COMMISSION DECISION
OF 2000

Establishing a global authorisation for a Technical and Administrative Assistance Facility (ATA)

The Commission of the European Communities,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 1266/99 of 21 June 1999, and in particular Article 9 thereof,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The Programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be € 16 mio to be financed through Budget line B7-030A.

Done at Brussels,
For the Commission
FINANCING PROPOSAL

GLOBAL AUTHORISATION UNDER THE PHARE PROGRAMME FOR A TECHNICAL AND ADMINISTRATIVE ASSISTANCE FACILITY (ATA)

1. IMPLEMENTATION

Beneficiary states: Phare partner countries
Programme: Technical and Administrative Assistance Facility (ATA)
Year: 1999
Cost: € 16 mio
Expiry date: 30.11.2002 contracting
30.11.2003 disbursements
Sector: AA
Group: M
Budget line: B7-030A
Task Manager: Andrew Rasbash

2. SUMMARY

The funds authorised under this proposal will be used to supply technical support and to cover relevant administrative expenditure for the mutual benefit of the Commission and the Phare partner countries, in support of the implementation of the Phare Programme.

3. BACKGROUND

The 2000 budget includes a budgetary comment for the Phare programme, allowing up to € 73,8 mio from the Phare budget to be used for administrative management. Inter alia these funds can be used for “expenditure on technical and/or administrative assistance relating to the identification, preparation, management, audit and supervision of the programmes or projects.” This appropriation also covers “expenditure on studies, meetings of experts, information and publications directly linked to the achievement of the objective of the programme or projects.”

The maximum available budget for ATA (Administrative and Technical Assistance) under Phare 2000 is € 73.8 mio. It is proposed to use € 16 mio for activities developed under this ATA financing proposal. The remaining funds will be allocated as necessary to cover monitoring and assessment (€ 19.5 mio), information (€ 7.5 mio) and the ATA costs of the Taiex programme and any other multi-country and horizontal programmes to be proposed under the 2000 budget.

The general ATA component will be used to finance support for the implementation of all ongoing Phare programmes. The normal rules for the duration of the contracting and disbursement periods will be followed.
The Phare review has identified the need for support to the candidate countries in preparing for extended decentralisation (whereby they will take over full responsibility for contracting without ex ante checking by the Commission Delegation). The process is expected to involve accreditation of the financial and operational system by an independent body (in the candidate country) and subsequent verification of the accreditation by Commission services. The process will require considerable technical support.

The main instruments to be financed are:

- Technical assistance directly linked to programme implementation provided by international and local experts recruited by the Delegations (ALATs);
- Short term technical assistance directly linked to programme preparation and implementation, including activities such as programming, monitoring, assessment and audit, tender evaluations, and general project supervision;
- Studies directly linked to programme preparation and implementation;
- Technical support to the process of decentralisation.

4. OBJECTIVE

The wider objective of the funds is to ensure the efficiency and the effectiveness of Phare programmes.

The immediate objectives are to ensure that:

- the Commission is able to carry out its responsibilities under the Phare Decentralised Implementation System in a timely manner (avoid bottlenecks);
- the process of formal closure of completed Phare programmes is accelerated;
- extended decentralisation is in place in some countries.

5. DESCRIPTION AND COST

The ATA will finance a number of different types of actions. The main types of actions and the related budget breakdown is found in the table below.
Table: Envisaged activities under ATA 2000

<table>
<thead>
<tr>
<th>Activity</th>
<th>Budget (in € mio)</th>
<th>Type of expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALATs</td>
<td>4,0</td>
<td>ATA intra-muros</td>
</tr>
<tr>
<td>Short term technical assistance</td>
<td>6,0</td>
<td>ATA extra-muros</td>
</tr>
<tr>
<td>Studies</td>
<td>2,5</td>
<td>ATA extra-muros</td>
</tr>
<tr>
<td>Audits</td>
<td>1,0</td>
<td>ATA extra-muros</td>
</tr>
<tr>
<td>Support to extended decentralisation</td>
<td>1,0</td>
<td>ATA extra-muros</td>
</tr>
<tr>
<td>Management Information System</td>
<td>1,5</td>
<td>ATA extra-muros</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,0</strong></td>
<td></td>
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</table>

**ALATs**

The Commission has followed a policy of deconcentrating responsibility in the implementation of the Phare programme to its Delegations in the Candidate Countries. Delegations are in particular responsible for:

- ex ante controls that the Commission is required to carry out during the tendering process (supervision of the work of the CFCU and other Implementing Agencies).
- monitoring the implementation and impact of projects in close association with the project beneficiaries;
- supporting HQ in programming (identification and preparation of projects);
- supporting HQ in auditing projects.

These tasks are directly linked to the Phare programme and its project cycle. They call for substantial human resources on a temporary basis until the Phare programme ends following accession. To meet this temporary need the Commission has recruited ALATs in the ten Phare accession countries. They are recruited on the basis of annual contracts that can be renewed up to a maximum of five years in total.

The funds requested in this Financing Proposal are intended to cover the annual costs of ALATs (salaries plus 22.5% allocation for support costs – office space, travel, communications etc). It is expected that a similar programme will be proposed in future years.

**Small-scale technical assistance (SSTA)**

In addition to the need for full-time staff that will be met by the ALATs there will be an ongoing need for short-term expertise. The main use of these funds will be for programming (identification and preparation of specific projects where a particular technical expertise is needed, horizontal expertise in programming) and tender evaluations (where there is a general requirement to include at least one independent expert in each evaluation committee).
These experts will be available both to Delegations and to Country Teams and the units with horizontal responsibilities relating to Phare in Headquarters. In general the expertise will be procured from framework contractors.

