinning Advisor (RTA): 12 working months over 12 consecutive months (196 000 EUR TF);

Tasks:
- Preparation of a twinning covenant;
- Performing overall assessment/audit of the PP system of Estonia (system audit/mapping of the administrative framework). The audit should inter alia look at the positioning/statutory independence and missions of the PPO, the possible benefit of establishing an advisory council (problem solving network) and make relevant proposals (incl. management plan).
- Performing an assessment of the possibilities of “green” public procurement taking into account relevant guidelines and other materials available by that time;
- Organising 1 study visit for 2-3 officials of the State Aid and Public Procurement Division (and PPO) to an EU Member State to study their best practice on PP review procedures. Duration of the study visit is expected to be 3-4 days. The experience gained will be used for improving Estonian PP review procedure;

- Organising 1 study visit for 2-3 officials of the State Aid and Public Procurement Division (and PPO) to an EU Member State to study their best practice on PP supervision. Duration of the study visit is expected to be 3-4 days. The experience will be useful for PPO in conducting supervision over PP and for MoF for precluding possible gaps in PP legislation;

- Organising 1 study visit for 2-3 officials of the State Aid and Public Procurement Division (and PPO) to the EU Member States to study their best practice on electronic PP systems (e-tendering, e-publishing systems etc.). Duration of the study visit is expected to be 3-4 days. Experience gained will be used for creating a national e-tendering system (should be operational 2005-2007);

- Updating and organising compilation of PP guidelines by other STE-s defining the principles of the new EC and national PP law.

Guidelines should comprise of theoretical part and practical part so that it could be used for assistance in conducting PP. The guidelines must define amongst others:

- how and when to start to prepare for public procurement;
- how to choose the PP procedure;
- how to inform about PP (prior information notice, contract notice);
- how to prepare tender documents (incl. defining of technical specification);
- how to qualify tenderers and candidates;
- how to evaluate tenders;
- how to prepare PP contracts;
- how to inform about awarding PP contracts.

Guidelines should also include case studies, draft templates etc. and should be compiled into a single comprehensive Manual. Guidelines must be submitted in Estonian;

- Evaluate and give expert advice on the functioning under EDIS to State Aid and Public Procurement Division and to CFCU;
- Counselling the State Aid and Public Procurement Division and PPO in the field of new EC PP legislation and on the field of electronic PP systems;
- Supporting and consulting STE-s, where necessary co-operate with them.

Profile:
- At least 5 years of practical work experience in the field of PP in one of the Member States;
- General project administration and management skills;
- Experience in compiling guidelines is an advantage;
- Good knowledge of EU PP rules;
- University degree in law or economic science;
- Fluent English.

3.4.1.3. RTA Assistant: 12 working months over 12 consecutive months (12 000 EUR TF);
Tasks:
- Organises the activities of the RTA;
- Assists the Ministry of Finance in composing project reports;
- Carries out general administrative and secretarial duties within the project.

Profile:
- Secretarial or administrative experience;
- Computer skills;
- Good communication and organisational skills;
- Fluent English.

3.4.1.4. Short term experts 1 and 2 (STE 1, STE 2) on services and supplies and works contracts: 3 working months each over 12 consecutive months (102 000 EUR TF);

Tasks:
- Contriving assessment of legal framework. Assessment should cover previously identified implementation and interpretation difficulties of the PP legislation (see for example SIGMA review) and propose solutions;
- Developing a sustainable national PP training system in co-operation with MoF and PPO;
- Updating the PP guidelines on the basis of the new EC PP directives (guidelines should comprise theoretical part and practical part so that it could be used for assistance in conducting PP – requirements are described in more detail in the tasks of RTA). Experts should focus on awarding services, supplies and works contracts;
- Counselling the State Aid and Public Procurement Division and PPO in the field of PP, mostly on issues related to the services, supplies and works contracts;
- Preparing and carrying out lectures and seminars for local PP lecturers/trainers on new EC PP rules (2-5 days per month) on services, supplies and works contracts);
- Preparing and carrying out lectures and seminars for contracting authorities, contractors and controllers (2-5 days per month) together with local PP experts (officials of the MoF and PPO) on awarding services, supplies and works contracts. Training shall focus also on explaining new EC PP rules from the contractors’ viewpoint to ensure their equal opportunity on participating on PP in other MS;
- Preparing and carrying out seminars for Public Procurement Office on EU PP case law on different PP issues (2-5 days per month);
- Supporting and consulting RTA and other STE-s, where necessary co-operate with them.

