



EUROPEAN COMMISSION

Directorate-General Enlargement

Programming & Monitoring

PHARE

PROGRAMMING GUIDE 2002

Guidance for Phare Country Co-ordinators

This document is designed to give guidance to Phare Country Co-ordinators on how to programme Phare in 2002 (though it should also be helpful to the Candidate Countries). It represents agreed best practice and any proposal to depart from this guidance should be addressed, with supporting arguments, to the Phare Programming and Monitoring Unit of DG ELARG. Any agreed departures from this guidance should also be explicitly set out in the relevant Financing Proposal and project fiche. Any queries on the Guide should be addressed to the Phare Programming and Monitoring Unit.

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(1) Objective of programming

Phare programming is the process of deciding **the volume of** Phare resources to be used for each country, and **in what way**, so as best to help the countries prepare for accession.

(2) Programming Approach

Phare programming forms part of an integrated approach, together with SAPARD and ISPA funds, to help Candidate Countries prepare for accession. **Accession Partnerships (AP)** set the framework for each Candidate Country, establishing the overall priorities the country must address to prepare for accession and the resources available to help them do so. These AP will be revised in November 2001. Shorter-term priorities are set on the basis of the assessment in the **Regular Reports** and in the context of accession negotiations.

The **National Programme for the Adoption of the Acquis (NPAA)** (revised in May/June 2001) is the Candidate Country's timetable for preparing for accession. It estimates the timing and cost of the steps needed to prepare the country for membership and the implications for staff and financial resources.

Each Candidate Country is revising its **preliminary National Development Plan (pNDP)**, which provides the strategic framework for the **Economic and Social Cohesion (ESC)** component of the Phare national programme and is the forerunner of the **Development Plan** required for **Structural Funds** after accession. The pNDP should be appraised by Commission services. Together with the **Joint Programming Document (JPD)**, it also provides the framework for **cross-border co-operation (CBC)**.

Phare national programmes are drawn up annually and comprise **Institution Building (IB)**, associated investment in the acquis, and ESC. To guide this process for 2002, **planning documents** will be drawn up, for each country, to supplement the 2001 AP revision. The planning document provides the framework for programming the annual Phare budget. It should indicate areas where the Commission would expect to focus Phare support to ensure that the countries take those priorities into account in deciding their allocation of resources for project preparation. The planning document should indicate briefly the assistance available, the lessons learned and the progress expected on all AP priorities, including public administration reform, irrespective of the source of funding.

Following programming discussions, agreement is reached between the Commission and the Candidate Country, on the areas for support. A **Financing Proposal** is drawn up by Commission services. **The Financing Proposal is the key programming document and may be split between IB and ESC.** IB (with regulatory infrastructure) is the main priority and, if necessary, funds for such projects in 2003 should be pre-allocated alongside funds for 2002 projects, i.e. a degree of multi-annual programming could be introduced, though decisions will still have to be made on an annual basis.

The Candidate Country is required to submit detailed **project fiches** to underpin the Financing Proposal (see Annex 6 for the standard project fiche format). **The project fiches are the key implementation documents.** The Financing Proposal is submitted to inter-service consultation and for opinion to the Phare Management Committee. The

project fiches are also made available to other Commission services and to the Phare Management Committee, for information.

Once a favourable opinion of the Phare Management Committee is obtained, a **Financing Decision** is taken by the Commission and a **Financing Memorandum** is signed with the Candidate Country, which provides the legal basis for programme implementation.

The programme is then implemented as set out in the **project fiches**. Project fiches may be amended by the Candidate Country in agreement with the Head of Delegation during the life of the programme - provided that they remain consistent with the text of the Financing Memorandum. Changes to the Financing Memorandum must be authorised by a new Commission decision¹.

At present Phare is managed on a decentralised ex-ante basis (**Decentralised Implementation System or DIS**). To facilitate the transition to Structural Funds (which are managed on a decentralised ex-post basis) Phare is likely to be further decentralised (**Extended Decentralised Implementation System or EDIS**) on a country by country basis, subject to a number of clear and measurable preconditions having been met. An **EDIS “check list”** has been drawn up and an **EDIS “road map”**, setting out the procedural stages leading to an EDIS decision by the Commission.

2.1 The Phare 2000 Review

The Phare 2000 Review was circulated by Commissioner Verheugen to Candidate Countries in November 2000. The Review was commissioned to assess whether the new Accession-driven orientation for Phare, adopted in 1997 and updated in 1999, still met the needs of the Candidate Countries and whether any further requirements were required. The key actions identified were:-

Delivering on 1997 Reforms

- **Introduce Twinning Light mechanism**
- **Consider options for wider public administration reform**
- **Devote more resources to project design and implementation**
- **Transfer responsibility for impact assessment to Candidate Countries**
- **Support long-term strategic and financial planning capacity in Candidate Countries**
- **Streamline approval procedures**
- **Redefine roles of Delegations and Headquarters**

Moving to Structural Funds

- **Concentrate Phare support for ESC on preparing structures and piloting approaches for Objective 1 actions**
- **Strengthen NDPs**
- **Choose an appropriate mix of national and regional programmes in each Candidate Country (by establishing a clear division between sector-based**

¹ Except for reallocations between the budgets for the individual projects, up to a maximum of 15% of the value of the FM.

- programmes and integrated regional programmes, on the one hand, and between integrated regional programmes and CBC programmes, on the other)
- **Expand the use of the programmatic approach and tighten up rules for management**
 - **Programme CBC in accordance with the NDPs, via the JPD, and expand the programmatic approach to CBC**
 - **Undertake selective indicative multi-annual programming for 2000-2006 for IB and investment.**
 - **Implement the decentralisation provisions of regulation 1266/99 country by country from 2002.**
 - **Improve project selection procedures to build up a project pipeline.**

2.2 Programming Nuclear Safety Programmes

By decision of the Collège of the Commission of 6 September 2000, **the responsibility for the full project cycle** under the Phare nuclear safety programmes was transferred to **DG ELARG**. This is reflected in the Phare Programming Guide 2002. The special provisions for the programming and implementation of the nuclear safety projects also apply to the Phare nuclear safety programme 2001, as the above-mentioned decision of the Commission came into effect only on 1 December 2000, i.e., after the finalisation of the Phare Programming Guide 2001.

The nuclear safety programmes are to be programmed on the basis of the following **special provisions**:

With regard to the “who does what”, a **special section under the direct authority of the Director in charge of Directorate D** of DG ELARG (Directorate for Negotiations, Pre-Accession Co-ordination and Financial Instruments) has been created for the Directorate-General’s activities related to nuclear issues. This section is known as the Task Force for Nuclear Issues. The section maintains a policy function with regard to accession-related aspects of nuclear safety in the context of enlargement and the use of nuclear power in the energy sector of candidate countries. Furthermore, the section employs staff with expertise and experience on subjects in the nuclear field to exercise its function with regard to the Phare nuclear safety project cycle. This staff is organised with a division of labour according to a country-specific as well as a matrix-style allocation of responsibilities to address specialised subjects.

With regard to the **programming of Phare financial assistance**, the staff members of the **Task Force for Nuclear Issues** take the **role otherwise executed by the Phare Country Co-ordinator**. In view of the specific nature of nuclear safety programmes, the staff of the Task Force will draft Financing Proposals and consult directly with the National Aid Co-ordinator (NAC) in each candidate country, including with regard to the elaboration of project fiches. They will also be engaged in the consultations with intended project beneficiaries. The staff of the Task Force will keep the Phare Country Co-ordinator of the respective geographical team of DG ELARG informed of contacts with the NAC and the intended beneficiary. They will also seek to ensure a close harmonisation of programming activities between the preparation of the national Phare programmes (particularly, the energy and environment segments) and that of nuclear safety programmes, including the conduct of joint programming missions. They will also ensure co-ordination with relevant nuclear safety projects under the TACIS programme.

As in the case of the 2001 Phare programme, the 2002 Phare nuclear safety programme will be programmed as a **horizontal programme** to be implemented in each beneficiary country according to the Decentralised Implementation System. This approach replaces the previous system of multi-country programming that prevailed until 1999. Where technically justified by the nature of a project and supported by the project partners, a project may be included for national implementation by one beneficiary country under the condition of engaging the respective user community in the activity and disseminating the project results to them.

Beginning with 2002, programming will **aim to move further**, from a separate Financing Proposal containing a horizontal programme to the **inclusion** of financial support to **nuclear safety projects** in the Financing Proposals for **regular national Phare programmes**. Also in this context, the nuclear safety elements will be funded as a separate element exclusively dedicated to the support of nuclear safety projects, **additional to** the funding within the **ceilings of the national Phare envelopes**. The staff members of the Task Force will prepare these nuclear safety elements of the national Phare programme following the above-mentioned working arrangements. The aim of including such elements into the regular national Phare programmes should be achieved, with regard to each beneficiary country, not later than for the 2003 Phare programme. This step would conclude the current transitional arrangement of horizontal programming.

With regard the preparation of programmes providing regulatory and technical safety assistance, the Task Force will seek the advisory opinion of the **Regulatory Assistance Management Group (RAM-G)**. This is a consultative body of Member States experts from national regulatory authorities and technical safety organisations. In this regard, the Task Force will proceed in accordance with the revised Terms of Reference of the RAM-G. In addition, the Task Force may consult other expert bodies, as appropriate.

In preparation of the presentation of the Financing Proposals to the Phare Management Committee, the Task Force will also seek the opinion of the **Phare/TACIS Nuclear Safety Expert Group** in accordance with the mandate of this Group under the existing Memorandum on its establishment.

Project fiches will not use the model of the Standard Summary Project Fiche, but of a **Special Nuclear Safety Project Fiche**. This fiche consists of two parts: a standard summary text and a Technical Project Description Sheet (TPDS) or Project Description Sheet (PDS) of a standard format for nuclear safety projects.

Nuclear safety projects **may differ from the general rules** for Phare programming, given the particular nature of the support needs and implementation challenges in the nuclear safety field. **In particular**, nuclear safety programmes may include projects of a **smaller size** than generally foreseen in the Programming Guide, due to their specific aims. In 2002, in a transitional phase, they may **exceptionally** be provided **without** the provision of the generally required **co-financing** element by the beneficiary country. However, Phare programming in support of nuclear safety projects will aim to increasingly engage the regular co-funding by the beneficiary country, to conclude the process of moving away from the previous multi-country programming that did not foresee such a requirement, as soon as possible.

The programme will particularly focus on **Institution Building** support to national nuclear safety regulatory authorities as well as technical assistance in the field of nuclear

safety in support of the implementation of the **recommendations** contained in the **Council Report** on Nuclear Safety in the Context of Enlargement of **June 2001**. Institution building support to nuclear safety regulatory authorities should, in appropriate cases according to the beneficiary's specific needs, include the use of the **Twinning** instrument.

Project implementation is to follow the **New Rules of Contracts in the Field of Nuclear Safety** as decided by the Commission on 6 September 2000 and contained in the "Procedures and Standard Documents" published by EuropeAid to the extent that their provisions do not solely address centrally implemented projects ("the Commission will..."). These rules might be replaced by a specific version adapted to the Decentralised Implementation System.

The programming documents should also foresee adequate **reporting obligations** and **expert evaluation mechanisms** to ensure a high standard of quality of projects in the sensitive area of nuclear safety.

The Task Force for Nuclear Issues will provide support to the decentralised implementation of nuclear safety projects through **enhanced backstopping at headquarters level**. This support will include liaison with and the management of input from the RAM-G as well as reporting to the Phare/TACIS Nuclear Safety Expert Group. In the course of exercising their function of ex-ante control, EC Delegations shall call on the Task Force to provide or solicit expert advice and ensure an intensified steady information flow between EC Delegations and the Task Force at headquarters level throughout the entire period of implementation of the programme in each beneficiary country. A special evaluation mechanism available to the Task Force will provide support to strengthen the capacity of EC Delegations to exercise their functions as well as to prepare further Phare nuclear safety programmes.

In addition, the Task Force for Nuclear Issues will use a **further budget line** (EURATOM B7-032) to commission study projects of an exploratory or strategic nature that can be helpful to the preparation and execution of Phare nuclear safety programmes.

The decommissioning of certain nuclear power reactors in Lithuania, Bulgaria and Slovakia will continue to be addressed through **special programmes to support the decommissioning** of nuclear power plants and consequential measures in the energy sector that were initiated in 1999. The bulk of the financial support provided under these programmes will contribute to the actions of the Ignalina, Bohunice and Kozloduy International Decommissioning Support Funds established in June 2000.

(3) Reference Documents

The **Phare Regulation** (3906/89).

The **Co-ordinating Regulation** for pre-accession instruments (Phare, ISPA, SAPARD) (1266/99)

Commission Regulation 2760/98 for **Cross-Border Co-operation**.

The **Phare Guidelines 2000-06** (SEC(1999) 1596 of 13 October) define the Commission's overall strategy for the implementation of the Phare programme. They

were approved by the Commission, following the positive opinion of the Phare Management Committee.

The Phare 2000 Review: Strengthening Preparations for Membership C(2000)3103/2.

Structural Funds Regulations (in particular 1260/99) and related documents, such as the **Guidelines for Programmes in the period 2000-2006** and the **Vade Mecum for Structural Funds Plans and Programming Documents**. (all available on the Inforegio web-site).