Studies

SSTA funds are intended for small actions. They will not be available for preparing major studies, which will be financed from a separate budget. These studies must relate directly to the identification and preparation of programmes or projects.

Audits

As foreseen in the budgetary commentary, funds will be used to undertake audits of Phare programmes, as well as specific audits of individual projects and contracts contained within these programmes. Activities will consist of:

- compliance audits, both for on-going programmes and programmes that have closed, to determine the regularity and legality of expenditure, verification of assets, certification of final accounts and compliance with the existing Phare DIS rules;

- audits to investigate allegations of mismanagement of funds.

- system audits of financial and operations procedures to assess the extent to which EU funds are safeguarded and to identify any further measures to ensure adequate control of these funds

Extended decentralisation

The Phare review has identified the need for support to the process of preparing for extended decentralisation (whereby candidate countries take over full responsibility for contracting without ex ante checking by the Commission Delegation). The process is expected to involve accreditation of the financial and operational system by an independent body (in the candidate country) and subsequent verification of the accreditation by Commission services.

Extended decentralisation will be carried through on a differentiated basis that will allow the retention of ex ante controls by Commission services in some countries for several years while, in other countries, these controls may be dropped already in 2002. The differentiation is expected to reflect closely the financial control capacity of the administration.

Thus in the timescale of this Financing Proposal the process will be complete in some countries, under way in others and may not even have started in those countries where the risk of financial mismanagement is deemed to be most acute.

The assistance foreseen will complement activities under way in the candidate countries financed by the national programme or by the Sigma multi-country programme. It is intended to ensure firstly that the countries have a common understanding of what the Commission requires of them to allow extended decentralisation, secondly that the Commission has an independent, professional
assessment of the capacity of the countries to meet its requirements. Thirdly that this assessment is updated as necessary.

Common Management Information System

The candidate countries are required to handle large sums of Phare money and, with extended decentralisation, they will be held increasingly responsible for the use of those funds. In order to help them carry out this responsibility effectively and transparently, the Commission intends to establish a Common Management Information System (CMIS).

An independent expert is currently assisting Commission services in drawing up detailed terms of reference for the CMIS. There will be two main elements – financial reporting, based on the existing Désirée and Perseus systems and project information. Where possible the CMIS will follow the approach taken for other external assistance programmes. However the particularity of Phare – its decentralisation - means that these will have to be adapted.

Data entry will largely be carried out on a decentralised basis by the candidate countries. Read-only access will be widely available both in the candidate countries and inside the Union although there will have to be some restrictions (commercially confidential or politically sensitive information).
6. IMPLEMENTATION

The programme will be implemented by the Commission on behalf of the national authorities in accordance with the standard tendering and contracting procedures.

Individual ALATs will be recruited on a competitive basis organised either by the Delegation or centrally in Brussels. Experts’ contracts will in principle be for 12 months with the possibility of extension four times (to a maximum of five years in total). Extensions will be subject to good performance, to continued needs for the particular skills of the ALAT and to the continued availability of funds. This policy will help to ensure continuity, and to attract and motivate good applicants. The Commission will also be responsible for contracting secretarial and support services (including office accommodation and transport) where necessary.

SSTA will in general be recruited through the framework contracts for operational activities. Where the framework contractors cannot supply the necessary expertise, the simplified tendering procedure should be used. Where the framework contracts cannot be used because the work is essentially of an administrative rather than an operational nature, the SSTA will be recruited following the simplified tendering procedures. In the latter case, the CCAM should be consulted.

Audits will be contracted following standard procedures. One or more specialist framework contracts may be let for this purpose.

The assistance for the process of extended decentralisation and the CMIS will be tendered following standard procedures.

The ATA for 2000 will be implemented following the Commission decision through an exchange of letters with the partner countries as is usual for programmes implemented from Brussels.

7. DISBURSEMENT SCHEDULE (million € ACCUMULATED)

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<tr>
<td></td>
<td>2.5</td>
<td>8.0</td>
<td>13.5</td>
<td>16.0</td>
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8. AUDIT, MONITORING AND EVALUATION

The Commission Services shall:

a. monitor the implementation of the programme on the basis of regular reports from all relevant Delegations.

b. follow the progress of the programme and its components and carry out an ex-post evaluation after completion of the programme.

All contracts, agreements and legal commitments between the Commission and recipients of payments provide for in situ checks by the Commission and the Court.
of Auditors. The accounts and operations of the ATA may be checked at the Commission's discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors.

Recipients of support under specific actions are under the obligation to provide a report and financial statement which are analysed from the point of view of content and eligibility of expenditure in accordance with the objective of Community funding and bearing in mind the contractual obligations and the principles of sound and efficient management.
# LOGFRAME PLANNING MATRIX FOR ADMINISTRATIVE AND TECHNICAL ASSISTANCE FACILITY (ATA)

<table>
<thead>
<tr>
<th>Wider Objective(s)</th>
<th>Indicators of Achievement*</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Risks/Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient implementation of Phare up to accession</td>
<td>• Impact of national programmes</td>
<td>• Regular reports</td>
<td></td>
</tr>
</tbody>
</table>

### Immediate Objective (Purpose)
- Commission administers ongoing Phare well
- Outstanding programmes formally closed
- Extended decentralisation operational
- Reduced backlog of commitments, contracts and payments
- Backlog reduced in number and value
- Extended decentralisation operates in several countries
- MIS data
- Sincom data
- Commission decision authorising extdec
- Countries must also manage Phare well (programming or implementation)
- Countries’ administration not ready

### Results (Outputs)
- Expertise, studies
- Audits
- Diverse reports
- Officials to judge quality of outputs
- Good co-operation from countries
- Enough officials to follow up on the outputs

### Inputs
- ATA
- Man-days
- Officials to check quantity of inputs
- Good quality ToRs
- Good selection procedures