Profile:
- At least 5 years practical work experience in the field of PP (STE 1 preferably in awarding service and supplies contracts, STE 2 preferably in awarding works contracts) in one of the Member States;
- Good knowledge of EU PP rules;
- University degree in law or economic science;
- Fluent English.
3.4.1.5. Short term expert 3 (STE 3) on supervision: 3 working months over 12 consecutive months (51 000 EUR TF);

Tasks:

- Counselling the State Aid and Public Procurement Division (PPO) in the field of PP on issues related to the supervision and review procedures/handling of complaints;
- Assisting PPO in building its help-desk function;
- Preparing and carrying out lectures and seminars for local PP lecturers on new EC PP rules (2-5 days per month) on PP supervision issues and review procedures etc;
- Preparing and carrying out lectures and seminars for contracting authorities, contractors and controllers (5-10 days per month) together with local PP experts (officials of the MoF and PPO) on supervision issues and review procedures. Training shall focus also on explaining new EC PP rules from the contractors’ viewpoint to ensure their equal opportunity on participating on PP in other MS;
- Preparing and carrying out seminars for Public Procurement Office on EU PP case law on supervision issues and review procedures (2-5 days per month);
- Supporting and consulting RTA and other STE-s, where necessary co-operate with them.

Profile:
- At least 5 years of practical work experience in the field of PP in one of the Member States (preferably in the field of PP supervision and/or reviewing protest);
- Experience in compiling guidelines is an advantage;
- Good knowledge of EU PP rules;
- University degree in law or economic science;
- Fluent English.

3.4.1.6 Study visits 7000 EUR TF + 8000 EUR co-financing)

Preparation of a twinning covenant (10 000 EUR TF). RTA will be responsible for the preparation of twinning covenant.

Audit (5000 EUR TF)

Reserve (10 000 EUR TF)

3.4.2 Contract 2: Service for training (18 working months over 18 consecutive months, 108 000 EUR TF)

Training on Public Procurement rules is open to all parties engaged in PP process – contracting authorities and entities, also contractors, controllers etc. It is planned to have 60 days of training with about 500 persons to be trained (30

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2 Detailed activities to be carried out under the service contract will be specified in the Terms of Reference where the elements which cannot be provided under the twinning will be included. The service providers will co-operate closely with the RTA to guarantee the coherence of the project.
two-day training sessions). Special attention will be paid to the contracting authorities that haven’t conducted PP (Structural Funds users etc.). To ensure sufficiency of different viewpoints and to assure adequate expert advice several experts will be hired. The training session will be divided into two consequent separate lots. In each lot one PP works and one PP services and supplies expert will perform. In both lots there will be training carried out by different experts of the same field (for example in the field of works contracts) to provide contracting authorities with different standpoints.
Training should be conducted in national language.

3.4.2.1 STTE 1 and 2: Training on procurement of supplies and services (4 working months each over 8 consecutive months, 54 000 EUR)

Tasks:
- Preparing an overview of Estonian PP legislation in the field of awarding supplies and services contracts;
- Identifying the main gaps in awarding supplies and services contracts for dealing with in more detail on training sessions, taking into account the conclusions of the SIGMA review;
- Preparing training materials (with examples of best practice etc);
- Providing training for other PP trainers (officials of PPO, MoF, etc);
- Providing training to contracting authorities and other parties engaged in PP on following issues (30 days each):
  - explaining PP principles;
  - how to carry out PP on awarding service and supplies contracts;
  - which are the gaps and solutions.
  - Providing relevant training materials;
  - Consulting contracting authorities on PP issues.

Profile:
- Good English (oral and written);
- Long-term experience in carrying out PP in awarding supplies or services contracts;
- Good knowledge of Estonian legislation (incl. PP law);
- Good knowledge of EU PP directives:
- 3 years experience in implementation of PP law.

