

Technical Assistance for Monitoring

Project: CZ 9705-01-01-04

Final Training Workshop

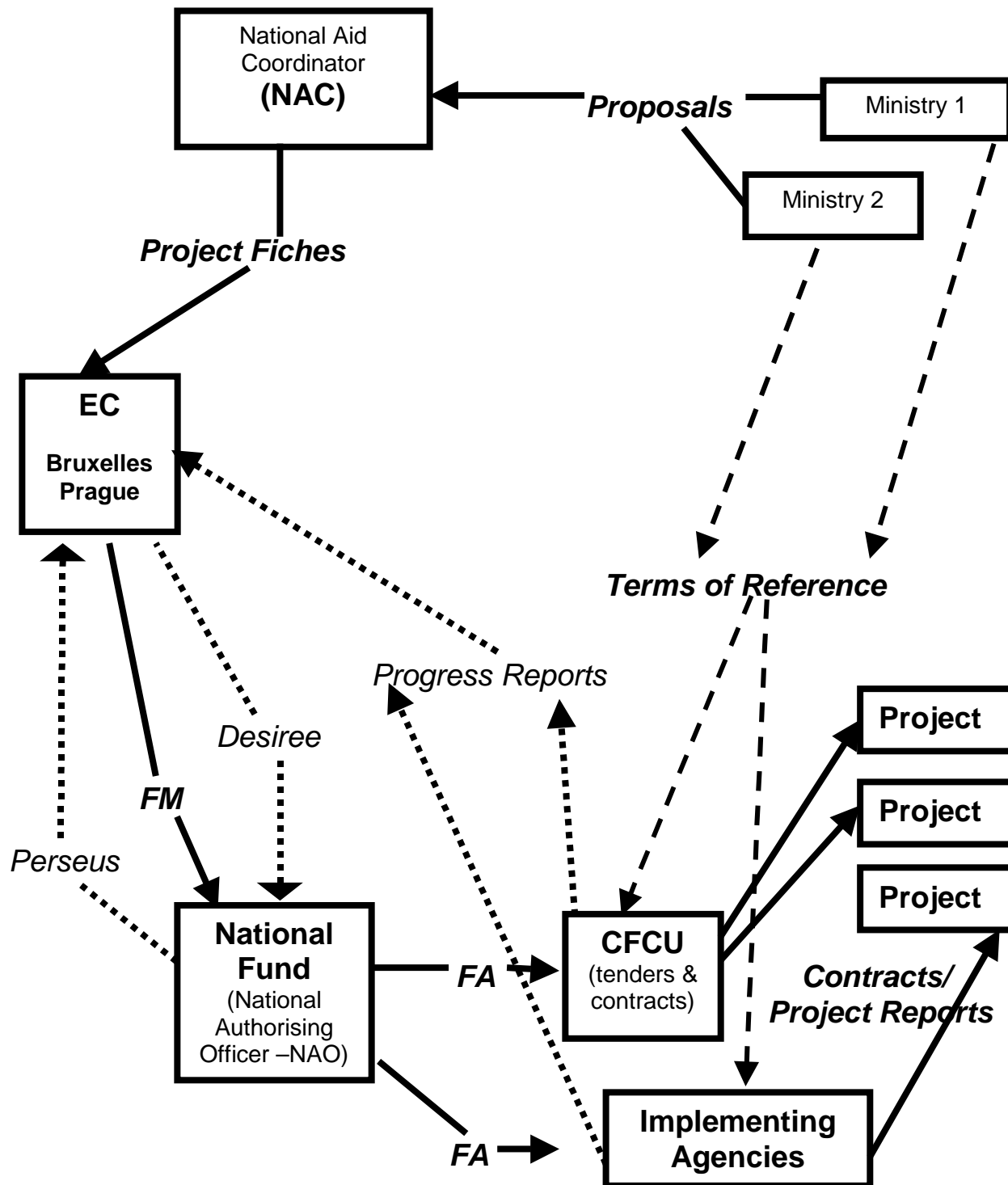
Ministry of Finance, 4th December, 2000

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Phare Programming and Implementation under DIS

PROGRAMMING



IMPLEMENTATION

Overview Phare Decentralised Implementation System (DIS)

(Financial flows to, and within, the National Administration)

The National Fund (NF)

A Memorandum of Understanding (MU) on the '*Establishment of the National Fund*' exists between the Czech Government and the Commission. This MU establishes a National Fund (NF) within the Ministry of Finance. The NF acts as a 'central treasury entity' through which all Community funds will be channelled in the Czech Republic. The establishment of the NF is essentially a continuation of the Phare decentralisation process started over in 1997, with the setting up of the Central Finance and Contracts Unit (CFCU). The NF is headed by a National Authorising Officer (NAO) who has overall responsibility for financial management of Phare funds. The Czech national audit services are charged with carrying out appropriate, independent, financial controls.

The NAO must maintain a financial reporting system for all Phare funds and will be accountable to the Commission for the use of these funds. The responsibilities of the NAO are listed below.

- I. Requesting and managing the funds from the Commission
- II. Appointing Programme Authorising Officers (PAOs) in each Implementing Agency (IA), and the Central Finance and Contracts Unit (CFCU), after consulting the National Aid Co-ordinator
- III. Concluding the Financing Agreements which he/she will sign with each Implementing Agency and with the CFCU
- IV. Ensuring the flow of national and other co-financing resources as set out in Financing Memoranda for Phare programmes
- V. Ensuring that a financial reporting system (Perseus) for Phare funds is regularly updated and reporting procedures properly respected by the IA or CFCU
- VI. Transferring funds to IAs and to the CFCU, according to the mechanism set out in the Financing Agreement
- VII. Participating with the Commission and National Aid Co-ordinator in a Joint Monitoring Committee
- VIII. Recovering non-used funds from the IA/CFCU at the end of the programme

The technical and administrative issues of programme implementation, including tendering and contracting will be the full responsibility of the Implementing Agency, CFCU or the line ministry/agency concerned.

Implementing Agencies (IA)

The DIS established by the MU defines Implementing Agencies as designated parts of the national administration in charge of tendering, contracting, payments and technical implementation for programmes dealing with ‘Investment Support projects’. These functions may also be carried out by the CFCU for ‘Institution Building’ projects.

PAOs will be appointed to head each IA, a separate PAO will be in charge of the CFCU. They will be responsible for the operations of the IAs/CFCU and in particular for the sound financial and technical management of projects under implementation. This includes ensuring that the tendering and contracting procedures are followed and that there is adequate monitoring of project implementation.

Specifically the PAOs shall be responsible for project selection, procurement, and other financial and technical management of the projects specified in the Financing Agreements. The PAOs must ensure that projects are implemented according to the rules set out in the DIS Manual.

Transfer of Funds

Funding is transferred from the Commission to the NF on the basis of a Financing Memorandum (FM). An advance payment (up to 20% of the total decentralised budget) is transferred on signature of the FM. Thereafter replenishment payments are requested by the NAO on the basis of progress reports made by the NAO to the Commission. These reports are based on disbursement rates and project implementation status.

The NF can only transfer funds to the IAs/CFCU on the basis of a Financing Agreement (FA) which must be drawn up in advance and endorsed by the Commission. The FA will make detailed provisions for funding transfers from the NF.

Normally funding transfers to IA/CFCU are made on the basis of cash flow forecasts following the implementation of relating commitments. The PAO of each IA must support requests for funding transfers from the NF with the following information:

- ⇒ A list of signed contracts endorsed by the Commission.
- ⇒ A forecast of cash flow requirements based on such signed contracts for the period ‘n+1’ (usually the next 6 months).
- ⇒ A financial report demonstrating payments for the period n-1 (say 6 months before the current ‘n’ period) and interest accrued in the IA/CFCU bank account.
- ⇒ Progress reports on project implementation (the details of which are defined in the FA).
- ⇒ Financial status from Perseus.

Management of EU Funds in Czech Republic

At present there are 6 IAs foreseen by the Czech administration. The location of these reflects, to a certain extent, the previous history and future demands in programming EU funds in the Czech Republic, the present arrangements are shown in below, with a brief glossary of the terms used in the DIS system also provided (next page).

- ❑ **Central Financing and Contracting Unit (CFCU), Ministry of Finance**
- ❑ **National Training Fund (NTF); external body attached to Ministry of Labour & Social Affairs**
- ❑ **Centre for Regional Development (CRD); Ministry of Regional Development**
- ❑ **Czech Invest (CI); external body attached to Ministry of Industry & Trade** in this context it should be noted that this ministry is also responsible for the ‘Agency for Regional Development’, which may become the ministry’s regional implementation organisation
- ❑ **Civil Society Development Foundation (NROS)**
- ❑ **Paying Agency for the SAPARD programme (PA); Ministry of Agriculture**, in conjunction with its existing regional structures

The Phare DIS rules stipulate that funding transfers can only be made on the basis of an EC-endorsed FA. According to the MU, all FAs signed with each IA must be subject to financial control by the Czech audit authorities. Each year an audit plan and a summary of the findings of the audits carried out, are sent to the Commission. Audit reports are normally also available to the Commission.

Implementing Agencies are responsible for tendering and contracting of all the EU funded projects and programmes. It is the job of the IAs to ensure that the technical conformity of all tendering and contracting procedures respect Phare DIS rules prior to the launching of such procedures. Generally, the CFCU is the ‘default’ IA for all Institution Building programmes (such as the 1998 SPP programme), the other IAs being responsible for investment projects, although sometimes the distinction between ‘Institution Building’ and ‘Investment in Human Capital’, leads to an overlap between the CFCU and other IAs such as the NTF).

EU funds are not released by the NF to the IAs unless there are agreed timetables and workplans for proposed project and programme activities. These timetables must also have the agreement of the EC services. The NF in conjunction with the Budgets Department of the Ministry of Finance takes responsibility for the ensuring that the co-funding for the pilot-projects is made available.

Definition of Terms used in Describing Financial Flows

Central Finance and Contracts Unit (CFCU)

An implementing body of the DIS within the national administration in charge of tendering, contracting and payments for institution building projects and other projects if so specifically provided. For these projects the technical implementation is carried out by a SPO.

Decentralised Implementation System (DIS)

Implementation System of the Phare Programme where part of the management and responsibilities have been transferred to the Partner Country whilst the Commission retains the final responsibility under the EC Treaties.

Implementing Agency (IA)

An implementing body of the DIS within the national administration in charge of tendering, contracting, payments and technical implementation of Investment Support projects and other projects if so specifically provided.

Joint Monitoring Committee (JMC)

A committee, consisting of the NAO, NAC and the Commission representatives, in charge of the review of Phare programmes.

National Aid Co-ordinator (NAC)

An official of the national administration in charge of the programming within the Recipient. The NAC also ensures a close link between the general accession process and the use of Community financial assistance, and is responsible for the monitoring and assessment of Phare programmes.

National Authorising Officer (NAO)

An official of the national administration heading the NF. The NAO has the overall responsibility for the financial management of Phare funds.

National Fund (NF)

The Central treasury entity within the Ministry of Finance through which the Community funds are channelled towards the Recipient.

Perseus

The current financial reporting system of the European Commission.

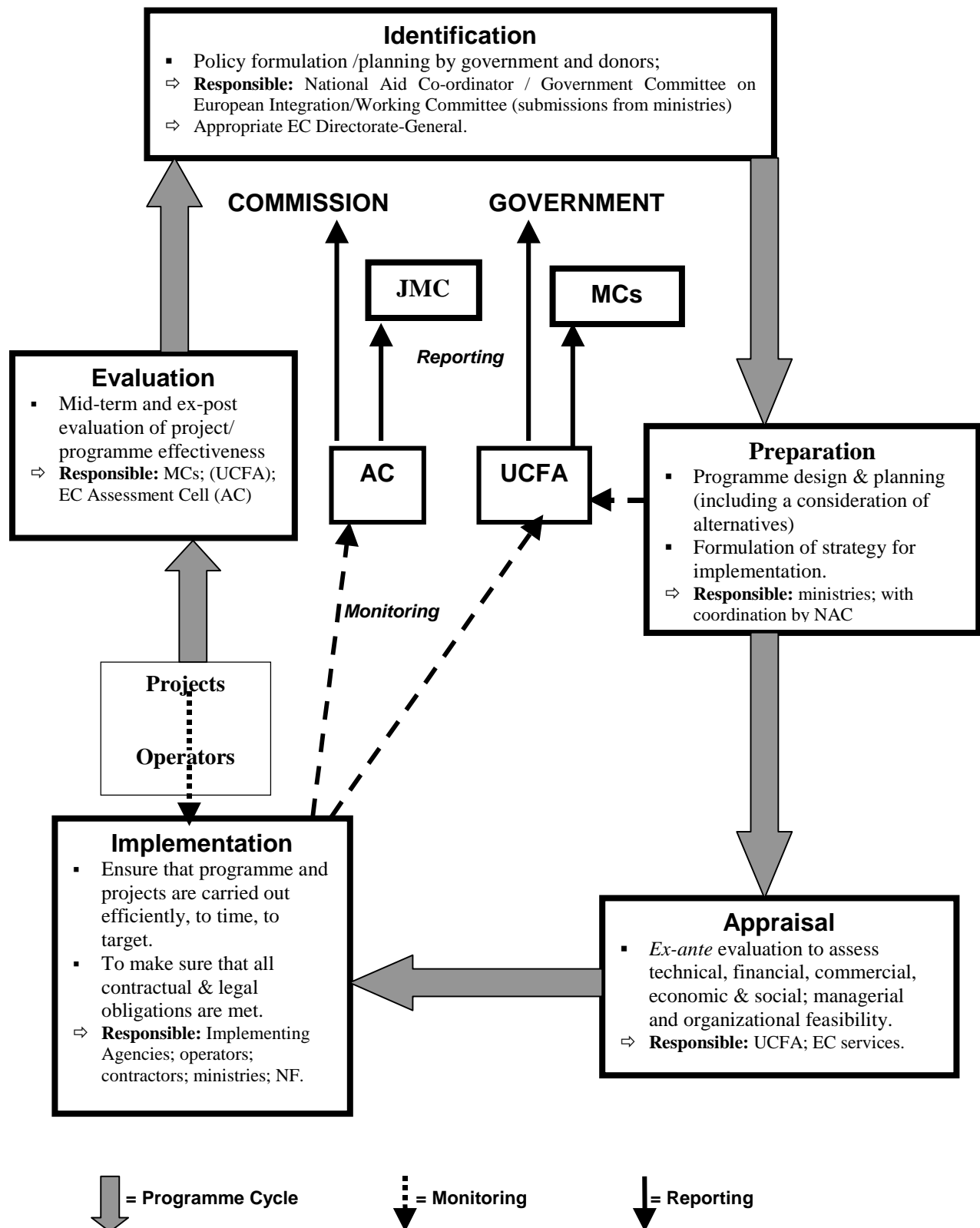
Programme Authorising Officer (PAO)

An official of the national administration heading an IA or the CFCU. The PAO is responsible for the operations of the IA/CFCU and for the sound financial management of the projects to be implemented.

Senior Programme Officer (SPO)

An official of the national administration (line ministry/agency) in charge of the technical implementation of the projects in case where the CFCU is responsible for the administrative and financial implementation of the projects.

