Foreword

The financial crisis that hit Europe in recent years has highlighted the complex interdependencies between European Union (EU) Member States and between the EU and its neighbouring countries. However, the slow economic recovery did not stop the European Union continuing to support its partner countries with considerable levels of targeted assistance delivered in different ways.

In pre-accession and neighbourhood countries the institution-building instruments, Twinning, TAIEX (Technical Assistance and Information Exchange) and SIGMA (Support for Improvement in Governance and Management) continued to encourage setting up networks between public administrations and raising awareness of European legislation, policies and best practices.

Twinning, TAIEX and SIGMA are very effective tools, not least because they draw extensively on the experience of European public institutions. For the last 15 years, under the aegis of the European Commission, these three complementary technical assistance instruments have been making the expertise of Member States’ public officials and administrations available to countries willing to align their standards with those of the EU. It is this collaboration between the Commission and Member States, together with the direct involvement of the beneficiary countries, which makes the instruments so popular, appreciated and unique. They really are peer-to-peer. They are mainly demand-driven. Their different but complementary features meet the very different needs of public administrations.

Overall, 2012 was a year of consolidation for Twinning, TAIEX and SIGMA.

For TAIEX, public administrations submitted almost 1,900 requests for assistance in 2012, showing that this short-term assistance tool remains highly appreciated by beneficiaries. TAIEX supported Croatia’s final efforts in aligning legislation with the acquis before becoming the 28th Member State of the EU in 2013. TAIEX assisted Montenegro in going through the legislation screening which is the crucial first stage of accession negotiations. Several TAIEX ‘multi-country’ events offered opportunities for officials from Serbia and Kosovo* to sit at the same table – contributing to the visible, sustainable improvements of relations between Serbia and Kosovo which culminated in the ground-breaking agreement of 19 April 2013. The former Yugoslav Republic of Macedonia, together with Kosovo and Turkey, have shown outstanding interest in TAIEX assistance on their path to modernisation and reform of legislation and public administration.

In the neighbourhood, TAIEX continued to be used intensely, particularly in the eastern neighbourhood. However, the figures and themes of the interventions show that public administrations in southern neighbourhood countries are increasingly considering TAIEX assistance for furthering key institutional reforms, approximating to EU legislation and deepening trade agreements. Reflecting this, three quarters of TAIEX interventions in eastern and southern neighbourhood countries relate to justice and home affairs and the internal market.

2013 will be Twinning’s 15th year of activity and its 10th year in the neighbourhood. More than 1,700 twinning projects have been implemented in 37 countries. Though the majority (1,500) concerned the pre-accession region, in 2012 for the first time the same number of new twinning projects (30) was launched in neighbourhood and pre-accession regions. Favouring long-term cooperation between public administrations of Member States and beneficiary countries, Twinning is a good investment for the EU. Financed activities cover the key aspects of candidate countries’ and potential candidates’ preparations, as well as neighbourhood countries’ approximation in a wide range of sectors.

In pre-accession countries, many projects concern key sectors such as justice, freedom, security, and the internal market. 2012 saw the first twinning project launched in Iceland on food safety issues.

In 2012, in the eastern neighbourhood new twinnings addressed transport, migration, the environment and nuclear safety. The finalisation of the Institutional Reform Plans under the Comprehensive Institution Building initiative provides new opportunities for making more strategic use of the Twinning instrument in these countries. In the southern neighbouring countries, new twinnings covered areas as employment, social issues, protection of women and children, education, agriculture, phytosanitary, customs and tax systems.

Under the SIGMA Programme more assistance was given to enlargement and neighbourhood countries in 2012. This included support to Ministries of Finance in strengthening essential functions such as internal control, audit and inspection. The modernisation of public procurement was also addressed in several enlargement countries and countries of the eastern and southern neighbourhoods.

It is therefore a great pleasure for me to present the 2012 Activity Report on the EU institution building instruments. The results and achievements described in this report underline their increasing relevance and the appreciation of final beneficiaries. I am confident that these tools will continue to be essential in assisting the public administrations of the beneficiary countries towards the goals of political reform, institutional strengthening and closer association with the European Union.
Since 2004, a total pipeline of 297 twinning projects in the neighbourhood region

Distribution per country, forecast included (March 2013)

Algeria: In 2012, the first five twinning contracts in Algeria were successfully completed. Furthermore, two projects relating to agriculture and fishing were ongoing and three new project fiches were launched in the justice, transport and energy sectors.

