Commission Decision  
of  2002

Establishing a Phare programme to support public administration reform on key issues related to Institution Building, Sigma

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 18th December 1989 on economic aid to certain countries of Central and Eastern Europe\(^1\), as last amended by Regulation (EC) No 2500/2001\(^2\) (2), and in particular its article 9,

Whereas:

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

(2) 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,

HAS DECIDED:

Article 1

The Phare Public Administration Programme described in the Annex to the present decision is hereby adopted. It is shall be implemented by means of a contribution arrangement agreed between the Community and the OECD.

Article 2

The maximum amount of Community assistance shall be 4 MEUR to be financed through budget line B7-030 in 2002.

Done at Brussels…………2002

For the Commission

\(^1\) OJ n° L375 of 23 December 1989  
\(^2\) OJ n° L342 of 27 December 2001
1. Identification

Countries: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia

Programme: Programme for improving governance and management, Sigma

Year 2002

EC Contribution 4 MEUR

Sector Classification: AD

Group Code: O

Responsible Authority: Commission Operational Services in Brussels

Implementing Authority: OECD

Budget line: B7-030

CRIS number: 2002/000/295

Expiry date: Commitments 30 June 2003

Disbursement 31 March 2005

Task Manager: Alain van Hamme

1. Summary

Effective cross ministerial systems, to manage human and other resources and control their use, are pre-requisites for reliable enforcement of the acquis and sound and efficient management of the pre-accession funds. This Financing proposal continues the SIGMA programme with the aim to strengthen civil service development and financial management and control, as well as to provide special resources to help mainly Bulgaria and Romania formulate their needs for Institution Building support.

2. Background

The Copenhagen criteria specify that candidate countries must be able to assume the burden of membership. This concept was refined at the Madrid Council which stressed the importance of candidate countries’ administrative capacities to enforce the acquis communautaire. The need for administrative capacities is reinforced by the subsequent decision (Council Regulation (EC) No 1266/1999) to decentralise and eliminate ex-ante control by the Commission of the management of Phare and Pre-
Accession funds where the national administrations are sufficiently equipped to ensure their sound and efficient management.

Most of the acquis communautaire is enforced through specific and specialised sectoral institutions. But the quality, reliability and sustainability of their action depend on the cross-ministerial, government-wide systems of resource management (including of personnel), control and external audit. Similarly, sound and reliable management of funds requires effective resource allocation and control systems.

The Commission has targeted these central management systems since the beginning of its assistance to central and eastern Europe. The aim was to help the transition countries build up administrative systems that were appropriate to a democratic system of governance and could support a market economy. An underlying reason was that by strengthening these systems, each country’s absorptive capacity would be increased, as would its ability to carry out its own administrative development. The needs have been refined as the countries systems have matured, support has become focused on the administrative capacities to implement the acquis and the pre-accession funds and new delivery mechanisms have been developed.

Previous efforts to reform central management systems were mainly classified as “general public administration reform” and were carried out through Phare National Programmes and the SIGMA Programme for the candidate countries, which is a joint initiative of the EC and OECD principally funded by the Phare Programme. Although membership negotiations are scheduled to be closed by the end of 2002 with some countries, the need for support, especially regarding financial management and protection of Community interests persists. It is proposed to continue funding this Programme with a tight focus and harnessed to the Commission’s pre-accession programmes.

3. Objectives

The programme aims to complement the principal Phare instrument for Institution Building, the Twinning of Administrations, in order to increase administrative, national reform and co-ordination capacities of CCs so that they are better able to implement the acquis communautaire, manage funds and absorb Commission support. The particular objectives are to:

- Improve the capacity to manage the civil service so as to recruit, develop and retain appropriately qualified people and maintain professional standards; this work will include the demand and supply side of training by actions to improve priority setting, needs assessment, training strategies and incentives
- Upgrade financial control, external audit, expenditure management and public procurement to ensure reliable execution in pursuit of the acquis and use of funds
- Provide special support mainly to Bulgaria and Romania so that they are better able to avail themselves of Commission support through the twinning mechanism
4. Programme description