Vade Mecum on co-ordination of the three pre-accession instruments (Phare, ISPA, SAPARD). This is an internal document agreed by the three services concerned (DGs ELARG, REGIO and AGRI). It may be revised shortly in order to reflect the development of the three programmes.

A **guidance note for the Joint Programming Document** (for CBC), sent to the countries in January 2000.

INTERREG III Guidelines C(2000)1101 (also available on the Inforegio web-site).

Guide to Cost Benefit Analysis of Major Projects (in the context of EU Regional Policy) (also available on the Inforegio web-site).

eEurope+ Action Plan

Details of documents relating to the implementation of the programme can be found in the **DIS manual (Cookbook)**, which will be revised to incorporate the **Practical Guide** (the instructions on tendering and contracting for Phare, ISPA and SAPARD, available on the EuropeAid website).

(4) Timing

Timing will vary considerably between countries. To accelerate assistance and to accommodate those countries which are ready to come forward with early proposals for IB, and associated investments, for 2002 (and beyond) Candidate Countries were given the option, end May 2001, of preparing a justified list of IB projects for accelerated consideration. The list is to be submitted, together with logical frameworks, by end-June, with full project fiches by end September. The Commission services will then prepare preliminary draft Financing Proposals (with annexed project fiches).

In parallel, the planning document will be prepared and finalised, consistent with the revised AP and the Regular Report, to be presented to the Phare Management Committee in November 2001.

Accelerated IB projects will go for inter-service consultation in December 2001 with a view to consideration by the Phare Management Committee in January 2002. Such accelerated projects will meet the usual standards of quality and readiness and will be based on the same standard project fiche.

Other IB projects, together with ESC projects, will go to the Phare Management Committee later, with the aim of having a Commission decision on all Phare national and CBC programmes at the latest by the end of **July 2002**.

(5) Who does what

Phare programming is carried out by the country teams under the overall co-ordination of the **Director for Pre-accession Co-ordination**. The **Phare Country Co-ordinator** drafts the Financing Proposals, on the basis of project fiches submitted by the **National Aid Co-ordinator** (NAC) in each Candidate Country. The project fiches should be drawn up by the intended beneficiary of the action, in close consultation with the Phare Country Co-ordinator.

In doing this, the **beneficiary** must use the logical framework methodology as foreseen in the standard formats provided by the Commission (see Annex 7). The preparation of the logical framework is a process which clarifies the project objectives, inputs, outputs, risks and assumptions. It should therefore be prepared in collaboration with all organisations affected by the project. **The logical framework is the basis for drafting the project fiche.**

The **Phare Country Co-ordinator** should consider early in the programming cycle in consultation with the office of the NAC and the **Delegation** what training and skills development will be needed among potential beneficiaries to encourage viable project proposals, and agree on any necessary short term technical assistance (TA) for this purpose.

Such short-term TA can be made available (from the ATA budget) by the country teams to assist beneficiaries in the identification and preparation of programmes and projects. Assistance is also available to the NAC and the beneficiaries through the Project Preparation Facility. In many cases assistance will be available from – or the output of – existing programmes. Beneficiaries will generally find it useful to enlist help with the process of project preparation (e.g. through facilitation of logframe training and workshops). However, the substance of project preparation must come from the beneficiary to ensure their understanding of and commitment to the project. There should be a differentiated approach to TA - which should not normally be needed in the countries that are closer to accession.

The **Phare Country Co-ordinator** must ensure the quality of the project fiches, so that:

- (a) the immediate objectives of the project are consistent with the overall objective for the sector (relevance);
- (b) there are quantified, verifiable and time bound indicators of achievement (impact);
- (c) the risks and assumptions underlying the project are adequately defined (feasibility);
- (d) any actions required by the beneficiary or the national authorities to ensure project impact are stated and time-bound (conditionality);

- (e) the inputs and outputs needed to implement the project are sufficiently well-defined (the project is ready to be contracted within six months of the signature of the Financing Memorandum);
- (f) actions receiving support are fully co-ordinated with other pre-accession instruments.

This must be based on the logical framework methodology as foreseen in the Phare DIS manual and the standard formats provided by the Commission.

In assessing and discussing the proposals made by the beneficiaries, the Country Co-ordinator should call on the expertise of colleagues in the **Delegation**, the **country team**, the **Programming & Monitoring Unit**, the **Financial Unit**, the horizontal experts in **DG ELARG** and **other DGs**, as appropriate. The relative roles of Delegations and Commission Headquarters are under review, to take account of increasing decentralisation and deconcentration, including an enhanced role for Delegations in programming ESC. It is recommended that the Country Co-ordinator also takes advantage of the “consistency check” and “peer review” process as arranged by the Programming & Monitoring Unit. Within the Commission, **DG ELARG** remains responsible for decisions relating to programming Phare.

The procedures for processing Financing Proposals are :-

PROCESSUS DE DECISION ET ENGAGEMENT PHARE		
1	Elaboration des propositions financières (FP) (8 semaines avant comité)	TL
2	Envoi préliminaire pour traduction (FP sans annexes)	TL
3	Note TL: - à E2 (copie CAB pour info) pour Contrôle financier - à D3 pour contrôle de cohérence	TL
4	Contrôle unité financière + Contrôle de cohérence (10 jours ouvrables)	E2 + D3
5	Si commentaires E2/D3, modifications éventuelles des FP par TM (5 jours ouvrables)	TM/TL
6	a- préparation de pré-engagement SINCOM b- VISA Pré-engagement SINCOM et retour à la E2	E2 TL
7	Consultation interservice (CI) , copie D3 [SJ (accord obligatoire), BUDG et AUDIT (+ DGs directement concernées)] (10-15 jours ouvrables)	TL
8	a- Modifications éventuelles selon résultat CI (5 jours ouvrables) b- Envoi dossier complet à D3 [FP (version original & traductions) +PF&annexes+"résumé CAB"+fiche détaillée des résultat CI] (15 jours ouvrables avant date comité)	TM TL
9	Envoi des FP (version originale & traductions) au Comité de gestion (15 jours ouvrables avant réunion) +EL+HOD+CAB(+copie TL)	D3
10	a- Modifications éventuelles (demandées par le Comité) et transmission FP révisée à D3+résumé CAB révisé) b- Avis favorable du Comité - Elaboration des minutes	TL D3
11	Préparation dossier d'habilitation [FP+ Fiche bleue+fiche détaillée résultat CI+ fiche financière+"résumé CAB"]	D3
12	Signature fiche bleue (d'habilitation) par EL	EL

13	Transmission des dossiers pour décision de la Commission (par habilitation) au SG et Cabinet	D3
14	Transmission accord préalable Cabinet au SG	CAB
15	Transmission fiche bleue SG au Cabinet	SG
16	Signature par le Commissaire et transmission original fiche bleue signée au SG (copie D3)	CAB
17	Enregistrement de la décision par le SG, enregistrement dans Sgvista	SG
18	a- Vérification de l'habilitation dans Sgvista b- Transmission FP adoptée, et FM ou EOL à E2 c- Envoi de la décision à la DG AUDIT pour visa pré-engagement d- Visa du pré-engagement par la DG AUDIT	TL TL E2 DG AUDIT
19	Transmission copie du pré-engagement budgétaire à TL	E2
20	Préparation du FM	TL
21	a- Envoi du projet de FM à la E2 b- Préparation de l'engagement budgétaire dans SINCOM c- VISA engagement budgétaire et retour à la E2	TL E2 TL
22	Envoi de l'engagement à la DG AUDIT pour visa	E2
23	Visa de l'engagement par la DG AUDIT	DG AUDIT
24	Envoi à la Délégation FM ou EOL pour signature par pays bénéficiaire (avant 31.12)	TL
25	Retour des FM et EOL originaux signés à D3	Délégation
26	Transmission d'une copie des FM et EOL signés à E2 pour ouverture de la ligne budgétaire pour paiements et copie aux TL, archivage de l'original du FM.	D3
27	Encodage des dates de signature dans DESIREE	E2
FP=	Financing Proposal	
FM =	Financing Memorandum	
TM =	Task Manager	
D3 =	Programming and Monitoring Unit	
EL =	Eneko Landaburu, Director General	
CI =	Consultation interservice	
SJ =	Service juridique	
SG =	Secretariat General	
CAB =	Cabinet de Mr Verheugen	
EOL =	Echange de lettre	
TL =	Team leader	
E2 =	Unité Financière	
HOD =	Heads of Delegation	

(6) Financial Resources and Ratios.

Budget allocations are set out in Annex 1 [to follow]. The national Phare programme component includes the allocation for CBC (expected to be the same in 2002 as in 2001) and the provision for participation in Community programmes and agencies.

Priority should be given to IB. As a general rule the national programme should be split minimum 30% for IB Support - and maximum 70% for Investment Support.

The basic co-financing requirement for Phare support is set down in the Phare Guidelines. **All investment projects, and investment associated with IB projects, supported by Phare must receive cash co-financing from national public funds.** The Community contribution may be up to a maximum of 75% of the total eligible public expenditure. Every effort should be made to attract co-financing from other sources. (NB IFI's are no longer a pre-requisite for investment support but their participation should be sought wherever possible.)

In addition to this basic requirement, if the final recipient is in the private sector, then the maximum rate of grant to SMEs from the combined Phare and national public funds should be 25% for investment in plant, machinery and other hard assets with a maximum grant to each recipient of € 100,000 over three years (State Aids “de minimis” rule). Minimum 75% should come from a bank loan and equity. For actions involving TA (market research, business planning, quality standards, etc) not related to a specific investment project, a higher grant rate than 25% could be applied.

(7) IB Support

The reinforcement of the institutional and administrative capacity of the country is a key requirement for enlargement. It is the first priority for the use of Phare funds. IB should, where necessary, take account of the needs of the regional as well as the national level. However, given limited absorption capacity, it may be advisable, especially in smaller countries, to focus solely on the national level.

IB can only succeed on the basis of a **strong commitment** from the national authorities. This requires not only a commitment to policy reform and changes in public administration and management but also a willingness to provide substantial human and financial resources.

Assistance should be given to **non-governmental bodies**, which have an important role to play in preparing for accession, implementing the acquis and ensuring the protection of democracy, the rule of law, human rights and the protection of minorities. Country Co-ordinators should keep in mind the importance of non-governmental organisations in the formulation and implementation of policy in all sectors in the EU and its member states. The Community contribution may be up to 90%, as is the case for the CBC-Small Project Funds. The NGOs consulted on projects should be shown in the project fiches.

IB consists of **soft measures** (TA, training, studies etc). In a sector where there is a clear strategy in place it may be possible also to provide support through the purchase of equipment. Equipment should only be provided at the end of the reform process. Experience shows that using equipment purchase as a “carrot” to encourage reform does not work. Equipment is covered in the section on “Investment in EU compliance”. It does not count towards the minimum 30% of the budget that should be reserved for IB. Equipment must be co-financed from national public funds.

Phare can provide IB at **national** level to strengthen the institution responsible for managing any National Aid Scheme (see below) and at **regional** level, throughout the national territory. Phare can also provide support for project preparation.

7.1 Twinning will remain the main instrument to support IB. In 2002 classic Twinning will continue to be supplemented by Twinning Light. Twinning Light retains the essential flavour of Twinning. It is based on co-operation between Ministries in Member

States and Candidate Countries and is focussed on achieving a result in terms of the capacity to implement part of the acquis.

Twinning Light differs from classic Twinning in two respects. It is oriented on smaller activities where it would be disproportionate to have a PAA for the minimum twelve months required under classic Twinning. The approach is simpler for the Member State which is only required to guarantee the input to the project. The guaranteed result is the sole responsibility of the Candidate Country. Terms of reference for Twinning Light projects should therefore clearly reflect the beneficiary's capacity to assume the full responsibility to achieve the guaranteed result, as well as evidence that the project fits into the strategy of the beneficiary.

- (a) The general rules for classic Twinning and Twinning Light are set out in Annex 3 and should be followed closely.
- (b) There shall be only one project fiche prepared for each IB project. In general, the "result" in the project logframe will be the "guaranteed result" of the Twinning project. Where a project contains activities in addition to Twinning (for example physical investment), care should be taken to distinguish between the results expected from the Twinning element and the overall result of the project.
- (c) The format for the consolidated project fiche – including the additional information required where Twinning projects are concerned (which was previously contained in the separate Twinning fiche) – is at Annex 6.

7.2 Community Programmes and Agencies

- (a) A limit of 10% of each Candidate Country's national Phare allocation can be used to co-finance participation in Community programmes (calculated over a three-year period on the basis of the national allocations 2000-02).
- (b) The contribution from the Candidate Country to the partner country's participation costs in particular programmes must be on an increasing basis. However as countries participate in new programmes, the Phare contribution to Community programmes as a whole need not fall each year.
- (c) In 2001 sufficient funds were allotted to cover participation costs in 2002 (frontloading).
- (d) Therefore, under Phare 2002, funds must be allotted to co-finance the countries' participation in EU programmes in 2003. **The funds will be taken from the national Phare allocation in 2002 and will form part of the national programme.** There will not be a separate Financing Memorandum for participation in Community programmes. There will be a special project fiche to cover participation in Community programmes.
- (e) Support to participation in programmes and agencies is regarded as IB support except for Phare support for participation in "the RTD 5th Framework" which is treated as investment support (i.e. Investment in EU Compliance) and does not figure in the 10% limit.

