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ANNEX 3

to the Commission Implementing Decision on the financing of the multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024

Action Document for “EU4 Good Governance: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Türkiye”

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	EU4 Good Governance: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Türkiye Multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024
OPSYS	ACT-61883
ABAC	ABAC Commitment level 1 number: JAD.1161483
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	Yes Priorities: “Rule of law, governance and Public administration reform”
EIP Flagship	No
Team Europe	No
Beneficiar(y)/(ies) of the action	The action shall be carried out in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia) and Türkiye
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 2 – Good governance, <i>acquis</i> alignment, good neighbourly relations and strategic communication Thematic Priority 1: Good governance (50%) Thematic Priority 2: Administrative capacity and <i>acquis</i> alignment (50%)

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Sustainable Development Goals (SDGs)	Main SDG: 16 – Peace, Justice and Strong Institutions Other significant SDG: 17 – Partnerships to achieve the Goal			
DAC code(s)	15110 Public sector policy and administrative management			
Main Delivery Channel	47080 - Organisation for Economic Co-operation and Development (Contributions to special funds for Technical Co-operation Activities)			
Targets	<input type="checkbox"/> Climate <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Internal markers and Tags	Policy objectives	Not targeted	Significant objective
EIP		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship		YES <input type="checkbox"/>		NO <input checked="" type="checkbox"/>
Tags:		YES		NO
Transport		<input type="checkbox"/>		<input checked="" type="checkbox"/>
Energy		<input type="checkbox"/>		<input checked="" type="checkbox"/>
Environment and climate resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Digital	<input type="checkbox"/>		<input checked="" type="checkbox"/>	

Economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Human Development (incl. human capital and youth)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Rule of law, governance and Public Administration reform	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION			
Amounts concerned	<p>Budget line: 15.020101.01</p> <p>Total estimated cost: EUR 12 244 898</p> <p>Total amount of EU budget contribution: EUR 12 000 000</p> <p>This action is jointly co-financed by:</p> <p>- Organisation for Economic Co-operation and Development (OECD) for an amount of EUR 244 898</p>		
MANAGEMENT AND IMPLEMENTATION			
Implementation modalities	Project modality		

(management mode and delivery methods)	Indirect management with the OECD
Final date for concluding contribution / delegation agreements, procurement and grant contracts	At the latest by 31 December 2025
Indicative operational implementation period	72 months following the conclusion of the Financing Decision

1.2. Summary of the Action

The aim of the Action is to facilitate more sustainable governance and public administration reforms (PAR) on national and sub-national level and strengthen public administrations in the region in line with the Principles of Public Administration, so that they correspond to European values of democracy, human rights and the Rule of Law, integrity, predictability, accountability, legality and transparency and provide quality policy outcomes and services to citizens and businesses in order to support socio-economic development.

The Action will be implemented through the programme Support for Improvement in Governance and Management (SIGMA) - a joint initiative of the European Union (EU) and the OECD. SIGMA will contribute towards strengthening the public administrations in the IPA III beneficiaries through targeted activities focused on experience sharing and strengthening of administrative capacities, thereby increasing transparency, accountability, responsiveness and participation and provide quality policy outcomes supporting socio-economic development. This supports the general policy objective of strengthening good governance and is contributing to the United Nations' 2030 Agenda for Sustainable Development and its Sustainable Development Goals, specifically towards goal 16 (promotion of peaceful and inclusive societies, the provision of access to justice for all, and building effective, accountable institutions at all levels) as well as the Economic Investment Plan priorities Rule of law, governance and Public administration reform.

The activities will be designed to produce improvements that will contribute towards strengthening Partners' capacities to fulfil their obligations under the Copenhagen criteria and the Stabilisation and Association Process (SAP). In particular, the objective is to strengthen institutional and administrative capacities in the 6 core PAR areas further defined by the Principles of Public Administration: strategic framework of public administration reform, policy development and co-ordination, public service and human resource management, accountability, service delivery and public financial management (including internal control, external audit and public procurement), organisation and functioning of government and public administration at sub-national levels, distribution of responsibilities and relations between levels of government. Prioritisation and sequencing of activities will be done taking into account -specific needs in line with PAR Special Group and PFM dialogue recommendations where applicable, and, where relevant, activities will support the implementation of national PAR Roadmaps.