PAF Programme Cycle in the Czech Republic



Pre-Accession Funds (PAFs) 2000-2006

□ Phare Programme

Regulation 3906/89/EEC (last amended 1266/99/EC)

1560 MEURO / year (at 1999 prices)

□ ISPA

Regulation 1267/99/EC

1040 MEURO / year (at 1999 prices)

□ SAPARD

Regulation 1268/99/EC

520 MEURO / year (at 1999 prices)

TOTAL = 18,720¹ MEURO over 7 years
(for 10 Candidate Countries)

¹ Between 1990-99, the equivalent figure for Phare Programme assistance (for all countries and all sectors) was 10,900 MECU

Key Requirements of the PAF Regulations¹

□ Regulation 1266/99/EC Co-ordination Regulation

Article 1:

Co-ordination and coherence between assistance granted in the framework of the pre-accession strategy under the agricultural and rural development instrument [SAPARD], the Structural Instrument [ISPA] and PHARE shall be ensured in accordance with this Regulation.

Article 11:

1. The Commission shall implement the Community aid in accordance with the rules of transparency and the Financial Regulation applicable to the general budget of the European Communities, in particular Article 114 thereof.
2. Pre-accession aid shall also cover expenditure relating to the monitoring, inspection and evaluation of operations.

Article 13:

The Commission shall present an annual report on the overall pre-accession aid for each country to the European Parliament and to the Council.

¹ In relation to monitoring, management and control

□ Regulation 3906/89/EEC PHARE Regulation

Article 10:

From 1990 the Commission shall draw up each year a report on the implementation of co-operation operations. The report shall be sent to the European Parliament, the Council and the Economic and Social Committee.

Guidelines for Phare Programme Implementation in Candidate Countries for the Period 2000-2006 in Application of Article 8 of Regulation 3906/89:

- 5.2. The monitoring of programme implementation shall be carried out jointly by the candidate countries and the European Commission, through a Joint Monitoring Committee in each country. In order to ensure the effectiveness of monitoring, each Financing Memorandum will incorporate objectively verifiable and measurable indicators of achievements with regard to financial and physical inputs, activities, outputs and objectives and the time-scale for implementation. Monitoring based on these indicators will assist the Commission, the Phare Management Committee and the candidate countries in subsequently re-orienting programmes where necessary and in the design of new programmes.
- 5.3. In order to gauge their effectiveness, all operations financed under the Phare Programme will be subject to ex-post evaluation to appraise their impact with respect to their objectives.

□ Regulation 1267/99/EC ISPA Regulation

Article 9:

3. The detailed implementing provisions of the principles established in paragraphs 1 and 2 [*management and control*] shall be contained in the financing memorandum, together with arrangements for co-operation and for co-ordination of programming and methodology of control between the Commission and the beneficiary country....

Article 11:

The beneficiary countries and the Commission shall ensure that the implementation of measures under this Regulation is monitored and evaluated in accordance with the provisions in Annex IV.

Article 12:

The Commission shall present an annual report on Community assistance granted under ISPA to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. The annual report shall contain the information set out in Annex V.

Article 13:

1. The beneficiary countries ... shall ensure that adequate publicity is given to the measure.... They shall inform the Commission annually of the initiatives taken under this paragraph.

□ Regulation 1268/99/EC SAPARD Regulation

Article 5:

1. In order to assess their effectiveness, support for measures included in the programme shall be subject to prior and mid-term appraisal, on-going monitoring and *ex-post* evaluation designed to appraise the success and impact with respect to defined objectives.
2. The Commission and the applicant country shall monitor the implementation of the programme. Such monitoring shall be carried out by way of jointly agreed procedures.

Monitoring shall be carried out by reference to specific physical environmental and financial indicators agreed and established beforehand.

Applicant countries shall submit annual progress reports to the Commission ... which shall contain at least the information referred to in Article 37 of Regulation (EC) No. 1260/99.

3. A monitoring committee shall be established for each rural development programme in compliance with Article 35 of Regulation (EC) No. 1260/99.

Article 13:

The Commission shall present an annual report ... to the European Parliament, to the Council, the Economic and Social Committee and to the Committee of the Regions.

Pre-Accession Funds (PAFs), Structural Funds (SFs) and the development of a National Monitoring System

In recent years the job of monitoring Community assistance has become increasingly more demanding. Over the past 5 years there have been changes in the policy direction of the Phare Programme, collectively these changes are known as the 'New Orientations of Phare', and they reflect significant policy changes in the targeting of Phare resources. In 1998, Phare changed from being a 'demand-driven' to an 'accession-driven' programme. New rules were introduced on the implementation of projects and since that time there is increased emphasis on project maturity and sustainability, particularly for infrastructure projects. Since 1998 project selection has favoured mature (i.e. ready to tender) projects which will continue to have impacts after the project funding has ended and which are clearly linked to the Czech Republic's accession preparations.

From 2000, the Phare Programme will adopt a programming approach that has many similarities with the EU SFs. For example, the investment side of Phare will support projects in the area of social and economic cohesion (SEC) and these investments are to be geographically concentrated in each candidate country (within so-called 'target regions'; at present there are two Target Regions in the Czech Republic- the North-west Bohemia and Ostrava, NUTS II regions).

Also, as is the case with SFs and the EU Member States, Community support must be additional to existing or planned investments from national programmes (i.e. it should not replace it) and should show clear linkage to an existing regional development strategy.

Phare is one of 3 Pre-Accession Funds (PAFs) available to candidate countries over the period 2000-6, in addition to investments in social and economic cohesion; Phare will also support a wide range of national 'Institution Building' (IB) programmes in the candidate countries.

The other PAFs are SAPARD² and ISPA³.

- SAPARD will support agricultural and rural development, across the whole Czech Republic.
- ISPA will fund projects which directly support the Czech Republic's compliance with the EU environmental *acquis* or which link Czech transport and communications systems to 'Trans-European Networks' (TENs).

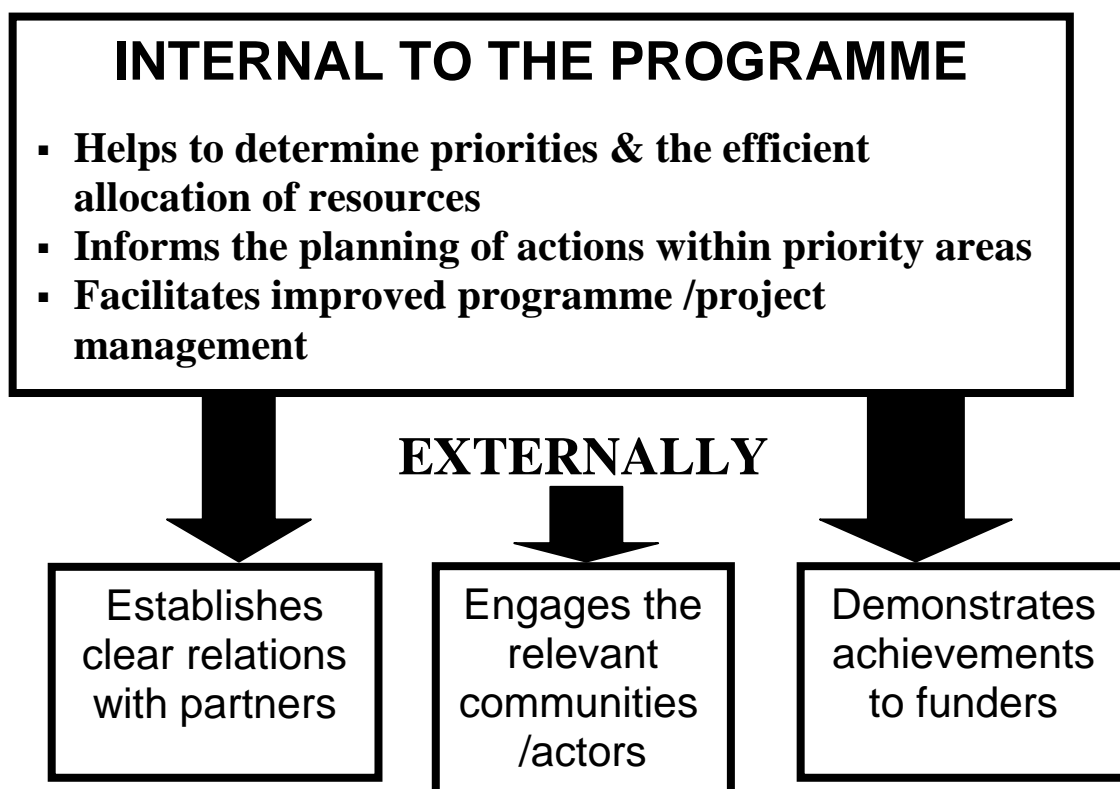
■ **KEY PRE-ACCESSION OBJECTIVE:** *Each candidate country is expected to co-ordinate its use of PAFs to achieve integrated national development programmes.*

² SAPARD: Special Accession Programme for Agriculture and Rural Development

³ ISPA: Instrument for Structural Policies for Pre-Accession

Monitoring

- Is a management activity, regularly and systematically checking progress against plans
- Allows you to bring in contingency plans if the result or the impending results of your actions vary significantly from the original programme of action
- Takes place at all levels of management
- Uses both formal reporting and informal communications
- Focuses on resources (inputs), activities and results in the Logframe





THE PROJECT CYCLE

1.1 The Purpose of this Section of the Manual

This Section describes the basic ‘project cycle’ from project identification through to evaluation once the project is complete. It will help you to understand how your own work on project development fits into the overall picture. It will also raise your awareness of the different approaches taken by major funding agencies. The Section describes the context within which individual project ideas are brought forward and developed. This context is the **project cycle**.

1.2 Definitions

The steps you go through to identify, develop and implement a project are often through of as a project cycle. This a process in which the lessons learned in implementing a project give you new ideas, information, and experience and, consequently, lead to further new projects, or improvement of the existing one.

The project cycle is a useful way to understand the various stages that any project will probably go through. The same approach will apply when you are dealing with a simple project idea within your own organisation or a complex project supported by a number of external funders.

Some people find it easier to think of the steps you take to develop and implement a project as a linear process (instead of a cycle). There is no right or wrong way. You should use the approach with which you feel most comfortable. Both approaches are shown below.

1.3 The Basic Project Cycle

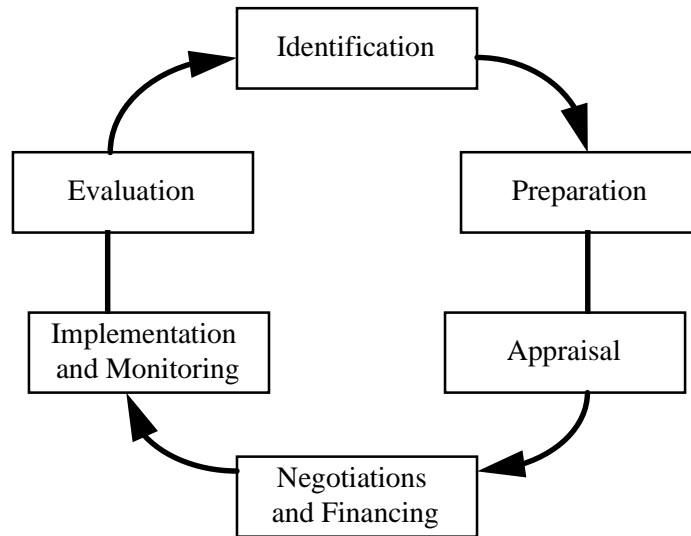
Any project normally goes through a series of steps or stages:

1. **Project Identification** - ideas for potential projects are identified and explored.
↓
2. **Project Preparation** - the project idea is carefully developed.
↓
3. **Project Appraisal** - the project is rigorously assessed and the proposal adjusted if necessary.
↓
4. **Project Financing / Negotiations**- decisions are taken about funding for the project and how it will be implemented.
↓
5. **Project Implementation and Monitoring**- the project is carried-out in the agreed manner and periodic checks made to be sure that it is running according to plan.
↓
6. **Project Evaluation** - the results of the project are assessed and new project ideas are generated.↓
new project ideas identified (step 1 again)



Different funding agencies use different terms, but the principles behind the process are basically the same. These steps are shown as a project cycle below:

The basic project cycle:



EXAMPLE: In Arborobia the National Park authority constructs a new visitor centre. The idea is that more visitors will be attracted to the Park, bringing more money to the local economy. However, once the visitor centre is completed, it is found that the visitors are spending relatively little money locally - they are bringing their own picnics. The problem is that the visitor centre has been designed mainly with education in mind and without any assessment as to how it could generate more income and become self-sustaining. This shown in project cycle 1 below.

The National Park authority pays for a piece of research which shows that local food and drink products could be sold to the visitors. It also suggests that souvenir local arts and crafts items could be sold. This is the suggested solution in the project cycle 2.

However, it soon becomes apparent that the local people need help in the manufacture, packaging and marketing of their food/drink and souvenirs. The quality of the goods is fine, but they have little experience in marketing and sales. This gives rise to a project cycle 3 in which training is provided.



This can be shown as follows:

Project Cycle 1

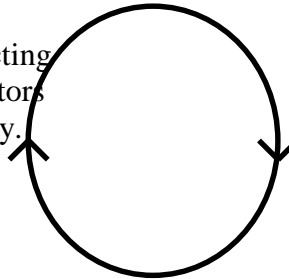
new project idea
(Project cycle 2)

Identification

Improve local economy by attracting people to a National Park Visitor Centre (NPVC)

↑
Evaluation. NPVC is attracting people to the area. But visitors are not spending any money.

Implementation. NPVC is built, staff employed and prepared.



Preparation. Plan for the NPVC drafted by special project team.

Appraisal. National Park Authority and Ministry review the plans and give comments to help Project Team finalise the plan.

Financing. Decision taken to fund the set-up of the NPVC using Park Authority own budget and external municipality funds.

The evaluation of Project 1 leads to a new project idea. This project is then developed in the same way.

Project Cycle 2

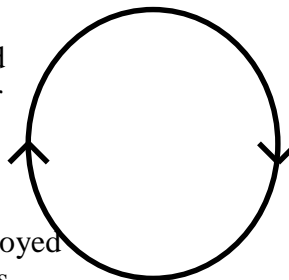
new project idea
(Project cycle 3)

Identification

Increase NPVC income by developing shop and cafe.

↑
Evaluation. Quality is good but marketing and turnover are poor.

Implementation. Shop and cafe are opened, staff employed and souvenir and food sales begin.



Preparation. Business Plan for shop and cafe drafted by NPVC manager.

Appraisal. National Park Authority and municipality review the plan and give comments.

Financing. Decision taken to fund the shop and cafe construction.

The evaluation of project 2 leads to a new project idea. This project is then developed in the same way.



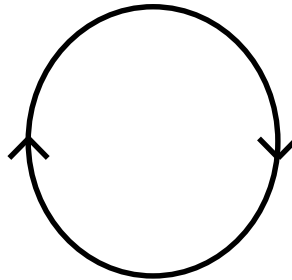
Project Cycle 3

Identification

Increase shop and cafe income by training staff in sales and marketing skills.

Evaluation. Sales in shop and cafe greatly increased and sustainable income for NPVC generated.

Implementation. Staff receive training courses.