7.3 Technical assistance (TA)

Programming should give preference to Twinning where it is the best means of delivering assistance to IB, but TA (involving commercial consultants, universities, NGOs etc.) may be used where Twinning is not appropriate.

7.4 Civil society

Many elements of the acquis are based on the existence of thriving and active NGOs/NPOs (such as consumer movements, environmental initiatives, social and health associations, etc. Care should be taken:-

- a) to earmark support for Accession Partnership political priorities (e.g. the Roma).
- b) to help reinforce the enabling environment for NGOs/NPOs
- c) to mainstream support for NGOs/NPOs within national programmes
- d) to increase the participation of NGOs/NPOs in programming
- e) to avoid channelling funds towards “Governmental Non-Governmental Organisations” (GONGOs)

7.5 Support from Phare for SAPARD Agencies

Support from Phare for SAPARD Agencies has been provided in the past (e.g. SPP, national programmes, SIGMA) but will continue to be necessary throughout the process of accreditation (accreditation may be only partial and provisional at the initial stage) and subsequent to reach needed standards.

Support from Phare is possible in the context of support for IB to help the countries to comply with the acquis.

Phare eligibility rules must be respected (no operating costs).

Phare support should be mobilised, where possible, in the context of Phare national programmes

- either existing programmes (for 1999, 2000 or 2001)
- or in the context of 2002/2003 programming – for instance in project fiches related to the CAP or under Twinning Light. Phare Country Co-ordinators should closely liaise with DG AGRI for this purpose.

7.6 Translation

It is likely that additional funds will be made available to cover part of the costs of assuring the consistency of secondary legislation with the adopted text of the Treaties. This assistance will be based on a standard project fiche, to be developed by SdT and incorporated in the national programme.

(8) Investment

There are two main types of investment: investment **in regulatory infrastructure** and **ESC**. Any additional proposals in this area should be discussed on a case by case basis with the Director for Pre-accession Co-ordination at an early stage.

8.1 Investment in regulatory infrastructure

These are projects for the supply of equipment that directly assists an institution to carry out its function (generally of monitoring compliance) for a part of the acquis. This area requires substantial support in association with IB.

Examples are investment projects which directly support:

- (a) critical norms and standards organisations (e.g. equipment for laboratory testing in support of industrial standards);
- (b) JHA projects. This can include not only supply programmes but also border crossing and other JHA related infrastructure. Particular attention should be paid to projects related to the future external frontier of the Union.

No such investment shall be considered unless it is tied to an IB and reform strategy that can be clearly monitored. The strategy, and Phare or other external support for it, must be set out in the project fiche. The logframe should contain indicators related to institutional development as well as to the results of the equipment supply. Equipment on its own will not achieve the AP/NPAA objectives for a target institution. This is especially true of support in the JHA area

8.2 Investment Support to ESC

8.2.1 General

Under Regulation 1260/99 and the Vade Mecum for Structural Funds Plans and Programming Documents, Candidate Countries need to:-

- a) adopt an integrated approach, with actions selected to contribute to a common objective, such as combating industrial decline, in particular with ESF type measures, linked with interventions to promote the business environment. Ex-ante evaluation (as referred to in Article 41 of 1260/99) should be started.
- b) establish geographical coverage at the geographical level deemed most appropriate by the Candidate Country, but with the NUTS II level as the minimum, with the possibility of focusing on areas with specific and severe problems (in accordance with Article 13 of 1260/99).
- c) select a Managing Authority, firstly in view of EDIS, and eventually to comply with Structural Funds requirements. Given the timescales envisaged before accession, and depending on the amount of possible Community allocations, it is likely that, for the period before 2006, Candidate Countries will opt for solutions involving Single Programming Documents (SPDs), rather than Community Support Frameworks (CSFs) and Operational Programmes (OPs).

Phare support will focus as a priority on helping the Candidate Country strengthen the institutions that will be needed to implement Structural Funds after accession. These institutions are the Managing and Paying Authorities at the appropriate territorial level and those services of the relevant Ministries involved in management. This is covered under IB.

Investment measures should primarily be designed in the first instance to “pilot test” the institutional structures referred to above. They should in general be targeted in line with the NDP in order to ensure concentration and impact. On an exceptional basis Country Co-ordinators may put forward projects that ensure focus, concentration and impact in

other ways – for example through programmes focussed on mitigating the economic and social costs of restructuring a particular industrial sector.

Measures should be favoured which:

- a) directly promote compliance with the *acquis*;
- b) would be eligible for the European Social Fund or the European Regional Development Fund;
- c) implement schemes to promote SMEs (ensuring transparency, equal access and competition), according to Community rules.

Grant schemes should be appraised (market study) to ensure that the funds available will be proportionate to the likely uptake of the scheme.

8.2.2 Types of investment support

According to the Phare Guidelines, three types of investment support are permitted:

- a) Increasing the activity of the **productive sector** through assistance to the private sector (especially SMEs) and help in industrial restructuring (see Annex 2).
- b) Strengthening **human resources** (European Social Fund-type activities), eg to support employment and social inclusion.
- c) Improving **business-related infrastructure**, contributing to regional development.

8.2.3 Principles

Country Co-ordinators should check that any proposed projects respect the following principles.

- a) The projects reflect national policy and are part of **integrated national and/or regional development plans**. It is important to avoid a plethora of unrelated projects.
- b) The economic analysis of projects should follow the Guide to Cost-Benefit Analysis of Major Projects used in the context of EU Regional Policy i.e. that any project which shows an ERR less than 5% (in real terms in euro) or a negative ENPV after discounting at the benchmark 5% (in real terms) discount rate, should be carefully re-designed or even rejected.
- c) For infrastructure projects, countries should carry out an Environmental Impact Assessment which meets the requirements of the EIA directive 85/337/EEC as amended by directive 97/11/EC or a procedure which is accepted by the Commission as being similar. Annexes I and II to the 1997 directive define the cases where this is required.
- d) The **minimum project size** (Phare contribution) is € 2 mio for the project as a whole and € 50.000 for any single grant to the final beneficiary. (Where the beneficiaries are NGOs, a lower minimum grant size may be accepted.)

- e) Beneficiaries should indicate whether **alternative funding** for its investment projects is possible or has been put on hold pending a Phare decision. Country Co-ordinators should be aware of dangers of "crowding out" private or public sector funding in target regions.
- f) Investment support to private companies must comply with the **state aids** provisions of the Europe Agreements.
- g) The approach on implementing grant schemes financed by Phare will remain rigorous. **Delegations should check the real management capacity of entities involved in implementing the scheme**, and ensure adequate participation and appraisal by the Commission during project selection. We should emphasise the responsibility of the relevant PAO. This approach is detailed in Annex 4. This requirement should be spelled out in the Financing Proposal and Memorandum.
- h) We should stick to **simple financial engineering** where Phare pays for a grant that is linked to a credit line managed by a bank. The EBRD and others should be invited to collaborate with national authorities to design such schemes. Complex financial engineering (equity funds, guarantee schemes) should be avoided. As far as possible, projects should be co-ordinated with activities financed from the SME Facility.
- i) Countries should be encouraged to develop project fiches in full co-operation with IFIs. In particular, projects focussed on business development should seek to benefit from Turn Around Management (TAM) and Business Advisory Services (BAS) projects developed by EBRD.

Annex 2 provides additional information on ESC.

(9) CBC

The most important issues are the following:

- (a) AP priorities must be taken into account
- (b) Phare CBC should converge fully on the country's regional development policy (ESC), while taking the INTERREG component of JPDs into account.
- (c) allocations between countries are not expected to change, (as for 2001, the allocation for the riparian countries of the Baltic Sea will be € 2 mio (grant scheme) + € 1 mio (SPF) per country).
- (d) Phare CBC concentrates exclusively on (i) cross-border co-operation; funds for (ii) transnational or (iii) interregional co-operation may, exceptionally, be covered from the national programme; however, where CBC is based on maritime borders (in casu the Baltic Sea region), transnational cooperation will be supported in conjunction with INTERREG III B
- (e) Structural Fund-type measures with strong cross-border impact (for business-related infrastructure, human resource development and support to private enterprise) may be supported in the eligible border areas following the same approach as for mainstream Phare (notably through grant schemes) – and

subject to the same conditions (including verification and approval of the scheme by the Delegation).

- (f) Joint Small Project Funds may be established for each border region, which will receive a limited amount of the appropriations (maximum 10%); projects will be maximum 50 000 € in size. SPFs also need verification and approval from the Delegation.
- (g) eligible actions are listed in article 5 of 2760/98; those listed in Article 5, a to i will be eligible for grant schemes, as for mainstream Phare – investment in ESC; those listed in Article 5 j to n, (i.e. actions which are normally small in nature) can only receive support in the context of Small Project Funds (SPF)
- (h) the Practical Guide to Phare, ISPA and SAPARD contract procedures - Part 6 - will apply to all Phare CBC grant schemes, unless otherwise decided by the Commission and included in the Financing Memorandum.
- (i) Joint Cooperation Committees (JCC) have been set up for each border region. They have prepared a Joint Programming Document in a multi-annual perspective, on which basis the JCCs will define a common set of proposals once per year. For borders with the EU, JPDs are expected to receive formal approval from the Commission (DG REGIO) in 2001. For borders between candidate countries, JPDs need to be further developed (with support from DG REGIO as from mid 2001) so as to reach INTERREG standards prior to accession.

9.1 Preparing Phare CBC programming for 2002 and beyond

The JPD provided for in the Phare CBC Regulation will constitute the basis for the programming of Phare CBC and INTERREG during the 2000-2006 period. Work is in hand to further align the Phare CBC Regulation and the INTERREG Guidelines (extension of eligible areas and of eligible expenses, in particular to INTERREG IIIB and C type actions). The Phare CBC Regulation and the new INTERREG guidelines provide for a single document, covering both sides of the border. This document will have a dual nature: indicative for Phare CBC, with a multi-annual perspective but still requiring annual programming decisions; compulsory and multi-annual for INTERREG (the JPD will coincide with the CIP (Community Initiative Programme)).

The general Phare Guidelines also apply to Phare CBC, notably as concerns maturity and size of projects, be it in a flexible manner. This approach implies in particular that:

- (a) the minimum size for individual projects or measures/grant schemes remains €2 mio. In the context of measures/grant schemes the minimum size for individual grants is € 50,000. This **lower** limit applies to ESC-type projects. However a different approach should continue to apply to “traditional” SPF-type projects² for which € 50,000 should constitute an **upper** limit.
- (b) The extended use of grant-schemes (equivalent to measures under the Structural Funds), provided conditions are met (to be verified and approved

² Those covered under points (j) to (n) of Art 5(1) of Commission Regulation 2760/98

by the Delegation), would allow Phare and INTERREG to support projects of a similar size.

- (c) derogations from the minimum size of projects or measures/grant schemes (Phare contribution of € 2 mio) will be possible, but only on the basis of a case-by-case assessment. **The Director for pre-accession should be consulted early in the process.**
- (d) Co-ordination and consistency with projects supported by other Community instruments (ISPA and SAPARD) will also need to be ensured. The Regulation on co-ordination of pre-accession instruments, as further explained by the Vade Mecum applies.

Projects receiving support from INTERREG III B and C (transnational and interregional cooperation) are not yet eligible for support from Phare CBC, except for the Baltic Sea Region, though the further alignment of the CBC Regulation and the INTERREG Guidelines may change this position. On a case by case basis, support for such projects may come from national Phare programmes.

The decision procedure for CBC programmes following receipt of the project fiches is the same as for the national programmes. See Section (5) above.

(10) Project Preparation and Supervision

Preparation and supervision costs of projects - especially within ESC investment support - will be substantial. (This is project related, not IB support). Such preparation expenses for future projects (e.g. feasibility studies, marketing analyses, technical designs and tender documentation) can be co-financed under national Phare budgets.

As a general rule, preparation and supervision costs for investment support projects should be between 5-10% of total project cost, depending on their complexity. Supervision costs can be paid as part of the project. By definition, preparation costs have to be paid in advance of the project and should, therefore, be financed from a separate programme.

Care should be taken that sufficient resources will be available to build up an adequate **pipeline of projects** – bearing in mind the possibility of access to Structural Funds during the current planning period. It may be appropriate to include in 2002 national programming a specific project preparation facility to which all national institutions who promote public investment or public private partnerships (and, if the Candidate Country wishes, IFIs) can have access. Support of this kind from Phare can be made available regardless of the source of financing of the final investment.

(11) Grants

Grant schemes are used where projects are too small to be identified upfront or are too small to be administered cost-effectively on an individual basis. Instead, a scheme is set up, which should be described in detail in the project fiche. In the fiche:

- (a) criteria for the selection and implementation of projects are set down;

- (b) an intermediary is identified to manage the programme – under the authority of the PAO of the Implementing Agency responsible for ESC;
- (c) under tight control of the PAO and the Commission (be it through ex ante or ex post control), the intermediary undertakes the task of identifying, appraising, awarding and overseeing implementation of the projects;
- (d) control of funds should remain the direct responsibility of the National Fund or the Implementing Agency at national level.

The scheme has to be well targeted to avoid problems in implementation and the selection of projects has to be transparent and open. In particular, schemes with overly generous criteria should be avoided.