1.3 Beneficiar(y)/(ies) of the Action

The action shall be carried out in the IPA beneficiaries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and Türkiye.

2. RATIONALE

2.1. Context

A well-functioning public administration is a prerequisite for transparent and effective democratic governance. As the foundation of the functioning of the state, it determines a government's ability to provide public services and foster the country's competitiveness and growth. It also plays a fundamental role in the European integration process by enabling the implementation of crucial reforms and organising efficient accession dialogue with the European Union (EU). Hence, the EU enlargement criteria recognise and emphasise the need for a partner to build a national public administration with the capacity to pursue principles of good administration and effectively transpose and implement the *acquis*.

The EU considers public administration reform as an essential component of democratic governance and the rule of law, vital for the European perspective of the Partners. The development of a more professional, depoliticised, accountable and reliable public administration that is able to prepare and implement good public policies and better serve citizens and business has been identified as a key priority by the Partners, together with sound financial management of taxpayers' money. The Action therefore contributes to the implementation of the Enlargement strategy, the South East Europe 2020 strategy and an Economic and Investment Plan for the Western Balkans¹, which all highlight good governance as fundamental for EU integration, sustainable economic growth and holistic development of the region. This Action also contributes to the Economic Investment Plan, specifically to the priorities Rule of law, governance and Public administration reform.

Areas covered by the European Reform Programmes (ERPs) are partially covered by this Action. SIGMA contributes to the implementation of Policy Guidance 2 and Policy Guidance 4 in all beneficiaries, notably covering such areas identified as key structural challenges in the annual Commission's ERP assessment and addressed in the Joint Conclusions: public investment management, public-private partnerships, establishing of the independent fiscal oversight body, improving of the fiscal discipline, and strengthening of the overall institutional capacities of the Ministries of Finance.

Through SIGMA, the European Commission promotes a more comprehensive approach to public administration reform within the agreed reform monitoring framework, the Principles of Public Administration. The Principles define what good governance entails in practice and outline the main requirements to be followed by the IPA III beneficiaries during the EU integration process. Based on SIGMA's regular assessments of public governance systems, and the subsequent, tailor-made support for improvement, monitoring and reporting of reform strategies and action plans, and contribution to a more evidence-based policy dialogue, this action will support Partners to improve the quality of their administrations. In order to address the public governance challenges more comprehensively, SIGMA will support partners in improving organisation and functioning of government and public administration at sub-national levels, distribution of responsibilities and relations between the levels of government to systematically improve quality of public administration and public services for citizens and businesses at all levels.

SIGMA contributes to the implementation of Enlargement strategy, which identifies the functioning of democratic institutions and public administration reform as one of the fundamentals of the enlargement process, as well as to the SEE 2020 Strategy, which emphasises that enhanced capacity of public administration is one of the pillars for development.

¹ COM (2020) 641 final, 6.10.2020

2.2. Problem Analysis

Short problem analysis

In recent years, the IPA beneficiaries have been implementing reforms and initiatives to modernise their public administrations and meet the growing demands of citizens and businesses. They are also preparing for future membership of the EU: to be competitive, to be on equal terms in the internal market, and to uphold standards of good administration, democratic governance and the rule of law.

Administrations have taken tangible steps to institutionalise and strengthen the concept of strategic planning of PAR. Despite these positive developments, the actual implementation of planned reforms is relatively modest in all administrations of the region. On average less than half of annually planned reform activities are fully implemented. Further efforts are needed to improve the quality of planning, provide stronger political support, enhance financial sustainability and improve monitoring to achieve better implementation results.

Administrations face different types of challenges to the effective planning of government work. For example, the share of legislative commitments that are not implemented on time and are thus carried forward from one year to the next remains excessively high for most administrations. The quality of sectoral strategies, which form an important component of the overall government strategic planning system, has slightly improved in recent years. However, weaknesses remain in ensuring full alignment between policy and financial plans.

While administrations of the region have the necessary procedures and requirements in place to ensure informed transposition of the EU *acquis*, the actual implementation of the transposition plans was weaker in 2021 than in 2017 (except for Albania). Regulatory impact assessment and public consultations, as the two main regulatory management tools for ensuring evidence-based and participatory policy making, are now formally established and used in all administrations of the Western Balkans. Still, the use and impact of these tools to improve the design and quality of final policies have not seen much progress in most administrations.

