1. Basic Information

1.1 CRIS Project Number: 2003/004-347-04-01

1.2 Title: Unallocated Institution Building Envelope

1.3 Sector: Various

1.4 Location: Hungary

2. Objectives

2.1 Overall Objective

Strengthening the institutions and administrative capacity for the full application of the acquis communautaire

2.2 Project purpose:

To provide Institution Building through assistance (twinning light, other form of technical assistance) to meet the requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process, in the preparation of the Action Plan for the Administrative and Judicial capacity and the Peer Review. In particular this facility may help to:

- assist the adoption and implementation of acquis in particular areas where assistance is still necessary;
- strengthen the institutional and operational capacity of public administration bodies in view of the future role in the implementation of the EU acquis;
- to develop human resources of public administration institutions relevant for the implementation of the EU acquis

2.3 Accession Partnership and NPAA priority

- AP: “The Feira and Gothenburg European Councils in 2000 and 2001 respectively confirmed the vital importance of the applicant countries’ capacity to implement and enforce the acquis, and added that this required important efforts by the applicants in strengthening and reforming their administrative and judicial structures”

- “It should be recalled that incorporation of the acquis into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the acquis.”

2.4 Contribution to National Development Plan
2.5 Cross Border Impact

Not Applicable

3. Description

3.1 Background and justification:

Hungary has been the beneficiary of accession related PHARE institution building projects since 1998. A high number of institution building projects have been or are being completed successfully in the form of full scale twinning with the assistance of Member States experts. However in the final stage of Hungary’s accession preparation there is a clear demand to establish a more flexible institution building instrument to address specific well-circumscribed self contained subjects of limited scope. The unallocated institution building envelope will provide the possibility to respond to emerging tasks in a more flexible and immediate way. Within the National PHARE budget an unspecified envelope will be earmarked from which projects to be implemented in the form of twinning light, or commercially contracted technical assistance can be financed. In particular, projects will be supported in those areas in which an urgent or unforeseen task would come up during the accession negotiations or which have a high priority. The project may also cover the needs identified during the accession negotiations such as expertise of economic, social, legal and institutional nature.

3.2 Linked activities:

- All institution building projects financed by PHARE since 1998
- The TAIEX Multi-beneficiary Programme, which acts as a complement to the national Phare programmes and is coordinated with them, responding to individual requests not covered in these programmes by tailor-made actions for each country in all fields of the acquis.
- SIGMA Multi-beneficiary Programme, which apart from advising on the modernisation of general management systems of public institutions focuses on horizontal subject areas of pre-accession assistance (e.g. financial control and external audit, financial management and public procurement, civil service and public administration), oriented to accession priorities and complementing National Programmes for Institution Building and twinning.
- HU0102-07 – Twinning light facility
- HU 2002/000-180-06-01 Unallocated IB envelope

3.3 Results:

Establishment of a facility providing support for institution building projects.

3.4 Activities:
An envelope for as yet unspecified institution building projects will be established.

Funded projects will rest on a number of fundamental principles:

- Projects will be based on priorities identified in the Accession Partnership, the NPAA and the Action Plan for Administrative and Judicial capacity, or emerge from the ongoing negotiation process. 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 and to the negotiation chapters: preparation for future structural and regional policies, preparation of relevant administrative structures for future accession.

- 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 Commission’s PHARE guidelines;

- Projects can be implemented in the forms of twinning light and technical assistance.

A Steering Committee for Institution Building will be created 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. The Steering Committee shall have the first meeting at the time of the signature of the Financing Memorandum 2003. It shall decide about the first allocation not later than the following three months. The SC shall also guarantee that a clear timetable is defined in a way to ensure that the IB assistance is in place before the end of 2004. The SC shall meet on regular basis in order to make sure that the timetable is implemented or projects are designed in accordance with the defined needs. An indicative timetable is included in Annex 1.

The budget the envelope, can also be used to co-finance limited investment to cover the needs of the Anti-Fraud Co-ordination Structure that ensures adequate protection of the financial interest of the Community. The amount of assistance allocated for this purpose should be defined following a need assessment to take place in all candidate countries in early 2003 and will not exceed 500,000 €.

### 3.5 Lessons Learned

The take up of the previous facilities established under the Phare programme – ie. the 2001 Twinning Light Facility and the 2002 Unallocated IB envelope – has been good and most of the funds have been committed. No evaluation has been done yet on those facilities. However experience shows that they have been particularly useful to respond quickly to urgent needs emerged during the accession negotiations. In the case of 2003 Unallocated IB envelope the smooth and fast use of the facility is utmost important from the aspect of the approaching date of accession, therefore the Steering
Committee will define a clear timetable for any further Institution Building task and encourage an early project preparation.

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 a Steering Committee for Institution Building including the PHARE National Co-ordinaton, the EC Delegation, the Ministry of Foreign Affairs, the Ministry of Finance and the CFCU. 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. From there on the procedures will follow what provided for in the “Twinning Manual”, “Procedures for twinning light”, and the PRAG.

5. Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Phare</th>
<th>Support</th>
<th>Total Phare (=I+IB)</th>
<th>National *- Cofinancing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>0.00</td>
<td>4.20</td>
<td>4.20</td>
<td>-</td>
<td></td>
<td>4.20</td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institution</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

* To all institution building projects government co-financing will be allocated to cover the necessary counterpart costs arising from the implementation of the project.