3.4.2.2. STTE 3 and 4: Training on procurement of works (4 working months each over 8 consecutive months, 54 000 EUR)

Tasks:
- Preparing an overview of Estonian PP legislation in the field of awarding works contracts;
- Identifying the main gaps in awarding works contracts for dealing with in more detail on training sessions taking into account the conclusions of the SIGMA review;
- Preparing training materials (with examples on best practice etc);
- Providing training for other PP trainers (officials of PPO, MoF etc);
- Providing training to contracting authorities and other parties engaged in PP on following issues (30 days each):
  - explaining PP principles;
  - how to carry out PP on awarding works contracts;
  - which are the gaps and solutions.
  - Providing relevant training materials;
  - Consulting contracting authorities on PP issues.

Profile:

- Good English (oral and written);
- Long-term experience in carrying out PP in works contracts;
- Good knowledge of Estonian legislation (incl. PP law);
- Good knowledge of EU PP directives;
- 4 years experience in implementation of PP law.

3.5 Lessons learned:

During the preparation phase of this project proposal Ministry of Finance has taken into account the experience from previous twinning projects. Considering the results of other similar projects it is recommended to monitor the project progress every second month. To ensure projects success good co-ordination between different members of the project must be ensured. Effective communication must be developed between all parties involved in the project. Informal communication should be use as much as possible because this is more effective and much faster. Timing is an important issue because if delays will occur, it is almost impossible to get the project back on track. Notes should be taken at all discussions, even very small ones, because later on it might prove useful to know when or why some decision was made.

4. Institutional Framework

The Ministry of Finance of the Republic of Estonia is responsible for public procurement policy and drafting legal acts in the field of public procurement. For that purpose the Ministry of Finance co-operates with the Public Procurement Office, other ministries and State Authorities, contracting authorities and the NGOs (associations of entrepreneurs, Chamber of Commerce and Industry etc) by drafting public procurement law and designing public procurement policy. The Ministry of Finance has been responsible for public procurement issues only since November 2002. In the Ministry of Finance there are 3 officials in charge of PP policy and drafting legal acts.

Public Procurement Office was set up under the Ministry of Economic Affairs in 1996. As the PP legislation has been changing several tasks have been added to the PPO compared to the tasks given in start (task for carrying out supervision, reviewing protests, processing and maintaining State register of public procurements were added in 2001 etc).

As in November 2002 PP issues were transferred into the area of government of the Ministry of Finance also PPO was transferred into the area of government of the Ministry of Finance. According to the Statute of the PPO the PPO represents in activities the State.
The PPO is the State supervision authority responsible for the supervision of implementation of public procurement law. Currently 23 officials are working in PPO of whom 20 are directly dealing with PP issues.

In the sphere of supervisory activity and decision-making the Public Procurement Office is independent from the Ministry of Finance.

The main responsibility of the Public Procurement Office is State supervision of implementation of public procurement law to verify compliance of public procurements with the requirements established by PP law.

An important task of the Public Procurement Office is the processing and maintenance of the State register of public procurements, which exists only in electronic form. All information relating to the public procurement, inter alia prior indicative notices, contract notices, design contest notices, contract award notices and complaints submitted to the Public Procurement Office are to be published in electronic form through the State register of public procurements which is open to public on the Public Procurement web site. The rules for dispatching the procurement notices of the contracting authorities in case the value of the public procurement contract is equal to or exceeds the relevant international value threshold, will be established by Decrees of the Government by the date of accession and all notices shall be sent to the EC Office for Official Publications via the Register.

About 10 officials have been involved in earlier projects.

In addition to the Public Procurement Office the State Audit Office while carrying out its audits in the ministries and State authorities as well as internal auditors while carrying out their audits in the ministries and local governments also exercise control over implementation of public procurement rules. Estonian Competition Board has competence in case of restrictive agreements during the tendering procedure.

Main beneficiaries of the project are the State Aid and Public Procurement Division of Financial Policy Department of the Ministry of Finance, Public Procurement Office, contracting authorities (altogether about 800-1000 of which about ¼ are local municipalities), Structural Funds final beneficiaries, contractors, controllers and local trainers/lecturers. In earlier projects about 130 officials have been involved.