Administrations need to improve their track record in implementation of legislative provisions to make the civil service an attractive employer, considered free from corruption and capable of effectively implementing government policies. Merit-based recruitment of non-senior civil service positions has become standard. The most common challenge is the very low competitiveness in the recruitment process. For senior civil service however many cases the appointments are not based on competition and merit, or the regular procedures are bypassed through temporary appointments. Fostering effective leadership through competence, stability, professional autonomy and responsiveness of accountable top managers is the most significant challenge in the public service and Human Resource Management (HRM) in the region. Based on the data available, in the Western Balkans there is little stability at the level of senior managers in particular after a change of government. De-politicisation and professionalisation of senior managers in the civil service has not yet been achieved.

Accountability mechanisms in public administration remain weak in practice. Access to public information deteriorated the most over the past few years. Actual proactive disclosure of key data by governments has declined, the implementation rate of recommendations from Ombudsperson institutions has fallen and the large backlog of court cases remains a major problem in many administrations. Citizens' trust in courts and oversight institutions is very low across the region.

Service delivery is the area that has most substantially improved in the Western Balkan region over the past years. There are positive trends on improving service delivery with a strong focus on digital services in Albania and Serbia and to a lesser extent in North Macedonia. In the area of public service delivery, there have been many good examples of service transformation, and this has a broader effect on modernising the public administration that results from more streamlined processes, the introduction of new IT solutions and better data exchange between the different parts of the administration.

All administrations have established medium-term budgetary frameworks. The credibility of the medium-term plans still needs to be improved: the differences between the forecasts in the medium-term budgets and the actual outturns have been significant in most administrations. Compliance with the budget calendar continues to be an issue in Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia. It is also clear that parliaments do not have sufficient time nor analytical capacities to review and debate the budgets, and that

parliamentary scrutiny is an area where significant improvement is still required. Fiscal rules/targets for deficit and debt have generally been established across the region, although in Montenegro they have not complied with since their introduction. With respect to budget reporting of the governments, there is no consistent reporting on assets and liabilities, commitments, and deviations from the budget, amongst other things, and, with the exception of Albania, there is no systematic monitoring or reporting on fiscal risks.

The effective implementation of internal control and the application of appropriate rules and procedures in budget organisations are weak in all administrations, however, lagging well behind the development of the regulatory framework. Across the region a number of areas still need to be further developed including risk management, the management of arrears, reporting on irregularities, and monitoring and reporting on the financial and physical progress in capital projects. Management of public infrastructure projects can be improved in all administrations, starting from increased transparency in planning and project selection, systematic project appraisal and quality control before decisions are taken.

The value of the public procurement market represents 6-13% of GDP. The administrations have good legislative frameworks in place: most have recently adopted new public procurement laws implementing provisions of 2014 EU public procurement Directives. A characteristic of all administrations is low competition in public procurement procedures. In all administrations, open procedure is the most often used public procurement procedure, although the value of contracts awarded in the negotiated procedure without publication of a notice has been increasing in recent years. Independent review mechanisms are in place for public procurement everywhere, with solutions, provisions and procedures to a high degree harmonised with requirements of the EU Procurement Review Directives. Rulings adopted by Procurement Review Bodies are of generally good quality, and the share of cases overturned by courts as a result of complaints amounts to only a few percent.

Supreme audit institutions are generally sufficiently independent to carry out their mandate, but their effectiveness could be further strengthened if state bodies were more responsive in implementing their recommendations and parliaments provided stronger support. Engagement with parliaments and other external stakeholders remains a challenge in many instances.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The main stakeholders are the state institutions responsible for public governance reforms, including development of strategic framework for PAR, policy development and co-ordination, public service and human resource management, public financial management (including public procurement, internal control and external audit); structures in charge of co-ordination among institutions; independent bodies and parliaments within the scope of their scrutiny and oversight powers, and other relevant stakeholders². The actual organisation varies according to the assignment of responsibilities at the level of each IPA beneficiary. An illustrative list of targeted institutions:

- Ministries and offices of the minister responsible for public administration reform co-ordination and public administration development, both at national and subnational level, such as Ministry of Public Administration, Ministry of Interior, Office of the Minister for Public Administration, Office of the Minister of State with responsibility for Standards and Good Governance, etc.
- Offices of Prime Ministers /Deputy Prime Ministers
- Civil service commissions/offices and agencies
- Government Offices/General Secretariats
- Legal Secretariats and Regulatory Departments
- Ministries of Justice
- Ministries of Finance

² For example, local government associations and civil society organisations, business associations.