The Programme will address the following elements, which will be carried out in partnership and with shared responsibility with appropriate national institutions, and subject to co-ordination with other Commission assistance:

- Establish an effective legal framework for professional, efficient and reliable public administration under effective control
- Ensure that necessary implementation and appropriate co-ordination mechanisms are put in place for managing the public administration and leading reforms

The Programme will make use of the following operational delivery mechanisms:

- provision of advice
- peer reviews
- assistance for design and implementation of strategic development plans for targeted institutions (e.g. Audit Courts)
- analysis and assessment of systems and institutions in CCs
- preparation of materials (e.g. terms of reference) to facilitate access to other Commission instruments and to assist in their implementation

5. Implementation

A contract with OECD will be awarded by direct agreement and will last for two years. The majority of the funding will cover costs for a core of up to 10 expert staff, assistants and travel for the delivery of expertise.

There will be a component of operational funds to allow for contracting of additional experts to respond to needs not covered by the core team. The consumption of operational funds will be subject to regular review with the possibility of allocating additional means for replenishment.

Mechanisms are in place to ensure that actions undertaken by Sigma are subject to ex ante approval by Commission services and in line with the annual national programmes under Phare.

This Financing Proposal covers the countries under the Phare programme, i.e. the 10 candidate countries. Simultaneously, EuropeAid has awarded a contract to the OECD for Sigma to deliver their expertise to the western Balkans, under the relevant financing instrument. DGs Enlargement and EuropeAid are ensuring that there is total transparency and coordination. Where Sigma resources are used across contracts, strict cost attribution mechanisms are in operation.
6. Cost and financing

The funding of 4 MEUR made available under Phare 2002 will contribute to the operational costs of the Sigma programme for the years 2003 and 2004. The contracting and disbursement schedule will be:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th></th>
<th></th>
<th>2004</th>
<th></th>
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<th>2005</th>
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<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<tr>
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<td>0.8</td>
<td>0.8</td>
<td>1.6</td>
<td>1.6</td>
<td>2.4</td>
<td>2.4</td>
<td>3.2</td>
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<tr>
<td>Cumulative</td>
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<td>0.8</td>
<td>1.6</td>
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<td>2.4</td>
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<td>3.2</td>
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</table>

The SIGMA financing plan will be:

<table>
<thead>
<tr>
<th></th>
<th>Civil Service/Administrative Reform</th>
<th>Financial Control/Audit</th>
<th>Expenditure Management/Procurement</th>
<th>Bulgaria and Romania</th>
<th>Programme Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Professional Assistant</td>
<td>1.5</td>
<td>4</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
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<td>5</td>
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<td>5</td>
</tr>
<tr>
<td>Staff Cost</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>2,940,000</td>
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<tr>
<td>Staff travel</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395,000</td>
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<tr>
<td>Operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>665,000</td>
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<tr>
<td>Total</td>
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<td></td>
<td>4,000,000</td>
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7. Audit, monitoring and evaluation

Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of the OECD. A copy of the audited financial statements shall be submitted to the Commission by the OECD.

The OECD shall:
- keep financial and accounting documents concerning the activities financed by the European Union, and
• make available to the competent bodies of the European Union, upon request, all relevant financial information, including statements of accounts concerning the Programme, whether they are executed by OECD or by subcontractors.

In conformity with its Financial Regulations, the European Union may undertake, including on the spot, checks related to the operations financed by the European Union. All financing agreements or contracts concluded under this programme shall provide for in situ checks by the Commission services and the Court of Auditors of the European Communities.

The Commission services, in co-operation with the OECD, will:
• monitor the implementation of the Programme on the basis of six-monthly reports on progress achieved and quarterly activity reports;
• sign contracts with independent consultants to follow progress of the Programme and its components;
• ensure that an ex-post evaluation is carried out after the completion of the Programme.

8. Visibility/Publicity

OECD will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with Commission Services. Further details are at the Annex 'Visibility/Publicity'.