As with Objective 1 regions inside the EU, grant schemes can be used to provide support to public or private enterprises (ensuring transparency, equal access and competition):

- a) Grant schemes to enterprises require both national co-financing and private co-financing.
- b) Approval of such schemes needs to pay particular attention to:
 - transparent and fair project selection (e.g. open call for proposals, technically competent and independent selection committee)
 - technical appraisal of proposals
 - clear potential of the selected intermediary to ensure efficient and rapid implementation of the scheme (noting that these schemes have in the past been slow disbursers).
- (e) The DIS has been revised to include a section on the management of grant schemes. In addition, Annex 4 sets down the basic approach on managing grant (and credit) schemes and a clarification on when ex ante and ex post rules can be used on grant schemes.

Credit schemes will be supported through the SME facility (see below).

(12) Non-eligible activities.

A provisional “negative list” of projects which Phare will not support includes:

- (a) general information campaigns (but information dissemination when part of an IB project continues to be permitted).
- (b) language courses (except for ethnic minorities)
- (c) per diems for officials of the Candidate Countries
- (d) export aid, when focused on specific enterprises and comprising investment funds. Soft support (e.g. marketing plans, training, etc) can be supported however.

- (e) centralised contracts using Phare national programme funds.
- (f) complex financial instruments. Under ESC investment support, Phare will generally finance simple financial engineering instruments (grant based).
- (g) "jumbo" legal approximation consortia in IB.
- (h) general purpose GTAF, although preparatory/supervision TA for investment support will be accepted.
- (i) any projects which do not meet the rules set down in the Guidelines (e.g. project size, etc)
- (j) non-vocational training
- (k) large revenue-generating investments such as airports, ports, electricity, gas and telecommunications (e.g. optical fibre). (SMEs may receive grants under ESC).
- (l) non-business related infrastructure such as health and education infrastructure under ESC investment support.

(13) Financing Proposals and Project Fiches.

See Annex 6 for the standard format for project fiches.

Draft TOR's (or specifications for works and supplies) should be available in at least a skeleton form for all projects before being programmed as real proof to Country Coordinators of project readiness. However, these drafts will not be included in the information circulated in support of the Financing Proposal presented to the Phare Management Committee.

Financing Memoranda should avoid contracting expiry dates of 31st December. Particular attention should be paid to including in the FP/FM - rather than in the project fiches – provisions which should be legally binding, eg concerning the joint responsibility of NAO/NAC for proper co-ordination with other pre-accession instruments, and the need for grant schemes to receive prior approval from the Delegation.

(14) Implementing Agencies.

In addition to the CFCU (responsible for tendering and contracting all IB and investment in the regulatory infrastructure), there should only be one or at most two implementing agencies (IA) for investment in ESC in each country, which should be selected from the body(ies) intended to be responsible for managing Structural Funds after accession (the number of which will depend on whether Candidate Countries opt for SPDs or CSFs and OPs) .

A greater number of regional level authorities can undertake the technical management of projects but should not manage funds and payments. The national level IA will remain responsible for all financial aspects of the programme and must therefore supervise adequately these regional level authorities.

(15) Multi-beneficiary and horizontal programmes

15.1 SME Finance Facility:

- (a) The Facility will operate in the period 2000-2006. The first stage was funded solely with EBRD, but additional IFIs are now involved.
- (b) The Facility supports SMEs through complex financial engineering schemes. It provides Commission and IFI funds to financial intermediaries (banks and equity investment funds) in the applicant country which then co-finance loan or equity participations in specific SMEs and micro-enterprises.
- (c) To encourage co-ordination and avoid overlap:
 - ◆ grant support directly to SMEs from Phare national programme budgets will be restricted to SME schemes defined in the NDP
 - ◆ all such proposed schemes need to be carefully co-ordinated with the SME Facility to ensure they avoid unnecessary overlap.
- (d) The Facility is run on a competitive basis and project identification and preparation of specific projects is by the co-financing IFIs. As such, there is no guarantee that schemes will be ultimately supported.

15.2 Other multi-country programmes

Support in key policy areas, previously supported by multi-country programmes (for example project preparation facility, support to civil society, customs, etc), can now only be financed from national programmes. However, certain multi-country programmes will continue - TAIEX, Monitoring and Assessment, Administrative and Technical Assistance, Sigma (reduced scope), statistics, JHA and the Business Support Programme. Country Co-ordinators should ensure that there is full coherence between national and multi-country programmes in sectors where both types of programme operate (especially JHA).

Many multi-country programmes have financed preparatory and project identification work. Where possible, the findings of this work should be fed into the programming of national Phare programmes.

(16) Overall Co-ordination with ISPA and SAPARD.

The Vade Mecum on the co-ordination of actions between ISPA, Phare and SAPARD further specifies the relevant provisions of the Co-ordinating Regulation and spells out in detail the approach to be followed. In the light of developments concerning the three instruments from 2000, the Vademecum may be updated shortly (as is already the case for support for actions in the fields of agriculture and rural development). An annual document (General Assistance Document) is presented to the Phare Management Committee, in January, outlining the co-ordinated approach for the three instruments.

16.1 Co-ordinating SAPARD/Phare

A stricter application of article 4.2 of the Coordinating Regulation (new article 3.3 of the Phare Regulation) will be followed in 2002. The Commission services issued a clarification note on Phare-SAPARD co-ordination (see Annex 5).

16.2 Co-ordinating ISPA/Phare

The general rule is that:

- a) ISPA shall finance all environment/transport infrastructure projects if the total project cost is greater than € 5 mio, but
- b) Phare may finance environment/transport infrastructure projects which form an incidental but indispensable part of integrated industrial restructuring or regional development programmes through its Investment Support to ESC and CBC.

There are also certain additional programming guidelines for transport and for environment which ensure that there will be no overlap between ISPA and Phare:

- a) Transport infrastructure:
 - ◆ Transport corridors, defined in the context of TINA, access to such corridors, and interconnection and interoperability between national networks shall be supported through ISPA only.
 - ◆ Phare may support projects in the field of transport infrastructure, subject to the existence of a clear link to economic development (e.g. ring roads, access roads to industrial/technology parks or roads/rail/river transport contributing to tourism, or other endogenous development), provided the projects are not eligible for ISPA.
 - ◆ Phare CBC support may be allocated to "TINA corridor access" projects where it has a strong cross-border impact and is based on the joint regional development strategy for the border region as a whole.
- b) Environment infrastructure:
 - ◆ exceptionally, if an environment infrastructure project exceeds € 5 mio but is not eligible for support from ISPA, and the project is part of integrated industrial restructuring or regional development programmes, Phare may intervene.

Phare will continue to provide investment support for nuclear safety. ISPA will not cover such measures.

Annex 1

Financial Allocations (to follow)

Annex 1

Financial Allocations (to follow)

Annex 2

Support for Economic and Social Cohesion

It must be re-emphasised that **IB support is the primary focus** for Phare, to develop all the structures, instruments and strategies that are needed after accession. Moreover, in line with the clarified objective for Phare in this area, funds left after IB needs (and associated investments in the regulatory infrastructure) have been addressed will be directed to investments that pilot test and demonstrate the instruments and structures to be used after accession.

Countries are expected to provide revised pNDPs or NDPs in the middle of 2001 that will underpin both multi-annual programming for ESC projects financed from Phare 2002-06 and the preparations for Structural Funds. The NDP should provide for:

- (1) A stronger focus, as far as ESC is concerned, on a limited number of sectoral and regional priorities, so avoiding too long a list of priorities which dissipate and dilute impact. As far as preparing for Structural Funds is concerned, the NDP should also have a wider, integrated and comprehensive coverage.
- (2) The development of upstream strategies in employment and enterprise, such as seen in the EU's National Employment Action Plans that help to identify the key priorities for ESC. These can be developed separately or as an integral part of the NDPs.
- (3) A stronger justification and technical preparation of individual measures (including building up a project pipeline).
- (4) Full consistency with ISPA/SAPARD planning and CBC programmes.
- (5) Coherence with Structural Fund rules (Regulations) and guidance, where they do not conflict with Phare.

CBC projects are based on the strategy included in the JPD. The JPD is consistent with the NDP. This is covered in the CBC section of this Programming Guide.

DG REGIO will be responsible for appraising the Development Plans, which are due to be prepared by end 2002 as a basis for Structural Funds on accession, assisted as necessary by external experts financed from Phare, using the SSTA budget available to each country team. pNDPs and NDPs are steps on the way towards Development Plans (as well as a basis for programming ESC) and it is, therefore, necessary for DG ELARG and DG REGIO to work very closely together, and with other DGs concerned with Structural Funds, in the run-up to the preparation of Development Plans, to assess the pNDPs / NDPs, and help put in place the other structures and instruments necessary to bridge to Structural Funds.

1. Phare's Approach to ESC

The approach in 2002/03 is fully in line with our strategy of progressively bridging towards Structural Funds after accession. In the course of the next year DG REGIO will

discuss with the Candidate Countries in detail their approach towards Structural Funds, and particularly the nature and location of the administrative structures they propose to use to implement the ERDF and ESF in the early years after accession. Any assistance from Phare must be consistent with the approach defined by the Candidate Countries and DG REGIO.

On this basis we propose to take essentially the same approach as in 2001. In line with the Phare Review we propose to take some steps towards multi-annual programming and the full decentralisation of implementation. These changes will be introduced on a differentiated basis – with each country going at its own speed.

Clarifications are needed on three key areas:-

- The desired impact in ESC must be clarified as being primarily the preparation of the structures and strategies needed to implement the Structural Funds after accession. We can only expect a small impact on reducing general development disparities.
- Regional programmes need not be implemented by regional structures, they can be implemented by national ministries/agencies if more appropriate. In fact, although DG REGIO request integrated regional programmes, they prefer national Managing Authorities, as long as administrative capacity at regional level remains weak.
- We must not sacrifice concentration and impact nor allow lax programming to lead to an explosion of Phare instruments.

2. Detail on Evolution in Phare support to ESC

- (1) Phare's support to ESC is converging on Structural Funds approaches, in particular ERDF and ESF. This means putting greater Phare support to developing sectoral policy and programmes (e.g. SME, business-related infrastructure, HRD) at national level. These may be implemented directly at the national level or through regional structures, depending on the approach the country plans to take for Structural Funds in the first years after accession. This approach may be complemented by specific integrated regional programmes in certain countries, especially the larger ones. Phare support will reflect this structure. It will further distinguish between a **programme approach**, based on a large number of small, individual, but related, measures (SMEs, HRD, smaller business-related infrastructure (< € 2 mio Phare contribution)) and a **project approach** (large business-related infrastructure (> € 2 mio Phare contribution)).
- (2) The balance between sectoral programmes at national level and/or regional programmes must be dictated by each country's economic situation, size, administrative capacity and traditions. A small country (e.g. Baltics and Slovenia) may pursue a limited number of sectoral programmes at national level while larger countries (e.g. Romania and Poland) may pursue regional programmes with support from sectoral programmes implemented at the national level. This differentiated approach i.e. establishing the division between Sectoral Operational Programmes (SOPs) and Regional Operational Programmes (ROPs), will be presented in the NDP, which will then drive the relevant national or regional programme documents.

- (3) Phare's support to the programmes/measures in the NDP must focus first and foremost on developing the necessary structures the country intends using to implement Structural Funds in the first years after accession. This means emphasis on IB programmes (i.e. soft measures). As soon as Candidate Countries have selected the SOPs and ROPs they intend to pursue and have identified the Managing and Paying Authorities they intend to use, Phare IB should be programmed to strengthen them. The limited Phare funds remaining will then be used to pilot test the national and regional programmes.
- (4) The country's NDP will be appraised by the Commission to see whether the programmes and the proposed Phare support is logical. In particular it will give an objective basis for project selection.
- (5) The need for "concentration and impact" in the use of pilot testing remains critical. The need for Phare soft support to prepare all programmes/instruments needed after accession is not an excuse to spread Phare investment support too thinly and have no impact. So pilot testing must retain a focus – in general regional (based on integrated regional development plans - i.e. current approach), but sometimes sectoral at national level (e.g. SME support) or a specific restructuring issue (e.g. coal). It is for the country teams, together with DG REGIO, to decide and justify through the appraisal. The solutions will vary country to country, but schemes should not be planned below the NUTS II level and, given the timescale for accession, SPDs are likely to be more appropriate than CSFs in the period 2004-2006.
- (6) Also, the issue of regional versus national implementation structures needs to be clarified. Regional targeting does not necessarily mean regional implementation structures. It is again for the country to decide what is best and for country teams, with DG REGIO, to appraise. National implementation structures with regions playing a limited role in project selection and monitoring maybe suitable for the smaller countries while national and regional structures with full implementing agency powers may be more suitable for larger countries which have a clear regional unit structure. According to the partnership principle, regional and local authorities, as well as economic and social partners, should be associated with the preparation of programmes, and involved in their management, if they have the necessary administrative and budgetary capacity.
- (7) Lastly, the approach on schemes needs to be tightened because expanding the loose controls of CBC Small Projects Funds to cover some € 250 million of small grants under Phare ESC support risks financial management problems. The intention is that all ESC schemes agreed since 2000 will have a "partial" accreditation of their implementing structures (see Annex 4).