- Other ministries and state authorities/agencies, responsible for specific aspects of good public administration
- Oversight bodies
- Supreme Audit Institutions
- Public Procurement Authorities
- Institutions and offices responsible for European integration
- Parliaments
- Local government associations

2.3. Lessons Learned

In providing its support and as an EU-OECD initiative, SIGMA benefits from the OECD's context and 50 years long experience and expertise in governance reforms and related fields, as well as from its own more than 30 years long experience working with EU enlargement and neighbourhood partners. SIGMA has a pool of permanent experts at its disposal, commonly previous officials of EU Member States national administrations, and mobilises temporary high-level experts through individual service contracts, to carry out the planned interventions in the domains of assistance commonly agreed with the partners. This practitioner-to-practitioner approach is the benefit and value-added that SIGMA brings to the partners. In addition, SIGMA's support is tailored to the needs of partners and beneficiary institutions and fine-tuned to EU bilateral co-operation. Each intervention includes a small number of activities, in a distinctive field of expertise, which in general makes the interventions more adequate to the beneficiary institutions capacity.

Lessons learned result in a set of policy recommendations to increase the impact of SIGMA:

- In addition to broad reform plans it is important to concentrate efforts on a limited number of key horizontal public administration systems such as accountability mechanisms; policy development and co-ordination capacities; data collection, monitoring and reporting systems; rationalisation/simplification of administrative structures and procedures; public service and human resource management, public procurement and public financial management, including external audit;
- Duly take into account and ensure co-ordination with all PAR related initiatives through close co-ordination with geographical units in DG NEAR, EU Delegations/EU Office, the relevant line Directorate-Generals and other donors or international organisations;
- Support the beneficiaries in the development of realistic and fully owned public administration and PFM reforms subject to constant monitoring of implementation including stronger links between horizontal and sectorial approaches;
- Contribute to a more adapted, problem driven approach through including national and regional expertise into the design and implementation of specific modernisation efforts, accepting sensitivities concerning terminologies, approaches and solutions.
- Place more emphasis on implementation and provide support on how reforms and sectorial strategies are designed, prioritised, sequenced and implemented. Build up horizontal capacity and the necessary frameworks to support it;
- When supporting reforms in public administration at central government level, create connections and provide support also for improvements in multi-level governance, including the good governance reforms at sub-national levels of government.
- Deepen the evidence basis of policies in various PAR areas and strengthen instruments for monitoring progress.

A better synergy and coherence between the different instruments available should allow the European Commission to increase ownership by beneficiaries and develop a stronger political dialogue with the relevant beneficiary about priorities and performance, underpinned by proper policy analysis.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Overall Objective/(Impact) of this action is to improve policy outcomes and public services to citizens and businesses of IPA beneficiaries.

The Specific Objective (Outcome) of this action is to achieve better and more sustainable public governance systems and public administration management in the IPA beneficiaries.

The Outputs to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are

1.1 Administrative bodies and institutions strengthen capacities to implement public administration and public financial management reforms with the support of timely advice, policy recommendations and information on good international practices;

1.2 Beneficiary institutions and key stakeholders benefit from increased knowledge, experience sharing and up to date analyses in the areas of PAR as outlined in the Principles of Public Administration³.

3.2. Indicative Activities

Activities related to Output 1.1

In line with the Principles of Public Administration, SIGMA will provide support to beneficiary institutions in defining and implementing improvements in the functioning of their public administration in accordance with the national PAR/PFM reform agendas by:

- Reviewing PAR/PFM strategies and/or action plans (including those on local government system) and analytical work, advice and capacity building activities to strengthen PAR/PFM co-ordination and monitoring mechanisms and relations between the levels of government;
- Providing analytical support, advice and capacity building support to key stakeholders (also taking into account SIGMA recommendations, where relevant):
 - to improve inclusive and evidence-based policy development and co-ordination and monitoring mechanisms;
 - to put in place and strengthen implementation of a coherent and appropriate general administrative procedures;
 - to improve the quality and accessibility of administrative services, including online services;
 - to rationalise and strengthen the administrative structure in terms of size, co-ordination mechanisms, autonomy and political mandate and financial and human resources;
 - to implement professional and merit-based civil service systems;
 - to support mechanisms for improved internal and external accountability of central administration bodies;
 - to strengthen the PFM systems, including budget preparation, budget execution, public internal financial control systems, public procurement, accounting and reporting, and external audit;
 - to improve organisation and functioning of government and public administration at sub-national levels, and on distribution of responsibilities and relations between levels of government;