Preparation. Analysis of staff training needs and training plan prepared.

Appraisal. National Park Authority and municipality review the plan and give comments.

Financing. Decision taken to carry-out the training courses.

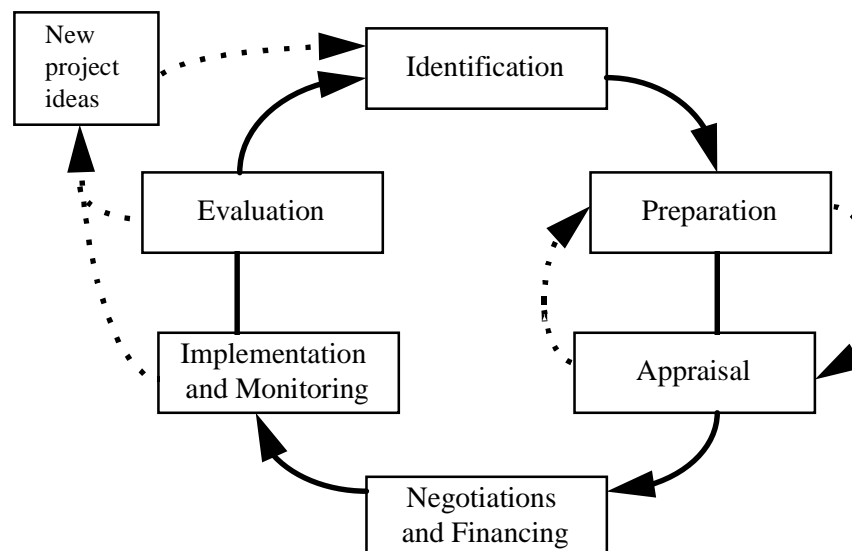
At the end of completing all 3 projects, the original project idea has been developed and its longer term economic viability greatly improved.

1.4 The Full Project Cycle

In the visitors centre example above you should see the way by which carrying-out the project, can lead to the generation of new project ideas. You should also note that there is a feedback between the people preparing the project and those responsible for appraising or funding it. This happens formally or informally in almost every project.

In addition during the implementation of some projects technical problems may arise that require further detailed appraisal.

The full project cycle can be represented as follows:



This form of project cycle would be recognised by the main external funding agencies, including the **World Bank**, the **European Bank for Reconstruction and Development** (EBRD), the European Union (EU) Pre-Accession Programmes and bilateral funders.



1.5 The Main Stages in the Project Cycle

Most attention in this workshop will be focused on the first 2 stages of the project cycle –identification and preparation. However, a brief introduction is given below to all the main stages, including - appraisal, negotiation and financing, implementation and monitoring, and evaluation. Knowing in advance how a project will be appraised, and by whom, may affect how it is prepared.

Project Identification

This is the starting point for every project. The main activity at this stage is to define the ‘problem’ (i.e. why am I doing this?) and to generate possible project ideas and alternatives to address it.

The most important questions to clarify at this stage are the:

- what do you want to achieve?
- what end results do you expect?
- how will you achieve these results?
- what assumptions are you making?
- what are the alternatives?
- how much will it cost?
- who will pay for it?

Ongoing or half completed projects are a special issue in some PHARE countries. As a general rule past spending should not influence the choice of which subjects should be developed into future projects.

Log Frame Analysis is an important technique which will help you to answer these questions. Log Frame Analysis is a ‘core’ technique in project and programme cycle management.

The results of project identification will usually be a short document which provides a first (outline) description of the project.

Project Preparation

What happens under project preparation will depend largely on the on the size and complexity of the project, and from where you expect to get the project funds. At this stage project proposers and potential funders should be working closely together. The exact steps to be taken will often be dictated by the procedures and requirements of the potential funder.

At this stage a detailed project proposal will usually be developed. A good proposal will try to foresee the questions that will be asked during the following appraisal process, and will try to provide the information required.

For larger projects it may be helpful to support your project proposal with information gained through **Cost Benefit Analysis, Stakeholder Analysis, Institutional Analysis, or Environmental Impact Assessment**. These analysis techniques are explained later.



The results of project preparation will usually be a detailed project proposal worked-out according to the requirements of the potential project funder.

Project Appraisal

The project is assessed by the potential funder. For a small project this will probably be a simple process of checking that the project meets the funder's objectives, is logical, and will produce the results expected.

For larger projects the appraisal will mean a wide-ranging review of the technical, financial, economic, social, environmental and institutional factors of a project. The findings may be presented in an '**appraisal report**' or '**project concept report**'. Which aspects are reviewed in detail will depend on the content of the project.

The basic questions in any appraisal are: Will it work? Will it do what it set out to do? Will the project contribute to achieving national or regional policy objectives?

Project Negotiations and Financing

For small projects, this means agreeing on the budget for the project and if necessary finalising the details of project timetable, team members, etc. The results are generally confirmed in an agreement, a **contract** or a **letter of contract**. This gives the go-ahead for the project, subject to the agreed terms and conditions.

For large projects, and especially where an IFI is involved, a complex set of negotiating procedures will have to be completed. The parties involved negotiate the detailed requirements for implementation. An agreement is reached and the legal obligations set out in a document. The document will be presented to the funder's management for approval.

If an loan from an IFI is involved, this will usually take the form of a '**loan document**'. Together with the appraisal report and other supporting documentation, this will be presented to the **Board** of the bank. Approval binds the IFI to finance the project on the terms and conditions set out in the loan agreement. Similarly, the borrower agrees to implement the project in the manner and to the timescale set out.

All projects will have an agreed system for monitoring and evaluation.

Project Implementation and Monitoring

The project is carried-out ('implemented') according to the agreement. It is managed by the project team during implementation.

Progress is monitored according to the planned methodology and timescale. Monitoring covers both financial and non-financial aspects of the project - the use of resources, measurement of performance and outputs, and an assessment of progress towards achieving the project's purpose.



It is necessary to think about how a project will be implemented and how monitoring will occur whilst you are preparing a project. Some of the techniques used in project preparation are also used in project management: e.g. **PERT** charts, **GANNT** charts, implementation schedules, **Critical Path Analysis**.

This Manual does not address project management in any detail. There are many books, manuals and software tools available which explain project management techniques.

Project Evaluation

It is important to consider how a project will be evaluated early in the proposal development.

The project is generally assessed against its objectives in terms of its:

- **performance;**
- **efficiency** and;
- **impact.**

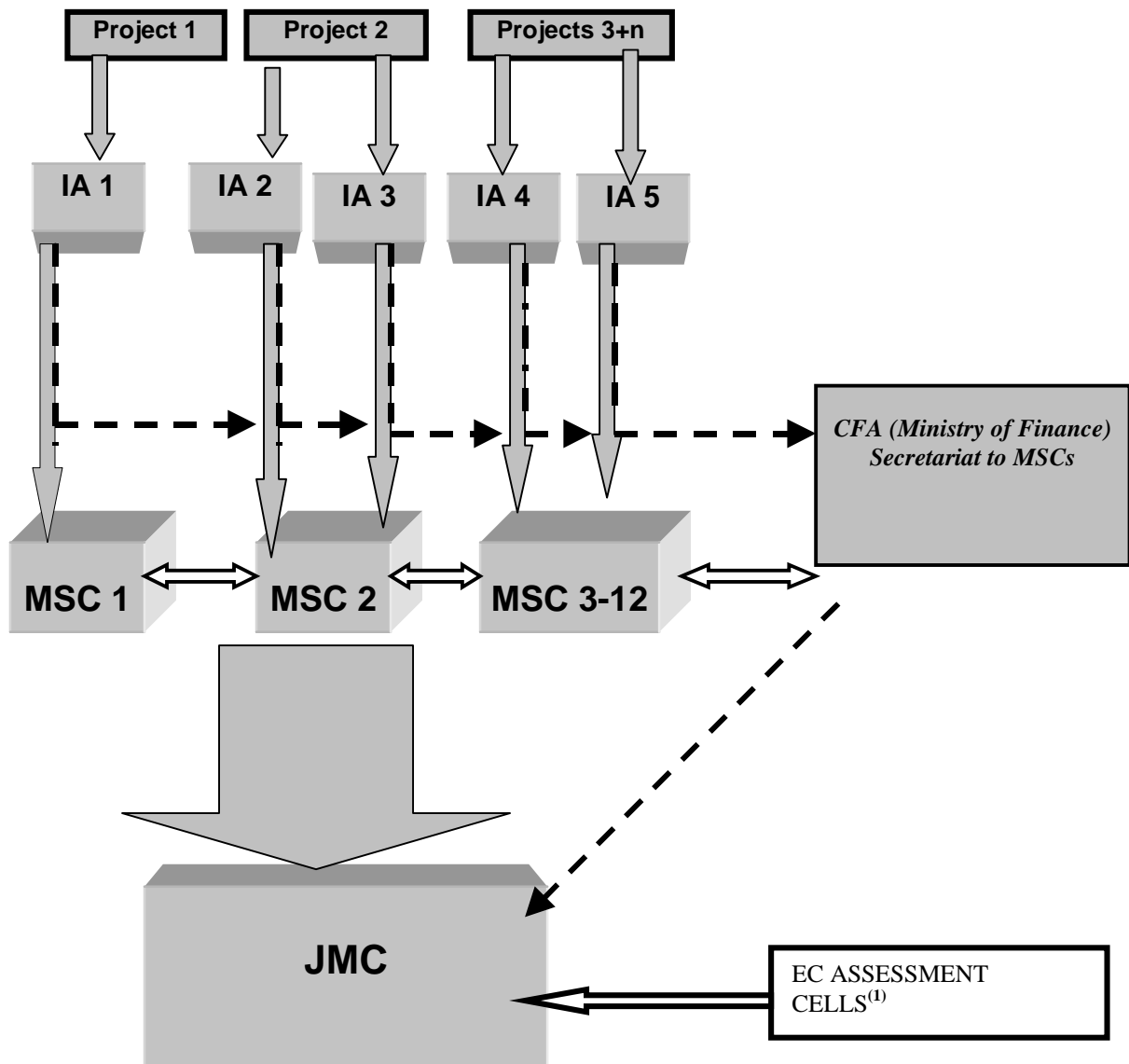
Increasingly, project evaluations are based on a **Log Frame** structure. It is therefore an advantage if you use Log Frame techniques in your project identification and preparation.

Evaluation takes place at particular stages of the project cycle. This will often be:

1. prior to commencement - known as **ex ante evaluation** - in order to assess what it is likely to achieve;
2. half way through i.e. mid term, or at other key stages;
3. at the end of implementation i.e. final;
4. some time after the project has finished in order to evaluate long-term impacts - known as **ex post evaluation**.

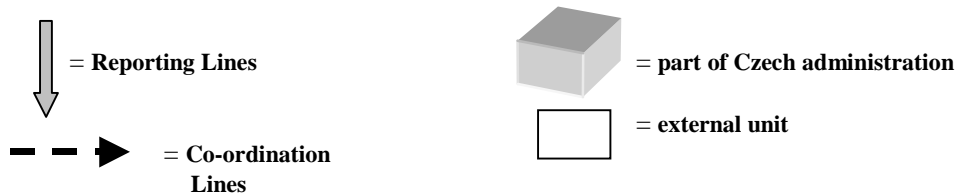
An important aim of evaluation is to provide feedback to the funder and project sponsor. Evaluation often leads to the identification of new project ideas (as shown in the example of the National Park Visitors Centre above).

Monitoring and Reporting Flows in Programme Implementation



Abbreviations: IA = Implementing Agency; CFA = Centre for Foreign Assistance; MSCs = Management Sub-Committee; JMC = Joint Monitoring Committee

(1) = The Commission is in the process of replacing the current OMAS evaluation system with one based on regular reporting by national 'assessment cells', these national units will be in place by 2001.



Current Statutory Requirements (in the pre-accession period).

The statutory obligations of the EU Member States in receipt of Structural Funds (SFs) are clearly laid down in EC Regulations, particularly the SF General Framework Regulation (1260/99). This Regulation does not currently apply to the candidate countries, instead the EC, based on the legal texts of the PAF Regulations, has introduced a new monitoring system (**MS**) for the Phare Programme, (as of May 2000 for the Czech Republic) which effectively introduces a new tier of reporting responsibilities into the Phare Decentralised System (DIS). This MS is designed by the EC to provide the framework of a system which could be used for SF monitoring post-accession.

Under the Phare MS, provision is made for up to, 12 ‘sectoral’ monitoring sub-committees (MCs), these are to meet every 6 months and make reports to a Joint Monitoring Committee (JMC).

In the MS proposed for Phare, the JMC is the ultimate decision making body, equivalent in many ways to the CSF (Community Support Framework) Monitoring Committees in the EU cohesion countries. The JMC will be chaired by the Commission Services (Headquarters, Director SCR) and will be composed of the Commission Services (Headquarters and Delegation); the National Authorising Officer who, as head of the National Fund, is responsible for the disbursement of all EU funds and the National Aid Co-ordinator (NAC) who is responsible for all programmes supported by EU funds.

The Joint Monitoring Committee (JMC), Role of Monitoring Sub-Committees (MCs)

The JMC will review the technical and financial progress of on-going Phare programmes to assess their progress in achieving objectives set out in the programming documents, taking into account the Accession Partnership. In addition, the JMC will review the ISPA and SAPARD programmes for the purposes of co-ordinating implementation. The reviews will be based on the appropriate programming documents such as the Rural Development Plan (in the case of SAPARD); the national Environment and Transport Strategies (ISPA) and the National Development Plan –NDP (Phare).

On the basis of this review, the JMC, may propose corrective measures to be taken to ensure the achievement of the programme objectives and enhance the efficiency of assistance. The scope of the corrective measures covers the technical and financial management of the programmes and includes the reallocation of funds within programmes.

Monitoring Committees should be set up for each PAF (Phare, ISPA and SAPARD) which will report to the JMC and will be responsible for the regular and detailed monitoring of their own programmes and projects. In the case of Phare this means up to 12 Sectoral Monitoring Sub-Committees (MCs). The MCs will work on the basis of monitoring reports prepared by ‘Implementors’ (=Implementing Agencies) and presented by the NAC. The MCs will review outputs as compared to objectives, expenditure, as well as the management structures, in order to improve programme effectiveness, impact and relevance.

The framework of MCs in the Czech Republic has already been established, in a Government Resolution no. 275 from 15/3/00 on co-ordination of the use of instruments of assistance by the European Community (Phare, Ispa, Sapard) in the Czech Republic. which pre-dates the EC’s note on monitoring. In this Resolution, the government has proposed a Monitoring Committee structure which is broadly in line with that required by the EC.

Under the Government's Resolution a number of MCs will be established, which in the case of Phare should reflect the priorities of the National Development Plan i.e. 'Human Resource Development' and 'Competitiveness'.

Monitoring Committees Foreseen Under Government Resolution N° 275.