5. Detailed Budget

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<td>Investment</td>
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</table>

The amounts of co-financing indicated in the table correspond to cash co-financing. In addition, in kind contributions from the Estonian administration for a good implementation of the twinning may be detailed in the twinning covenant.

The co-financing expenses will be monitored by the beneficiary and the NAO. For the earmarked co-finance, a clear and verifiable set of costs will be provided (ex ante confirmation by the MoF of exact budget lines and re-confirmation before each contract within either of the two components) and ex post each project and at an aggregate level for each budget line. Flow and stock data on co-finance will be submitted quarterly for steering committees and to the CFCU and on a half-yearly bases to the Sector Monitoring Working Group.

The beneficiary, together with the NAO, commits to sound financial management and control.

**National co-financing**

<table>
<thead>
<tr>
<th>Source</th>
<th>2005</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State budget</td>
<td>8 000</td>
<td>8 000</td>
</tr>
</tbody>
</table>

National parallel co-financing under the Twinning will be used to cover international travel costs of the officials of the State Aid and Public Procurement Division and Public Procurement Office who will participate in the study visits.

In addition the officials of the Ministry of Finance and PPO will attend as lecturers on seminars carried out by RTA and STE-s (their participation at the seminars will be reimbursed from the State budget). Premises necessary for providing training sessions will be organised and reimbursed by the Ministry of Finance. The Ministry of Finance will provide also electronic equipment (a laptop and a data projector) for carrying out training sessions. Electronic equipment will be made available also to local PP lecturers after the national PP training plan has been developed.

6. **Implementation Arrangements**
6.1 Implementing Agency

The implementing Agency is the Central Financing and Contracting Unit (CFCU) within the Ministry of Finance. The CFCU will be responsible for tendering, contracting and payments. The responsibility for project preparation, implementation and control will remain in the recipient institution – State Aid and Public Procurement Division of the Financial Policy Department of the Ministry of Finance.

The Programme Authorising Officer/PAO is:
Mr. Renaldo Mändmets
Deputy Secretary General of the Ministry of Finance
Tel: (+372) 611 3545
Fax: (+372) 696 6810
e-mail: renaldo.mandmets@fin.ee

The Programme Officer is:
Mr. Veikko Vahar
Acting Head of Financial and Administrative Department of the Ministry of Finance
Tel: (+372) 611 3569
Fax: (+372) 696 6810
e-mail: veikko.vahar@fin.ee

The Estonian Project Leader in the Ministry of Finance is:
Ms. Aime Võsu
Head of State Aid and Public Procurement Division of the Financial Policy Department of the Ministry of Finance
Tel: (+372) 611 3215
Fax: (+372) 696 6810
e-mail: aime.vosu@fin.ee

A Steering Committee will be set up to oversee the project implementation. The Steering Committee will meet once a quarter and it will include representatives of the State Aid and Public Procurement Division, the Public Procurement Office and the CFCU, representatives from the European Commission as appropriate and from local authorities.

6.2 Twinning

The beneficiary institutions of the Twinning are State Aid and Public Procurement Division and Public Procurement Office.

The contact person for the experts is:
Mr. Märt Kiisel
Chief Specialist of the State Aid and Public Procurement Division of the Financial Policy Department of the Ministry of Finance
Tel: (+372) 611 3284
Fax: (+372) 696 6810
e-mail: mart.kiisel@fin.ee

6.3 Non-standard aspects
No non-standard aspects foreseen.
6.4 Contracts
Contract 1: Twinning 411,000 EUR (403,000 TF + 8,000 EUR EE co-financing);
Contract 2: Service (108,000 EUR TF).

7. Implementation Schedule
7.1 Start of tendering/call for proposals: August 2004
7.2 Start of project activity: January 2005
7.3 Project Completion: August 2006

8. Sustainability
The aim of this project is to create a strong basis for a systematic training system. Foreign PP experts together with local experts will update the existing PP guidelines that can be used for individual training or for group PP training. Materials will be kept as up-to-date as possible (Ministry of Finance is responsible for updating and for improving the guidelines) and they will be available on the Internet (on the home page of the Ministry of Finance) free of charge. Foreign experts will provide PP training for contracting authorities, contractors, controllers and for local PP lecturers (10-15 persons). Contracts will be signed by the trained local lecturers for providing training’s for 3 years after passing the course.