SIGMA will organise various bi-lateral seminars, conferences, workshops as part of supporting beneficiary institutions in developing, implementing and monitoring reforms, as well as building capacities of institutions

³ policy development and coordination, public service and human resource management, accountability, service delivery and public finance management

to carry out these tasks. SIGMA will also elaborate specific concept papers, studies, guidance documents, analysis, opinions and comments to address the needs of PAR/PFM bodies.

Activities related to Output 1.2:

SIGMA will analyse and inform beneficiaries in the region about the state of play and trends in the governance of public administration (including relations between the levels of government) by:

- Preparing updates to the Principles of Public Administration and the corresponding measurement framework in co-ordination with the European Commission;
- Assessing reform progress in the region by applying the PAR methodological framework for the Principles of Public Administration;
- Preparing thematic papers and regional studies on priority topics for public administration reforms in the region;
- Organising regional seminars/conferences to disseminate findings and ensuring follow up to monitoring reports and studies;
- Providing analysis and evidence to support the European Commission in preparation of the enlargement reports and the policy dialogue meetings (PAR Special Groups and PFM dialogue).

SIGMA activities will be closely co-ordinated with other institution building instruments and other OECD activities with the Partners concerned and it will be complementary to the EU assistance provided under the IPA bilateral programmes.

Activities to be carried out by SIGMA will be prioritised according to the concrete needs of the beneficiaries as defined following detailed consultations with the Commission and the authorities of the beneficiaries. The parties may add additional activities upon mutual agreement. SIGMA assistance priorities for each partner will be designed based on SIGMA's ongoing analysis of partner needs, including periodic assessments based on the monitoring framework provided by the Principles, and shall be prioritised and sequenced taking into account, where applicable, PAR Special Group and PFM dialogue recommendations as well as, where in existence, national PAR Roadmaps. All activities will be determined and through active consultation with the European Commission structures, the EU Delegations/EU Office and the beneficiary authorities.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Environmental objectives are not directly targeted by this action. However, the action will have positive effects on the ability of governments to prepare higher quality legislation and strategies and their proper implementation in all sectors, including environment and related areas. In fact, according to the better regulation approach, SIGMA will support the quality of impact assessments, including fiscal, regulatory and environmental impacts.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that a gender perspective will be maintained so that the results of the action affect gender equality positively. The action will ensure that its advice is consistent with equal opportunities and non-discrimination principles in all relevant areas, in particular on policy development, human resources management and service delivery, and will therefore contribute to mainstream gender consideration across public administration. Gender-sensitive considerations will be taken into account in all analyses and in assistance in policy and legislative development and gender will be mainstreamed in all activities and deliverables related to the implementation of this action. The development of a merit-based civil service system, including transparency, de-politicisation and meritocratic recruitment processes can have a positive influence on gender equality and contribute to

move towards a Public Administration where it is possible for both women and men to enter and develop within administrations on an equal basis. SIGMA will ensure equal opportunity of participation in action activities to everybody and will strive to integrate the gender dimension in all its actions. Where gender may be directly relevant (e.g. civil service issues, service delivery), SIGMA will ensure that its advice is consistent with this cross-cutting principle.

Human Rights

This action will contribute to more effective and sustainable public governance and stronger public administrations at all levels in the region so that they correspond to the universal values of human rights⁴.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that this action does not focus on disability as a significant objective. However, the action will have positive effect in terms of quality of legislation and strategies and their proper implementation in all sectors, including for disability considerations. To the extent that the action addresses disability-related issues (e.g. civil service issues, service delivery) it will ensure that its advice is consistent with non-discrimination principles.

Democracy

This action will support accountable public administrations, both at central and local level, which is key to democratic governance and inclusive economic development. PAR is about strengthening democratic and independent institutions, developing local and regional authorities, depoliticising the civil service, developing eGovernment and increasing institutional transparency and accountability; improving capacity in policy development, service delivery and management of public finances, and supporting the work of national parliaments.

