

## Action Fiche for Syrian Arab Republic

### 1. IDENTIFICATION

Title/Number	Support to the EU-Syria Association Agreement Programme (SAAP I)		
Total cost	EU contribution: EUR 5 000 000 Beneficiary contribution: tbc		
Aid method / Method of implementation	Project Approach - <i>Partly Decentralised Management</i>		
DAC-code	15110	Sector:	Public Sector Policy and Administrative Management:

### 2. RATIONALE

#### 2.1. Sector context

Following the re-launching of the EU–Syria Association Agreement (AA) in the second half of 2008, signature by the two parties is now foreseen for 2010. The conclusion of the AA will require reinforcement and development of the existing institutional infrastructure as well as the creation of new bodies in Syria which will properly ensure the implementation of the AA.

Over the past years, the government has made economic and trade liberalisation a key element of its reform agenda, along with Syria's participation in the Great Arab Free Trade Area and the negotiation of an Association Agreement with the EU.

The Government of Syria has already established the administrative structure for the implementation of the AA. The main institution identified for implementing the technical work under the AA will be the Syrian State Planning Commission (SPC), in particular the "Association Directorate" under the direct supervision of the Head of SPC.

As the AA covers a broad range of policy areas SAAP I will address most Syrian ministries and public institutions. The government has already identified a number of AA contact points in each Syrian ministry and other relevant institution. Article 144 of the AA clearly defines the areas to be implemented during the Provisional Application Period (PAP), i.e. the period that will elapse between the signature by the European Union and the Syrian Government and the successful completion of the ratification process in the 27 Member States of the European Union and in Syria.

#### 2.2. Lessons learnt

From recent experience in Syria and from similar SAAP programmes implemented in the ENPI-South region (e.g. Egypt, Jordan, Lebanon, Tunisia), a number of lessons has been drawn and incorporated in the configuration of SAAP I. They are the following:

**Flexibility.** The dynamics of the Syrian economy and the ongoing reforms require that SAAP I must be a flexible programme that allows for adaptation to needs identified during its implementation

**Awareness and visibility creation.** Throughout the Provisional Application Period of the AA it is imperative to ensure that all entities involved in implementing the AA, as well as the general public, understand its importance, the challenges as well as the impact and potential benefits in order to secure their involvement and to reduce resistance yielding from misunderstanding and misinterpretation

**Management and coordination focus.** SAAP I will be focused on institutional infrastructure development with a further focus on management and coordination. Projects and studies must be included only if and to the extent they are necessary and urgent in support of the management and coordination function

**Institutional Structure.** Successful implementation of the AA is enhanced if: **1)** An agency is specifically mandated and charged with coordination of and support to the institutional implementation infrastructure; **2)** That agency receives and absorbs the political, financial, technical and organisational support it needs to meet the tasks under this mandate

**Priorities.** When a sound institutional management and coordination structure has been established small projects managed by the Project Administration Office (PAO) should be initiated in an incremental manner. The focus should be on activities that will facilitate the implementation of the AA and enhance awareness about the Agreement among stakeholders as well as among the general public

**Time frame and management.** SAAP I and the implementation of the AA must steer away from raising unduly exalted ambitions and completion dates. Steady and effective management, conservative time and performance expectations, and precisely tailored information provision and coordination mechanisms are imperative for success.

### **2.3. Complementary actions**

One of the three priority areas agreed on in the EU-Syria Country Strategy Paper 2007-2010 is to support economic reform, including preparation for the implementation of the Association Agreement. In this regard, a number of existing programmes will facilitate the implementation of the EU-Syria Association Agreement, should it enter into force: the "Trade Enhancement Programme" (TEP), supports trade facilitation, liberalisation and enhancement in Syria's global trade relations; the "Business Environment Simplification Programme" (BESP) is assisting in the simplification and improvement of the regulatory environment related to business in Syria, the "SME Support Programme" works within the Syrian Enterprise and Business Centre (SEBC) to provide technical assistance, policy advice and training in key areas to support SMEs; the "Public Finance Reform Programme" (PFR) will assist Syria to improve its management of public revenue and expenditure; and the "Strengthening Quality Management, Capabilities and Infrastructures Programme" promotes quality at policy, institutional and enterprise levels, while assisting in the approximation of accreditation and certification to EU standards .