Local lecturers will proceed with training for PP market players (contracting authorities/entities, contractors, supervisors, etc) in course of national PP training system (systematic training). The principle of “trainee is training” will be introduced. “Trainee is training” means that if for example a representative of a contracting authority is participating in the PP training then he/she will pass the knowledge gained to his/her colleagues who didn’t participate in the PP training. The trainees will also act later on as advisors in the field of PP.

9. Conditionality and sequencing
- Conditionality
  - Recommendations and results of the 2003 TwL available before the start of the project and taken into account for drafting the twinning covenant.
  - To ensure sustainability of the project an additional full-time trainer/procurement manager is hired at the MoF/PPO side from cofinancing before the start of the project.

- Sequencing
  - Technical specifications for the technical assistance contract will be prepared before the start of any activity, in April 2004. Assistance is available under the Phare 2002 PPTMF project for this purpose.
  - The guidelines must be prepared before the start of training sessions.
  - The overall assessment of the system must be completed before the study tours.
Annexes to the project fiche

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter
### LOGFRAME PLANNING MATRIX FOR

**Project:** Improving implementing capacity in the field of public procurement

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved efficiency of use of public resources through proper implementation of public procurement law</td>
<td>Implementation of public procurement law is accurate and efficient – there are less infringements of the PP law and procedures used are chosen having regard to transparency and efficiency.</td>
<td>National and EU reports on public procurement, Public Procurement yearbook of Public Procurement Office, State Audit Offices reports, other reports of international or private sector agencies, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Implementing capacity on all levels of public procurement (contracting authorities, contractors, Structural Funds final beneficiaries, supervision authority, different controllers etc) improved leading to improved quality control and better value for money from public procurement in Estonia. | - National PP training system created;  
- About 10-15 local lecturers trained (contacts signed) ensuring consistency of PP training;  
- National advisory council on PP created;  
- About 600 participants (officials of contracting authorities, contractors, Structural Funds final beneficiaries, controllers, etc) take part in PP training sessions;  
- Assisting materials on new EC | Project reports, MoF, PPO | Economical and political stability remains good |

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>Contracting period expires</th>
<th>Total budget: € 519 000</th>
<th>TF budget: € 511 000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15/12/2006</td>
<td></td>
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</tr>
<tr>
<td>Results</td>
<td>Objectively verifiable indicators</td>
<td>Sources of Verification</td>
<td>Assumptions</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
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<td>-------------</td>
</tr>
<tr>
<td>PP directives compiled for contracting authorities;</td>
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</tr>
<tr>
<td>- 20 officials of the PPO trained and counselled in the field of new EC PP law;</td>
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<tr>
<td>- 3 officials of State Aid and Public Procurement Division trained and counselled in the field of new EC PP law;</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- 3 study visits organised for 2-3 officials of State Aid and Public Procurement Division and PPO to the MS.</td>
<td></td>
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</tr>
</tbody>
</table>
**Contract 1: Twinning**

1. Overall assessment/audit of the PP system of Estonia carried out (system audit/mapping of the administrative framework).

2. Overall assessment of the legal framework performed.

3. Officials qualified in implementation of new EC PP directives among the officials of the State Aid and Public Procurement Division in the fields of awarding works, services and supplies contracts and in the field of supervision and review procedures/handling of complaints, help-desk function of PPO operational:
   - 3 officials from the State Aid and Public Procurement Division in MoF who are responsible for PP policy (total number of officials making PP policy in MoF is 3); 20 officials are capable to interpret new EC PP directives correctly and effectively (for example for creating national PP legislation, counselling contracting authorities, designing national PP system etc);

4. The State Aid and Public Procurement Division and PPO officials qualified for applying affectively EC PP review procedures, exercising PP supervision and help desk-function and more experienced for applying electronic PP system etc on the basis of MS PP best practice;