Armenia: 2012 saw significant growth in twinning projects: five projects were started in key sectors, namely consumer rights protection, migration, intellectual property law, approximation in the field of justice and reinforcement of the translation centre of terminology related to attainment and support for reforms, and modernisation of customs services. In total, ten projects were ongoing in 2012, the year which also saw the finalisation of the preparatory phase of a new project scheduled to start in early 2013. One project ended in 2012 and two more were expected to finish early in 2013.

Azerbaijan: In 2012, 11 projects were ongoing in the fields of social affairs, professional training, veterinary services, public finances, intellectual property and land registry. Three other projects were signed in the fields of migration, radiation hygiene and tourism and will begin in 2013. Twinning projects are planned in the sectors of social welfare, standardisation and statistics.

Egypt: Two twinning projects were ongoing in 2012 in the fields of tax and consumer protection. Two education projects and one related to consumer protection were awarded in 2012 and will start in 2013. Furthermore, four twinning projects related to energy, standardisation and railway transport will be launched in the first quarter of 2013.

Georgia: Seven new twinning projects were launched in 2012, in addition to six other ongoing projects. Two new projects were launched in the environmental and finance sectors.

Israel: Three twinning project fiches were launched in 2012 in the rural development, environmental protection and statistics sectors. Two twinning projects were ongoing in 2012 in the telecommunications and veterinary services sectors.

Tunisia: In 2012, the number of ongoing twinning projects was very high. There were 19 ongoing projects covering a variety of different sectors, including employment, health, environment, agriculture, finance, devolution, justice, commerce and transport.

Ukraine: In 2012, 14 institutional twinning projects were ongoing and two were the subject of a call for tenders (one in the field of space, the other in railways). In the coming months, the twinning prospects are positive with a dozen projects envisaged in extremely varied areas: statistics, waste management, public administration, home affairs, customs, justice and energy.

Number of twinning proposals made by Member States

603 proposals, as leader, from 23 Member States for 223 twinning calls for proposals closed (March 2013)
**What is TAIEX?**

TAIEX (Technical Assistance and Information Exchange) was set up in the neighbourhood countries and Russia (Decision 2006/62/EU) in 2006 to foster alignment of the EU acquis on the basis of voluntary shared norms. TAIEX also assists neighbourhood countries with the application and enforcement of EU legislation. It is mainly demand-driven and helps deliver appropriate tailor-made expertise to address problems at short notice.

TAIEX provides four types of assistance:

**Expert missions to beneficiary countries:** These last five days at the most (with a maximum of two experts) and provide guidance on legislative projects and the functioning of the administrative process, to advise on legislative acts and their implementation, to explain the EU acquis and to present examples of good practice.

**Workshops or seminars in beneficiary countries:** These usually last two days at the most. They present and explain EU acquis issues to a large audience from the same country or from several countries where the issues are of common interest.

**Study visits in Member States:** These involve workshops lasting five days at the most (a maximum of three officials from the beneficiary country) to understand how Member States deal with practical issues related to the implementation and enforcement of EU legislation.

**TAIEX assessment missions:** Several EU Member States experts take part in such missions to provide feedback on the legislative, institutional and administrative ‘state of play’ in specific sectors of a beneficiary country and to produce analytical peer reports and recommendations.

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**Increasing demand in the European Neighbouring and Partnership Instrument (ENPI) region**

Following a slight decline in 2011, TAIEX is now registering an upward trend in demand from ENPI countries, with a total of 588 applications received in 2012. This represents the second best score since TAIEX was launched.

**Number of requests received for ENPI TAIEX assistance per year (2006-2012)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<th>2012</th>
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<tr>
<td></td>
<td>52</td>
<td>217</td>
<td>288</td>
<td>449</td>
<td>616</td>
<td>531</td>
<td>588</td>
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**East vs. South**

As in previous years, a chronic imbalance still persisted in 2012 between the number of requests received from eastern countries (64%, a total of 346) and the number of requests from southern countries (36%, a total of 212). On the positive side, this disparity diminished in comparison with 2011 (74% vs. 26%).

**Record number of events in the ENPI region**

The number of TAIEX events increased last year. In 2012, events for ENPI countries hosted by a single country reached a record number of 383, topping the previous best. Major beneficiaries were the most active applicants. Moldova was the most active country with a total of 113 requests. The second, third and fourth keenest applicants were, once again, three eastern countries: Ukraine, Belarus and Azerbaijan. As regards southern countries, Tunisia and Lebanon were among the main users.

A total of 42 workshops were attended by participants from the ENPI countries in 2012, more than double compared to previous years.