Monitoring Committee	Core Responsibility
<ul style="list-style-type: none"> ■ National Programming Committee for Social and Economic Cohesion 	Co-ordinates work related to the preparation for the use of Structural Funds and the Cohesion Fund, with emphasis on drawing up programme documents and system measures
<ul style="list-style-type: none"> □ Monitoring Committee for Economic and Social Cohesion 	Evaluates programme implementation in the area of SEC and monitors the impact of the programmes
<ul style="list-style-type: none"> □ Sectoral Management & Monitoring Committees 	Co-ordinate the preparations of sectoral operational programmes (SOPs) as part of government's preparations for the SFs and assess the implementation of programmes and their impacts; SOPs are currently in place for the areas of Human Resource Development (Ministry of Labour & Social Affairs) and Competitiveness (Ministry of Industry & Trade)
<ul style="list-style-type: none"> □ Regional Management and Monitoring Committees 	Co-ordinate activities related to preparation for the use of SFs and individual programmes in the area of SEC at the regional level, and assess implementation of programmes and their impacts
<ul style="list-style-type: none"> □ Cross-border Joint Co-ordinating Committees 	Co-ordinate cross-border co-operation programmes, work on a bilateral or trilateral level with neighbouring countries
<ul style="list-style-type: none"> □ ISPA Co-ordinator Committee ■ ISPA Working Groups 	<p>Implement the strategy for the use of ISPA, assess the progress of preparatory works, oversee compliance with procedures in the selection of projects for ISPA, responsible for submitting proposals to the EC for projects for financing under ISPA</p> <p>Prepare, within the sectors of transport and the environment, sector strategies for using ISPA, propose priority projects, support their preparation and implementation, co-ordinate activities in the context of ISPA within other sectoral activities</p>
<ul style="list-style-type: none"> ■ Joint Commission for the Preparation of the SAPARD Programme □ SAPARD National Monitoring Committee and Regional Monitoring Committees ■ National Selection Commission for SAPARD and Regional Selection Committees ■ SAPARD Paying Agency 	<p>Discuss fundamental issues related to the implementation of the SAPARD Programme</p> <p>Monitor the implementation and effects of the SAPARD Programme</p> <p>Perform the function of selecting projects worthy of financing under the SAPARD Programme</p> <p>Organise the flows of finances for the SAPARD Programme at the level of an Implementing Agency</p>

□ Monitoring Committees

■ Other Structures



Key EC Terminology Relating to the Management, Monitoring, Reporting, Control and Evaluation of Structural Funds

□ Structural Funds – general provisions

Regulation 1260/99/EC

- Article 9 - Definitions**
- Article 34 - Role of the Managing Authority**
- Article 35 - Role of the Monitoring Committee**
- Article 36 - Monitoring Indicators**
- Article 37 - Annual and Final Reports**
- Article 38-9 - Financial Control**
- Article 40-3 - Evaluation**

Article 34 - Role of the Managing Authority

Article 9 defines the Managing Authority as:

“... any public or private authority or body at national, regional or local level designated by the Member State, or the Member State when it is itself carrying out this function, to manage assistance for the purposes of this Regulation. ... If the Member State so decides, the managing authority may be the same body as the paying authority for the assistance covered.”

- Responsible for efficiency and correctness of management and implementation

Functions

- ⇒ Set-up system to gather reliable financial and statistical information for monitoring indicators ...and for evaluation,.....using where possible computer systems.
- ⇒ Draw up annual implementation reports
- ⇒ Ensure correctness of all financial operations
- ⇒ Adjust the programme complement (i.e. measures) as appropriate

Article 35 - Role of the Monitoring Committee

- Each Operational Programme shall be supervised by a Monitoring Committee (MC)
- MCs include a representative of EC in advisory capacity, MCs are chaired by representative of Member State or Managing authority

Functions

- ⇒ Confirm or adjust programme complement (measures) including physical and financial indicators.
- ⇒ Approve criteria for selecting operations under each measure.
- ⇒ Review progress towards achieving specific objectives.
- ⇒ Examine results of implementation, achievement of targets for measures
- ⇒ Consider & approve reports before sending to EC.
- ⇒ Make appropriate proposals to Managing Authority
- ⇒ Draw up annual implementation reports

The job of MCs is to ensure that the programmes (rather than individual projects) for which it is responsible meet their targets. They therefore regularly receive reports (from their secretariats), including appropriate data and recommendations. On that basis they will make decisions as to whether a programme needs to be modified as a result of under-spend or over subscription of particular measures, or more exceptionally, new circumstances that demand fundamental change to the orientation of a measure.



Monitoring Tasks of the EU Member States in Relation to Structural Funds

A key principle of EU Structural Fund Methodology since the 1988 reforms has been monitoring and evaluation of programmes. This is both for practical and political reasons: practical in that performance effectiveness and cost effectiveness of programmes needs to be continually under review so that corrective action can be taken if required; political in that programming implies that a great many decisions regarding EU money are taken by the member states or lower delegated authorities and this can only be accepted politically by net contributors to the EU budget if sufficient guarantees are in place.

Monitoring is both executive/operational and supervisory. In the first respect, it is carried out by the executive or management authority (member state, delegated authority, secretariat) and consists of a series of technical task which collate and order information of both the overall programme and each project . This should allow at any particular moment for an "overview" of the entire programme in terms of financial commitments, payments and absorption rate, the types of projects funded under each measure, their contribution to the measure's targets and the impact as measured by various indicators. It should for example, at the push of a button, be possible to know how many projects are headed up by a woman, how many jobs are/have been created.

This data of course needs to be collected. That is done in a variety of ways but fundamentally it means that each secretariat or delegated managing authority must know its projects and staff must be ready to meet regularly with project promoters if necessary. For this reason it is often useful that in each secretariat, each project is covered by a designated person, who effectively acts as its assessment officer at all stages of the project and programme cycle.

A simple and effective monitoring system (certainly no more than 50,000EURO for small regions), should allow for the easy generation of reports according to almost any theme. These can be requested by a higher managing authority or by a monitoring committee.

It is these operational or executive monitoring activities which are proper to secretariats and to managing bodies such as the CRD.

Role of Monitoring Committees

The supervisory, partially political role of monitoring, is a different kind of activity to operational monitoring and one that is done by a special monitoring body, namely a monitoring committee.

Monitoring committees may be compared (within limits) to secretariats in the same manner as a company board is compared to management. A monitoring committee does not carry out itself any technical tasks: it mandates the secretariat to do this by detailing its information needs.

Its job is to see that the programme (rather than individual projects) meet their targets. It will therefore regularly receive reports, including appropriate data and recommendations, and on that basis it will make decisions - as to whether a programme need be modified in function of under-spend or over-subscription of particular measures, or more exceptionally, new circumstances that demand fundamental change to the orientation of a measure.

The monitoring committee never selects projects and indeed, in general, does not even ratify the managing authority's decision to select. This is understandable since its entire focus is on the programme not on projects.



By contrast it is the monitoring committee which, in accordance with structural funds regulations, defines the scope and nature of evaluations. This indeed is a key task: the ultimate test of its own effectiveness in overseeing an effective programme and drawing out the lessons for future assistance.

Monitoring committees exist at various levels: overall CSF monitoring committee, operational programme monitoring committees and exceptionally sub-programme monitoring committees. At each level the task remains essentially the same but is tailored to the demands of the reference territory or sector.

Thus a regional operational programme monitoring committee will deal with a regional programme: the CSF monitoring committee must deal with the entire CSF. A certain rule of subsidiarity applies: the CSF monitoring committee does not get bogged down in the detail of a regional operation programme - that is the task of the monitoring committee at that level.

Monitoring committees are one of the main expressions of partnership within structural funds. They therefore must represent the "interested parties" defined as public, private and non-governmental bodies. A representative of the member state or its designate should always be present and in general, though not always, is chairman. In different political systems, the formula is different, according to the level of centralisation/regionalisation internal to the member state.

Each monitoring committee must determine its own rules of procedure and establish its own working culture. The sole objective guide to this is the structural funds regulation but it merely defines the overall CSF monitoring committee and not regional or sectoral monitoring committees, proper to each operational programme. Nevertheless what applies at the CSF level, applies lower down as well.



The Main Differences Between SFs and PAFs

	SF-model	PAF-minimal
Monitoring Committee (MC)	<ul style="list-style-type: none"> ▪ Autonomous body responsible for efficient & effective running of operational programmes ▪ Wide composition representing social & economic partners ▪ Chaired by national authority 	<ul style="list-style-type: none"> ▪ Ministerial body responsible for reporting on progress of programme implementation ▪ Composition reflects sector ministry involvement ▪ Chaired by EC
Core Responsibility of MC	EVALUATION	REPORTING
MC-secretariat	<p>Composed of public servants answerable to the MC and mandated by the MC to carry out any technical tasks needed for the MC to carry out its functions, e.g.</p> <ul style="list-style-type: none"> ▪ Gathering/synthesising monitoring data ▪ Managing individual projects ▪ Contracting operators 	<p>Composed of officials answerable to their respective ministries. Responsible for preparing implementation reports for approval by MC. Functions include:</p> <ul style="list-style-type: none"> ▪ Gathering/synthesising monitoring data ▪ Co-ordinating with other MC-secretariats ▪ Establishing & defining reporting links with Implementing Agencies
Scope & Depth of Monitoring	<p>Widely scoped monitoring aimed at:</p> <ul style="list-style-type: none"> ▪ Performance (smooth financial flows, value for money etc.) ▪ Effectiveness (measuring the attainment of programme objectives using indicators of direct/indirect impact) ▪ Interim and <i>ex-post</i> evaluations 	As defined by the EC's 'Monitoring Templates' in the regular IA Monitoring Reports

Monitoring Indicators

The Czech government's intention is to develop monitoring systems that are compatible with those used by EU Member States. It follows that the development of the regional and national monitoring systems should start with an understanding of how Structural Funds monitoring systems are developed and used in EU Member States. This section is designed to give an overview of Structural Funds monitoring methodology.

Also the intention of presenting the material in this section is to provide the basis of Guidelines, or Manuals, which may be developed to manage future programmes. For these reasons the methods and terms used throughout this section reflect those currently used by the EC and (variably) across EU Member States, when describing the design, implementation and monitoring of Structural Funds programmes.

Objectives and Corresponding Indicators

Structural Funds programmes mobilise resources (financial, human and institutional) in order to achieve the global objective of Economic and Social Cohesion. To monitor and evaluate such programmes it is necessary to begin by looking at the logic of each programme and distinguishing a series of related objectives.

Step 1: Define Programme Objectives

In Structural Funds, the hierarchy of programme objectives follows the conventional 'Logical Framework' methodology, namely:

- Strategic Objective (= Aim)
- Immediate Specific Objective
- Sustainable Specific Objective
- Operational Objective



Related monitoring indicators are classified into the following 5 categories: **resource, output, result, specific impact and global impact**. The link between objectives and indicators is shown below (Table 1):

Level of Objective	Type of Indicator	Definition
	Resource (Input)	Means made available by financing authorities and used by operators for their activities.
Operational objective	Output	Product of operators' activity.
Immediate specific objective	Result (immediate outcome)	Immediate effect for direct addressees or recipients .
Sustainable specific objective	Specific impact (sustainable outcome)	Sustainable effect for direct addressees or recipients .
Strategic objective (Aim)	Global impact (outreach)	Global effect for entire population concerned (direct and indirect addressees or recipients).

The example given in Table 2 below is taken from the Logframe Matrix for Phare 2000 investments in business infrastructure for the North-west Bohemia NUTS II target region. Only the outputs and their associated indicators are shown in this example. For Structural Funds programmes, output indicators are closely linked to the operational objectives (Table 1), which are to be achieved and reported on by the programme operators (see below).

In the case of NW Bohemia the operational objectives, by which the performance of the operators will be judged, are:

- To establish 2 industrial zones
- To enlarge 2 existing industrial zones
- To prepare 6 buildings/ sites for business
- To upgrade regional information infrastructure for the region's entrepreneurs
- To develop a joint information system for tourism & spa services
- To increase the N^o of SME start-ups
- To increase the N^o of new jobs created.
- To increase the N^o of tourists visiting the region

Operators select, or carry out, projects which they feel best meet these objectives. It can be noted, however, that if this were a Structural Funds programme, operators would have difficulties in knowing, for example, by how much the number of tourists, or the number of SME start-ups are expected to increase. The 3 last objectives, in particular, depend on comparisons with existing background rates (or context indicators) which may or may not exist at the NUTS II regional level.

Clearly in developing a Structural Funds monitoring system there is a need to involve all the main actors (particularly the operators) in the realistic quantification of operational objectives and therefore of monitoring indicators.

It can also be noted that the achievement of some objectives (to increase the number of new jobs) is not totally within the control of operators which suggests that they might be higher level objectives (i.e. specific or global objectives).

Table 2: Outputs and Indicators for Phare 2000 Investments in Business Infrastructure for the North-west Bohemia NUTS II Target Region.

Outputs	Indicators of Achievement
<ul style="list-style-type: none"> ■ Attraction of investors to the region. ■ Improved possibilities and conditions for regional businesses. ■ New SMEs established & existing SMEs strengthened. 	<ul style="list-style-type: none"> ⇒ Min. 2 industrial zones created. ⇒ Min. 2 existing industrial zones enlarged. ⇒ 6 buildings and/or sites for business prepared.
<ul style="list-style-type: none"> □ Competitiveness of existing entrepreneurs increased □ Improved co-operation amongst regional SMEs 	<ul style="list-style-type: none"> ⇒ Regional information infrastructure for entrepreneurs in NWB region upgraded. ⇒ 1 Joint information system for tourism & spa services.
<ul style="list-style-type: none"> □ Improved accessibility of business and tourist information □ Increased numbers of tourists into the region. 	<ul style="list-style-type: none"> ⇒ Increased N^o of SME start-ups ⇒ Increased N^o of new jobs created.
<p>→ Creation of new job opportunities</p>	<ul style="list-style-type: none"> ⇒ Increased N^o of tourist visitors to the region

People & Organisations Affected by Programme

Table 1 shows that the different levels of objective are related to different categories of people and/or organisations concerned by the programme. For Structural Funds it is important to clearly define these categories, at least at the level of functions (i.e. 'financing authorities', 'operators', 'direct and indirect addressees' or 'recipients'). These categories are explained below.

Step 2: Define Categories of People & Organisations Affected by Programme

Financing Authorities are people or organizations which decide on its implementation and allocate the required resources

Operators are those who use the resources closest to the field. They are the last link in the chain of implementation of a programme (Box 1). They are the source of information which feeds the monitoring system (see Step 3 below).

Box 1: Examples of Operators

- ⇒ A local authority which distributes direct support to businesses.
- ⇒ A group of firms which distributes direct support to businesses
- ⇒ A group of firms which distributes aid amongst its members
- ⇒ A private company which constructs and manages a telephone network
- ⇒ A private company which builds a road for a regional authority
- ⇒ A training institute which trains people funded by the programme.

Together the funding authorities and operators make up the category of programme actors. Irrespective of the level on which they intervene, the programme actors must account for their activity in a regular and complete way in the form of progress reports.

Direct Addressees consist of the people or organizations that receive benefits or are affected directly by the advantages and disadvantages of the programme. Some individuals or organizations are direct addresses or recipients in that they receive or personally use the services or support provided by a programme. Examples of direct addresses are given in Box 2.

Indirect Addressees are individuals or organizations that are affected by the programme without having participated directly in its activities. Indirect addresses may be affected through a direct addressee, e.g. the firm that employs a person trained during the programme. Indirect addresses or recipients may also be affected without an intermediary, as shown in Box 3.