6. Implementation Arrangements

6.1 Implementing Agency

**PAO:** Judit RÓZSA, Head of the CFCU, Hungarian State Treasury

Address: Deák Ferenc u. 5  
H-1052 Budapest  
Telephone: (36-1) 327-3555  
Fax: (36-1) 327-3572  
e-mail: judit.rozsa@ahh.gov.hu

**SPO:** Since a number of different projects will be implemented, for each, the respective SPO will be nominated.

6.2 Twinning

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

6.3 Non-standard aspects

The Practical Guide for Phare, ISPA and SAPARD contract procedures and the specific twinning and twinning light rules will strictly be followed.

6.4 Contracts
Due to the nature of the envelope for the time being it is not possible to foresee the number and value of contracts.

7. Implementation Schedule

7.1 Start of tendering/call for proposals

As defined in Annex 1.

7.2 Start of project activity

Contracts may be signed only after the signature of the Financing Memorandum for the Phare 2003 National Programme.

7.3 Project Completion

Projects must be completed before the expiry date of the Financing Memorandum for the Phare 2003 National Programme.

8. Equal Opportunity

Equal opportunity for men and women will be guaranteed.

9. Environment

Not applicable.

10. Rates of return

Not applicable.

11. Investment criteria

Not applicable.

12. Conditionality and sequencing

The envelope will be actually used only if there are enough concrete applications fulfilling the criteria identified.

The beneficiary institutions are bound to provide the twinning partner with adequate staff and other resources (including translation and interpretation) 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. Indicative Timetable of Steering Committee
2. Logical framework matrix in standard format
3. Detailed implementation chart
4. Contracting and disbursement schedule by quarter for full duration of the programme (including disbursement period)
**INDICATIVE TIMETABLE OF THE STEERING COMMITTEE**

<table>
<thead>
<tr>
<th>Month(s)</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2002</td>
<td>Kick-off meeting of SC in order to define methods and strategy of the use of the funds</td>
</tr>
<tr>
<td>March 2003</td>
<td>Decision on the first allocation of the funds</td>
</tr>
<tr>
<td>June-July 2003</td>
<td>Tendering of twinning light, start of tendering TA based on the SC decision</td>
</tr>
<tr>
<td>September 2003</td>
<td>Start of twinning light/ Steering Committee defines the use of the available funds</td>
</tr>
<tr>
<td>November-December 2003</td>
<td>Start of twinning light projects or TA</td>
</tr>
<tr>
<td>January 2004</td>
<td>Steering Committee defines the use of the available funds</td>
</tr>
<tr>
<td>February-March 2004</td>
<td>Tendering of twinning light, start of tendering TA based on the SC decision</td>
</tr>
<tr>
<td>December 2004</td>
<td>Completion of the IB implementation</td>
</tr>
<tr>
<td>LOGFRAME PLANNING MATRIX FOR</td>
<td>Programme name and number</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>UNALLOCATED INSTITUTION BUILDING ENVELOPE</td>
<td>Contracting period expires: 30 November 2005</td>
</tr>
<tr>
<td></td>
<td>Total budget :4,200,000</td>
</tr>
</tbody>
</table>

**Overall objective**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the institutions and administrative capacity for the full application of the acquis communautaire</td>
<td>Accession partnership, Action Plan, Regular Report</td>
</tr>
</tbody>
</table>

At least 5 more Hungarian (beneficiary) institutions compared to 2002 are entirely ready to apply the acquis.

**Project purpose**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion of some specific urgent, unforeseen needs identified in the course of the accession negotiations, the NPAA, the preparation of the Action Plan for Administrative and Judicial capacity and the Peer Review</td>
<td>Acceleration of the progress within ministries/institutions towards meeting the requirements of the acquis</td>
<td>At least 75% of the project beneficiaries received more positive comments in Commission monitoring reports etc.</td>
</tr>
</tbody>
</table>

**Results**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of a facility providing support for institution building projects</td>
<td>Specific identified tasks have been completed with the help of MS experts or TA provided by experts selected through the Practical Guide for Phare procedures.</td>
<td>twinning experts reports, Monitoring reports</td>
</tr>
</tbody>
</table>

**Activities**

<table>
<thead>
<tr>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning light(s)</td>
<td>Appropriate twinning partners and TA companies will be found and smooth co-operation will be ensured;</td>
</tr>
<tr>
<td>Service(s)</td>
<td></td>
</tr>
</tbody>
</table>

Due to the nature of the envelope for the time being it is not possible to foresee the number of contracts.
Preconditions

- The beneficiaries allocate appropriate human & financial resources to the specific task
- Full participation of senior management
- The Steering Committee guarantees that a clear timetable is defined and IB assistance is in place before the end of 2004
**ANNEX 3**

**DETAILED IMPLEMENTATION CHART**

<table>
<thead>
<tr>
<th>Component</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>M</td>
<td>A</td>
<td>M</td>
</tr>
<tr>
<td>Unallocated IB envelope</td>
<td>D</td>
<td>D</td>
<td>D</td>
<td>T</td>
</tr>
</tbody>
</table>

**D**: Design (15%)

**T**: Tendering and contracting (30%)

**I**: Implementation (50%)

Due to the nature of the facility the various phases of the project cycle will most probably run, in parallel, contract by contract.
**ANNEX 4**

**CONTRACTING AND DISBURSEMENT SCHEDULE**

<table>
<thead>
<tr>
<th>Unallocated IB envelope</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>Contracting</td>
<td>0.00</td>
<td>2.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Disbursement</td>
<td>0.00</td>
<td>1.00</td>
<td>1.50</td>
<td>2.00</td>
</tr>
</tbody>
</table>

* Only Phare contribution

Due to the nature of the facility the contracting and disbursement schedule can be an estimation only.