

ACTION FICHE FOR MOLDOVA

1. IDENTIFICATION

	Title	Technical Assistance & Twinning in support of the Agreements between Moldova and the EU		
	Total cost	€ 6 million		
	Aid method / Management mode	Project approach – <i>direct centralised management</i>		
	DAC-code	43010	Sector	<i>Multisector aid</i>

2. RATIONALE

2.1. Sector context

Policy dialogue between Moldova and the EU has been established through the Partnership and Co-operation Agreement (PCA) signed in 1994 (in force since 1998). The PCA provisions were supplemented in early 2005 by an EU-Moldova Action Plan (ENP AP, in the framework of the European Neighbourhood Policy) aiming at establishing an increasingly close relationship between the EU and Moldova, involving a significant degree of economic integration and deepening of political co-operation.

The European Neighbourhood Policy (ENP) constitutes a significant step in the creation of a new relationship between the EU and its neighbouring countries. The Action Plan is a political document laying out the strategic objectives of the cooperation between Moldova and the EU. It covers a timeframe of three years. Its implementation is expected to help fulfilling the provisions laid down in the Partnership and Cooperation Agreement (PCA) as well as encourage and support Moldova's objective of further integration into European economic and social structures. Implementation of the Action Plan is expected to also significantly advance the approximation of Moldovan legislation, norms and standards to those of the European Union. In this context, it builds solid foundations for further economic integration based on the adoption and implementation of economic and trade-related rules and regulations with the potential to enhance trade, investment and growth. It furthermore helps to devise and implement policies and measures to promote economic growth and social cohesion, to reduce poverty and to protect the environment, thereby contributing to the long-term objective of sustainable development.

In a new departure for EU's relationship with Moldova under the ENP framework, approximation of Moldovan legislation to the one of the European Community, its implementation and the capacity of the public institutions to effectively apply it are key activities that the Commission commits to support through a mix of classical technical assistance, TAIEX short term missions and long term exchange of experience through Twinning arrangements between Moldovan institutions and correspondent structures in the Member States.

If classical technical assistance provided to state institutions through private sector consultants has been the default option during the TACIS programme, with the Neighbourhood Policy and the European Neighbourhood and Partnership Instrument it became possible to use long term expertise of public servants of EU Member States through the established mechanism of 'Twinning'. This possibility is expected to strengthen the public administrations in Moldova through provision of expertise coming from similar institutions within a member state as well

as enhance the horizontal collaboration between Moldovan and EU Member States public institutions.

However, considering the specific characteristics of the Moldovan context, a Twinning arrangement according to EU rules can only be possible if a number of conditions are fulfilled, such as: (a) the existence of a significant EU legal approximation component; (b) the requirement to develop implementation capacity within BC administration; (c) the availability of advisory capacity within MS administrations – esp. the size of EU counterparts to the concerned BC partner. d) size, stability and sustainability of the institution within the BC administration e) it must refer to a priority area of intervention agreed between the EU and Moldova.

Therefore, the identification of a possible Twinning has to receive careful attention by the institutions in charge of identification and coordination. In particular, the Division of Technical Assistance of the Ministry of Economy of Moldova (in its role of coordinating technical assistance of all donors and promotion of aid assistance tools) together with the Ministry of Foreign Affairs and European Integration (as the institution providing political guidance and coordination in view of the implementation of the EU – Moldova Action Plan) and the EC Delegation services has to prioritize interventions leading to fulfilment of provisions laid down in bilateral agreements as well as to choose on a case by case basis, the optimal modality of assistance (primarily technical assistance or Twinning, but also pool funding with other donors, budgetary support) .

2.2. Lessons learnt

The proposed measure draws on past experience and on-going projects, be they funded by the EU or by other donors. It will focus on strengthening Moldova's chances of achieving the key objectives without which its political dialogue with the EU will likely lose momentum as a consequence of insufficient implementing capacities.

Positive recent examples in Moldova in technical assistance are provided by the various projects supporting the line ministries in implementing PCA and ENPAP commitments (mostly the projects called 'Support to PCA' but also specific projects supporting sectors such as recent initiatives in the field of energy).

The Twinning modality is new in Moldova. However, some Member States already provided public service expertise with success to Moldovan authorities. Among others, it is relevant to quote the exchange of expertise provided by Lithuania to the customs service of Moldova and the expertise that the UK and Estonia provided the Ministry of Foreign Affairs and European Integration in policy advice.