**Number of events per single country**

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**Over 40 000 participants in the ENPI region**

TAIEX is a highly participative instrument. In total, over 41 000 ENPI participants have been involved in TAIEX activities since its inception. In 2012, more than 9000 participants were registered at events, 25% more than the previous year. A total of 1671 were Ukrainians, 1339 Belarusians, 1240 Moldovans and 940 Tunisians.

**Registered number of participants per country (2006-2012)**

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**Areas covered in 2012**

As in previous years, 2012 events covered most of the areas in the Action Plan and/or Cooperation and Partnership and Association Agreements. The largest number of events were organised in the internal market field (total of 154), followed by justice, freedom and security (145), agriculture, veterinary, phytosanitary and food safety policies (52) and energy, environment and transport (39).
Strengthening the national customs and sanitary and phytosanitary border control system

**Georgia**

**Context**

In February 2012, the European Union (EU) and Georgia officially launched negotiations on a Deep and Comprehensive Free Trade Area (DCFTA). The success of the negotiations depends on efficient border management, efficient customs administration that conforms to European Union standards, and food safety standards in line with those of the EU.

The twinning project is helping to improve the Georgian customs authorities' administrative capacity. It focuses on policies and procedures and on developing modern sanitary and phytosanitary border controls to prevent the import of products infected with animal diseases and/or harmful organisms. The beneficiary of the twinning project is the Ministry of Finance of Georgia's Revenue Service, and it has been awarded to a consortium composed by Denmark, Italy and Estonia. The 18-month project began in October 2011 with a budget of EUR 1 800 000.

**Components**

- The project focused on three main areas: customs, sanitary and phytosanitary inspection, and sector policy support.

- The Danish Ministry of Taxation, the Italian Customs Agency and the Estonian Tax and Customs Board worked with the Georgian Revenue Service to analyse and review Georgian customs legislation. They provided training for Georgian customs staff.

Regional support was also provided in ports, airports and land border customs offices. Border inspections and training sessions were organised, followed by study visits to Denmark, Italy and Estonia.

**Achievements**

- Considering the sensitivity of Georgia’s geographical location and the expected increase in the volume of foreign trade once the DCFTA has been set up, the Georgian Revenue Service must be able to fulfil its protective role.

- The project helped the Revenue Service to better control the movement of goods and passengers in line with EU standards by using more efficient and effective procedures.

- A manual on rules of origin has been written and related training sessions organised.

- In their day-to-day work, the Georgian Revenue Service employees are using the Standard Operation Procedures Manual and Guidelines compiled as part of the project.

- More than 500 Revenue Service officers have been trained at basic and advanced levels using both traditional and innovative training methods.

- With regard to food safety, it is expected that better compliance with EU and international food safety standards will improve general product quality and facilitate trade in goods between Georgia and the EU.

- About 80 veterinary and phytosanitary border officers and officers from the central customs offices were trained in best EU practice for controlling the import of different kinds of products.

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**Intellectual property**

**Morocco**

**Context**

This project falls within the framework of the priorities established by the Association Agreement between Morocco and the EU and by the Advanced Status of 2008, in which the EU and Morocco set the objective of working together on issues relating to protecting intellectual property rights. In effect, assimilating the way in which patents are granted in Morocco and the EU, by increasing the level of protection of Moroccan patents, helps to reinforce the competitiveness of Moroccan companies and makes the economic environment more favourable, thanks to a closer integration of the Moroccan and European markets. More generally, this allows for an increase in research and innovation in Morocco, in a solid legal framework, offering the protection of effective legislation for patents and building the trust of Moroccan and foreign investors in research and development. In this context, support for developing the capacity of the Moroccan Industrial and Commercial Property Office (OMPI) is an essential element, not only for improving its ability to issue national patents, but also for exploring the possibility of Morocco signing a validation agreement with the European Patent Office. This twinning project lasted 18 months, with a budget of EUR 800 000, and ended in December 2012.

**Components**

- Strengthening the organisation of OMPI and its international co-operation.

- Analysis of the legal context of intellectual property and introduction of training.

- Study of the rates of forgery and piracy in Morocco.

- Improvement of information and intelligence systems.

- Making the public aware of the importance of intellectual property.

**Achievements**

Co-operation between the OMPI and the National Institute for Industrial Property (France), associated with the Instituto Nacionale da Propriedade Industrial (Portugal), enabled the OMPI's intervention capacity to be strengthened, in terms of the promotion and protection of industrial and intellectual property rights, by falling within the broader aim of supporting the Moroccan economic environment in opening up to globalisation.