Box 2: Examples of Direct and Indirect Addresses

Direct Addresses

- ⇒ The family that uses a telephone network improved by the Programme.
- ⇒ The firm that received an investment subsidy.
- ⇒ The trainee who benefited from subsidized training.

Indirect Addresses

- ⇒ Inhabitants in a neighbourhood next to a rundown area that was renovated during the programme.
- ⇒ People sensitive to the damage of their natural environment, who live near a motorway built by the programme.

Recipients are both the direct or indirect addresses of the programme, the term 'beneficiaries' has not been used to identify them because they do not always gain from the programme and also, the Commission uses the term 'beneficiary' in a another sense.

The term 'Final Beneficiary' is used in the regulatory texts of the Structural Funds to denote the public and private operators responsible for commissioning projects or for the distribution of public aid. The final beneficiary has to submit regular and systematic reports, and is therefore, a programme operator in the sense defined in this Report. Table 3 shows some potential final beneficiaries in the Czech Republic. The list presented in Table 3 is by no means exhaustive, but is intended to give an idea of the range of organizations and bodies that are, or have been, supported by the Phare Programme and which might be involved in future Structural Funding.

The strategic objective of a programme is to provide its direct and indirect addresses with an overall advantage. In some cases certain people or organizations may, however be disadvantaged. The negative effects that addresses suffer are usually unintended (e.g. bankruptcy of a local firm due to competition in favour of an assisted firm). The disadvantages may also be related to the objectives of the programme (e.g. substitution of a long-term unemployed person for another unemployed person).

Table 3: Potential 'Final Beneficiaries' in Czech Republic

(- = Never; + =Rarely; ++ = Sometimes; +++ = Usual Case ++ / - = average situation)

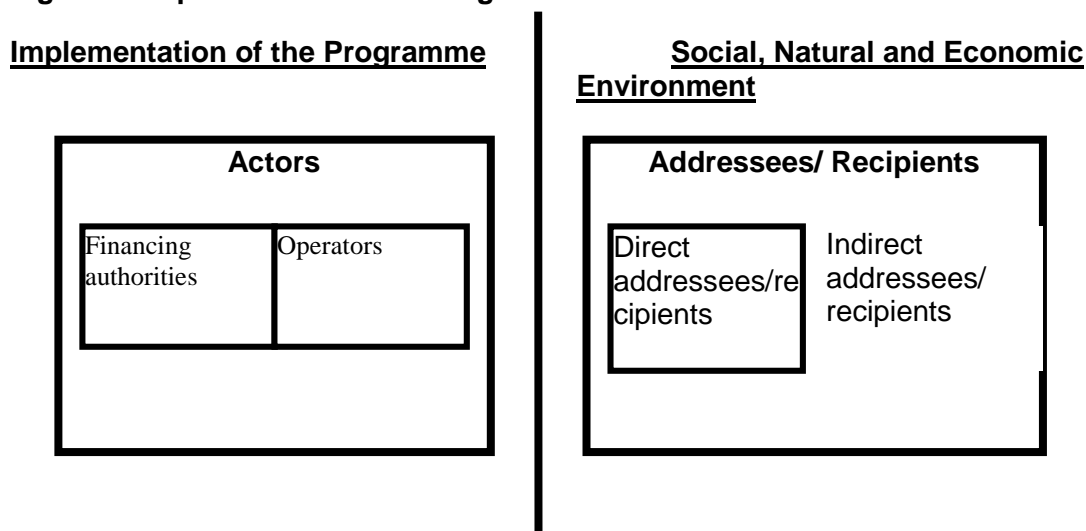
Organisations & Bodies	Category of Recipient		
	Final Recipient	Direct Addresses	Indirect Addresses
Small & Medium Sized Businesses	+	+++	++
For (a) Service & (b) Productive Sectors			
Services e.g. Hotels, restaurants, shops, e-trading, import-export, financial services, computer services, engineering consultancy	+	+++	++
Production e.g. Electronics, software development, machine tools, metal processing, engineering assembly, farms, fisheries, wine producers, construction companies.	+	+++	++
Large Private Enterprises	-	+++	++
(500 + employees)	-	+++	++
Car plants, Heavy engineering plants, Breweries, Coal mines, chemical factories.			
State Companies	-	++	+++
(including part privatised)			
Coal mines	- (?)	+ (?)	+++
Steel works		+ (?)	+++
Food Processing Plants		++	+++
Government and other public bodies	+++	++	+
Ministries, Municipalities, Public monuments	+++	++	+
(historic buildings), National Parks, Libraries, Universities	++	+++	+
Training institutes, Forests			
NGOs	++	+++	+
RDAs	+++	+++	++
Chambers of Commerce	++	+++	+

Step 3 Identify Key Programme Actors

The entire, often diverse, range of people and organizations concerned by a programme, or with some interest in its implementation, are collectively known as the ‘stakeholders’. Those stakeholders that are actively involved with programme implementation are known as the programme ‘actors’, in terms of the classification introduced above, the actors are the financing authorities and the operators.

The identification of key actors is an important step because it marks a fundamental division that is basic to Structural Funds methodology. Among the people and organizations concerned by a programme, there is a difference between the actors and the addresses or recipients. The actors are within the operational system of programme implementation, whereas addresses or recipients are outside this system (Figure 1).

Figure 1: Implementation of a Programme and its Effects

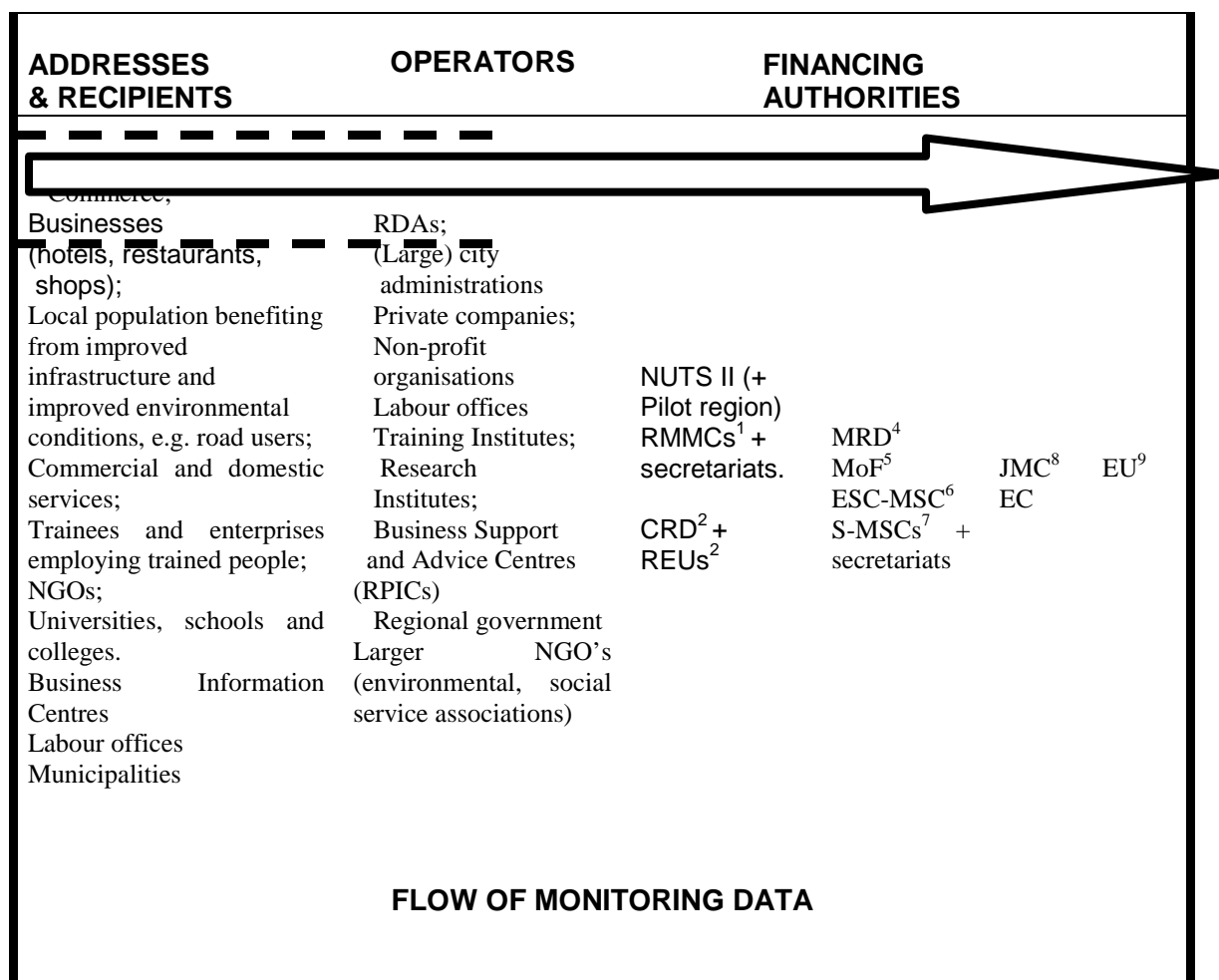


Operators are distributors of programme assistance to the direct addresses. ***In terms of establishing a monitoring system, the operators are providers of operational (and some strategic) monitoring data and the financing authorities are managers of the system.*** For example, in the case of building a road the financing authorities would certainly be the appropriate government ministry the operators might be the construction companies and municipalities concerned. Whilst the addresses will be the motorists using better roads, local companies moving more goods to markets.

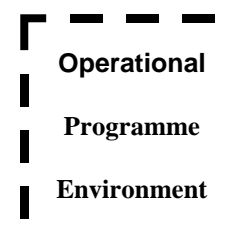
Monitoring can be regarded as a chain of reports which follows the implementation process. Along this chain a report produced by one level for a higher level constitutes a monitoring input to the higher level. The lower level report is based, maybe through a series of reports, on monitoring data from individual projects

The interface between operators and financing authorities is a particularly important one in terms of programme implementation. This interface is known as the ‘Operational Environment’ of the programme (Figure 2) and it provides the major main source of monitoring data. The roles and responsibilities of actors are best seen by reviewing the broad categories of indicators (resource, output, result, impact) introduced in Step 1.

Figure 2: Flow of Monitoring Data in the Operational Environment



1. **RMMC** = Regional Management & Monitoring Committee
2. **CRD** = Centre for Regional Development (MRD);
3. **REUs** = Regional Executive Units (regional units of the CRD).
4. **MRD** = Ministry of Regional Development.
5. **MoF** = Ministry of Finance
6. **ESC-MSC** = Economic and Social Cohesion Monitoring Sub-Committee
7. **S-MSC** = Sectoral Monitoring Sub-Committee
8. **JMC** = Joint Monitoring Committee
9. **EU** = European Council of Ministers + European Parliament



Resource Indicators

These provide information on the financial, human and other resources used by the operators to implement the programme. Resources are the joint responsibility of financing authorities (who allocate them) and operators (who implement them). Most resource indicators are regularly quantified by the monitoring system.

Box 4:	Examples of Resource Indicators
	⇒ Total Budget
	⇒ Annual Budget Absorption
	⇒ % Expected Overspending
	⇒ % European Financing in Total Public Financing
	⇒ N° People Working on Implementation
	⇒ N° Organisations Involved in Implementation

Output Indicators

An output is defined as anything that is obtained in exchange for public expenditure. Output indicators are the product of the operators' activity. Outputs are under the entire responsibility of operators who have to constantly to report on them through the monitoring system.

Box 5:	Examples of Output Indicators
	⇒ Km road built
	⇒ Progress rate of road construction
	⇒ Ha of derelict land rehabilitated
	⇒ Capacity of purification plants built
	⇒ N°. Trainees whose trained by programme
	⇒ % training which is quality certified

Result Indicators

Result indicators represent the immediate advantages of the programme for direct addresses. An advantage is judged to be immediate if it appears while the addresses are still in contact with the programme. The full results may be observed when the operator has concluded the action and closed off the payments.

Since result indicators are well known to operators, they are usually well quantified during monitoring. Results can be quantified when addresses or recipients receive programme support. Operators can make direct measurements (counting trainees registered for training course) or can ask the addresses or recipients to answer a questionnaire.

Box 6:	Examples of Result Indicators
	⇒ Time saved by users of a road
	⇒ Reduced telephone call rates
	⇒ Qualifications gained by trainees
	⇒ New tourist activity generated by farmers
	⇒ Use of new capacity created by a firm;
	⇒ Satisfaction

Impact Indicators.

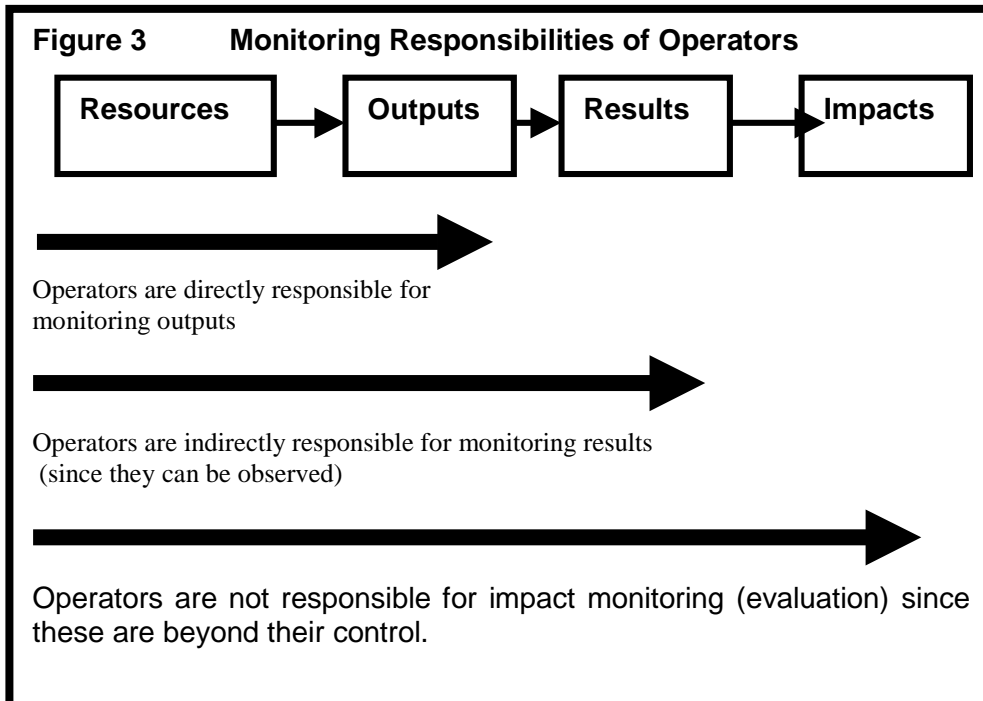
Impact indicators represent the consequences of the programme beyond its direct and immediate interaction with the addresses or recipients. Whereas, operational indicators (resource, outputs, results) are inevitably based on data from the operational environment whilst impact indicators have their origins beyond this boundary (Figure 1).

As noted before impacts can be direct or indirect, and usually take time to appear. Those impacts which are evident in the mid-term, say 1 year after completion (see Impact Indicator Box 7 below) are called specific impacts and by definition they must be evident within the lifetime of the programme. Global impacts are more complex, take longer to happen, are more difficult to detect and may happen after the programme finishes.