This reform process is being supported by the EU, World Bank, International Monetary Fund (IMF), UNDP, United Nations Industrial Development Organization (UNIDO), European Investment Bank (EIB), and bilateral aid agencies from France, Germany, Italy, Japan and Spain. Both Germany and UNDP provide assistance to the Syrian State Planning Commission in donor coordination and programming. Since SAAP I covers the implementation of the AA –and the AA covers almost all policy areas– SAAP I will inevitably operate in areas where other donor interventions already occur.

Due to the complementarities among most of the above-mentioned programmes, proper coordination between the various projects is deemed essential.

#### **2.4. Donor coordination**

The main beneficiary of SAAP I will be the Syrian State Planning Commission (SPC), which is the institution charged with donor coordination in Syria. The absence of coordination in recent years resulted in the EU Delegation organising informal donor coordination meetings in 2008-09 in order to avoid overlap of ongoing and planned donor activities. In late 2009, the State Planning Commission revived official aid coordination meetings with international donors, grouped by major areas of assistance. Besides the Delegation's day-to-day coordination efforts, the continuity of such meetings will ensure the ongoing coordination of economic reform programmes in Syria.

Effective communication between the parties involved is necessary to achieve the country's reform objectives and the harmonisation of external assistance with the country's needs and priorities. As SAAP I foresees capacity building in donor coordination skills, it is expected that it will have a positive effect on donor coordination in Syria.

SAAP I will be compliant with the EU Backbone Strategy in terms of ownership by the beneficiary and, given the size and scope of ongoing EU assistance to reform in Syria, the EU will play a leading coordination role, in line with the principles of the Paris Declaration, the European Consensus on Development and the EU Code of Conduct on Complementarity and Division of Labour in Development Policy.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The overall objective of this programme is to support the Syrian administration in the implementation of the future AA.

The specific objective of the SAAP is to improve the capacity of the various ministries and other relevant institutions to implement the EU-Syria AA, to comply with its provisions and to reap full benefit from the AA.

#### Expected results and main activities

Through short, medium and long-term technical assistance as well as small, flexible, need-driven interventions SAAP I actions will target the following results:

## **Component I: Institutional Framework**

*Expected result: Strengthening the central AA implementation unit*

Main activities will include:

- Design of the organisational structure of the Association Directorate;
- Identify the structure and responsibilities of the units within the Association Directorate, i.e. a Project Administration Unit (PAO), a technical support unit, a monitoring system and coordination unit; and an awareness and visibility unit;
- Provide technical support to Syrian authorities in fulfilling the obligations under the AA
- Contribute to donor coordination activities within the State Planning Commission;
- Identify and procure a monitoring, information and coordination instrument;
- Implementation of a comprehensive monitoring, information and coordination system to facilitate the implementation of the AA.

## **Component II: AA Related Activities**

*Expected result: Assistance to the Management and running of the Project Administration Office (PAO)*

Main activities will include:

- Training of the Association Directorate staff in i.e. Project Cycle Management (PCM) and Financial and Administrative EU Procedures;
- Provide Technical Assistance (TA) to PAO staff to facilitate their task of implementing cooperation initiatives and instruments provided to Syria;
- Implementation of small TA interventions/projects to prepare Syria to take full advantage of the EU-Syrian Association Agreement, including study tours to EU member States and ENP countries.
- Assistance to facilitate access to an optimal implementation of cooperation instruments such as Technical Assistance and Information Exchange (TAIEX) and Twinning.

## **Component III: Awareness and Information Activities**

*Expected result: Ensure that main stakeholders and the Syrian public are aware of the implication and opportunities of the AA*

Main activities will include:

- Provide TA and training to the staff of the unit in awareness building and information techniques and strategies;

- Provide assistance to Syrian institutions (incl. Chambers of Commerce and Industry, unions and other interest organisations) in awareness and information strategies and techniques;
- Implement awareness and information campaigns.

### **3.2. Risks and assumptions**

Assumptions.

1) The AA will be duly signed, 2) The EU Member States will ratify the AA within a reasonable time span, 3) The Syrian Government continues to be committed to reforms, and 4) The Syrian Government is committed to implement the AA.

Risks.