Through twinning, important work has been carried out, combining Moroccan, French and Portuguese expertise to strengthen the legislation on patents, co-operation and the development of networks with international bodies, comparison of the legal frameworks, management of human resources, the fight against forgery and piracy, improvement of information and intelligence systems, and development of specialist training, delivered by a new training centre specialising in intellectual property (AMAPIC). Beyond inter-institutional co-operation, twinning has enabled citizens to be made aware of the importance of protecting patents, trademarks and registered designations of origin, benefiting the economy in general, as well as their everyday lives.

Following the study visits in Portugal and France and the seminars organised in Morocco, the OMPI has been able to adapt the best practices in terms of industrial property. Beyond this successful technical collaboration, it is primarily about the coming together of men and women from the European institutions and numerous Moroccan organisations involved in industrial property – Ministries of Justice, Finance, Industry, Agriculture and Crafts and Customs – which will enable this twinning to leave a long-term impression.

**Prize organised each year by OMPI. Casablanca, Morocco.**
Twinning Success stories

Institutional twinning
TUNISIA

Context

Tunisia launched its first twinning projects in 2005. Since then, the use of this tool has increased and Tunisia is now the leading user of twinning projects in the neighbourhood region, with 37 projects either completed or ongoing. In 2012, half of these projects were ongoing in a country where twinning is of crucial importance for bilateral co-operation.

Associated with the European Union since 1998, Tunisia strengthened this tie by signing the Privileged Partnership Agreement on 19 November 2012. The country committed to a great effort in terms of assimilating its legislation, norms and standards into those of the EU. For more than 10 years, the EU has been supporting Tunisia with its institutional and legal reforms, by means of two successive programmes: 1) Programme of support to the implementation of the Association Agreement (P3A), worth EUR 20 000 000, now complete; 2) Programme of support to the implementation of the Association Agreement and to the Action Plan of the European Neighbourhood Policy (P3A2), worth EUR 30 000 000, from 2009 to 2016.

Components

The programme (P3A2) is based largely on the need for the assimilation of European and Tunisian standards and rules, especially as regards the following topics:

- Strengthening integration and consolidation of competitiveness (business environment, public governance/budget management by objectives, banking services sector, standardisation, calibration, product quality);
- Support of sectoral integration policies (agriculture/animal health, transport, innovation);
- Consolidation of social benefits and sustainable development (promotion of employement, social protection, inclusion of disabled people, protection of victims of accidents at work, health services, environmental protection and chemical product management);
- Consolidation of the state of law and support for the democratic transition process (freedom of expression and multimedia, elections, migration).

Achievements

The P3A2 funds were fully allocated, proof of this programme's success based on the needs of Tunisian partners. Institutional twinning projects represent 85% of commitments and involve public administrations in Germany, Austria, Spain, France, Italy, the Netherlands, Portugal and Sweden. By means of these twinning projects, tangible results have been obtained, such as initiating the objective-based budget management process, strengthening control bodies such as the Court of Auditors, consumer protection and the development of employment policies.

The design and implementation of this programme, within the set time periods, requires effort and co-operation by all the parties involved (Tunisian Programme Management Unit, the Ministry of Investment and International Cooperation, the EU delegation in Tunisia and the Européan unit for twinning co-operation). This effort was particularly intense in 2011 and 2012, marked by the upheaval of the administrative environment following the revolution, allowing 19 twinning projects to be signed. Currently, 17 resident twinning advisers are present in Tunisia for an average of two years; they support the reform process on a daily basis, by sharing European best practices.

Development of statistical methodologies in line with EU standards
UKRAINE

Context

Timely, internationally comparable, reliable and user-friendly statistics are a milestone in the European integration of Ukraine and thus an important part of the EU-Ukraine Association Agreement. The twinning project entitled 'Development of new statistical methodologies and indicators in selected areas of statistics in line with the EU statistical standards' helped Ukraine's State Statistics Service (SSSU) to improve Ukraine's macroeconomic and business statistics and organise the SSSU's work as a national statistics institute by introducing EU best practices.

The lead partner in the project was Statistics Denmark. More than 35 leading experts from the statistics institutes in Denmark, Finland, Lithuania, Slovakia, Sweden, Spain and the United Kingdom have been involved. The involvement of experts from seven national statistical institutes has given the SSSU a thoroughly European perspective. The project has encompassed around 70 working missions in Kyiv and Lviv, study visits to EU statistics institutes, seminars with users, and expert workshops with representatives from regional statistics offices.

The project began in November 2011, lasted 21 months and had a budget of EUR 1 000 000.