Box 7:	Examples of Specific Impact Indicators
	⇒ Traffic on a road 1 year after it was opened
	⇒ Placement rate of trainees after 12 months
	⇒ Sustainable jobs created in an industrial plant built with programme support
	⇒ Survival rate of businesses created with programme support.

Impacts cannot easily be known to operators during their daily management of the programme because they are time-lagged and indirect. Impact indicators are only quantified from time to time, usually during evaluations.

A normal way of establishing impacts (both specific and global) is to carry out surveys of direct addresses or recipients, say 1 year after they have left the programme. Questions asked by such questionnaires are concerned with both facts (how many new jobs have been created ?) and opinions (how many jobs would have been lost if the programme support had not been available?). These questions, particularly the first, are wider than those above (Box 7 Specific Impact Indicators) and concern global impacts of programmes. The points made above in relation to indicators are summarised below in Figure 3, which shows the limits of the operators monitoring responsibilities.



Monitoring Reports

❑ **Chapter 1: Background**

Government strategy for sector; relevant changes in legislation and administrative structure; basis for programming; focus of current EU assistance.

❑ **Chapter 2: Objectives and Stated Risks**

Overview of wide and immediate objectives; Accession Partnership and National Programme for the Adoption of the Acquis; Indicators of objectives; risks and assumptions; special conditions.

❑ **Chapter 3: Activities and Outputs**

Programme management, implementation and co-ordination. Programme components data, description of activities/ component.

❑ **Chapter 4: Corrective Management Actions**

At programme /project /component /contract levels.

Annex 1: Contract Data

Annex 2: Indicators of Achievement of Programme Objectives

Annex 3: Key Parties in Programme Implementation

Annex 4: Available Documentation.

Assessment Reports

Chapter 1: Sectoral Overview

Activities and Effects; Corrective Actions; Accession Partnership and National Programme for the Adoption of the Acquis; Main Findings of previous Assessment Report.

Chapter 2: Implementation Assessment

Previous Assessment; Programming Programme Design; Programme Management; Programme Co-ordination; Financial & Time Management; Contractor's & Counterpart's Performance; Programme Environment; Overall Implementation Assessment.

Chapter 3: Conclusions

Previous Assessment; Achievement of Wider Objectives; Achievement of Immediate Objectives; Sustainability; Overall Conclusion and Rating.

Chapter 4: Recommendations

Management Recommendations; other Recommendations; Recommendations from previous Assessment.

Annex 1: Indicators of Achievement of Programme Objectives.

Annex 2: List of Interviews

Annex 3: List of Documents referred to in Assessment.

Annex 4: National Programme for the Adoption of the Acquis

Annex 5: Recommendations from previous Assessment and Follow-up.

Annex 6: Dissenting Views

Draft Monitoring Report (Agriculture)

vs.

EC Template for Monitoring Reports

CHAPTER 1 – BACKGROUND

1.1 Situation which has led to Phare Support

EC Template

Describes the **problems facing the sector which necessitated the assistance.**

Draft MR

Following the creation of the Czech Republic in January 1993, the Czech Government has given priority to the transition to a market economy and the development of the private sector. The relatively low priority of the agriculture sector in the early transition process was reflected in the relatively late inclusion of Agriculture in the Phare Programme. The first Phare assistance provided directly to this sector was in the 1994 Programme, signed in January 1995.

1.2 Government Strategy for the Sector

EC Template

Describes the **Government's strategy, policies and priorities for the sector at the time the assistance was launched** and, indicates **any subsequent strategic and policy changes** (e.g. National Environment Programme) or the signature of key international conventions/treaties etc. If there is no policy this should be noted.

Draft MR

Solving of the inner developmental problems, the total stabilization of the sector before the accession to the EU and facilitating the CR access to the EU are the main aims of the government strategy in the agricultural sector. The agricultural sector is adapting to the EU conditions in the field of implementing the veterinary, phyto-sanitary and food legislation with the aim of easy participation of the Czech Republic to the integrated market and also in the field of institution building for administration of CAP. The Implementation Strategy is worked up in line with the National Program for Adoption of Acquis and priorities of Accession Partnership.



1.3 Legislative Changes of Relevance to the Programmes' Objectives

EC Template

Reviews the **legislative changes of relevance to the Programme objectives**. If there is a long list of legislation either a footnote or an Annex should be added. If there is no appropriate legislation, this should be noted.

Draft MR

Main Legislative Changes:

Amendment of the Act No. 115/1995 Coll. on viticulture – entry into force on 20 August 2000

Amendment of the Act No. 110/1997 Coll. On Foodstuffs and tobacco products – entry into force on 4 August 2000

Act No. 166/1999 Coll. On Veterinary care

Act No. 256/2000 Coll. On State Agricultural Intervention Fund

Draft Amendment of the Act No. 147/96 Coll. On Phyto-sanitary Care – approved by Parliament on 30 May 2000

1.4 Changes in the Administrative Structure

EC Template

Reviews the **relevant structural changes**. In many circumstances, a Ministry has been formed, merged, or restructured, and new regulatory agencies have been established etc. Responsibility for the sector may have changed during the life-time of the programme. If it was anticipated that a particular structure would be in place in order to receive the assistance, this should be included.

Draft MR

Establishment & development of obligatory institutions for administration EU CAP; SAPARD Agency that includes Paying Agency – government decree number 817, December 9, 1998, was established on September 1, 1999;

State Agricultural Intervention Fund – started on August 11, 2000, it is based on the basic EC regulations concerning the market regulation of particular commodities;

Classification Agency – SEUROP classification system, department of Research Institute of Animal Production;

Producers' organizations – in the framework of supporting programs of MoA;

IACS – the system is built on the basis of the government decree number 1211, November 15, 1999, the program is financed by the state budget and Phare 2000;

FADN – the establishment of the system is co-financed in the framework of Phare 1998, financing from the Dutch Pre Accession Programme 2000 is prepared for the



following years.

1.5 Basis for Programming

EC Template

Focuses on the **broad programming environment** and the basis for programming, e.g. the Accession Partnership (AP) and the National Programme for the Adoption of the Acquis (NPAA) if these include measures relevant to the sector.

i.e.: “With respect to privatisation, the AP set as objectives:

- *for the short term (1998): the acceleration of market-based enterprise restructuring, in particular through the completion of the privatisation process;*
- *for the medium term: the development of regulatory framework for utilities and financial services and strengthening competition policy.*

The NPAA reflects the AP by identifying a measure for the completion of the privatisation process (measure 1.4, fiche EA-4).”

Draft MR

In respect of the Agriculture Sector, the Accession Partnership sets as the objective the full transposition of the environmental acquis as well as substantial progress in effective compliance. The National Programme for Adoption of the Acquis refers to the transposition, implementation and enforcement of the agricultural acquis.

1.6 Focus of previous Phare Assistance

EC Template

Describes when Phare assistance commenced, and **identifies the total funds and general focus of previous Phare assistance to the sector.**

Draft MR

Phare support to the Agriculture Sector in the CR was first made available in 1992 through a GTAF, CS-9201 which was utilised by COSMC, for technical assistance for modernisation, and the preparation of a basis for further Phare assistance. The first Phare assistance provided directly to this sector was in the 1994 Programme. The agricultural projects within the 1997 and 1998 Programme focused on supporting the effectiveness and restructuring of agricultural sector.



1.7 Focus of current Phare Assistance

EC Template

Concerns **current Phare assistance here under review – the general focus etc.** whether or not it builds upon and extends previous assistance. The **recipient Ministries/Institutions should be identified.**

Draft MR

Project 9903-02 is designed for the Phyto-sanitary field and focuses on strengthening institutional and administrative capacity of the field and bringing the phyto-sanitary regulations and standards in line with the acquis.

1.8 Activities of other Donors in the Sector

EC Template

Describes the activities of other **bilateral/multilateral donors** and the focus of their assistance (if the list is too long, add in an Annex). It should be stated whether or not this assistance has been used in conjunction/co-ordination with Phare assistance.

Draft MR

Other donor activity has not been significant. The MoA has received bilateral agricultural technical assistance from the French Government during the period 1994-99. Czech Office for Surveying/Mapping and Cadastre (COSMC) has received assistance of Can\$ 400,000 from the Canadian Government during 1994-96. In 1995 COSMC also received high technology precision surveying equipment financed by a Swiss Franc (CHF) 1.60 M grant from the Swiss Federal Office for Foreign Economic Assistance. A further FOFEA grant of CHF 2.00 M, for the procurement of digital and analytical photogrammetric equipment for updating large and medium scale maps, as well as a closing seminar in late 1998, was provided.

1.9 Main Findings of previous Report/Monitoring Sub-Committee

EC Template

Summarises, in a series of bullet points, the **main findings of the previous report** and the decisions taken by the Sectorial Monitoring Sub-Committee (SMSC).

Draft MR

Although the system for implementation of agricultural projects has a number of weaknesses, most projects have been implemented smoothly, and in time.

There was no previous report. However, according to OMAS monitoring the Ministry of Agriculture still seems unprepared for the changes needed for accession, and little progress has been made since the previous assessment of the sector, reported in February 1997. Whilst the current assistance has contributed to achievement of the Wider Objectives, the Immediate Objectives have not been met and the Ministry of Agriculture has been slow to respond to the necessary changes. Institutional strengthening has not taken place as planned, although some progress is being made.

Sustainability will depend upon the rate and extent of this progress.



CHAPTER 2 OBJECTIVES AND STATED RISKS

2.1 Overview of Wider Objectives

EC Template

Briefly describes the focus of the **wider objectives** of the programmes. If there are common objectives (even if the wording is slightly different) these should be grouped together with a reference to the individual programmes concerned in parenthesis.

Draft MR

The Wider Objectives of the projects concerned are set out in the Financing Memoranda (FM) and are clearly focused on European integration and preparation for EU accession (see ANNEX 2 of this Report). They refer to the support of the Agriculture Sector in preparing for EU accession and adopting the *acquis* through legislative, institutional and structural development. The 1997 Programme CZ-9703 focuses more generally on Institution Building and emphasises the coherence of Government policy with that of the EU and the sectoral difficulties as highlighted in the European Commission Opinion.

The 1998 Programme aims at restructuring of the Ministry of Agriculture, establishment of a Market Intervention Agency, improving the information system, support to the State Veterinary Administration, support to the Czech Agriculture and Food Inspectorate and study on the competitiveness and restructuring of the food industry.

The project 9903-02 focuses on strengthening phyto-sanitary field, staff training, policy and administrative support, modernisation of laboratories.

2.2 Overview of Immediate Objectives

EC Template

The **objectives should be grouped together**. If there are clusters of immediate objectives such as Capital Investment, Export Promotion etc., these should be dealt with separately. The immediate objectives of the individual Programmes should be separated if they differ.

Draft MR

The Immediate Objectives are specified in the project fiches (see ANNEX 2 of this Report) and address following areas:

- The support of the effectiveness of agricultural sector, institution building (for 1997 Programme)
- Improvement of veterinary infrastructure, preparation of price information system, progress in co-operation of Food Inspection with customs offices etc. (for 1998 Programme)
- Strengthening institutional and administrative capacity in the phyto-sanitary field (for 1999 Programme)



2.3 Accession Partnership and National Programme for Adoption of the Acquis

EC Template

Mentions **links between the objectives of the programmes under review and the NPAA.**

Draft MR

The Government of the CR has entered into an Accession Partnership with the EU in March 1998.

Phare assistance to agriculture has since 1997 focused on priorities and measures identified in the National Programme for the Adoption of the Acquis (NPAA). The NPAA gives priority to the approximation of legal regulations, and their application and enforcement, especially in the field of veterinary and phytosanitary care. It includes the provision of effective inspection bodies, food quality control and protection of the health of animals. Additional priorities include the development of the relevant market organisations and information systems.

2.4 Indicators of Achievement of Programme Objectives

EC Template

Similar types of indicators should be summarised and not listed by programme. Reference should be made to Annex 2.

Draft MR

Indicators of Achievement which are determined in the project fiches are set in detail in ANNEX 2.



2.5 Stated Risks and Assumptions

EC Template

Summarises the identified **risks and assumptions**.

Draft MR

For projects of 1997 Programme:

- The economic and political benefits of EU membership continue to attract public and political support
- The EU maintains a commitment to enlargement
- Development of close co-ordination between the ministries to ensure coherency in negotiations
- Uncertainties as for CAP reform and Structural Funds reform

For projects of 1998 Programme:

- Legislative process
- Lack of financial sources

For projects of 1999 Programme:

- consistent policy and legal flexibility towards harmonisation
- shortage of financial resources
- good co-operation of the external contractor with technical departments
- general acceptance of the proposals
- sufficient capacity of the technical departments to review, comment and absorb the project outputs
- capability of the contractor to develop required outputs
- capability of twinning/trainees

2.6 Special Conditions

EC Template

Special conditions should be summarised and not listed by programme.

Draft MR

The Financing Memoranda of all Programmes include conditions which state the general expectation that the Government will provide the resources, structures, facilities and staff to ensure the effective implementation of the respective Programmes.

Financing Memoranda for 1998 and 1999 Programmes set out that:

In the event that agreed commitments are not met for reasons which are within the control of the Government of the Czech Republic, the EC may review the Programme with a view, at the EC's discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the global Program.



CHAPTER 3 - ACTIVITIES AND OUTPUTS

3.1 Programme Management

EC Template

The purpose of this section is to provide **information regarding the structures and process of programme management.**

Where the programmes/components are being implemented under the DIS, and are managed by an **Implementing Agency (IA/CFCU)**, it should be described when this IA was established, where it is located, how many staff are employed and whether there is any external technical assistance.

It should be mentioned whether or not the relevant Work Programmes have been submitted/approved, whether or not there is a Task Manager (TM) in the **Delegation** and if there has been a frequent turnover of TM.

Draft MR

The assessed Programmes are implemented under the Decentralised Implementation System. Overall Programme management is the responsibility of the Central Finance and Contracts Unit of the Centre for Foreign Assistance in the Ministry of Finance (former CFA-PMU). The CFA-PMU was established in 1993 at the Ministry of Economy and entitled the GTAF PMU until it was moved to MoF in 1997. The head of the CFCU is the Programme Authorising Officer (PAO). The CFCU provides the administrative management and is responsible for the commitment and disbursement of funds and the implementation of Phare financial and procurement procedures for Agriculture, as well as for several other Phare Programmes.

The MoA nominated a Phare Co-ordinator in 1993. Since October 1998, he has been supported by one assistant. Both are attached to the International Trade Co-operation Department. Recently they have co-operated closely with the Foreign and Trade Policy Section, and they have also co-ordinated projects in the other Departments in the MoA.

The Head of the Phare section at the Commission Delegation, assisted by a Project Officer, is responsible for the formal processing and approval procedures of the respective SP/WP. He maintains contact with the MoA through monthly meetings.

The procedures for the implementation of the 1998 and 1999 Programmes are different from those of earlier Phare Programmes. Central Finance and Contracting Unit (CFCU) is operating as a contracting agency on behalf of the Government and funds for 1998 and 1999 Programmes are transferred to the National Fund (NF) to be administered by the MoF.