1) Regional instability, 2) Insufficient mandate and authority formally vested in the State Planning Commission, 3) Insufficient capacity and qualifications of staff at the Association Directorate within the State Planning Commission, 4) Insufficient managerial, human and physical resources within the stakeholder organisations, 5) Non signature/ratification of the AA. The launch of SAAP I remains conditional to the signature of the EU-Syria Association Agreement (AA). If by unforeseen circumstances the AA is not signed in the envisaged timeframe and the Financing Agreement for this programme cannot be signed by both parties within the time limits imposed by the D+1 rule, appropriate measures will be taken by the European Commission in order to reconvert this programme into a new action focused on the preparation of Syria for the EU-Syria AA, whenever it is signed.

### **3.3. Cross-cutting Issues**

Important cross-cutting issues such as good governance, human rights, environmental sustainability and gender equality are embedded in the AA. SAAP I will facilitate the implementation of the AA and thereby will have a positive impact on cross-cutting issues.

### **3.4. Stakeholders**

The SAAP I stakeholders are all the ministries and government bodies involved in the implementation of the AA, primarily those involved under the Provisional Application Period. All will be represented in the Association Higher Council and the Association Technical Committee. The Association Directorate within the State Planning Commission has been identified as the central implementation unit for the AA. In addition, the business community, interest groups and the general public will be stakeholders due to the broad reach of the AA.

## 4. IMPLEMENTATION ISSUES

### 4.1. Method of implementation

SAAP I will be implemented through *partially decentralised management* through the signature of a financing agreement between the EU and the Syrian State Planning Commission as beneficiary.

The Commission controls *ex ante* all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies *ex ante* control for procurement contracts > 50,000 EUR and may apply *ex post* for procurement contracts ≤ 50,000 EUR. The Commission controls *ex ante* the contracting procedures for all grant contracts.

Contracts financed exclusively with funds from the national contribution shall be governed by the relevant national legislation and rules.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< 300,000 EUR	< 150,000 EUR	< 200,000 EUR	≤ 100,000 EUR

### 4.2. Procurement and grant award procedures

#### (1) Contracts

The State Planning Commission will be the Contracting Authority except for the Technical Assistance (TA) service contract, as well as for the audit, evaluation and monitoring contracts which will be contracted by the European Commission.

All contracts implementing the action will be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in *Article 21(7) ENPI*.

#### (2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

**(3) Specific rules on programme estimates:**

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

**4.3. Indicative budget and calendar**

The indicative budget breakdown is as follows:

Services (mainly technical assistance)	EUR 2,750,000
Supplies and Equipment	EUR 500,000
Operating costs (running costs, study tours, workshops, visibility etc )	EUR 1,250,000
Monitoring, Evaluation, Audit	EUR 200,000
Contingencies (*)	EUR 300,000
<b>TOTAL</b>	<b>EUR 5,000,000</b>

*\* Contingencies may be used only with prior agreement of the European Commission*

**Programme duration**

The programme will have an indicative duration of 60 months following the signature of the financing agreement. The operational implementation phase is 36 months and the remaining 24 months are allocated for the closure phase.

#### **4.4. Performance monitoring**

Day-to-day technical and financial monitoring will be performed throughout the Programme by the project management which shall establish a permanent internal, technical and financial, monitoring system, which will be used to elaborate the progress reports. The EU Delegation to Syria will also perform continuous day-to-day monitoring of activities and progress. Independent consultants recruited directly by the European Commission on specific terms of reference will carry out external Results Oriented Monitoring (ROM).

#### **4.5. Evaluation and audit**

The programme will undergo a mid-term review, a final ex-post evaluation and a final financial audit. The use of the Annual Programme Estimate budgets will also be audited. The EU Delegation will prepare the terms of reference and select the contractors for the financial audits and evaluation missions according to internal procedures. All audit and evaluation reports will be communicated to the Syrian Government by the EU Delegation. In addition to the above mentioned evaluations, the European Commission may send specific missions at any time to assess programme progress and adherence to EU procedures.

#### **4.6. Communication and visibility**

Awareness building and communication constitute an integral part of the SAAP I. In addition traditional communication and visibility of the EU funded programme will be ensured in line with the "Communication and Visibility Manual for EU External Actions".