2.3. Complementary actions

This intervention will go hand in hand with the incoming project funded through NAP 2005 'Support to agreements between the EU and Moldova', of a value of 5.7 million EUR, that is supposed to start by December 2007 for a period of 3 years as well as with a Twinning project for the Parliament of Moldova, scheduled to start in January 2008 for a period of 2 years. The NAP 2005 funded project will provide policy advice to the Ministry of Foreign Affairs in the implementation of the EU-Moldova Action Plan, support to the prioritization of the laws to be approximated by the Government and the Parliament of Moldova and support to the National Coordinating Unit at the Ministry of Economy that will coordinate Technical Assistance and Twinning interventions.

If the NAP 2005 funded project is focusing on technical assistance for the coordinating institutions, the NAP 2007 funded projects will mostly support specific actions at the level of various line ministries involved in the implementation of the Action Plan. Once a sector and a specific intervention have been identified as a priority, the beneficiary, together with the National Coordinating Unit and the EC Delegation will decide whether the intervention to be proposed should be addressed through a Twinning or a classical technical assistance project.

At the same time, it should be taken into account that other donors, in particular the British Embassy, who is providing support to Moldovan authorities focusing in particular on improving control of Rules of Origin, development of administrative capacities of Moldovan public officials and offering assistance to line ministries in harmonization of legislation and implementation of the EU-Moldova Action Plan. Member States like Lithuania and Estonia are also providing smaller-scale projects at the time being while other member states expressed the intention to support Moldova in the implementation of the EU-Moldova Action Plan.

The Soros Foundation is also providing grants to NGOs to monitor the implementation of the EU-Moldova Action Plan while the large Public Administration Reform project implemented through a Trust Fund coordinated by the World Bank with funding coming from SIDA and DFID might have an indirect impact on the beneficiary and indirectly on this initiative.

2.4. Donor coordination

At a general level donors and IFIs are co-ordinated by a small team in the office of the First Vice Prime Minister in line with the Paris Declaration on Aid Effectiveness. At the working level, technical assistance of donors is coordinated by the Division of External Technical Assistance within the Ministry of Economy and Trade. This institution coordinates EU technical assistance, Twinning and Taix as well. It is also called 'National Coordinating Unit' and ' Programme Administration Office'. The Ministry of Foreign Affairs coordinates the implementation of the EU-Moldova Action Plan and bilateral donor assistance. Regular coordination meetings are expected to take place between these institutions, as well as the relevant line ministries involved with participation of the EC Delegation. Sectoral donor coordination meetings are taking place in several areas, such as health, civil society, regional development and more are planned to be established in the near future. Several other donors have generally agreed to use Moldova's commitments set forth in the EU-Moldova Action Plan as a basis for designing their own aid conditionalities in the relevant sectors, thus ensuring consistency of their activities with those contemplated in this action.

3. DESCRIPTION

3.1. Objectives

Overall objective:

The project intends to contribute to the harmonisation of Moldovan legislation to EU principles, norms and standards according to the provision of the PCA and ENP AP and to the progressive economic integration between Moldova and the EU.

Purpose (specific objectives):

The project objective is to support the Moldovan administration and relevant institutions in the implementation of the ENP AP in areas with the potential to enhance trade, governance, investment and growth, building capacity to enforce effectively the commitments set forth in the ENP Action Plan

To encourage and support Moldova's objective of further integration into European economic and social structures

To build the capacity of Moldovan ministries and agencies to enforce effectively the commitments set forth in the ENP Action Plan and their national reform programmes

To significantly advance the approximation of Moldovan legislation, norms and standards to those of the European Union

To implement economic and trade-related rules and regulations and contribute to economic and social reform in Moldova leading to sustainable development of the country

3.2. Expected results and main activities

The lack of administrative capacity to fully understand, approximate and enforce new, EU-compliant legislation and regulation is the main weakness behind the country's difficulties in streamlining its reforms and abiding by its international commitments. This constraint has to be carefully considered, and taken into account in the case of Moldova, which has little alternative but to develop strongly and quickly its economy to remain afloat in the international environment.