Other considerations

The action will make every effort to encourage national administrations to consult widely, for example consulting with civil society organisations and business associations on policy to simplify administrative procedures. Likewise, the action will contribute to promote the “Better Regulation Agenda” which, among other issues, advocates for appropriate involvement of non-state stakeholders in developing, monitoring and implementing public policies and legislation. In order to increase ownership by the IPA beneficiaries and stimulate a need for governance and PAR, the action will target non-state actors such as non-governmental organisations, business representatives, the media and concerned citizens.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1-External environment	Political/ economic instability: Significant economic vulnerabilities	Medium	Medium	Differentiation and greater mutual ownership will continue being key elements of SIGMA's approach to the partners in the region. SIGMA will develop 18-month action plans for each partner previously agreed with the

⁴ [What are human rights? | Office of the High Commissioner for Human Rights \(OHCHR\)](#)

	and political tensions may jeopardise the ability to focus on future oriented reforms			beneficiary institutions, the European Commission services, the EU Delegations/EU Office, including risk management and mitigation.
1-External environment	Large scale destabilising events	Low	Medium	SIGMA will continue its engagement with beneficiaries to support them in finding best solutions for strengthening the resilience of their public administrations during crisis times. Concrete mitigating measures to be able to reduce or stop work will be identified for each partner separately, carefully assessing potential impacts and adjusting the provided support to the realities. Prioritisation of support will be done in close co-operation with the Commission and EU Delegations/EU Office colleagues
2-Planning, processes and systems	Inadequate co-ordination between different national stakeholders involved in reforms of public administration	Medium	Low	The Commission and SIGMA will ensure involvement of all relevant stakeholders in the design and implementation of partner action plans (including non-state actors).
3-People and organisation	Low capacity of beneficiaries to absorb and integrate policy advice	Medium	Low	The Commission and SIGMA will design the action plans by involving the beneficiary administrations so that their absorption capacities are taken into account; the action will pursue realistic results that are good enough for beneficiaries in transition, without proposing too sophisticated solutions.
4-Legality and regularity aspects	Political commitment: Lack of commitment in practice by national stakeholders to reform public administration	High	Medium	The Commission and SIGMA will raise awareness of benefits from PAR, will target a broader range of stakeholders (including civil society) that can support and encourage/add pressure for reform to take effect, and will support more structured and better informed policy dialogue.

External Assumptions

The main assumptions for this action are that the EU enlargement policy continues to cover the region with tangible perspectives for most of the IPA beneficiaries for closer integration with the EU and that they have some level of ownership and political commitment to public administration reform to make progress towards European values and principles.

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Improved policy outcomes and public services to citizens and businesses of IPA beneficiaries.	1. Basket of 30 PAR indicators with annual time series covering all areas of the Principles of Public Administration (compared to 2021) 2. Citizen satisfaction level with administrative services from central government (average on 0-5 scale)	1 0 (2021) 2 3.1 (2021)	1. At least 3 beneficiaries show improved results in a minimum of half of the PAR indicators collected annually in line with the of the Principles of Public Administration (2026) 2 3.2 (2026)	1 SIGMA reports and PAR Data Portal 2 Regional Cooperation Council Balkan Barometer Public Opinion Survey or equivalent public opinion survey	<i>Not applicable</i>
Outcome 1	Better and more sustainable public governance systems and public administration management in the IPA beneficiaries.	1.1 Number of fully or partially implemented recommendations of SIGMA monitoring reports of 2024 1.2 Percentage change in implementation rates for PAR/PFM strategies	1.1 0 (2023) 1.2 Albania: 60% (2021), Bosnia and Herzegovina: N/A, Kosovo: 58% (2021), Montenegro: 55% (2021), Serbia: 48% (2021), North Macedonia: 67% (2021), Türkiye 54% (2017)	1.1 At 1.1 At least 3 beneficiaries have initiated implementation or completed 30% of SIGMA 2024 recommendations (2026) 1.2 At least 3 beneficiaries show a 10% increase in implementation rates (2026)	1.1 SIGMA monitoring reports, PAR information system (PAR.IS), government monitoring reports on PAR/PFM strategies 1.2 1.2.2 SIGMA Activity reports	Continued ownership and political commitment by IPA beneficiaries to public administration reform to make progress towards European values and principles Stable relations between the IPA beneficiaries and the EU Stable and functioning governments in the IPA beneficiaries