Components

- Harmonising statistics methodology with EU standards within:
  - National accounts;
  - The statistical business register;
  - Structural business statistics;
  - Tourism statistics;
  - Production statistics;
  - Salaries and wages statistics;
  - Capital and foreign direct investment;
  - Price indices;
- Improving the dissemination database.
- Introducing monitoring of the response burden on enterprises.
- Improving human resource management.

Achievements

To improve business statistics, Ukraine has now switched to a new economic activity classification system (NACE Rev.2). This is a very important step for Ukrainian business statistics since, from now on, the codes and types of economic activities will coincide with the classification used in the EU. This facilitates international comparisons between Ukraine and other countries and, perhaps more importantly, allows Ukraine to introduce new international standards in national accounts.

The SSSU's statistical capacity has been improved by introducing new or improved methodologies:

- The methodology for the retrospective review of data has been prepared for national accounts;
- Time series have been recalculated for structural business statistics;
- For industrial production statistics, time series have been recalculated and the industrial production list has been aligned with EU classifications;
- Testing calculations have been presented for tourism satellite accounts;
- The methodology for the harmonised consumer price index has been improved, and observation of price changes on the housing market has been launched;
- The methodology has been developed for the capital investment survey together with a draft questionnaire for the survey of foreign direct investment. Pilot surveys will be carried out this year.

User confidence in statistics has been strengthened by a better system for data dissemination. SSSU staff have been trained in the use of different tools for presenting data in a dynamic database and maps.

Improved methods for measuring the respondent burden have been introduced. The SSSU's data-collection policy has been changed, and now emphasises that the burden on businesses reporting data must be monitored and reduced.

Drafting the sampling of the investment survey, Kyiv, Ukraine.

The Tunisian twinning team: the resident twinning advisors, the ministries, the Programme Administration Office and the EU Delegation.
Moldova

In 2012, SIGMA supported Moldova’s Ministry of Finance by conducting a review of the current financial inspection function of the Financial Inspection Service.

SIGMA’s subsequent report “The Future of Financial Inspection in Moldova” provides an analysis and proposals for a structural approach to the modernisation of the Service by presenting recommendations in four main areas:

- The scope of financial inspection;
- The objectives of financial inspection;
- How inspection might be carried out;
- The Service’s relations with other organisations.

Prepared with the aim of contributing to the development of a modern and forward looking Service, the report also recognises the implications of government policy for the development of Public Internal Financial Control (PIFC), and reflects on the reforms of other control institutions such as the Court of Accounts and the National Anti-Corruption Centre. Following an event during which the report was presented to a wide range of ministries, the Ministry of Finance expressed an interest in continuing to work with SIGMA on developing a Strategic Development Plan for the Financial Inspection Service.

Lebanon

In Lebanon, SIGMA supported the Office of the Minister of State for Administrative Reform (OMSAR) in preparing for future public procurement reform.

In particular, SIGMA provided comprehensive assistance on the preparation (terms of reference, tender planning, criteria selection) of the EU funded project ‘Technical Support for the Modernisation of the Public Procurement in Lebanon’ to be implemented in 2013-2015 under the EU-Lebanon Policy Planning and Governance Programme.

SIGMA also supported OMSAR by reviewing its ‘Public Procurement Development and Modernisation Programme’ and assessing its compatibility with the technical support project.

Finally, SIGMA provided training on recent procurement experiences in the EU and supported two TAIEX-led study visits to Austria and Poland, to provide insights into the challenges and success factors of public procurement reform.

Jordan

In Jordan, SIGMA worked with the Ministry of Finance on the development of internal control and internal audit. It provided assistance by:

- Preparing a strategy paper for strengthening the role of the MoF’s Central Coordination Unit and developing the capacities of internal control units in line with budget users;
- Delivering four capacity-development workshops on (i) risk assessment and audit planning and (ii) the audit of internal control;
- Reviewing four documents prepared by the MoF as the key methodological framework for the overall reform;
- Providing general advice, including on a possible future twinning project and on a training plan for financial control.

As a result of this support, the basis for an internal control system within budget users has been established in legislation and control units in line budgets users have been set up. In addition, the methodological framework developed will strengthen the coordination and harmonisation function of the MoF for the development of internal control. The MoF has requested SIGMA’s support in explaining this new framework to the line ministries’ financial control units in order to develop their capacities and ensure that they fully understand the concepts.

For more information, visit our websites.

Twinning
http://ec.europa.eu/europeaid/where/neighbourhood/overview/twinning_en.htm

TAIEX
http://ec.europa.eu/europeaid/where/neighbourhood/overview/taix_en.htm
http://ec.europa.eu/enlargement/taix/index_en.htm

SIGMA
http://www.sigmaweb.org

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