Annexes: Report on Sigma activities for 2001
### LOGFRAME PLANNING MATRIX FOR *Multi-Country Public Administration Reform Programme, Sigma*

<table>
<thead>
<tr>
<th>Wider Objective</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| • So that CCs can more reliably implement the acquis, manage funds and absorb Commission support, the programme will strengthen cross-ministerial administrative capacities, and provide special assistance to mainly Bulgaria/Romania | • CC administrations have central management systems which are able to monitor and correct implementation of the acquis, and ensure sound and efficient management of funds | • Commission, EP, ECA, MS and other donor assessments  
• Assessment of Supreme National Audit Institutions | For general administrative capacities:  
• Government and parliamentary commitment  
• Passage of necessary legislation  
• Budget sustainability and allocation of human resources  
• Active co-operation from Commission and other donors |

<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| • The civil service can attract, develop, retain and assign appropriately qualified personnel, and the legal control environment is effective  
• Financial management and control, audit and public procurement is able to assure sound and efficient use of national and EC funds  
• Mainly Bulgaria and Romania are able to take up twinning projects in cross-ministerial systems. | • Appropriate (meets SIGMA baselines) legal framework, procedures and institutions are in place for managing public service, and the legal control environment is established  
• Appropriate legal framework, institutions and procedures are in place  
• Twinning projects are defined in the relevant areas meeting Commission standards  
• Institutions have training materials, curricula and trained staff | • Commission Officials (Delegations and Task Managers)  
• Commission Assessment and Progress reports  
• Contractors regular reporting  
• Reports from PAAs  
• Appreciation of CCs  
• Appreciation of contracted experts from MS  
• Independent expert assessment | For capacities related to cross ministerial systems:  
• Government and parliamentary commitment  
• Passage of necessary legislation  
• Budget sustainability and allocation of human resources  
• Active co-operation from Commission and other donors |
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| • Policy advice  
• Peer review  
• Design and implementation assistance for strategic development plans (e.g. for PIFC)  
• Answers to ad hoc requests for information within substance areas  
• Analysis and assessment of systems and institutions in CCs  
• Preparation of materials to facilitate access to other Commission instruments (esp. twining) and to assist in their implementation  
• Training materials, curricula and trained trainers and organisational development experts | • Deliverables produced in a timely manner with appropriate quality  
• Deliverables capable of being “absorbed” by CC clients, and complementing twinning | • Peer review of quality  
• Independent assessmentMaterial outputs  
• Feedback from stakeholders (Delegations, Task managers, clients, PAAs etc.) | • Sufficiently early involvement in definition of needs to be able to identify the appropriate deliverables  
• Co-operation with other donors and twinning partners from Member States  
• Timely mobilisation of resources and at an adequate level |

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| • Qualified professional staff in OECD  
• Experts from MS/CC Practitioner networks  
• OECD Public Management Committee and Directorate substance and staff contributions  
• OECD administration to provide human and financial management services and ensure reliability of operations | • Staff and experts available at appropriate quality  
• OECD “central services” provide effective inputs | • Staff and experts’ CVs  
• Audit of OECD “central services” | • Appropriate funding levels and contract duration (see previous assessment and evaluation reports)  
• Recruitment possibilities  
• Continued co-operation from MS to supply experts and staff on loan |
ANNEX ON
INFORMATION AND PUBLICITY FOR THE PHARE, ISPA AND SAPARD
PROGRAMMES OF THE EUROPEAN COMMUNITIES

1. Objective and scope

Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. General principles

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

The competent national and regional authorities shall take all the appropriate administrative steps to ensure the effective application of these arrangements and to collaborate with the EC Delegations on the spot.

The information and publicity measures described below are based on the provisions of the regulations and decisions applicable to the Structural Funds. They are:


Specific provisions concerning ISPA are included in:


Information and publicity measures must comply with the provisions of the above mentioned regulation and decision. A manual on compliance is available to national, regional and local authorities from the EC Delegation in the country concerned.

3. Information and publicity concerning Phare programmes

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing
Memorandum and shall concern both programmes and other forms of assistance.

The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

(a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.