<p>Output 1 related Outcome 1</p>	<p>to 1.1 Strengthened capacities of administrative bodies and institutions in the public administration domain.</p>	<p>1.1.1 PAR/PFM related strategies/action plans and related monitoring systems reviewed/ supported in their development 1.1.2 Number of thematic in-beneficiary concept papers/studies/guidance documents/analysis produced addressing the needs of PAR/PFM bodies responsible for PAR co-ordination, development of sub-national governance and relations between levels of government, and/or different PAR/PFM areas 1.1.3 Number of bilateral specific seminars/conferences/workshops organised contributing to an increased knowledge on PAR and PFM</p>	<p>1.1.1 0 (2023) 1.1.2 0 (2023) 1.1.3 0 (2023)</p>	<p>1.1.1 14 (2026) 1.1.2 60 (2026) 1.1.3 75 (2026)</p>	<p>1.1.1 SIGMA Activity reports 1.1.2 SIGMA Activity reports 1.1.3 SIGMA Activity reports</p>	
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<p>Output 2 related to Outcome 1</p>	<p>1.2 Increased knowledge and experience sharing on the development and implementation of reforms in the areas of the Principles of Public Administration</p>	<p>1.2.1 Number of SIGMA monitoring reports against the Principles of Public Administration 1.2.2 Number of SIGMA thematic papers/studies produced and disseminated contributing to an increased knowledge on PAR and PFM 1.2.3 Number of regional seminars/conferences organised contributing to an increased knowledge on PAR and PFM 1.2.4 Number of PAR Special Group meetings and, where relevant, other policy dialogue meetings on PAR/PFM (e.g. Sub-committee meetings) supported in their preparation, discussions and follow-up</p>	<p>1.2.1 0 (2023) 1.2.2 0 (2023) 1.2.3 0 (2023) 1.2.4 100%</p>	<p>1.2.1 6 (2026) 1.2.2 3 (2026) 1.2.3 9 (2026) 1.2.4 100%</p>	<p>1.2.1 SIGMA Activity reports 1.2.2 SIGMA Activity reports 1.2.3 SIGMA Activity reports 1.2.4 100%</p>	
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude financing agreements with the relevant IPA III beneficiaries.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁵.

4.3.1. Indirect Management with a pillar-assessed entity

This action may be implemented in indirect management the **OECD**. This implementation entails undertaking all necessary actions, including through direct implementation of activities and conducting budget implementation tasks (procurement and grants award procedures as relevant), to achieve the expected outcome 1 and related outputs 1 and 2. The envisaged entity has been selected using the following criteria: it is a public organisation with a long-standing experience and specialisation in the area of public administration reform in IPA beneficiaries to partner with the EU and has been working for a number of years with the beneficiaries. Since 1992, the SIGMA Programme has embodied the commitment of the European Commission to co-operate with the OECD in order to promote better public governance in relevant IPA III beneficiaries with an EU integration agenda. The action has specific characteristics requiring specialist advisory services in the area of public administration reform in IPA beneficiaries by a recognised international organisation and the OECD is considered to be placed as the best public institution in this regard.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

⁵ [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution (amount in EUR)
Methods of implementation – cf. section 4.3		
Outcome 1 /Outputs 1 and 2		
Indirect management with pillar assessed entity (OECD) - cf. section 4.3.1	12 000 000	244 898
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision	N.A.
Strategic Communication and Public Diplomacy – cf. section 6	N.A	N.A.
Totals	12 000 000	244 898

4.6. Organisational Set-up and Responsibilities

The action is to be implemented by the OECD. SIGMA is a joint initiative of the OECD and the EU, and the management and implementation responsibilities are shared between the OECD and European Commission. The OECD and the European Commission will inform each other about the persons appointed within the institutions to manage this action.

Prioritisation of activities will take place in close co-ordination with the European Commission according to the concrete needs of each beneficiary. In line with the priorities defined together with the European Commission and with the beneficiaries, SIGMA will develop detailed action plans for bilateral and regional activities, specifying results, activities and output and outcome indicators. The European Commission will consult the SIGMA action plans with the EU Delegations/EU Office in the IPA III beneficiaries. SIGMA will be involved in this consultation process. Moreover, the European Commission will ensure co-ordination in order to strengthen the integration of the different Institution Building instruments, involving SIGMA where necessary.