<table>
<thead>
<tr>
<th>1. Overall assessment/audit with proposals (e.g. establishing advisory council) presented to the MoF by the end of June 2005;</th>
<th>1. Overall assessment/audit with proposals (e.g. establishing advisory council) presented to the MoF by the end of June 2005;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Overall assessment of legal framework presented to the MoF by the end of May 2005;</td>
<td>2. Overall assessment of legal framework presented to the MoF by the end of May 2005;</td>
</tr>
<tr>
<td>3. 3 officials of the State Aid and Public Procurement Division and 20 officials of the PPO trained and counselled by the end of May 2005;</td>
<td>3. 3 officials of the State Aid and Public Procurement Division and 20 officials of the PPO trained and counselled by the end of May 2005;</td>
</tr>
<tr>
<td>4. 3 study visits organised for 2-3 officials of the State Aid and Public Procurement Division and PPO to the EU MS to study MS PP best practice on PP review</td>
<td>4. 3 study visits organised for 2-3 officials of the State Aid and Public Procurement Division and PPO to the EU MS to study MS PP best practice on PP review</td>
</tr>
</tbody>
</table>

- Effective co-operation and exchange of information between MoF, PPA, Twinning team, EU experts and trainees.

- Registry sheets of trainings, MoF, PPA, Twinning team, EU experts.
5. State Aid and Public Procurement Division and CFCU qualified in applying EDIS;

6. Existing PP guidelines on new EC PP directives updated;

7. Improved administrative capacity among contracting authorities, contractors and controllers concerning new EC PP rules (about 100 persons/officials trained concerning new EC PP rules);

8. National training plan developed which will ensure sustainable training of current and future staff of contracting authorities, national administrations and contractors. Systematic training should help to raise quality of PP conducted and improve use of public money.

9. Competence of local PP lecturers/trainers (about 10-15) increased through special training.

10. An assessment of the possibilities of “green” public procurement performed taking into account relevant guidelines and other materials available by that time.

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5. Consultations provided on possible problems in applying EDIS;

6. PP manual compiled by May 2005;

7. About 100 persons of contracting authorities, contractors, Structural Funds final beneficiaries and controllers trained (25-60 days of training) concerning new EC PP rules by the end of May 2005;

8. National PP training plan developed by June 2005;


10. An assessment of possibilities of “green” public procurement presented to the MoF by the end of August 2005.
**Contract 2: Service**

1. Contracting authorities (and other parties engaged in PP process) have the capacity to follow new national rules for awarding works, service and supply contracts (based on new EC PP rules) due to the systematic PP training program (about 500 persons trained altogether).

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost (EUR)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 60 days of training provided (with relevant training materials) 500 persons will be trained (officials of contracting authorities and other parties engaged in PP) on awarding services, supplies and works contracts by the end of September 2006.</td>
<td>Registry sheets of trainings, MoF, PPA, Twinning team, EU experts</td>
<td>Effective co-operation and exchange of information between MoF, PPA, experts and trainees.</td>
<td></td>
</tr>
<tr>
<td>Contract 1 – Twinning</td>
<td>TF</td>
<td>EE</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------------------</td>
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</tr>
<tr>
<td><strong>Activities:</strong></td>
<td>403 000</td>
<td>8 000</td>
<td></td>
</tr>
<tr>
<td>1. Co-ordination of project activities and back-office support;</td>
<td>10 000</td>
<td></td>
<td>Suitable experts will be found.</td>
</tr>
<tr>
<td>2. Co-ordination of work of experts (RTA, STEs);</td>
<td>7 000</td>
<td></td>
<td></td>
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<tr>
<td>3. Reporting;</td>
<td>8 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Overall coordination of project activities;</td>
<td>196 000</td>
<td></td>
<td>The experts have sufficient knowledge</td>
</tr>
<tr>
<td>5. Evaluation of the progress of the project;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Quality control and expertise;</td>
<td>196 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Controlling and approval of the documentation prepared by the short term experts.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Study visits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Preparation of a twinning covenant;</td>
<td>196 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Performing overall assessment/audit of the PP system of Estonia (system audit/mapping of the administrative framework). The audit should inter alia look at the positioning/statutory independence and missions of the PPO, the possible benefit of establishing an advisory council (problem solving network) and make relevant proposals (incl. management plan).</td>
<td>196 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Performing an assessment of the possibilities of “green” public procurement taking into account relevant guidelines and other materials available by that time;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Organising 1 study visit for 2-3 officials of the State Aid and Public Procurement Division (and PPO) to an EU Member State to study their best practice on PP review procedures. Duration of the study visit is</td>
<td></td>
<td></td>
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</tbody>
</table>
expected to be 3-4 days. The experience gained will be used for improving Estonian PP review procedure;
5. Organising 1 study visit for 2-3 officials of the State Aid and Public Procurement Division (and PPO) to an EU Member State to study their best practice on PP supervision. Duration of the study visit is expected to be 3-4 days. The experience will be useful for PPO in conducting supervision over PP and for MoF for precluding possible gaps in PP legislation;
6. Organising 1 study visit for 2-3 officials of the State Aid and Public Procurement Division (and PPO) to the EU Member States to study their best practice on electronic PP systems (e-tendering, e-publishing systems etc.). Duration of the study visit is expected to be 3-4 days. Experience gained will be used for creating a national e-tendering system (should be operational 2005-2007);
7. Updating and organising compilation of PP guidelines by other STE-s defining the principles of the new EC and national PP law. Guidelines should comprise of theoretical part and practical part so that it could be used for assistance in conducting PP. The guidelines must define amongst others:
   - how and when to start to prepare for public procurement;
   - how to choose the PP procedure;
   - how to inform about PP (prior information notice, contract notice);
   - how to prepare tender documents (incl. defining of technical specification);
   - how to qualify tenderers and candidates;