The direct co-operation between EU and Moldovan public bodies to implement institution-building projects with mandatory results will therefore have to address this weakness as a priority, using whenever possible the advantages offered by the twinning modality. Improved administrative capacity, approximation to EU acquis and best practices, and national strategies in the sectors to be defined as priorities will allow the EC to withdraw progressively its assistance from them and address other objectives of the ENP Action Plan. This approach assumes that Moldova will go on with its administrative reform, thus creating the pre-conditions for retaining civil servants in public administration after implementation of the measure.

Expected results:

Timely and cost-effective implementation of Moldova's commitments in light of the above-mentioned documents, along with regulatory reform and administrative capacity building;

Eased political dialogue for further enhancement of neighbourhood relations, based on successful realisation of joint objectives defined in bilateral agreements.

3.3. Stakeholders

The key stakeholders will be the concerned industries and society groups, policy-setting and implementing ministries and agencies and the judiciary system. The proposed measure will impact first and foremost on the policy-setting and implementing agencies. However enforcement of EU-compliant procedures should rapidly lead to involvement of the public

administration, civil society and businesses in the project. Moldova is characterised by under-developed administrative capacity in public administration, civil society and business infrastructure. For the implementation of twinning projects the limited administrative capacity in public administration might cause noteworthy problems.

3.4. Risks and assumptions

Assumptions:

The European Union pursues its ENP policy

Moldova pursues its objective of improved relations and economic integration with the European Union, and pursues its efforts to modernise its administration

The government continues its donor coordination effort and supports improvement of decision-making processes in line with European practice

Risks:

The limited number of trained staff in certain sectors of the Moldovan public administration is a risk for the implementation of the Twinning component of the measure. This risk can be mitigated through agreeing on existing administrative capacity as a key criterion to establish the list of priority twinning projects.

3.5. Crosscutting Issues

Coherence with the cross-cutting issues can be characterised as follows:

Improved administrative capacity and rendering it aware of EU policies and systems will raise the democratic standards of governance; preparing a budget support for law enforcement system, implying improved wider and systematic consultation of the civil society and businesses, will provide Moldova with a major step forward to democracy; the monitoring by civil society organisations will be a guarantee of setting up an efficient and stable surveillance of the law enforcement system, which is a vital one for democracy;

4. IMPLEMENTATION ISSUES

4.1. Implementation method

The measure will be implemented via service contracts (for technical assistance) and twinning contracts through centralised management run by the EC Delegation. In case the EC Delegation considers it appropriate to implement one or more interventions foreseen by this initiative through an international organisation, this should be done following the procedures of centralised management as well.

4.2. Procurement and grant award procedures

All contracts implementing the action must 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.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The maximum possible rate of co-financing is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Implementing Rules of the Financial Regulation where financing in full is essential to carry out the action in question (direct award of grants duly justified by the relevant Authorising Officer in its award decision in accordance with articles 110.2 et 3 of the Financial Regulation).

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.

4.3. Budget and calendar

The total budget for this initiative has been set for EUR 6 million. It is tentatively envisaged to foresee 4 million EUR for approximately 4 twinning projects of 1 million EUR each, if there is sufficient demand, the demanding institutions have enough capacity and the objective pursued is in line with EU-Moldova Action Plan. Whenever an intervention has been envisaged and can not be covered with a twinning, the alternative should be classical technical assistance. Each project component will include its own provision for evaluation, audit and visibility.

In the case of twinning projects, the beneficiary administrations are requested to make their co-financing of the measures explicit in the twinning project's budget attached to the twinning contract, providing human resources, logistical arrangements, optionally taking in charge RTA assistant and study visits for BC participants (travel costs and per diems). In the case of technical assistance projects, Moldovan beneficiaries are commonly requested to contribute the logistical arrangements (internalised cost) as well as political support in case the reform and development strategies in one or more of the concerned sectors need revision or update.

It is foreseen that all the components of the project will be finished 48 months after signature of the Financing Agreement at the latest, including up to 36 months for contracting.

4.4. Performance monitoring

The monitoring of the measure will follow standard procedures, based on benchmarks to be agreed with each of its beneficiaries shortly after its start-up. Project monitoring will be based on periodic assessment of progress and delivery of specified project results and towards achievement of project objectives.

4.5. Evaluation and audit

In addition to regular ROM, a mid-term evaluation of the entire measure will be organised.

4.6. Communication and visibility

Proper communication and visibility of the measure will be achieved via widespread dissemination of project achievements and results (to be budgeted under each of the activities), as well as international visibility of twinning projects. A reasonable budget should be allocated within this measure for communication and visibility.