5. Implications for Programming 2002

- (1) Primary focus of Phare support is "soft" (i.e. Twinning and TA) in 2002, especially as regards:
 - (a) Establishing the division between **sectoral and integrated regional programmes** at the national level, including national schemes if required,

as well as regional programmes where appropriate.

- (b) Developing **programme management and administrative capacities** of the central institutions especially as regards:
 - the central co-ordination Ministry for ESC and permanent interministerial co-ordination procedures at the level required for future Objective 1 programming
 - the central Ministries/agencies required for implementation at national level including most importantly those managing national level sectoral schemes and support ministries (notably financial control and audit, procurement and monitoring and evaluation).
 - (c) Continuing to provide **IB support at the regional level**.
 - (d) Develop the **project pipeline**.
- (2) Use what Phare funds remain after the need for “soft” support has been addressed for limited pilot testing of the programmes in the NDP at national and regional level.
- (3) Any support given in the area of ESC must be consistent with the approach that is taken by the candidate country with regard to the implementation of Structural Funds after accession. This approach is under detailed discussion between DG REGIO and the countries; Country Co-ordinators should ensure that they keep up with these discussions. There is a particular danger in larger countries where each NUTS II region will demand its own allocation (IB and investment support), its own implementing structures and the relevant central agency/Ministry will demand their own sectoral programmes at national level. **Rigorous programming is needed, hence the need to establish, as soon as possible, the division between SOPs and ROPs.**
- (4) The grant scheme approach requires that **Delegations check those implementing structures** as indicated in Annex 4.

6. Use of Grant Schemes

There has already been a rapid expansion in Phare’s use of grant schemes in 2000/01. These account for some € 150-200 mio per year. We must ensure that there is adequate control of the use of these funds.

Schemes are used to deal with relatively small projects in a target area (i.e. SMEs, HRD or, possibly, even business related infrastructure) which cannot be feasibly identified up front in the financing proposal or managed directly by the Commission. Such small projects must be less than € 2 mio. On such schemes, detailed project selection criteria and management procedures are agreed up front and, after Financing Memorandum signature, the implementing agency (PAO) selects the projects. The list of selected projects is subject to approval by the Delegation. After Delegation approval, the projects are tendered/contracted/managed under the responsibility of the PAO and subject to control by the Delegation either on an ex ante or on an ex post basis.

Therefore, Phare is in effect partially decentralising without going through all the steps for decentralisation implied in Regulation 1266/99.

Financing schemes on such a large scale requires a rigorous approach:

- (1) The Practical Guide to external assistance programmes (which contains rules on grant management) must be followed.
- (2) The Delegation should **confirm the administrative capacity** of the entity responsible for managing the grant scheme (see Annex 4).
- (3) The **minimum size of a scheme** is normally € 2 mio (Phare contribution).
- (4) Clear and tight **Project Selection Control**:
 - (a) The PAO must have final approval of the project list prepared by the selection committee.
 - (b) The Delegation (staff or SSTA technical expert) must be represented on the project selection committee. The Delegation must continue to give its ex ante endorsement of the PAO's approved list of projects (on the basis of its technical expert's report) and endorse all projects above € 300,000.

No grants are allowed **below €50,000** (Phare contribution) - with the exception of the CBC Small Projects Fund (see below).

(5) **Tendering and contracting**

For grants **between €50,000 and €300,000** (Phare contribution), procurement must follow DIS rules. The PAO is responsible for ensuring the rules are properly followed. There will be no ex ante control by the Delegation of the tendering and contracting procedures followed for the procurement.

For grants between **€300,000 and €2 mio** (Phare contribution), the Delegation will exercise the usual ex ante controls on tendering and contracting procedures for the procurement.

Projects with a Phare contribution above € 2 mio may not be selected through a grant scheme procedure but must be specifically included in the Financing Memorandum.

- (6) Full **legal responsibility** for selection and implementation of all projects rests on the PAO. The existing rule of repayment of funds misused under the responsibility of the PAO must be specifically mentioned in the Financing Memorandum in each case so the NAO/PAO's control responsibilities are unambiguous and will be taken seriously.
- (7) In the less advanced countries, TA to assist in implementing the scheme, particularly with regard to financial control, may be financed from the

programme. Running costs of the implementing authority (including the costs of local experts) may not be financed from the programme.

This same scheme approach can be applied to CBC where projects should, where possible, be focused on the three areas of business-related infrastructure, HRD or productive sector investment, in order to ensure convergence with the general approach on regional development³. In addition, the Small Projects Fund will continue to operate under CBC but only up to a maximum of 10% of each country's CBC programme (the 10% rule applies to the country as a whole, not necessarily to each border; a higher limit may apply to Baltic CBC). In order to ensure complementarity, the maximum size of CBC-SPF grants is € 50,000 (Phare contribution). Exceptionally the programme may contribute to the management costs of the SPF up to a maximum of 7% of the total funds available. Management of other CBC programmes is the responsibility of the national authorities (although see point (7) above).

Delegations must also check that management systems for the SPF are adequate. The Delegations should use SSTA funds to recruit necessary audit and technical experts for this work (see Annex 4).

³ Although all actions covered by Art 5(1) of Commission Regulation 2760/98 are eligible.

Annex 3

Instructions for Twinning and Twinning Light

There are three pre-accession funding instruments to address the IB needs of Candidate Countries (CCs), by drawing on the expertise of public administrations in the Member States (MS):-

i) **Standard Twinning:** The basic features are: a) Minimum duration 12 months; necessarily includes b) a Pre-Accession Adviser (PAA) from the MS and Project Leaders for both MS and CC, in addition to a package of short term missions and training, and c) a covenancing phase, where the MS and CC partners jointly define the work schedule.

Up until the 2001 programming exercise, the Commission insisted that the PAA spend at least 12 consecutive months working in the CC. As we approach finalisation of negotiations in some countries, the joint preparation of a work schedule in particular and all the other features of standard Twinning may still be necessary, but there may be exceptional cases where the presence of the PAA could be reduced; e.g. permanent presence of a PAA at the beginning, for a period of perhaps 4 to 6 months to kick-start the project, followed up by a monthly repeat visit of up to maybe a week by the same expert to ensure that the momentum is maintained.

This “softening” of the PAA requirement must be used very judiciously and based on careful analysis. It must under no circumstances become the norm and wipe out the benefits that the long-term presence of PAAs has proven to yield. The decision on the duration of the PAA’s stay in the CC must be made at the programming stage and implementation monitored very strictly by the Commission.

ii) **Twinning Light.** Twinning Light may apply to all institutional issues raised by the *acquis communautaire* in so far as the subject addressed is of limited scope and the CC assumes responsibility for conceiving and driving the reform process, with only ad hoc assistance from a MS. This is more likely to be appropriate for specific implementation issues. Such projects are in principle limited to a maximum of six months and € 150,000.

Twinning Light broadly consists of the provision by a Member State of a package of:

- Civil servant experts who visit on one or a series of occasions on short missions (for example, one or two weeks at a time);
- and/or, less frequently, civil servant experts staying for lengthier, intermediate periods.

It may, where necessary, include additional services such as:

- textual analysis and the supply of documentation;
- organising workshops, seminars and visits;
- interpretation and translation related to the preceding items.

iii) **TAIEX**: expert advisory missions for up to 10 days and multi-country seminars. This instrument is available outside the national programmes and will therefore not be addressed in the framework of this Annex.

Programming for Twinning/Twinning Light

Independent assessment of the Twinning instrument has pointed out that “the programming process drives all subsequent activity”, that “insufficient account is taken of the absorption capacity of the beneficiary”, “over-optimism at the programming stage tends to propagate unrealistic expectations at all subsequent stages”. It was recommended that “more priority should be given to larger Twinning projects which seek to achieve major structural changes which accelerate the progress within CC Ministries towards meeting the requirements of the acquis”.

The resources that Twinning/Twinning Light wants to mobilise are scarce and the political repercussions of failure not negligible. Therefore the Commission has a duty to be particularly careful in programming for Twinning/Twinning Light.

The decision whether to implement a project through standard **Twinning or Twinning Light** is taken at the programming stage, based on the scope of needs to be addressed (see point 3).

The Twinning/Twinning Light methodology for implementing pre-accession funded IB projects rests on a number of fundamental assumptions:

- the beneficiary is committed to, owns and drives the reform process. This is made explicit by putting the onus on the CC to fix the overall result and benchmarks and to allocate identifiable human and financial resources.
- Moreover the know-how required to address the needs identified is primarily located in the administrations (or mandated bodies, where appropriate) of the MS. Experience confirms that the private sector cannot deliver successful projects in such circumstances. That is the justification for dispensing with a traditional tendering procedure. For certain sectors this distinction is clear (JHA, agriculture, environment, finance), for others the dividing line is sometimes more ambiguous (industry, transport)
- the project targets a concrete, operational (guaranteed) result. Therefore, terminology such as “improved” and “upgraded” or similar is to be avoided. The ideal definition of a desirable final result could be e.g.: “Reduction of waiting time at border post x from average 2 hours to 20 minutes” or “Procedure for measurement of air quality in place and compliant with EU standard”.

These principles apply to standard Twinning projects as well as Twinning Light projects. Before indicating “Twinning” or “Twinning Light” as implementing methodology, reflect carefully whether these underlying principles apply.

1. **Suitable subjects for Twinning/Twinning Light**: As for all projects, Twinning/Twinning Light projects will be based on priorities identified in the Accession Partnerships. There will be cases where the relationship with the acquis will be easily established, e.g. creation of a system for VAT in Slovenia or a phytosanitary inspection in Poland. There will, however, be cases, where Twinning is the most suitable method for the achievement of a desired result in a broader sense of

the acquis or in fulfilment of the Copenhagen criteria. It is likely that this scenario will become more frequent as the mechanism becomes more established and the obvious implementation capacities are satisfactorily achieved. Relevant examples could be the capacity of accountants to deliver transparent financial reports, i.e. establishing professional practices pursuant to the 4th Directive. Another could be the respect of the Copenhagen criteria in relation to human rights or general civil service structures. Whatever the purpose of the Twinning project may be, it has to be clearly defined. Items such as "training of judges" with no further specification are certainly not appropriate, as it represents a means and not an objective.

It is important to consult and involve other relevant DGs at this early stage as they are the experts on the acquis; we need their support and must endeavour to make them take on co-ownership of Twinning projects.

2. **Design of Twinning/Twinning Light projects:** The design of Twinning/Twinning Light projects should always be vertical and based on the building blocks necessary for implementing legislation, i.e: Legal base (laws, procedures), institutional competence and organisation, implementing tools/management systems, training/awareness of implementers and end-users. The final result targeted and intermediary benchmarks should be as concrete and measurable as possible (avoid terms like "improved" or "upgraded", but also "Alignment with the Schengen Acquis" as too imprecise and over-ambitious). **There is no need for a single project to reach the ultimate state of compliance.** It is acceptable and preferable for a project to target a more modest but achievable intermediate benchmark.

Contrary to traditional TA projects, for standard Twinning projects the emphasis is on outputs, whereas the definition of detailed inputs should be limited and left to be defined by Twinning partners. They will share the responsibility for the achievement of the targeted result. Ideally, the benchmarks for the subsequent Twinning covenant should already be identifiable from the project fiche.

For Twinning Light projects, on the other hand, the emphasis needs to be on a description of the beneficiary's work schedule to move the reform process forward, comparable to a skeleton covenant. The inputs required from the MS partner need to be specified in detail, similar to a traditional TA project, while still targeting an operational result under the sole responsibility of the beneficiary.

3. **Size and scope of Twinning/Twinning Light projects:** This is one of two key elements on which the distinction between Twinning and Twinning Light is based. Full scale Twinning should be foreseen for the reform of a significant part of the administration responsible for complex subject matters. The definition of a standard Twinning project continues to include the continuous presence of a PAA in the CC (this is the other key distinguishing factor). The minimum size of a Twinning project is partially conditioned by the cost for a PAA, which runs to an average of € 140,000 a year. A PAA alone cannot be expected to have the full range of expertise required for the implementation of the project and must be complemented by a Project Leader and short-term experts. As a consequence, €350,000 should be considered a minimum per project. (NB The rule for a minimum size for projects of € 2 mio is to be interpreted flexibly for the purpose of Twinning, particularly in the small countries.)

As regards the upper limit for a standard Twinning project, experience has shown that the design of Twinning usually renders spending more than € 2 mio on a single

project nonsensical. An average size could be considered ca € 1-1.5 mio. We need to get away from the artificial construction of packages, which characterised the early Twinning projects. Each Twinning project needs to make sense in itself. If this results in three, four or more projects in the same ministry or sector this is acceptable as long as the basic principles of Twinning are respected.

Twinning Light, on the other hand, should target very specific areas of limited scope and where the need for adaptation to EU standards is limited. It is more likely to concern specific implementation rather than general or legal frameworks. Often cited examples are the Insurance Supervisory Authority or Roads Inspectorate.

The ceiling for each Twinning Light project is in principle € 150,000.

4. **Duration:** The minimum duration for a standard Twinning project is at least 1 year. As regards the maximum length, it is conditioned by the expiry of the FM's disbursement period. Twinning projects should be scheduled to terminate 3 months before the expiry of the FM's disbursement period to allow for orderly settlement of invoices. The absolute minimum required between launch of a request for proposals from MS to endorsement of a covenant is estimated to be 6 months, an average is 8-10 months.

