COMMISSION DECISION
OF 2004

Establishing a multi-beneficiary programme for improving governance and management in Bulgaria, Romania and Turkey

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\(^1\), as last amended by Regulation (EC) N°807/2003\(^2\), and in particular Article 8 thereof,

Having regard to Council Regulation (EEC) No 2500/2001 of 17 December 2001 concerning pre-accession financial assistance for Turkey\(^3\) and in particular Article 8 thereof

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 and Regulation No 2500/01 lays down the rules and conditions for the granting of economic aid to Turkey,

(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 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 €4 million to be financed through Budget line 22.0206 in 2004.

Done in Brussels,

For the Commission

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\(^1\) OJ L 375, 23.12.1989, p. 11.

\(^2\) OJ L122, 16.5.2003, p.36.

Financing Proposal

1. Identification

Countries: Bulgaria, Romania, Turkey
Programme: Programme for improving governance and management, Sigma
Year: 2004
EC Contribution: €4 million
Sector Classification: AD
Group Code: O
Responsible Authority: Commission Operational Services in Brussels
Implementing Authority: OECD
Budget line: 22.0206
CRIS number: 2004/006-097
Expiry date Commitments: 30 November 2005
Execution: 30 November 2006
Task Manager: Alain van Hamme, DG ELARG

2. Summary

SIGMA is a joint initiative of OECD and the European Union, launched in 1992. It was considered “highly satisfactory” by an external evaluation in 2003. SIGMA has a contract through 31 December 2004 for all Phare countries. This Proposal provides for intensification of SIGMA’s efforts for Bulgaria and Romania in 2004 – 2006 and the extension of the Programme to Turkey for the same period. SIGMA will support the efforts of the 3 candidate countries to meet the 2003 Regular Report conclusions on general administrative capacity including the fight against corruption and the protection of the financial interests of the Community.
3. **BACKGROUND**

*Further challenges*

The 2003 Regular Reports for Bulgaria, Romania and Turkey indicate the need for further efforts to improve general administrative capacities, including with regard to policy strategy, policy co-ordination and policy implementation. The reports also point to the need for a continued reform of the judiciary and call for further anti-corruption efforts.

In addition, the 2003 Regular Reports state that the management of public funds remains to be improved. This includes the protection of the Community financial interests, the preparation for structural funds and public procurement. Despite important progress, the Reports note that more remains to be done on financial control and external audit.

*Increased Pre-Accession Assistance*

In line with the considerable increase in pre-accession assistance for Bulgaria and Romania for the period 2004 – 2006 with the aim to support the necessary steps by these countries to meet the criteria for EU membership, together with the enhanced financial envelope for the same period for Turkey, the financial resources for the SIGMA programme are being stepped up.

**SIGMA**

The SIGMA programme is a joint operation of the EU and OECD, principally financed by the EU. It was started in 1992, and has built up recognised reputation in its field of expertise, in particular public administration reform and the efficient management of public funds.

The SIGMA programme is based in the OECD’s Governance Directorate, which has been working on public administration reform with Member States for almost 30 years. The Governance Directorate provides a base of comparative knowledge, a data base on Member States systems and reform strategies, skilled staff on whom SIGMA can draw, and access to networks of practitioners form all Member States in all of SIGMA’s work areas. The Governance Directorate has contributed to the administrative reforms in many Member States. It also ran (until 1994) a special technical assistance programme for Southern Europe helping the countries through the democratic transitions of the 1970s and entry into the EU in the 1980s, giving it unique experience in this area. OECD’s Public Management Committee is a unique source of expertise, knowledge of administration in Member States and access to practitioners who can be mobilised to support reforms in beneficiaries.

Evidence shows that in order to be most effective, advice on public administration reform must come from experienced practitioners. No other European organisation has similar access and comparative experience and expertise as SIGMA and the OECD do in the area of public administration reform. The inter-governmental nature of OECD and its
standing in the countries gives it additional leverage to call on Member State expertise and to influence the Programme’s beneficiaries.

4. OBJECTIVES

The overall objective of the SIGMA Programme is to support the ongoing reforms of the public administration of EU candidate countries so as to enhance the capacities to implement EU policies and in particular the *acquis communautaire*. To this end, activities under this financing proposal will focus on two building blocks: public administration reform and management of funds.

The specific objectives of building block I, public administration reform, are to improve the overall administrative framework through:

- enhanced civil service legislation, strategy and co-ordination/management;
- improved strategy, co-ordination and management of policy processes including legislation;
- a more efficient anti-corruption policy;
- enhanced administration of legal processes (in particular the judiciary) and improved administrative justice;
- a more coherent legal business environment including regulatory and supervisory frameworks/capacities;
- conceptual and methodological support for decentralised organisation and management.

The specific objectives of building block II, management of funds, are to enhance the allocation and control of financial resources through:

- implementation of the budgetary and treasury reform including co-ordinated expenditure planning and management at all levels of government;
- full implementation and enforcement of the acquis on public procurement;
- enforcement of *acquis* compliant public internal financial control and internal audit standards;
- improved external audit and anti-fraud co-ordination notably taking into account the findings of the Multi-country Anti-fraud Phare Programme;
- preparation for structural and rural development funds and EDIS.

Activities to be carried out under the SIGMA Programme will aim at reaching these objectives. A prioritisation of activities will take place according to the concrete needs of the country as defined following detailed consultations between the Commission and the
authorities of the countries concerned. For Turkey, activities under building block II could additionally aim to support the allocation of pre-accession assistance.

5. PROGRAMME DESCRIPTION
In order to reach the objectives specified above, the SIGMA Programme will employ a variety of operational delivery mechanisms:

- advice on reforms, design and implementation of strategic development plans;
- peer reviews/assistance;
- analysis and assessment of legal frameworks, methodologies, systems and institutions;
- training
- methodological, technical and strategic input to optimise Commission assistance

All work will be carried out with shared responsibility with national institutions in the candidate countries, and subject to co-ordination with other Commission assistance.

Adequate dissemination of programme objectives and results will be ensured, notably through the further development of the SIGMA web site.

6. IMPLEMENTATION
A contract with OECD will be awarded by direct agreement and last until 31 November 2006. The contract funding will cover staff and costs for delivery of operational services.

Until 31 December 2004, the contract will run in parallel with the existing Phare contract, which also covers all Phare countries. This implies a limited overlap as concerns Bulgaria and Romania.

SIGMA also benefits from a contract with EuropeAid for CARDS countries. Directorate Generals Enlargement and EuropeAid ensure transparency and coordination across contracts. Where SIGMA resources are used across contracts, cost attribution mechanisms are in operation.

Notwithstanding the fact that SIGMA is a demand-driven programme, it will endeavour to implement projects in the respective beneficiary countries in recognition of the indicative attribution of financial resources under the relevant budget line.
Actions undertaken by SIGMA are subject to ex ante approval by Commission services. The programming and implementation of these Actions must be closely co-ordinated with all relevant Commission services both centrally and in the Delegations. Similarly, all progress and/or evaluation reports will be copied to the Commission services involved.

7. **COST AND FINANCING**

The funding of €4 million made available under the 2004 pre-accession funds will contribute to the staff and operational costs of the SIGMA programme for the years 2004 to 2006. The financing will be complementary to the existing contract.

The total expenditure for the SIGMA Programme amounts to €4,081,600 with €4,000,000 financed by Community funds and €81,600 co-financed by OECD.

8. **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 on the spot checks and inspections 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.

8.1. 9. 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 'Information and Publicity".