of Estonian PP law.

Estonian PP law has entered into force and is available to the experts.

Sufficient number of trainees per each training session.
- how to evaluate tenders;
- how to prepare PP contracts;
- how to inform about awarding PP contracts.

Guidelines should also include case studies, draft templates etc. and should be compiled into a single comprehensive Manual.

Guidelines must be submitted in Estonian;

8. Evaluate and give expert advice on the functioning under EDIS to State Aid and Public Procurement Division and to CFCU;

9. Counselling the State Aid and Public Procurement Division and PPO in the field of new EC PP legislation and on the field of electronic PP systems;

10. Supporting and consulting STE-s, where necessary co-operate with them.

Activities:

1. Organises the activities of the RTA;
2. Assists the Ministry of Finance in composing project reports;
3. Carries out general administrative and secretarial duties within the project.

Activities:

1. Contriving assessment of legal framework. Assessment should cover previously identified implementation and interpretation difficulties of the PP legislation (see for example SIGMA review) and propose solutions;
2. Developing a sustainable national PP training system in co-operation with MoF and PPO;
3. Updating the PP guidelines on the basis of the new EC PP directives (guidelines should comprise theoretical part and practical part so

<table>
<thead>
<tr>
<th>3.4.1.3 RTA Assistant: 12 working months over 12 consecutive months</th>
<th>12 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4.1.4 Short term expert 1 and 2 (STE 1, STE 2) on services and supplies: 3 working months each over 12 consecutive months</td>
<td>102 000</td>
</tr>
</tbody>
</table>
that it could be used for assistance in conducting PP – requirements are described in more detail in the tasks of RTA). Experts should focus on awarding services, supplies and works contracts;

4. Counselling the State Aid and Public Procurement Division and PPO in the field of PP, mostly on issues related to the services, supplies and works contracts;

5. Preparing and carrying out lectures and seminars for local PP lecturers/trainers on new EC PP rules (2-5 days per month) on services, supplies and works contracts;

6. Preparing and carrying out lectures and seminars for contracting authorities, contractors and controllers (2-5 days per month) together with local PP experts (officials of the MoF and PPO) on awarding services, supplies and works contracts. Training shall focus also on explaining new EC PP rules from the contractors’ viewpoint to ensure their equal opportunity on participating on PP in other MS;

7. Preparing and carrying out seminars for Public Procurement Office on EU PP case law on different PP issues (2-5 days per month);

8. Supporting and consulting RTA and other STE-s, where necessary co-operate with them.

Activities:
1. Counselling the State Aid and Public Procurement Division (PPO) in the field of PP on issues related to the supervision and review procedures/handling of complaints;

2. Assisting PPO in building its help-desk

3.4.1.6. Short term expert 3 (STE 3) on supervision: 3 working months over 12 consecutive months 51 000
3. Preparing and carrying out lectures and seminars for local PP lecturers on new EC PP rules (2-5 days per month) on PP supervision issues and review procedures etc;