No minimum duration has been set for Twinning Light projects, but their maximum duration has been capped at 6 months in principle. Twinning Light projects are subject to the same disbursement constraints as standard Twinning projects.

5. **Key elements required:** For both standard Twinning as well as Twinning Light projects, it is essential that there is clear designation of the CC beneficiary organisation, including nominated counterpart staff and reserved resources to cover costs arising. There must be evidence that the beneficiary has the capacity to absorb the assistance provided and that there is an understanding that the assistance represents value added to rather than substitution of own efforts. This fundamental element applies to both standard Twinning and Twinning Light, and is absolutely indispensable for Twinning Light.

The compulsory inclusion of a PAA in standard Twinning projects has already been mentioned. In practice the PAA must be backed by a Project Leader in the MS, and the two must be seen as a complementary team at the core of the project. We have under-emphasised the importance of the Project Leaders in the past and should rectify this.

Other elements to be included in Twinning projects are short-term missions and training. For standard Twinning projects their determination should be left to the partners when they elaborate the covenant. Even then, the exact unit numbers of inputs are subject to change during implementation, taking account of the generous flexibility inherent to Twinning.

For Twinning Light, on the other hand, short-term missions and training constitute the sole inputs There is no long-term PAA because of the limited scope and short duration of the project and the CC commitment towards its implementation. Continuity is ensured by a single expert from the MS who is responsible for the input. In some cases this expert might be a resident "twin" for the full period of six months. **Therefore, the inputs must be defined precisely, similar to terms of reference for traditional TA.** The responsibility of the Member State is limited to the inputs. Responsibility for the result rests with the CC.

6. **Formal place in project documents:** Twinning/Twinning Light projects will most often be part of a larger project, possibly comprising investment and/or TA elements. **It is extremely important to make it very clear what part of the overall project fiche is to be implemented through standard Twinning/Twinning Light.** MS must be able to identify what they are expected to respond to without any trouble. The delineation between Twinning/Twinning Light and traditional TA has to be made crystal clear, also during implementation. The budget table in the fiche should not only specify the amounts available for the investment and TA components, but clearly state the amount allocated to the Twinning/Twinning Light component. The separate reference number of the Twinning/Twinning Light project should appear directly below the overall Desirée project number in the beginning of the fiche.

For standard Twinning, the entire project fiche is circulated to MS to solicit proposals. For Twinning Light projects separate stand-alone TORs must be elaborated for distribution to MS.

7. **Unattributed envelope for Twinning Light projects:** Twinning Light is intended to be a quicker and easier way of mobilising MS expertise to help CCs address problems of limited scope. While some of the needs are identifiable at the programming stage, others may present themselves in between two programming exercises, especially as a result of problems arising in the negotiations (or the monitoring of compliance with commitments entered into during negotiations). To allow for flexibility and speed in responding to such needs, it is recommended to earmark an envelope in each country programme, amounting to a guesstimate of number of projects. Their detailed programming will be subject to approval by the HoD and TL responsible for the country in question.

Checklist for good Twinning/Twinning Light projects

- ✓ Subject clearly related to the acquis, suitable for standard Twinning/Twinning Light, because expertise required is located in the public sector, absence of tendering procedure is justified
- ✓ Clear and explicit identification of beneficiary and evidence of ownership
- ✓ Clear, reasonable and measurable operational result and benchmarks, commensurate with the absorption capacity of the beneficiary
- ✓ No horizontal legal approximation or mix of diverse, unrelated subjects

Annex 4

Management of Grant Schemes Checklist for Verifying Implementing Agency Capacities

INTRODUCTION

The number of grant schemes financed through Phare has expanded significantly throughout 2000 and 2001. This trend seems set to continue in 2002.

While this is a necessary consequence of deepening Phare support to ESC, schemes also involve greater risks of mismanagement and slow disbursement because of the greater degree of decentralised management and the large number of small contracts financed.

As highlighted in the main text, this means there must be a more rigorous approach to ensuring sound financial management of grant schemes where Commission controls will be exercised ex post (on contracts up to €300,000 financed from grants under such schemes).

It is very important to verify the system's capacities to manage the scheme, not only in terms of financial management and of following DIS procurement rules for grant schemes, but also in terms of realising the scheme's objectives and outputs on time. This includes verifying both (i) the procedures to be used and (ii) the capacity of the implementing structures involved (see section 11 of the Guide) not only of the Implementing Agency (IA) itself but also of any "intermediary" that is involved in helping the IA to manage the scheme (as foreseen in 11 (b) of the Guide).

Where the Delegation has substantive doubts over the capacities of the implementing structures, the Delegation should undertake a verification exercise. This should involve on-site visits using either its own staff or an auditor financed from available SSTA funds. If the services of an external auditor are used, the final judgement as to the capacity of the implementing structures remains with the Delegation.

Where a Delegation's investigations indicate that an IA is not capable of giving an acceptable assurance of sound financial management, the Delegation has a choice. It may propose to reject the scheme. Or it may propose that the scheme is financed but with Delegation ex ante approval of all tendering and contracting (this would have to be specified in the Financing Memorandum).

VERIFICATION EXERCISE

The Delegation should investigate the IA's capacities relating to each of the main criteria and conditions set down in the Regulation 1266/99.

This investigation need not go into the same level of detail on each of these conditions as is required for the full decentralisation termed EDIS. Under EDIS, all Commission controls are ex post control (after Financing Memorandum signature) and the implementing authority will use national implementation and control procedures. However, only a partial version of this is foreseen for the management of grant schemes:

- (1) ex ante controls are still imposed on contracts above €300,000 and
- (2) DIS procurement procedures are used.

For this reason, the checklists prepared below for the possible use by Delegations is relatively short. Two key 1266/99 conditions of effective national financial control over the implementing authority and a recent audit have been dropped from this verification exercise as not being a precondition of managing a grant scheme. However, if these conditions are also met, the Delegation should obtain details.

CHECKLIST

The Delegation's goal with this verification exercise is to obtain assurance that the IA is capable of realising the objectives set in the Financing Memorandum and of operationally and financially managing the scheme in a sound and efficient manner.

IAs' relations and responsibilities are set down in Financing Agreements with the National Fund. An IA must have the legal basis for undertaking its delegated role and for managing funds, where this is applicable, as set down in the Financing Agreement.

The IA may itself delegate responsibilities to intermediaries, beneficiaries or municipal authorities on certain projects. As a general rule, such delegation will involve only technical management work (ie. day to day supervision, approval of progress reports and acceptance, monitoring and verification of invoices for the IA), reflecting the fact that such authorities are better placed to manage such work. The following sections go step by step through each of the conditions set down in 1266/99, providing a short checklist for each that should be verified by the Delegation.

1. System for the managing of Phare funds

- *Matching 1266/99 condition: There should be a well-defined system for managing the funds with full internal rules of procedure, clear institutional and personal responsibilities*

Checklist:

- (1) Evidence on the status of the IA, verifying its legal right to assume responsibility for the management of Phare/ISPA funds, accompanied by a full set of relevant legislative/regulative documentation.
- (2) Evidence on the internal management structure of the IA that must provide adequate and transparent lines of responsibility and reporting. Also evidence should be obtained that the involvement and responsibilities of intermediaries, municipalities and other beneficiaries are appropriate.
- (3) Evidence that management procedures are complete and are being followed. Provide a copy of the management procedure manual written for the IA, if this exists. The procedures must provide evidence that funds will be correctly managed and that programme objectives are achieved.
- (4) Provide for an assessment that the established co-ordination procedures are adequate in accommodating and integrating the inputs and views of the Commission, the National Fund, the national line Ministries and other relevant organisations. Appropriate mechanisms must be in place to ensure no overlap with other Commission instruments, notably Phare CBC, SAPARD, ISPA and Community Initiatives.

2. Procurement rules in line with Title IX.

- *Matching 1266/99 condition: procurement rules which are endorsed by the Commission as meeting requirements of Title IX of the Financial Regulation applicable to the general budget of the European Communities*

Checklist:

Section 6 of the Practical Guide for Phare, Ispa and Sapard concerning the award of grants must be followed (unless the Financing Memorandum explicitly provides otherwise). This is subject to confirmation that the IA and intermediaries are capable of – and committed to – following these procedures. To this end, the following information needs to be gathered:

- (1) If the IA has a track record of scheme or similar programme management, was the project selection (including Calls for Proposals) procedure in line with these DIS grant scheme procedures?
- (2) Describe how widely applications are/will be invited from potential managers/operators, how applications are recorded and dealt with, as well as how results are/will be communicated to winners/losers and whether adequate records are/will be kept.

- (3) Describe how applications for funding to the IA are/will be evaluated including the use of consistent, quantitative and relevant technical criteria. How great a role does qualitative assessment play in selecting projects?
- (4) Describe who is/will be involved in the final selection decisions and whether the PAO remains fully responsible. Is the PAO a political appointment and, if so, how politicised are/will be his final project selection decisions likely to be.

3. Separation of powers (segregation of duties)

- *Matching 1266/99 condition: the principle of separation of powers must be respected so that there is no risk of conflict of interest in procurement and payment.*

Checklist:

- (1) Verify that each transaction is approved and signed by at least two specifically authorised persons who are organisationally and functionally independent from each other.
- (2) Verify that processing of payments, accounting and procurement are organisationally separated from each other,
- (3) Verify that all expenditure is based on duly approved budget and/or plans, and that the ordering, receiving and accounting for any purchases are organisationally separated from each other.

The above applies to any legal or physical person acting on behalf of the IA.

4. Staff

- *Matching 1266/99 condition: adequate personnel must be available and assigned to the task. They must have suitable auditing skills and experience, language skills and be fully trained in implementing Community programmes*

Checklist:

- (1) Obtain evidence of the sufficiency of the number and qualifications of relevant staff in the Implementing Agency as well as an assessment of staff policy on medium-term basis (1-3 years).
- (2) Review any problems or possible bottlenecks perceived.
- (3) What are the new staff and training needs to assure the scheme can be managed efficiently?
- (4) Have resources been put aside to finance these staff and training needs?

5. Internal Control System

- *Matching 1266/99 condition: demonstration of effective internal controls including an independent audit function and an effective accounting and financial reporting system which meets internationally accepted audit standards*

The Delegation must assure itself that these are adequate internal controls operating in the IA. Control activities comprise: (1) internal financial control, (2) internal audit, (3) accounting and financial reporting system and (4) operational monitoring, assessment and evaluation. The wider definition of internal controls used for full EDIS is not necessary for this more restricted verification exercise. However, such wider issues (eg. control environment such as integrity of management) are partly dealt with in section 3.5.

(1) Internal Financial Control:

(a) Describe the internal financial control system in the IA. Include a detailed description of double signature system and any ex ante financial control system either:

- implicit in the accounting or financial service system inside the financial management system of the IA; or,
- explicitly conducted by a resident financial controller (performing prior ex ante approval of all relevant financial decisions, including commitments, contracts, disbursements and recovery of unduly paid amounts); or,
- explicitly conducted by a delegated financial controller from outside the IA (e.g. from the Ministry of Finance).

(b) Demonstrate the controls that are in place to ensure that payment claims on EU funds are complete and accurate, including not only payment on contracts but also claims to the National Fund for instalments.

(2) Internal Audit: The internal audit function could be performed by the IA itself or by a central audit body (e.g. the Ministry of Finance) or both. In both cases the principle of “functional independence” as used in the PIFC discussions in Regular Reports and EU Common Position Papers relating to Chapter 28 of the Accession negotiations (Financial Control) should be guaranteed.

(a) Describe the internal audit service function (including use of ex ante and ex post controls), whether the function is managed by the PAO as manager of the IA or managed centrally by e.g. the Ministry of Finance or both.

(b) Describe the extent of the functional independence of the Internal Audit service in the IA.

(c) Describe the system of on-the-spot checks.

(d) Does the internal audit make recommendations for improvements where problems are noted and does it check that remedial action has been taken?

(e) If none of the above exists, how will sound and efficient management be assured?

(3) Financial Accounting and Reporting:

(a) Ensure that the accounting and financial reporting is effective and meets internationally accepted audit standards. This will include assurance that:

- (i) the accounting and financial reporting systems in the IA correctly record and allocate expenditures; and, (ii) each programme is separately identifiable in the accounts, so permitting a clear account to be made of all Financing Memoranda resources under the decentralised responsibility of the NAO and permitting the tracking of EU money's down to the project and contract level.
- (b) Provide written internal management and accounting manuals and audit trail for the Phare part of all financial flows.
- (4) Operational monitoring, assessment and evaluation
- (a) Describe the regular and ad hoc operational reporting, monitoring, assessment and ex post evaluation activities. Are these reported widely and accurately?
- (b) Ensure an appropriate, true and fair level of information is provided (a) from the projects to the IA and (b) from the IA to the NF on the progress of Phare implementation activities. Does this ensure that the PAOs and NAO can realistically guarantee sound and efficient management and the realisation of programme objectives. Inter alia, the following aspects should be investigated:
- Content and frequency for information reporting is adequately specified.
 - Sufficient information is presented to enable effective assessment of progress and impact.
 - Remedial action is taken when actions not proceeding to plan.
 - The IA has the information and commitment to participate fully in the Phare monitoring, assessment and evaluation system, as well as participating in the relevant Joint Monitoring Committee structures.