SIGMA will work closely with the geographical units at European Commission Headquarters, in addition to maintaining close relations with the EU Delegations/EU Office. SIGMA will update the European Commission through regular activity reports. In addition, SIGMA managers will provide the implementing Unit in DG NEAR with synthetic updates on progress and main developments in the partner entities depending on the need and actual activities upon request. Ad hoc co-ordination and management meetings will be organised between SIGMA and the European Commission.

SIGMA is an integral part of the OECD, a division in the Public Governance Directorate with its own financial control and management staff and procedures, tested over the years by audit interventions of the European Commission. All actions planned under this action are implemented by the SIGMA team. SIGMA reports directly and substantively by the head of SIGMA to the European Commission while maintaining a lighter reporting practice also to the OECD Public Governance Committee (where the EU is a member, represented by DG REFORM).

The substantive SIGMA team will be composed of a core of OECD staff, who will have extensive professional experience and knowledge of EU Member States administrations. They can be assisted, as needed, by public servants or consultants contracted for short term actions. These would be engaged under regular OECD rules. The substantive team is supported by Project co-ordination/administration staff which is an integral part of the project implementation team.

In addition to its professional expertise, the SIGMA team has a regional and bilateral focus; there is active liaison across the team to ensure implementation of agreed action plans, as well as regular liaison with DG NEAR and EU Delegations/EU Office and the OECD Directorate for Public Governance.

Since SIGMA is a joint initiative of the OECD and the EU, management and implementation responsibilities are shared between the OECD and European Commission. The OECD and the European Commission will inform each other about the persons appointed within the institutions to manage this action.

Prioritisation of activities will take place in close co-ordination with the European Commission according to the concrete needs of each beneficiary. In line with the priorities defined together with the European Commission and with the beneficiaries, SIGMA will develop detailed action plans for country-specific and multi-country activities, specifying results, activities and output and outcome indicators. The European Commission will consult the SIGMA country-specific and multi-country action plans with the EU Delegations/EU Office in the IPA beneficiaries. SIGMA will be involved in this consultation process. Moreover, the European Commission will ensure co-ordination in order to strengthen the integration of the different Institution Building instruments, involving SIGMA where necessary.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.7. Pre-conditions

In line with the priorities defined in close co-ordination with the European Commission services and with the Partners, the OECD will develop its indicative plans for multi-country activities and country-specific action plans according to the concrete needs of each Partner. The implementing Unit in DG NEAR will consult the SIGMA country-specific and multi-country action plans with relevant country units, with the EU Delegations/EU Office in the IPA beneficiaries and with the relevant line Directorate Generals. Prior to the start of the activities, the plans shall be approved through an exchange of letters between the Organisation represented by the Head of the SIGMA Programme and the PAR Team Leader of the thematic unit Rule of Law, Governance and Security.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate an interim progress report and a final report at the end of the agreement. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

SIGMA will collect and analyse data that can also be used for monitoring and reporting purposes. The data will be shared with the European Commission as required to provide evidence on the achievement of set targets for the outcome and output indicators mentioned in the log-frame.

5.2. Evaluation

Having regard to the nature of the action, a mid-term, final or ex-post evaluation will not be carried out for this action or its components.

However, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

When appropriate, the financing of such evaluation shall be covered by another measure constituting a financing Decision.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the Beneficiaries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/EU Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

7. SUSTAINABILITY

In the interests of maximising sustainability:

- Activities undertaken by the OECD under SIGMA will be structured so as to ensure beneficiary ownership of projects; and the OECD will conduct its work so as to foster sustainability.
- Action plans for bilateral and regional activities will be agreed between the European Commission and the OECD on the basis of an assessment of risk and risk management, as well as estimates of sustainability. This will include considering the capacity of the counterpart institutions and the political backing for reform.
- Activities will be designed to ensure that the Partners' capacity constraints have been taken fully into account.

- SIGMA projects will be monitored and discussed with the European Commission to identify situations where risks to sustainability exist, in order to collaborate with the European Commission to mitigate these risks, including by identifying them in future progress reports and action plans.
- Where appropriate, follow-up opportunities will be identified, for other EU instruments in order to foster sustainability.

Where possible, activities will be designed to generate multiplier effects, both within the beneficiary and across the region. Multiplier effects can be achieved by ensuring that concrete outputs are disseminated through papers, web-based communications and through conferences. In the beneficiary, further effects will be sought by identifying necessary environmental changes (for example a project on policy capacities may require changes to the legislation) and developing approaches to resolving them.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	One contract with OECD