The CFA, the executive body of the NAC, at the MoF, is responsible for the overall planning, programming and co-ordination of foreign assistance.



3.2 Programme Implementation

EC Template

Under the DIS, it is probable that other parties are responsible for some of the implementation. **The Department(s)/structures involved in implementation, including details on staffing** (including any long-term resident Technical Adviser funded by Phare) should be described.

Draft MR

While the formal contracting arrangements are undertaken by the CFA-CFCU in co-operation with the Commission Services, responsibility for the preparation of ToR remains with the respective beneficiary, MoA. The same applies for the day-to-day implementation and monitoring of the contracted projects.

In the case of agriculture projects, all projects belong under the general responsibility of the MoA. All beneficiary departments are nominally under the MoA, but some of them operate as distinct Budgetary units. For example, the Czech Agriculture and Food Inspectorate (CAFI) and the State Veterinary Administration (SVA) are responsible for projects in their respective fields. In effect, the MoA delegates the responsibilities for subsectoral issues – the preparation of the basis for ToR and the delivery of project implementation – to the appropriate department.

3.3 Programme Co-ordination

3.3.1 Programme Level Co-ordination

EC Template

States whether or not a **Steering Committee/Steering Arrangement** was established (when, the nature of the membership, frequency of meetings) and whether this is in line with the FM/SP requirements.

Draft MR

The decentralised nature of the implementation of agriculture projects reflects the diversity of target areas. There is a Phare Co-ordinator in the MoA who is able to provide an overall picture of Phare assistance to the MoA.

In the 1997 and 1998 Agriculture Programmes, several sub-sectoral issues were addressed by the Phare Programme for the first time. Regulatory and Control Authorities (such as the SVA and CAFI) are responsible for implementing many of the regulations which appear in the acquis and for which assistance is needed to align them with the Standards and Practices of the EU. The Office of the Phare Co-ordinator in the MoA together with the CFA-CFCU are crucial in this respect.



3.3.2 Co-ordination with other Phare Programmes and Donors

EC Template

Describes any **formal structures established to co-ordinate: (i) Phare National and Multi-Beneficiary Programmes and (ii) Phare and bilateral and multi-lateral assistance.**

Draft MR

The co-ordination of Phare assistance in the process of law harmonisation in the Agriculture sector is achieved both through the officials of the Legal Department of the MoA, and through the advisors themselves, for whom the co-ordination aspect is often explicitly included in their ToR.

Some beneficiary departments/authorities, for example, The Legal Department of MoA, SVA, are receiving additional Phare assistance via both TAIEX and the Multicountry Veterinary Diagnosis and Control Programme (SVA).

3.4 Programme(s) Components Data

EC Template

This paragraph contains a **table showing how the components of the programme(s) have been organised, and the related funding allocations, commitments and disbursements have progressed up to the cut-off date.**

Draft MR

Programme Component Title
Allocated (MEUR)
Committed (MEUR)
Disbursed (MEUR)

CZ 9703.01.02.01 Agriculture

1.367305

1.158945

0.793935

CZ 9807.01.01.03.01 Preparation for participation in ISPA and SAPARD

0.2

0.2

0.1

CZ 9809.01 Agriculture

3.0

2.596514

0.664856

CZ 9903.02.01.01; CZ 9903.02.01.02

Strengthening Inst. and Admin. Capacity in the Phyto-Sanitary Field

1.0

0

0

Total

5.567305

3.955459

1.558791



3.5 Description of Activities for Component 1

EC Template

This paragraph contains a **table showing how the projects of the 1st component have been organised, and the related funding allocations, commitments and disbursements have progressed up to the cut-off date.**

The presentation of activities should imperatively follow the following basic lines. **All contract data should be provided in tabular form in Annex 1 to avoid repetition in the text.**

Draft MR

Component Project Title
Allocated (MEUR)
Committed (MEUR)
Disbursed (MEUR)

Policy Advisory Unit, Ministry of Agriculture

0.477335

0.477335

0.402288

Assistance in the Development of a National Agriculture Advisory Service

0.15

0.15

0.075

Development of Producer Marketing Organisations

0.349970

0.276624

0.151654

Incorporation of the Czech Phyto-sanitary service into EUROPHYT system

0.19

0.189986

0.094993



Special legal advice to the MoA

0.2

0.2

0.070

Total

1.367305

1.293945

0.793935



Aims (per project, per component)

EC Template

Describes the **aims and expected outputs** of the component/project **as defined in the SP, WP, Project Fiches or Contractor's ToR**. Those ToR are important insofar as they: a) accord or conflict with the programme objectives; b) have been refocused as a result of late implementation, changing priorities, problematic environment; c) if the Contractor failed to comply with the Contractor's ToR and this has had a material impact upon the achievement of the objectives. The presentation should focus on the essentials, and refer to an Annex for more detail if necessary.

Activities (per project, per component)

EC Template

A precise and concise description of activities should be given. Where there is a large number of similar activities a generic paragraph should be used (supplementary details could be described in Annex). If the activity was to develop a strategic plan, the date on which it was delivered, and **whether or not any action has been taken by the Beneficiary** (approved/rejected/amended – passed on to the Government etc.) should be specified.

The starting and closing date of contract have to be given including an explanation for delay or extension. Description of training activities should include basic information on the purpose, the target groups (institution, level of hierarchy, etc.), the number, the timing and the place. Similarly, if the activity was to develop a strategic plan or draft a reform paper, the description should specify to whom it was delivered and when.

In the case of infrastructure activities/computer system provision, the description should only dwell on the precise technical details insofar as they are relevant for the achievement of the ToR, or if they constitute a difficulty which is hindering implementation. Information should be provided on the stage of implementation reached, any significant delays encountered, scheduled completion, etc.

Outputs (per project, per component)

EC Template

Describes the **direct effects** stemming from each activity implemented under the project. The outputs should be **structured in the same order as the main activities are described above**. All statements should be factual and be supported by evidence in the text. No new information about the actual implementation of activities should be introduced and activities should not be re-described.

i.e.: It should not state: that a strategy/law was prepared but rather whether it has been adopted and whether it is being implemented; that a data management system has been established but whether it is being used and what effect it has had upon working practices, efficiency etc.

In some cases it will be too early to report on any outputs, i.e. because activities are still being implemented. This should be stated.



3.5.1 Policy Advisory Unit, Ministry of Agriculture

Aims

Draft MR

General objective: assistance to the Ministry of Agriculture in preparation of the Czech Republic's agricultural sector for integration into the European Union.

Special objectives:

- provision of information on the Common Agricultural Policy regimes, especially with respect to potential changes in these regimes,
- provision of economic recommendations to the Ministry dealing with adaptation of Czech agriculture to EU conditions and assessment of impacts of the adaptation in individual fields
- assistance in training of Czech experts in the Common Agricultural Policy matters and structural and environmental issues,
- provision of *ad hoc* advice based on requirements of the Czech delegation that will be negotiating conditions for the Czech Republic's accession to the EU in the area of agriculture.

Activities

Draft MR

In order to achieve the general and special objectives, PAU has to do the following:

- a) It will be assisting the Negotiation Team and the Working Groups in identification of possible difficulties that would be arising for the Czech Republic from adoption of *acquis communautaire*.
- b) It will undertake economic analysis of problems identified by the Negotiation Team, Working Groups or the Ministry management, which will elucidate implications of adoption of the *acquis* for the Czech Republic.
- c) For interested parties, it will be organising seminars within as well as outside of the Ministry on EU policies and positions, potential changes arising from the accession to the EU and implications for individual fields in Czech agriculture.
- d) Within the Ministry as well as outside, it will disseminate materials on EU measures and requirements.
- e) Using the work of the previous PAU project as a basis, it will continue to develop relevant information sources for the Ministry, the Negotiation Team and the Working Groups (e.g. acquisition of databases and continuous building of the PAU library).
- f) It will be assisting in professional development of Ministry officials, especially of the European Integration Department to increase their ability to analyse measures and support the Ministry in its integration into the EU structures.

In its activity PAU will be responsible to the Director General of the Foreign and



Trade Policy Section who has the overall responsibility for the negotiation.

Outputs

Draft MR

The contractor will be submitting to the Director General of the Foreign and Trade Policy Section (MoA-FTPS) the following reports:

A detailed work plan for approval within four weeks of commencement of the project. The plan will contain a detailed schedule and determination of main responsibilities.

An inception report in 3 months after the project's commencement. The report will:

- clearly define the aims and objectives of the technical assistance and/or studies to be provided
- set out a detailed work plan for the rest of the first calendar year, and
- identify the counterpart staff and other commitments of the beneficiary state

Regular monthly reports submitted in advance before meetings of the PAU Steering Committee. The reports will include an overview of work done in the previous month and work planned for the following month. At the Steering Committee meetings, the plan will be approved or adjusted.

A draft final report that will be submitted 2 months before the end of the contract at the latest.

All the reports will contain a proposal on strategy and implementation of relevant measures in accordance with the EU standards, and will provide:

- information on overall progress (approach)
- problem identification
- recommendations
- two copies to the MoA-FTPS /English and Czech version/
- one copy to CFA-PMU (the Contracting Authority) /English and Czech version/
- one copy to the Delegation of European Commission /English version only

All reports will be drawn up in English and Czech versions.



3.5.2 Assistance in the Development of a National Agriculture Advisory Service

Aims

Draft MR

Overall objectives

Creation and support of the communication system between advisers and research and educational institutions with regard to the preparation of the Czech agriculture for accession to the European Union. To build up information network with necessary information for the advisers work and a priority system for applied research, where active advisers will share their experiences.

Project purpose

Contribution from funds of the Ministry of Agriculture of the Czech Republic and Phare programme to more intensive innovation of manufacturing procedures and technologies in agricultural production.

In the Czech Republic there will be a functional system of education for advisers, communication between advisers and research institutions, information network for advisers in work and priority system for applied research, where the active advisers will share their experiences. Approximately 15 state as well as private research institutions will be involved in the above mentioned activities, about 10 % of research projects financed by the ministry will deal with professional needs of advisers and the system will support about 200 active advisers in the Czech Republic.

Activities

Draft MR

- identification of problems from the target groups' point of view
- analyses of farmers needs and research and advisory activities
- transfer system feasibility study
- analyses of existing supporting mechanisms
- realisation of economic analysis of identified problems
- seminars for target groups to make them familiar with system measures in countries of the European Union, to carry out advisory support of businessmen
- analysis of model solutions in developed agricultural systems of the European

Union and possibilities of their use in concrete conditions of Czech agriculture.



Outputs

Draft MR

Outputs of these activities during the project will be as follows:

- creation of a supervisory committee chosen out of representatives of the Ministry of Agriculture and representatives of target groups
- a study and analyses of farmers' needs with regard to applied research
- draft of a system of mechanisms to determine research priorities for the needs of advisory services (The Ministry of Agriculture + target groups)
- draft of a system for education of advisers (the Ministry of Agriculture + target groups)
- draft of a system of supporting measures (the Ministry of Agriculture + target groups)



3.5.3 Development of Producer Marketing Organisations

Aims

Draft MR

The general objective is an assistance in formation of producers' marketing organizations that would concentrate, complete, store and transport the produced agricultural commodities (vegetable, fruit, potatoes, etc.) and intermediate their sale, whether in the form of transfer from productive to consumption spheres or in the form of export abroad. Use of foreign experience is presupposed.

The emphasis should be focused on those sectors, which are sensitive and important in terms of potential market disruptions. The apple market should be first considered.

Activities

Draft MR

Elaboration of project which would help in establishing producers' marketing organizations (fruit, vegetable, potatoes, etc.), suggestion of technical and technological equipment and financial assurance of their activities, legislative framework (statutes, control organization), personnel, and regional distribution.

Specific Activities:

- To elaborate an analysis of present market state, related to the results of "Phare-commodity" studies, use and apply experience from the EU countries,
- To choose optimum variants of procedure & find suitable commodities/industries,
- To ensure practical acquaintance with activity of organization of similar character in the EU countries,
- To assess possibilities of establishing of new producers' marketing organizations within the framework of present legislation of the Czech Republic and to suggest contingent changes and modifications in legislation,
- To set out the framework of activities of the producers' marketing organizations, consider and assess contingent share of trade with foreign production of non-competitive products,
- To suggest commodities for which an establishment of marketing organization would be appropriate. Apples should be in the first place.
- To conduct discussions with expert public in the course of project elaboration and to present final results of work in collaboration with the Ministry of Agriculture
- To make it possible for the staff to visit the EU marketing organizations and acquaint with their activity, and to train them so that they may assist actively during the formation of similar marketing organizations in the Czech Republic,
- To discuss possible difficulties of further development.

The processor of the project will produce the output in collaboration with the Strategy and Commodity Department, and/or other expert divisions of the Ministry.



Outputs

Draft MR

The contractor will submit the following reports to the contractual party:

Inception Report - Within four weeks from the program beginning at the latest, a report will be submitted including:

- a) Precisely defined focus and objectives of the study,
- b) Detailed working plan until the end of 1998,
- c) Identification of team members - experts, and further obligations and needs.

Running Report (Progress Report)

A running report on the course and progress of work should have been presented until September 30, 1998.

Final Report

The Final report was submitted in written form and on diskette in MS Word text editor. Observations were also incorporated into the report.



3.5.4 Incorporation of the Czech Phyto-sanitary service into EUROPHYT system

Aims

Draft MR

In the framework of the pre-accession preparation of the Czech Republic in accordance with recommendations of the European Commission and the NPAA:

- to strengthen the phyto-sanitary service of the Czech Republic;
- to develop the phyto-sanitary information network of the Czech Republic;
- to prepare the linking of the Czech Republic to the EC EUROPHYT warning system by the end of December 2000.

Activities

Draft MR

- a) the inception analysis of the situation in the Czech Republic, containing, *inter alia*, the technical specification for the HW supplies to be procured by the FWC under the reimbursable expenses,
- b) short-term study visits of FWC's experts working on the inception analysis:
 - in the Czech Republic;
 - in appropriate services of the EC - DGXXIV/FVO.2 in Dublin and/or Brussels and in member state(s), where the EUROPHYT has been tested. These 1 day (2 days maximum) fact-finding visits shall be aimed at gathering of all relevant information as regards the EUROPHYT system (in particular data registers, reference tables) and its current stage of operation, thus ensuring that the implementation of the project is based on utmost updated information provided for by the responsible EC services;
- c) entire SW preparation by the experts of connecting the central SPA office (Prague) with the EUROPHYT centre in Brussels/Dublin,
- d) creation, by using already existing Czech language version of the EUROPHYT application, adjustments of the data structure of the KOMODITY application, formation of the KOMODITY-EUROPHYT transfer span,
- e) depending on the needs - purchase (under the reimbursable expenses) of commercial SW in which the EUROPHYT is being operated,
- f) training of the personnel responsible for data input and authorisation of notifications within the EUROPHYT system:



Outputs

Draft MR

Expected output of the project will include:

- formation of a team of experts of the FWC to draw up an inception analysis,
- work plan for the project implementation, supplies, and training of the personnel,
- inception analysis of the present situation in the Czech Republic (HW, SW – KOMODITY) including the technical specification for the HW supplies, alternative proposals (with expected costs for purchase and operation) for completion of the phyto-sanitary information network (connection of "dial-up", e-mail, on-line) and its connection with the EUROPHYT,
- supply of HW - 1 netserver, approx.20 PC sets,
- proposals for adjustments in the data structure of KOMODITY - the Czech phyto-sanitary information system,
- supply of SW allowing for
 - ⇒the EUROPHYT operation,
 - ⇒the „KOMODITY - EUROPHYT“ data transfer,
 - ⇒the linkage of the central information point in Prague to the EUROPHYT centre in Brussels/Dublin,
- personnel trained



3.5.5 *Special legal advice to the MoA*

Aims

Draft MR

The general objective of this project is assistance in approximation and harmonisation of the CR law in the sector of agriculture (primarily in the foodstuff and veterinary fields, animal breeding and organic farming) with that of the EC.