(b) Information and publicity measures on the spot shall include the following:

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million:

- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare, Ispa or Sapard:

- measures to make potential beneficiaries and the general public aware of Phare, Ispa or Sapard assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.

- measures targeting applicants for public aids part-financed by Phare, ISPA or SAPARD in the form of an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare, ISPA or SAPARD Programmes in accordance with the provisions outlined above.

4. Visibility of EU assistance in business circles and among potential beneficiaries and the general public

4.1 Business circles
Business circles must be involved as closely as possible with the assistance, which concerns them most directly.

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to potential beneficiaries, particularly SMEs. These should include an indication of the administrative procedures to be followed.

4.2 Other potential beneficiaries

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to all persons who benefit or could benefit from measures concerning training, employment or the development of human resources. To this end, they shall secure the co-operation of vocational training bodies involved in employment, business and groups of business, training centres and non-governmental organisations.

Forms

Forms issued by national, regional or local authorities concerning the announcement of, application for and grant of assistance intended for final beneficiaries or any other person eligible for such assistance shall indicate that the EU, and specifically the Phare, ISPA or SAPARD Programmes, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Programme in question. If such documents bear the national or regional emblem, they shall also bear the EU logo of the same size.

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about actions co-financed by the EU, and Phare, ISPA or SAPARD in particular. Such participation shall be fairly reflected in this information.

To this end, the launch of operations (once they have been adopted by the Commission) and important phases in their implementation shall be the subject of information measures, particularly in respect of regional media (press, radio and television). Appropriate collaboration must be ensured with the EC Delegation in the applicant country.

The principles laid down in the two preceding paragraphs shall apply to advertisements such as press releases or publicity communiqués.

Information events

The organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the implementation of operations part-financed by the Phare, ISPA or SAPARD Programmes shall undertake to make explicit the participation of the EU. The opportunity could be taken of displaying the European flags in meeting rooms and the EU logo upon
documents depending on the circumstances. The EC Delegation in the applicant country shall assist, as necessary, in the preparation and implementation of such events.

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures financed or co-financed by Phare, Ispa or Sapard should, on the title page, contain a clear indication of the EU participation as well as the EU logo where the national or regional emblem is used.

Where such publications include a preface, it should be signed by both the person responsible in the applicant country and, for the Commission, the Delegate of the Commission to ensure that EU participation is made clear.

Such publications shall refer to the national and regional bodies responsible for informing interested parties.

The above-mentioned principles shall also apply to audio-visual material.

5. Special arrangements concerning billboards, commemorative plaques and posters

In order to ensure the visibility of measures part-financed by the Phare, Ispa or Sapard Programmes, applicant countries shall ensure that the following information and publicity measures are complied with:

Billboards

Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to EUR 1 million or more. Even where the competent national or regional authorities do not erect a billboard announcing their own involvement in financing the EU assistance must nevertheless be announced on a special billboard. Billboards must be of a size which is appreciable to the scale of operation (taking into account the amount of co-financing from the EU) and should be prepared according to the instructions contained in the technical manual obtainable from EC Delegations, referred to above.

Billboards shall be removed not earlier than six months after completion of the work and replaced, wherever possible, by a commemorative plaque in accordance with the specifications outlined in the technical manual referred to above.

Commemorative plaques

Permanent commemorative plaques should be placed at sites accessible to the general public (congress centres, airports, stations, etc.). In addition to the EU logo, such plaques must mention the EU part financing together with a mention of the relevant Programme (Phare, Ispa or Sapard).
Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than EUR 1 million, the EU participation must also be indicated.

6. **Final provisions**

The national, regional or local authorities concerned may, in any event, carry out additional measures if they deem this appropriate. They shall consult the EC Delegation and inform it of the initiatives they take so that the Delegation may participate appropriately in their realisation.

In order to facilitate the implementation of these provisions, the Commission, through its Delegations on the spot, shall provide technical assistance in the form of guidance on design requirements, where necessary. A manual will be prepared in the relevant national language, which will contain detailed design guidelines in electronic form and this will be available upon request.