4. Preparing and carrying out lectures and seminars for contracting authorities, contractors and controllers (5-10 days per month) together with local PP experts (officials of the MoF and PPO) on supervision issues and review procedures. Training shall focus also on explaining new EC PP rules from the contractors’ viewpoint to ensure their equal opportunity on participating on PP in other MS;

5. Preparing and carrying out seminars for Public Procurement Office on EU PP case law on supervision issues and review procedures (2-5 days per month);

6. Supporting and consulting RTA and other STE-s, where necessary co-operate with them.

Preparation of a twinning covenant

RTA is responsible for the preparation of a twinning covenant

Audit

Reserve

<table>
<thead>
<tr>
<th>Preparation of a twinning covenant</th>
<th>RTA is responsible for the preparation of a twinning covenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>5000</td>
</tr>
<tr>
<td>Reserve</td>
<td>10 000</td>
</tr>
</tbody>
</table>
**Contract 2 – Service**

1. Preparation of an overview of Estonian PP legislation in the field of awarding supplies, services and works contracts;
2. Identifying the main gaps in awarding supplies, services and works contracts for dealing with in more detail on training sessions, taking into account the conclusions of the SIGMA review;
3. Preparation of training materials (with examples on best practice etc);
4. Providing training for other PP trainers (officials of PPO, MoF etc);
5. Providing training to contracting authorities and other parties engaged in PP on following issues (60 days):
   - explaining PP principles;
   - how to carry out PP on awarding service and supplies contracts;
   - how to carry out PP on awarding works contracts;
   - which are the gaps and solutions.
6. Providing relevant training materials;
7. Consulting contracting authorities on PP issues.

<table>
<thead>
<tr>
<th></th>
<th>108 000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4 STTEs – 2 in the areas of works contracts and 2 in the areas of services and supplies contracts. 2 STTEs of the same field are required for providing contracting authorities and other parties engaged in PP with as many point of views on the same issue as possible.</td>
<td></td>
<td>Suitable experts found.</td>
</tr>
<tr>
<td>3.4.2.1 STTE 1 and 2: Training on procurement of supplies and services (4 working months each over 8 consecutive months)</td>
<td>54 000</td>
<td>Sufficient information available to the experts about Estonian situation in the field of PP.</td>
</tr>
<tr>
<td>3.4.2.2 STTE 3 and 4: Training on procurement of works (4 working months each over 8 consecutive months)</td>
<td>54 000</td>
<td>Sufficient number of trainees per each training session.</td>
</tr>
</tbody>
</table>

**Preconditions**

Terms of Reference for the Twinning must be prepared.
## Time Implementation Chart

### Project No:
**Project Title:** Improving implementing capacity in the field of public procurement

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract 1:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning</td>
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<tr>
<td>RTA</td>
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<tr>
<td>RTA assistant</td>
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<tr>
<td>STE 1</td>
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<td>STE 2</td>
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<tr>
<td>STE 3</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>MS project leader</td>
<td>I</td>
<td>I</td>
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</tr>
<tr>
<td>Preparation of a twinning covenant</td>
<td>I</td>
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<tr>
<td>Training materials</td>
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<tr>
<td>Study visits</td>
<td>I</td>
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<tr>
<td>Training seminars</td>
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<td>Audit</td>
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<tr>
<td><strong>Contract 2:</strong></td>
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<td>Service</td>
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</tbody>
</table>
**Cumulative Contracting Schedule**

**Project No:**

**Project Title:** Improving implementing capacity in the field of public procurement

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th></th>
<th></th>
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<td>31.03</td>
<td>30.06</td>
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</tr>
<tr>
<td>Twinning</td>
<td>403 000</td>
<td>403 000</td>
<td>403 000</td>
<td>403 000</td>
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<tr>
<td>Contract 2:</td>
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<tr>
<td>Service</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>403 000</td>
<td>511 000</td>
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**Cumulative Disbursement Schedule**

**Project No:**

**Project Title:** Improving implementing capacity in the field of public procurement

<table>
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<th>Date</th>
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<th>2006</th>
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<td>30.06</td>
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<td>Contract 1: Twinning</td>
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<tr>
<td>Contract 2: Service</td>
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<tr>
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<td>322 400</td>
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