Annex 5

Phare/SAPARD Co-ordination

In order to define more clearly the demarcation line between Phare and SAPARD, the following clarifications have been agreed by all the services concerned.

All the services agree that the priorities identified during the accession process (Accession Partnerships, NPAs etc) should be eligible for support from the pre-accession instruments. The support required may be IB, and/or acquis-related investment for the public sector, and/or investment to assist the private sector to comply with the acquis. It should be noted that eligible costs for co-financing from the European Community excludes operating costs.

The relevant legal base is Article 3(3) of Regulation (EEC) No 3906/89, as introduced by Regulation (EEC) No. 1266/1999. On the basis of this provision the Vademecum on co-ordination of the three financial pre-accession instruments helped to clarify the scope of Phare and SAPARD. According to section 1.5 (b) of the Vademecum:

- **Institution Building**

*“Phare will be the sole instrument for **IB** in all Acquis related areas, including agriculture, rural development and the requirements of the CAP. The aim of such assistance will be to help the candidate countries to develop structures, strategies, human resources and management skills to strengthen their capacities in these fields.*

SAPARD can specifically support the establishment and updating of land registers, improvement of vocational training (improvement of farmers needs), and, at the local level, improving the structures for quality, veterinary and plant health controls.”

This means in practice that Phare covers all acquis-related IB activities for agriculture and rural development, except those which, depending on the content of the programme, are co-financable under the candidate countries' SAPARD programmes.

- **Acquis related investments**

“Phare will support investments to strengthen the regulatory infrastructure needed to ensure compliance with the acquis and alignment with EU norms, and direct acquis-related investments.

Both Phare and SAPARD will, in full complementarity, support investments in improving the structures for quality, veterinary and plant health control, for the quality of foodstuffs and for consumer protection, including Border Inspection Posts (BIPs). In order to ensure coherence and to avoid investments in excess capacity co-ordination will be ensured on a case by case basis.”

This means in practice that investments will, in general terms⁴, be eligible under

⁴ There is one exception: Following the rules established in the Vademecum on co-ordination of pre-accession aid SAPARD programmes may include support for small (below 2 million €) local public structures for quality, veterinary and plant health control, for the quality of foodstuffs and for consumer protection. Where such activities are not co-financable under a SAPARD programme Phare assistance could be used.

Phare if they concern **public** investments carried out by national authorities, or other public authorities to whom the competence has been subdelegated by the national authorities (investments to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and alignment with EU norms, such as computer equipment, databases and software to operate IACS). Investments would be eligible under **SAPARD** if they are related to **private activities** (for example, in-house laboratories for processing plants, or upgrading of farm equipment).

This will avoid overlaps, but also avoid leaving important parts of the *acquis* without Community support.

On the basis of this concept, the following lists have been drawn up with a view to specifying the roles Phare and SAPARD play in the Community pre-Accession process.

1. IB and public investments, which are designed to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis*, where assistance would be expected to come from Phare⁵:

- 1.1. Intervention systems, including regular market and price monitoring, buying in of agricultural produce, storage, sales and stock control in premises approved to EU standards, operation of a control system for the use/destination of intervention products;
- 1.2 Supply management instruments such as milk and sugar quotas, set-aside etc including appropriate control measures;
- 1.3. IACS (Integrated Administration and Control System) and the associated farm, land and animal registers and marking and identification schemes, including building of ;
- 1.4. The Common Market Organisations including compliance with marketing, packaging and labelling standards, rules covering analysis, inspections and monitoring, and mechanisms governing trade with third countries (import/export licensing, tariff quota management, export refunds and taxes, checking system for exports etc) and the relevant rules of the Community Customs Code;
- 1.5 Systems for handling CAP expenditure under the EAGGF Guarantee section must be established and Paying Agencies must be accredited according to Community rules;
- 1.6 The agricultural statistics elements of the *acquis*, including the agricultural census, agricultural structural surveys, FADN, FIS, etc;
- 1.7 In order to apply the rural development *acquis*, Member States must have appropriate administrative structures and instruments which can identify structural needs within rural areas, design, implement and manage rural development programmes, control financial flows and implemented measures, and monitor, report, audit and evaluate the programmes and individual actions. Programmes can be run either nationally or regionally, as is most appropriate for the country and subject concerned. The administrative structures established must take account of the *acquis* requirements; Agencies, authorities, systems, procedures, control and audit functions will be required in accordance with the rules of the EAGGF Guarantee

⁵ Idem

section, and for future Objective 1 regions, in accordance with the rules of the EAGGF Guidance section. Where necessary, these bodies and instruments must be designated and subsequently approved by the Commission;

1.8 For the forestry sector, Member States are obliged to designate Competent Authorities who will be responsible for monitoring and classifying the nation's forest resources, conducting forest inventories, administering Community-financed forestry measures and reporting to the Commission;

1.9 The application of the veterinary, phytosanitary and food safety acquis requires properly structured and trained administrations in order to operate *inter alia* appropriate inspection and classification systems at the point of origin, non-discriminatory checks during transport, at the destination point, and at external borders (BIPs), appropriate laboratory testing arrangements and networks of information. Achieving these objectives requires designated national competent authorities with appropriate powers, systems and resources. This includes the following:-

- Control system internal market.
- Alignment and upgrade inspection arrangements.
- Identification and registration of animals.
- Information systems (Animo, ADNS, Rapid alert system for food).
- Implementation of measures to ensure immediate notification of the Commission and Member States of the presence of harmful organisms.
- Training of staff how to carry out controls at origin, transport or destination.
- Implementation of procedures for the issuing of plant passports.
- Veterinary control on live animals and products of animal origin and phytosanitary plant health checks at external border of the EU.
- Registration of producers and importers of plants and plant products.
- Establishment of information systems to connect Labs with national and EU reference Labs and the future EU- Food Agency. Construction and modernisation of buildings and equipment of laboratories .
- Investments in Border Inspection Posts
- Border control and big public control laboratories

1.10 Improvement of animal and plant health status. Including measures for improved animal health; contingency plans, surveillance programmes (for example classical swine fever) and eradication or control programmes as measures for plant health to eradicate or inhibit the spread of harmful organisms. Investments in animal health laboratories.

2. Acquis-related investment for the private sector to be supported by SAPARD:

2.1. Investments in agricultural holdings regarding the environment, hygiene, plant health and animal welfare.

- 2.1.1 Construction and modernisation of buildings including equipment, technology and infrastructure used for keeping dairy cows, sheep, calves, pigs and poultry.
- 2.1.2 Enhance milk quality in line with EU-rules in dairy farms.
- 2.1.3 Improving the standards of storage of fruit and vegetables and innovation of technology.
- 2.1.4 Managing livestock by-products (including manure).

2.2 Improving the processing and marketing of agricultural and fishery products.

- 2.2.1 Construction and modernisation of processing plants' facilities and equipment for milk, meat and fish as well as fruit and vegetables.
- 2.2.2 Investments in infrastructures and technology equipment (data collection, cooling, freezing, hygienic-sanitation systems, transformation, packaging, loading, expedition).
- 2.2.3 Treatment of wastewater and management of waste.
- 2.2.4 Investments related to the introduction of HACCP concept.
- 2.2.5 Investments related to the introduction of common classification of carcasses in slaughterhouses (SEUROP)
- 2.2.6 In-house laboratory facilities for processing/marketing establishments etc

Annex 6

Standard Summary Project Fiche

Standard length 5-6 pages plus Annexes. More may be necessary for complex or large programmes.

1. Basic Information

- 1.1 Désirée Number:
 - ❑ *(only available after Financing Proposal has been habilitated – so leave blank in first draft)*
- 1.2 Title:
- 1.3 Sector: *[for Phare country co-ordinator to complete]*
 - ❑ *(if twinning is involved, create codes following the same system as used on 1998 twinning projects)*
- 1.4 Location:
 - ❑ *(specify country and region)*

2. Objectives

- 2.1 Overall Objective(s):
 - ❑ *From logframe*
- 2.2 Project purpose:
 - ❑ *From logframe*
- 2.3 Accession Partnership and NPAA priority
 - ❑ *Identify and outline the AP/NPAA policy priority addressed by the project.*
- 2.4 Contribution to National Development Plan
 - ❑ *For "Investment Support to Economic and Social Cohesion" projects only – Outline the relevant parts of the National Development Plan and identify how the project contributes to the strategy contained therein.*
- 2.5 Cross Border Impact
 - ❑ *For Cross Border Cooperation projects only.*

3. Description

- 3.1 Background and justification:
 - ❑ *Explain the origins of the project and outline why it is being undertaken.*
 - ❑ *Set out the involvement of Civil Society and indicate which NGOs were consulted during project preparation and with what results.*
- 3.2 Linked activities:
 - ❑ *Summarise past Phare activities and projects in this area, showing connections (eg. building on findings of preceding project).*
 - ❑ *Identify and summarise existing linked activities being undertaken by other parties (ie. by national government and private projects and by foreign government or IFI projects).*

3.3 Results:

- *Should correspond to logframe results. Describe what will be achieved by the end of the project within the direct control of the implementing agency and how it will contribute to the immediate objective. Should confirm that indicators of achievement are quantified and verifiable.*

3.4 Activities:

- *Should correspond to logframe activities. Define the activities to be carried out and the means - the specific contracts or grants/subsidies (ie. human, material and financial resources) which will be procured to achieve the result. This will make the link from Financing Proposal to implementation clearer and more transparent. The means should directly match the components in the budget breakdown.*
- *The means should differentiate between the types of contracts to be used (ie. twinning, classical technical assistance or some form of investment). In the case of twinning, this description shall include the types and profile of the experts needed.*

3.5 Lessons learned: :

- *Should state that the conclusions and recommendations of previous Interim Evaluations and M&A Reports have been considered and indicate how lessons learned have been incorporated into project design.*

4. Institutional Framework

- *Clearly describe the institutional framework within which the project will have to operate.*
- *Identify any constraints in this respect. Indicate whether the results of the project will lead to a change in the institutional framework described.*
- *For IB twinning projects, describe how the project will fit into the IB plan, identify the beneficiary institution and outline the scope of the project.*
- *For investment projects, clearly describe: (a) who will be appointed as the “Engineer” or how this will be done; (b) who will be the “Employer” and (c) who will be or become owner of the asset after project completion. For the latter, describe whether private or public ownership and, if relevant, composition of ownership.*

5. Detailed Budget

Strictly follow the following format.

	Phare Support					
	Investment Support	Institution Building	Total Phare (=I+IB)	National Cofinancing *	IFI*	TOTAL
Contract 1						
Contract 2 etc						
Total						

** In cases of co-financing only*

Note: expenditure for equipment should be put under Investment

- Quantify the cofinancing provided from national sources (including private sector, if relevant) and state the degree of certainty of such cofinancing (ie. is it already earmarked in local or national budget, etc). Also quantify amount and state the degree of commitment of any IFI cofinancing (ie already approved, under appraisal, etc).*
- All investment projects supported by Phare must receive co-financing from national public funds. However, many institution-building projects will also have a degree of national co-financing – this should be quantified and included here wherever possible.*
- If twinning is involved, clearly state the expected budget of the twinning covenant.*

6. Implementation Arrangements

6.1 Implementing Agency

- Contact details, including full title, PAO name, address, telephone and fax.*
- If CFCU, describe its role and outline those tasks delegated to the Ministry/institution and/or beneficiaries.*

6.2 Twinning

- Specify implementation arrangements, beneficiary institution and contact person.*

6.3 Non-standard aspects

- Describe any non-standard contract/tender procedures (eg grant or fund mechanisms) or mention that the DIS Manual will strictly be followed. Indicate if twinning arrangement is expected and for what value and components of the project*

6.4 Contracts

- Give expected number of contracts and their values in €.*

7. Implementation Schedule

7.1 Start of tendering/call for proposals

- give date, including when ToRs and/or project specifications will be ready*

7.2 Start of project activity

- expected date of commencement of first contract/grant scheme*

7.3 Project Completion

- expected date of last payment under last contract/grant*

8. Equal Opportunity

- Indicate how equal participation in the project by women and men will be assured and how women's participation will be measured*

9. Environment

(To be completed for all investment support projects)

- Has initial environmental screening been completed and when ?*
- Has the environmental impact report been produced and when ? If yes from where can it be obtained ?*

□ Describe briefly the major environmental effects.

10. Rates of return

(To be completed for all investment support projects, based on “Guide to Cost-Benefit Analysis of Major Projects”)

□ Economic rate of return ?

□ Financial rate of return (where applicable) ?

□ What prefeasibility / feasibility studies have been completed, when and by whom ?

11. Investment criteria

(to be completed for all investment support projects)

11.1 Catalytic effect:

□ Phare’s support must catalyse a priority accession driven action which would otherwise not have taken place or which would have taken place at a later date → describe

11.2 Cofinancing:

□ Phare must use its grants to attract as much cofinancing as possible from all sources.

11.3 Additionality:

□ Phare grants shall not displace other financiers especially from the private sector or IFIs → describe (refer to rate of return).

11.4 Project readiness and Size:

□ projects will only be financed by Phare if they are ready for contracting and when all necessary technical studies have been completed → describe.

□ investment projects must comply with minimum project size requirements → describe.