Within this general objective the project will pursue the following specific objectives:

- Continuous reviewing and evaluation of EC law transposition into the legislation of the CR
- Continuous reviewing and evaluation of compatibility of the CR legislation with relevant EC law
- Achievement of a higher degree of EC law transposition into the CR legislation and of a higher compatibility of the CR legislation with that of the EC.

Activities

Draft MR

In order to achieve the general and specific objectives, the following activities are necessary:

- analyses, preparation of analytical outputs and comments on draft as well as existing Czech laws from the viewpoint of transposition of the relevant EC law and from the viewpoint of compatibility of the CR legislation with that of the EC
- information on the current development of EC law in the areas concerned, especially in those where the new development would have an important impact on compatibility of CR legislation with the EC
- advice on interpretation of some requirements arising from the EC law (e.g. through decision of the European Court of Justice)
- advice on how to incorporate requirements and modalities of the EC law in the field of agriculture into the CR legislation
- advice on adjustments and development of administrative structures necessary to implement *acquis* in the areas concerned. The areas of legislation, the contractor is to work on, are: veterinary, animal breeding, foodstuffs, organic farming.

This list is only indicative and may be changed as the need arises without amendments to the contract. The Contractor will appoint a Main Advisor who will be responsible in his/her activities to the Director of the Legislative and Legal Department of the MoA CR or to a member of the Department charged in this respect by the Director. The Main Advisor will be responsible for organisation of the project's work and resources.



Outputs

Draft MR

The Contractor will submit to the Director of the Legislative/Legal Department the following reports:

Following consultations with the Director of the Legislative and Legal Department and relevant officials of the MoA CR, a brief ***inception report*** will be submitted in 1 month after the project's commencement. The report will primarily show:

- main tasks that are to be addressed during the project,
- expected work plan for this contract.
- ***Analyses, proposals, recommendations and briefing notes*** responding to the specific needs of the MoA CR. This will be the main form of output within this project. Schedule for submission of individual outputs will be agreed with the Director of the Legislative and Legal Department or the person charged in this respect by the Director based on the nature and extent of the work.
- ***Progress reports*** submitted at the request of the Director of the Legislative and Legal Department or the person charged in this respect by the Director. The progress reports will briefly list main results that have been achieved over the last period and at the same time it will propose a work plan for an upcoming period. Draft progress reports will be submitted for comments and after they are considered, a final version of the progress report will be submitted.
- ***Final report***, a draft of which will be submitted to the MoA CR two months before the end of the contract at the latest. The MoA CR will provide its comments within 2 weeks and there will be another 2 week period for the comments to be incorporated by the Contractor into the draft.

The Final Report will contain especially:

- summary of work undertaken within the project and evaluation of results,
- proposals for further progress in this area.

Seminars for a greater number of participants are not expected to be a part of the project. Possible exceptions may be agreed between the Director of the Legislative and Legal Department or the person charged in this respect by the Director and the Main Advisor if this is found useful. It is expected that project outputs will be presented in detail to a small number of specifically involved officials of Czech state administration, legal and technical experts.

The inception report, progress reports and the final report will be submitted as follows:

- three hard copies/three copies on floppy disks for the MoA (both English and Czech)
- two hard copies to the CFA-CFCU /the Contracting Authority/ (both English and Czech)
- one hard copy to the Delegation of European Commission (English only)



3.5.6 Planned Future Activities

EC Template

Describes the **planned activities yet to be contracted** (their tender situation and date of planned start).

Draft MR

None.

3.6 Description of Activities for Component 2

EC Template

A section with the same structure as 3.5 should be added for each component listed in table 3.4 (in the same order).

Draft MR



CHAPTER 4 – CORRECTIVE MANAGEMENT ACTIONS

4.1 Programme

EC Template

Lists the **measures taken, or to be taken, at programme level**. These measures are likely to be of a structural nature, involving alterations to overall management or direction of the programme. The parties responsible for the actions should be identified including the date for the completion of these actions.

Draft MR

Programme
Description of Measure to be taken
Responsibility for Action
Deadline

CZ 9903 Strengthening the Institutional and Admin. Capacity to Manage the Acquis

4.2 Component

EC Template

Lists the **measures taken, or to be taken, at component level**. These measures could involve, for example, reorientation to reflect new legislation or a change in emphasis of policy affecting individual components. The component, the timing and the responsibility for the actions should be mentioned.

Draft MR

Component
Description of Measure to be taken
Responsibility for Action
Deadline

CZ 9903-02-02

To launch the tender



CFCU and MoA
30/10/2000

4.3 Project/Contract

EC Template
Lists the **measures taken, or to be taken, at project/contract level**. These measures address, for example, difficulties encountered, adjusting to delays or changed conditions of implementation, quality issues, etc. The individual projects/contracts, responsible parties, and dates for actions should be mentioned.

Draft MR

Project / Contract
Description of Measure to be taken
Responsibility for Action
Deadline
CZ 9903-02-02 To launch the tender CFCU and MoA 30/10/2000



ANNEX 1 – CONTRACT DATA

EC Template

Intends to group together all the information related to the projects described for each component in sections 3.5, 3.6, etc. The aggregate totals of all the components should be the same as those reported in the Table of section 3.4. Each component must be described in a separate sheet.

Agriculture (9703.01.02.01)

No.	Project Title	Planned Contract Start Date	Tender Launch Date	Tender Evaluation Date	Contract Signature Date	Actual Contract Start Date	Contract Expiry Date	Contract Amount EUR	Disbursed to cut-off Date
1	Policy Advisory Unit, Ministry of Agriculture (+ 1. addendum)	July-September 1998	16.12.1997	24.4.1998	24.8.1998 (31.12.1999)	20.9.1998 (1.1.2000)	24.8.2000 (15.12.2000)	399,575 (77,760)	402,288 (0)
2	Assistance in the Development of a National Agriculture Advisory Service	January-March 1999	FWA	NA	25.2.1999	26.2.1999	26.9.2000	150,000	75,000
3	Development of Producer Marketing Organisations	September-November 1998	FWA	NA	7.9.1998	1.10.1998	30.6.1999	159,970	151,654
4	Incorporation of the Czech Phyto-sanitary service into EUROPHYT system	November 1999-January 2000	FWA	NA	31.12.1999	1.1.2000	30.11.2000	189,986	94,993
5	Special legal advice to the MoA	January-February 2000	FWA	NA	29.12.1999	1.2.2000	30.11.2000	100,000	35,000
Total for the Component								1,077,291	758,935



ANNEX 2 - INDICATORS OF ACHIEVEMENT OF PROGRAMME OBJECTIVES

EC Template

Contains details of the indicators. This forms the basis for, subsequently, enabling the assessors to draw conclusions as to the programme's achievements.

CZ 9703.01.02.01 Agriculture

Wider Objective(s)	Indicators as stated in Log-frame attached to project fiche/FM	Quantitative/qualitative indicators agreed (indicate source: WP, SC, etc...)
<p>To complement the Czech Government's efforts to prepare for accession to the EU, enhancing the coherency of Government policy, methodology and administrative structures with those of the EU and its Member States, tackling, as appropriate, the sectoral difficulties highlighted in the European Commission's Opinion, plus to ensure adequate opportunities for public participation in the accession process.</p>	<ul style="list-style-type: none"> • The domestic constraints on the Czech Republic's readiness to accede to the EU are resolved • The fulfilment of obligations for implementation of the Europe Agreement 	
Immediate Objective(s)		
<ul style="list-style-type: none"> • To upgrade the knowledge and understanding of public administrators concerning the operation of the EU in support of negotiations • To support the effectiveness of public administration services, via the development of professional skills and capacities, plus the development of a clear definition of the role of public services and a public sector ethos. 	<ul style="list-style-type: none"> • Government suitably prepared for negotiations, participation in the Association Council and Committee(s) • Consensus on the quality of and expectations of the role of public services 	

CZ 9807.01.01.03.01 Preparation for participation in ISPA and SAPARD

Wider Objective(s)	Indicators as stated in Log-frame attached to project fiche/FM	Quantitative/qualitative indicators agreed (indicate source: WP, SC, etc...)
<p>To support the enhancement of economic and social cohesion and competitiveness of the Czech economy, via</p> <ul style="list-style-type: none"> • The completion of systematic transformation in the sphere of economic and social resources development • The necessary transition to and adaptation of an integrated Structural Funds type approach to economic and social cohesion • Continuing in COP 97 SF and CF strategy 	<ul style="list-style-type: none"> • global state of the Czech Republic preparation for EU accession and readiness for enlargement • ability to define the Czech Republic specific position in the Community and improvement of real convergence • international co-operation 	
<p>Immediate Objective(s)</p>		
<ul style="list-style-type: none"> • To prepare Czech subjects for utilisation of ISPA and SAPARD financial sources, disseminate knowledge of appropriate strategies 	<ul style="list-style-type: none"> • improved knowledge of Czech “target audience” on EU legislation and standard processes • new financial and other techniques transferred from EU and fully used in CR • increased absorption capacity of selected micro-regions and later Northern Bohemia • increased competitiveness of Czech regions • strengthened Partnership of private and public sector 	

CZ 9809.01 Agriculture

Wider Objective(s)	Indicators as stated in Log-frame attached to project fiche/FM	Quantitative/qualitative indicators agreed (indicate source: WP, SC, etc..)
<ul style="list-style-type: none"> • Prepare the CR for implementation of CAP and structural issues from the point of institutions and a trained staff • Improve border veterinary posts, information system and lab. equipment • Strengthened controls on the quality of foodstuffs • Improved statistical and information on agriculture as background information for policy analysis and formulation • Prepare for the adoption of EC standards in agriculture, with necessary investment and restructuring costs 	<ul style="list-style-type: none"> • Concrete plan for individual actions to be made for restructuring of the Ministry and establishment of market intervention agency • Veterinary and food inspectorate specialists qualified to the EU levels • Operation market information system (prices) and FAND system • Review of gaps in transposition of EC standards and proposal of investment costs/schemes for rectification 	
Immediate Objective(s)		
<ul style="list-style-type: none"> • To prepare: analysis of the current organisation of the Ministry and reconsideration of the compliance of two existing funds with EU rules for Intervention Agency. Then preparation of the action plan • Improvement of veterinary infrastructure • Progress in harmonisation and co-operation of Food Inspection with customs offices • To prepare price information system for users and change the FAND CR according to EU rules • To prepare a study on readiness of food industries for adoption of EU standards; an estimate for investments • To prepare structure of production organisations, operational program, administrative activities. To ensure necessary equipment. 	<ul style="list-style-type: none"> • Recommendation/plan of actions • Harmonisation of activities based on EU rules • Efficient and rapid system of border inspections, implem. of EU harmonised rules • Extended number of analysed samples • Review of quantity and quality of information facilities and their compatibility with EU rules • List of transposed standards, list of gaps (sectors which lag behind) • Outputs of production organisations and their impact on the market 	

CZ 9903.02 Strengthening Institutional and Administrative Capacity in the Phyto-Sanitary Field

Wider Objective(s)	Indicators as stated in Log-frame attached to project fiche/FM	Quantitative/qualitative indicators agreed (indicate source: WP, SC)
<ul style="list-style-type: none"> • Assistance in bringing the Phyto-sanitary/Safety and Health (OSH) regulations and standards in line with the acquis • Assistance in developing the guiding principles and tools for improved OSH administrative structures • Assistance in harmonisation of statistics in specific fields (Agricultural statistics, Business Register, National Accounts, Czech LFS) with Eurostat requirements and in improvement of the quality of statistical surveys and statistical information in CR 	<ul style="list-style-type: none"> • New regulations/ egislation amendments approved by the Government/Parliament • Effective enforcement of phyto-sanitary/OSH standards • Implementation of improved administrative structures in the field of OSH • Implementation of new statistical surveys and statistical information for Eurostat in improved quality 	
Immediate Objective(s)		
<ul style="list-style-type: none"> • Delivering the overall analysis of the current state on phyto-sanitary/OHS standards and administration structures in CR (assessment of current state and proposals for legislative and administrative measures to be taken) • Developing the guiding principles and tools for improving OHS administration/strengthening phyto-sanitary capacity 	<ul style="list-style-type: none"> • Comparative analysis of the acquis with Czech legislation in the OSH field and their translation into draft amendments to the OHS legislation • An analytical review reports/studies on present state of phyto-sanitary /OHS standards and proposals of new administration models • Appropriate capacity for rapid, reliable and competent action in phyto-sanitary diagnostics and better experienced phyto-sanitary diagnosticians • Trainings/workshops 	

Sources of Information for Drafting Monitoring Reports

Reference Documents

Document	Monitoring Report Sections
European Council Presidency Conclusions	Sections 1.1. & 1.5.
Treaties (Paris, Rome, Maastricht, Amsterdam)	
Europe Agreement	
Pre-Accession Funds (PAF) Regulations	
Implementation Guidelines for PAFs	
EC's Accession Partnership for CR	Section 1.5.
EC's Regular Report for CR	Sections 1.1. & 1.5.
Government Decisions, policy documents etc.	Provide dates, reference details (number) etc. Sections 1.2., 1.3. & 1.4.
Accession negotiations (position papers etc.)	Sections 1.1., 1.3., 1.4. & 1.5.
National Programme for Adoption of the Acquis	Sections 1.5. & 2.3.

Programming Documents

Document	Monitoring Report Sections
Financing Memoranda, Project Fiches	Sections 1.1., 1.2., 1.6., 1.7. & 1.8. Section 2. & Annex 2. Sections 3.1., 3.2. & 3.3.



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Programme Implementation and Management Documents

Document	Monitoring Report Sections
Perseus	Preface, Section 3 & Annex 1
Correspondence with European Commission	Section 3. & Annex 1.
OMAS & other M&A Reports	Section 1.9.
Evaluation Reports	Section 3.

Contracting Documents

Document	Monitoring Report Sections
Tender Dossier/Request for Services (including Annex A – ToR)	Section 3. (in particular ‘Aims’)
Contract/Order for Services (including Annex B – technical proposal)	Section 3. (in particular contract details under ‘Activities’) and Annex 1.
Inception Report	Section 3. (in particular ‘Aims’ – observations on ToR – and ‘Activities’ – schedule of activities)
Progress Reports (including training reports, policy reports etc.)	Section 3. (in particular ‘Activities’ & ‘Outputs’)
Final Report	Section 3. (in particular ‘Activities’ & ‘Outputs’)