11.5 Sustainability:

□ the investment must be sustainable in the long term, i.e. beyond the date of accession. They must therefore comply with EU norms and standards and be in line with EU sector policy acquis. They should not have adverse effects on the environment and must be financially sustainable, i.e. who will pay for future maintenance and operating costs → describe.

11.6 Compliance with state aids provisions

□ Investments must respect the state aids provisions of the Europe Agreement → describe.

11.7 Contribution to National Development Plan

□ "Investment Support to Economic and Social Cohesion" projects must be a feasible part of the an overall regional development strategy, as defined in the National Development Plan– Outline the relevant parts of the National Development Plan → describe.

12. Conditionality and sequencing

□ This section must be completed for all projects

□ Any conditionality must be specific and achievable – indicating clearly what should be done, by when and by whom. If this is not possible, no conditionality should be inserted. No general conditionality which is not within the control of the project should be included. The most effective conditionality will be in the form of a trigger - ie. an action (eg institutional restructuring plan) must be undertaken or approved before the Phare supply component can start.

□ Indicate also most important milestones of the project in terms of impact.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format (compulsory)
2. Detailed implementation chart (compulsory)
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) (compulsory)
4. Reference to feasibility / pre-feasibility studies. For all investment projects, the executive summary of the economic and financial appraisals, and the environmental impact assessment should be attached (compulsory)
5. List of relevant Laws and Regulations (optional)
6. Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc) (optional)

Annex 7

Reading and Completing a Logical Framework Matrix

This guidance is not comprehensive and does not substitute for training in project cycle management which is available for Commission staff and can be arranged for representatives of project authorities by request to the Commission Delegation.

Further, detailed guidance on preparing logical frameworks will be contained in the forthcoming OMAS thematic report on programming and project design

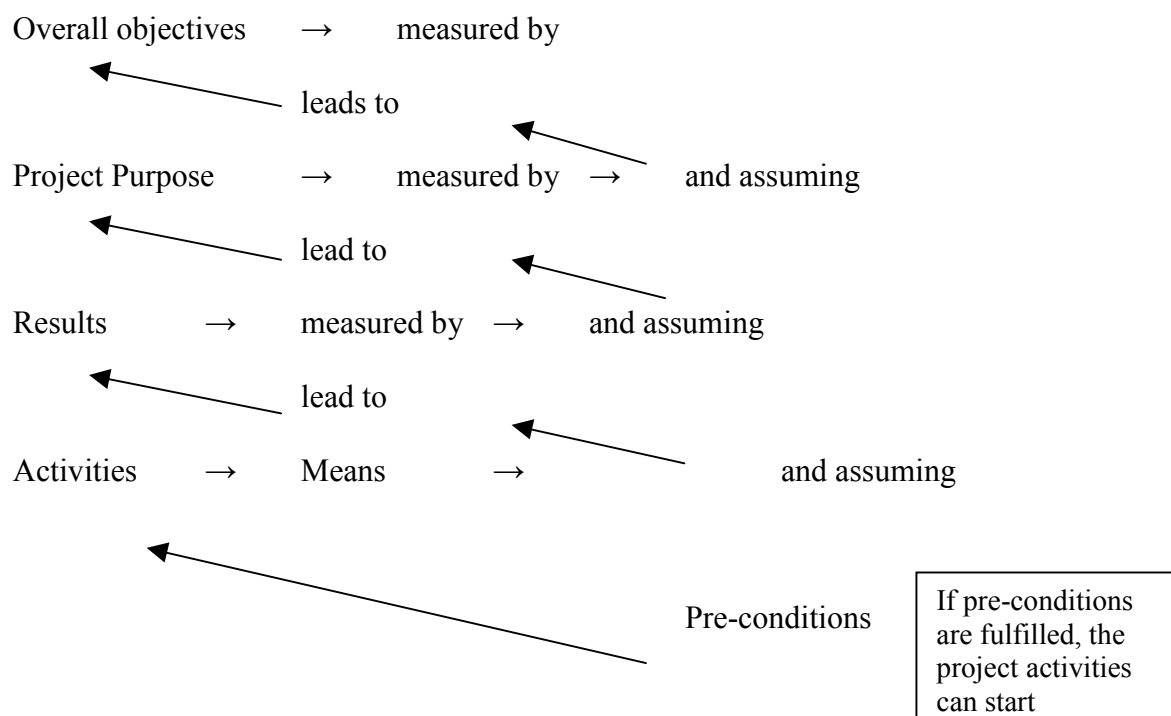
- A training handbook on Project Cycle Management and the Logical Framework is available on the PCM homepage on the EuropeAid INTRANET:
<http://www.cc.cec/EUROPEAID/index.htm>
- and on the INTERNET homepage of EuropeAid :
http://europa.eu.int/comm/europeaid/evaluation/methods/PCM_Manual_EN-march2001.pdf
- Copies of the PCM Manual in English, French, Spanish and Portuguese are also available (in limited quantities) on request at the EuropeAid - Evaluation Unit, phone: +32 2 299 25 24, fax: 299 29 12, e-mail: maria-teresa.petrillo@cec.eu.int

The Logical Framework approach (LFA) is central to Project Cycle Management. It is an effective participatory planning tool for identifying and analysing problems, and defining objectives and activities to resolve these problems. Using the structure of the logframe planning matrix, planners test the design of a proposed project to ensure its relevance, feasibility and sustainability.

In addition to its role during programme and project preparation, the LFA is also a key management tool during implementation and evaluation. It provides the basis for the preparation of action plans and the development of a monitoring system, as well as a framework for evaluation.

The format for presentation of the logical framework is attached. The titles of some of the boxes have been amended to bring Phare practice into line with the Commission's other external programmes, but the basic format and practice is the same as in previous years.

The logical framework should be read thus:



The logical framework should be used for the preparation, implementation and evaluation of a project. It plays a role in each phase of the project cycle; it sets out what the project is trying to achieve, it contains objectively verifiable indicators to allow measuring of the achievement of the objectives and effective monitoring, and it forms the basis for ex-post evaluation. It should be kept up to date during implementation; the *results* and *activities* may change as the project progresses, but the project *purpose* should not.

The process of drawing up a logical framework is as important as its content. It should be drawn up early in the process of project planning and elaborated as far as possible with the participation of all groups of people and institutions who will implement the project or be affected by it. It should be prepared before the project fiche. Sub-projects may have their own logical frameworks, but it is not necessary to submit these with the main project fiche.

The four columns of the logical framework specify:

1. Intervention logic: the cause-effect relationships between activities and objectives at different levels (those effects coming latest in time and furthest away from the initial activity at the top, those coming first and related to specific actions at the bottom). Each level should lead logically to the one above it. The entries in this column will be reproduced in the project fiche, and the results and activities elaborated as necessary.

2. Objectively verifiable indicators (OVIs): specific and objectively verifiable measures of objectives (i.e. Overall objectives, project purpose, results) (what? how many? how much? when? for whom? where?), providing the basis for measuring project performance. There should ideally not be more than 2 to 3 indicators to measure achievement of one single objective.
3. Sources of Verification: should simply indicate where the information about the indicators (OVIs) can be gathered. If it is not obvious where the information can be gathered, provision should be made in the project to gather it.
4. The risks/assumptions which govern the achievement of the objectives. These should always be expressed as assumptions. Assumptions are the answer to the question: “What are we assuming about external factors which are not influenced by the project, but may affect its implementation and long term sustainability?” If there is no real doubt about the assumption (eg “Ministry of Agriculture retains responsibility for Sapard paying agency”) it should not be included. If there is some doubt (eg “Suitable staff can be recruited”) it should be included. If there are strong doubts (eg about the Parliament’s willingness to pass a law) the project should be shelved or redesigned to reduce dependence on such a risky assumption. Assumptions will be regularly reviewed during implementation to check whether its objectives (Overall objectives, project purpose, results) are likely to be achieved.

Working through the boxes in the order indicated in the diagram:

- Activities should indicate what the person or organisation undertaking the project is to do.
- Means should indicate the main resources to be applied: eg twinning covenant with one PAA and two short term advisers, training, laboratory equipment. There is no need to specify costs in this box. Means should be spelled out in enough detail in the Activities section of the project fiche to reassure Phare management that sufficient basis exists for the overall project costs.
- Activities plus assumptions in the same row should lead to the achievement of the results. Cofinancing and linked activities which are important to the results should be included under assumptions in this row.
- The results indicate what the person or organisation undertaking the project is responsible for achieving (eg reduction in pollution of lakes in area X, but not increased employment in the tourist industry as a result of the increased tourist potential; a functioning information system for the courts with all relevant personnel trained, but not swifter and more reliable judicial decisions)
- Results plus assumptions in the same row lead to the achievement of the project purpose.
- The project purpose is derived from the central/core problem which the project is trying to address eg “Financial control is unreliable, excessively centralised and produces results too late to be of use to policy makers” becomes “Increased timeliness and reliability of financial control with functions appropriately delegated”. **If there are more than one or two purposes it is likely that they are repetitive, or that they overlap with results, or that the project is trying to address too many problems.** There must be a clear distinction between the purpose and the results. If the results lead to the purpose without any assumptions in the results row either the purpose is not sufficiently ambitious or the results are too ambitious. For example, result: “National network of testing laboratories and certification and inspection bodies functioning” is indistinguishable from purpose: “Technical and management

capabilities of the quality infrastructure bodies developed”. The purpose should be “Free movement of goods acquis enforced in relevant sectors”.

- The purpose plus the assumptions in the same row should lead to the overall objectives. There can be several overall objectives.
- The overall objectives explain how the project fits in to a wider strategy. In the case of Phare one of the overall objectives will usually be the application of a chapter of the acquis or the fulfilment of one or more of the Copenhagen criteria. If the overall objective is the implementation of a chapter of the acquis and the purpose the implementation of a particular part of the acquis, the assumptions at the purpose level must include the implementation of the remainder of the chapter.

A completed logical framework is also attached.

Phare log frame

LOGFRAME PLANNING MATRIX FOR Project	Programme name and number	
	Contracting period expires	Disbursement period expires
	Total budget :	Phare budget :

Overall objective	Objectively verifiable indicators	Sources of Verification	
•	•		
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
•	•	•	•
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
•	•	•	•
Activities	Means		Assumptions
•	•		•
			Preconditions
			•

Phare log frame

LOGFRAME PLANNING MATRIX FOR Project	Programme name and number	
Strengthening of standards organisations	Contracting period expires	Disbursement period expires
	Total budget : €3 million	Phare budget : €2 million

Overall objective	Objectively Verifiable Indicators	Sources of Verification	
<ul style="list-style-type: none"> Competitiveness of industry increased Acquis applied in the area of free movement of goods	<ul style="list-style-type: none"> Exports to EU increase by x% PECA protocol signed by the end of 2002 	<ul style="list-style-type: none"> Trade statistics Official Journal 	
Project purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> Independent national standardisation body (ABCD) and notified body in the field of new approach directive on gas appliances (EFGH) provides service to industry to internationally recognised standards as required by Act no xxxx 	<ul style="list-style-type: none"> ABCD agency accepted as full member of CEN and CENELEC by end 2002 EFGH agency accredited as competent body for implementation of directive 90/396/EEC by end 2002 Act xxxx declared implemented in respect of these organisations 20% increase in income from charges by both organisations by mid-2003 	<ul style="list-style-type: none"> Official Journal of Office of Standards and Metrology Certificate of accreditation Commission regular report Government official journal Published accounts 	<ul style="list-style-type: none"> Other standards and testing agencies achieve international accreditation Remainder of acquis in free movement of goods implemented Industry has the information and resources to use standards and testing services

Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<ol style="list-style-type: none"> 1. Information systems in ABCD for elaboration and distribution of national standards improved 2. National standards replaced with European standards by ABCD 3. ABCD actively participating in elaboration of European standards 4. EFGH equipped and staff trained to meet requirements of directive 90/396/EEC 	<ul style="list-style-type: none"> • ABCD meets information systems requirements of Directive 98/34/EC • 80% of European standards adopted as national standards by end 2002 • CEN/CEGELEC agree ABCD is actively participating • Staff in EFGH understand requirements of relevant directives • Laboratories equipped 	<ul style="list-style-type: none"> • PAA and technical assistance reports • Monitoring by Delegation • ABCD records • CEN/CEGELEC reports 	<ul style="list-style-type: none"> • Support from other relevant institutions • Adequate provision from state budget • Output relevant to industry needs
Activities	Means		Assumptions
<p>ABCD</p> <ol style="list-style-type: none"> 1.1. Improve information network and connections, upgrade systems 1.2. Training for staff in European standards procedures <p>EFGH</p> <ol style="list-style-type: none"> 2.1. Assessment of capacity 2.2. Upgrade laboratory equipment 2.3. Set up conformity assessment structures 2.4. Manage accreditation application 	<ul style="list-style-type: none"> • Twinning covenant (one PAA, ten short term experts) • Printing machinery • Technical assistance contract • Purchase of equipment 		<ul style="list-style-type: none"> • Both organisations recruit and retain adequate staff • Effective co-operation with other institutions (universities, industry) who set and use standards • Training centre at ABCD fully established by end 2000(Phare 1999)

Preconditions

- Government clarifies ABCD's status as an independent national standardisation body in the context of the law on non-profit organisations
- Adoption of regulations providing for alignment with EU Boilers directive by end 2000